

# Saint-Gobain Sekurit India Limited

A  
N  
N  
U  
A  
L  
  
R  
E  
P  
O  
R  
T

2004



SAINT-GOBAIN  
SEKURIT


  
**SAINT-GOBAIN**


**32nd Annual General Meeting**  
**on Saturday, 11th June, 2005 at 11.30 A.M.**

**At Hotel Panchshil**  
**TELCO Road, Chinchwad, Pune - 411 019**

#### **BOARD OF DIRECTORS**

**Mr. A.Y. MAHAJAN**  
 (Chairman)

**Mr. D. PHILIBERT**  
 (Managing Director)

**Mr. P. BOUTIER**

**Mr. B. SANTHANAM**

**Mr. M .G. RAMAKRISHNA**  
 (Appointed w.e.f. 22/3/2005)

**Mr. D. B. SHROFF**  
 (Appointed w.e.f. 22/3/2005)

**Mr. J. A. J. PEREIRA**  
 (Alternate to Mr. P. Boutier w.e.f. 22/3/2005)

**Mr. J. ASCHENBROICH**  
 (Resigned w.e.f. 22/3/2005)

**Mr. J. FERNANDEZ**  
 (Resigned w.e.f. 22/3/2005)

**Mr. W. LAMBERTZ**  
 (Resigned w.e.f. 22/3/2005)

**Mr. P. CHALLET**  
 (Resigned as an Alternate to  
 Mr. P. Boutier w.e.f. 22/3/2005)

#### **AUDITORS**

**KALYANIWALLA & MISTRY**  
**CHARTERED ACCOUNTANTS**

#### **BANKERS**

**BNP PARIBAS**  
**ABN AMRO BANK NV**

**REGISTERED OFFICE & BHOSARI WORKS**  
 T-94, M.I.D.C., BHOSARI INDUSTRIAL AREA,  
 PUNE- 411 026. MAHARASHTRA  
 TEL : 020 - 27120047 FAX : 020 - 27120777

**CHAKAN WORKS**  
 PLOT NO. 621, VILLAGE KURULI,  
 PUNE - NASHIK ROAD,  
 CHAKAN, PUNE 410 501. MAHARASHTRA

**REGISTRARS & TRANSFER AGENTS**  
 INTIME SPECTRUM REGISTRY LTD.  
 102, 'SRI VIDYANAND', DR. KELKAR PATH,  
 ERANDWANE, PUNE - 411 004.  
 TEL : 020 - 25458397, 020 - 25458398

## **CONTENTS**

<b>Notice</b>	<b>1</b>
<b>Directors' Report</b>	<b>3</b>
<b>Report on Corporate Governance</b>	<b>5</b>
<b>Auditors' Certificate on Corporate Governance</b>	<b>9</b>
<b>Management Discussion and Analysis Report</b>	<b>10</b>
<b>Report of the Auditors</b>	<b>12</b>
<b>Balance Sheet</b>	<b>14</b>
<b>Profit &amp; Loss Account</b>	<b>15</b>
<b>Schedules Forming Part of the Accounts</b>	<b>16</b>
<b>Cash Flow Statement</b>	<b>29</b>

# Saint-Gobain Sekurit India Limited

## NOTICE

**NOTICE** is hereby given that the Thirty-second Annual General Meeting of the Members of Saint-Gobain Sekurit India Limited will be held on Saturday, 11<sup>th</sup> June, 2005, at Hotel Panchshil, TELCO Road, Chinchwad, Pune - 411 019 at 11.30 a.m., to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended 31<sup>st</sup> December, 2004.
2. To appoint a Director in place of Mr. P. Boutier, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Kalyaniwalla and Mistry, Chartered Accountants, who are eligible for appointment, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

4. Appointment of Mr. M.G. Ramakrishna as Director.

To appoint a Director in place of Mr. M.G. Ramakrishna who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. M.G. Ramakrishna for the office of a Director.

5. Appointment of Mr. D. B. Shroff as Director.

To appoint a Director in place of Mr. D. B. Shroff who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. D. B. Shroff for the office of a Director.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of the revised Clause 49 of the Listing Agreement with The Stock Exchange, Mumbai, the consent of the Company be and is hereby accorded for the payment of Rs. 5000/- (Rupees Five Thousand only) or such other amount as may be approved by the Board of Directors, within the ceiling prescribed under the Companies Act, 1956, or rules framed thereunder, as amended from time to time, as sitting fees for each meeting of the Board of Directors or the Audit Committee or the Shareholders/Investors Grievance Committee, excluding the Remuneration Committee and Share Transfer Committee, thereof attended by the Non-Executive Directors of the Company (excluding the Directors who are nominees of Compagnie de Saint-Gobain, the parent company or its subsidiaries)."

22<sup>nd</sup> March, 2005

By Order of the Board

Registered Office :

T-94, M.I.D.C.,

Bhosari Industrial Area,  
Pune - 411 026.

**BIJENDER RITHALIYA**  
Secretary

### NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND TO VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 20<sup>th</sup> May, 2005 to Tuesday, 24<sup>th</sup> May, 2005 (both days inclusive).
3. The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out under item nos. 4 to 6 above, is annexed hereto.
4. All documents referred to in the Notice and Explanatory Statement are open to inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the 32<sup>nd</sup> Annual General Meeting.

**ANNEXURE TO THE NOTICE**

**Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting:**  
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Mr. P. Boutier	Mr. M.G. Ramakrishna	Mr. D. B. Shroff
Date of birth	19.01.1944	07.01.1944	03.08.1951
Date of appointment	30.04.2001	22.03.2005	22.03.2005
Expertise in specific functional areas	Engineer	Banking and Finance Consultant	Lawyer
Qualifications	Graduate Engineer from ESME (Paris), Master in Science in Electrical Engineering (USA)	M.A., L.L.B., C.A.I.I.B.	B.A., L.L.B.
Directorship in other Companies	Nil	Mercator Lines Ltd.	Zeta Business Services (P.) Ltd.
Membership in Committees of other Companies	Nil	Mercator Lines Ltd. – Audit	Nil

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 4**

Mr. M.G. Ramakrishna was appointed as an Additional Director of the Company on 22<sup>nd</sup> March, 2005. In terms of the provisions of Section 260 of the Companies Act, 1956, read with Article 120 of Articles of Association of the Company, Mr. M. G. Ramakrishna holds office upto the date of the forthcoming Annual General Meeting of the Company. Mr. M. G. Ramakrishna's brief resume has been given in the Annexure to the notice.

Notice in writing u/s. 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. M.G. Ramakrishna for the office of a Director.

Except Mr. M.G. Ramakrishna, no other director is concerned or interested in this Resolution.

Your Directors recommend this Ordinary Resolution for your approval.

**Item No. 5**

Mr. D. B. Shroff was appointed as an Additional Director of the Company on 22<sup>nd</sup> March, 2005. In terms of the provisions of Section 260 of the Companies Act, 1956, read with Article 120 of Articles of Association of the Company, Mr. D. B. Shroff holds office upto the date of the forthcoming Annual General Meeting of the Company. Mr. D. B. Shroff's brief resume has been given in the Annexure to the notice.

Notice in writing u/s. 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. D. B. Shroff for the office of a Director.

Except Mr. D. B. Shroff, no other director is concerned or interested in this Resolution.

Your Directors recommend this Ordinary Resolution for your approval.

**Item No. 6**

Pursuant to the revised Clause 49 of the Listing Agreement with The Stock Exchange, Mumbai, which is effective from 1<sup>st</sup> April, 2005, all fees/compensation, if any, paid to Non-Executive Directors, including Independent Directors shall be fixed by the Board of Directors and shall require previous

approval of the Shareholders in the general meeting.

The Board of Directors have approved in their meeting held on 22<sup>nd</sup> March, 2005, payment of Rs. 5000/- as sitting fees to the Directors (other than the Managing Director and the Directors who are nominees of Compagnie de Saint-Gobain or its subsidiaries), for each meeting of the Board of Directors or the Audit Committee or the Shareholders/Investors Grievance Committee, excluding the Remuneration Committee and the Share Transfer Committee thereof, attended by them.

In view of the revised Clause 49 of the Listing Agreement, the approval of the members is sought for the payment of aforesaid sitting fees to all the Directors of the Company, excluding the Managing Director and Directors, who are nominees of Compagnie de Saint-Gobain or its subsidiaries.

All Non-Executive Directors (except the Directors who are nominees of Compagnie de Saint-Gobain or its subsidiaries), are concerned or interested in the said Ordinary Resolution.

Your Directors recommend this Ordinary Resolution for your approval.

22<sup>nd</sup> March, 2005

By Order of the Board

Registered Office :

T-94, M.I.D.C.,  
Bhosari Industrial Area,  
Pune – 411 026.

**BIJENDER RITHALIYA**  
Secretary

**REQUEST TO THE SHAREHOLDERS**

1. Copies of the Annual Report will not be distributed at the Annual General Meeting. You are therefore, requested to bring this copy of the Annual Report to the Meeting.
2. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Head-Finance, at the Registered Office, so as to reach at least ten days before the date of the meeting, so that the information, to the extent practicable, can be made available at the meeting.
3. Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of the Folios along with relevant share certificates to the Company.
4. Members are requested to immediately intimate the change, if any, in their registered address to the Company.

# Saint-Gobain Sekurit India Limited

## DIRECTORS' REPORT

The Members,  
Saint-Gobain Sekurit India Limited

Your Directors present the Thirty-second Annual Report of your Company alongwith the Audited Accounts for the year ended 31<sup>st</sup> December, 2004.

### Financial Highlights

(Rs. '000)

	2004	2003
<b>Sales</b>	<b>84,94,36</b>	66,97,28
<b>Operating Profit</b>	<b>6,50,69</b>	4,15,77
Financial Charges	16,41	1,00,68
Profit before Tax	6,34,28	3,15,09
Increase/(Decrease) in Deferred Tax Asset	(1,19,84)	1,69,91
Profit after Tax	5,14,44	4,85,00
Balance brought forward from Previous Year	(51,12,04)	(55,97,04)
(Loss) carried to Balance Sheet	(45,97,60)	(51,12,04)

### Responsibility Statement

Your Directors confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> December, 2004 and of the profit of the Company for that year;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

### Operations

2004 was a good year for your Company, with sales and profits showing a significant increase. During the year under review, the Automobile sector witnessed strong growth giving rise to higher demand. Your Company's operations were considerably stretched in trying to meet the increased demand and, consequently, meeting the customers' high expectations in terms of quality and deliveries, proved to be exceedingly difficult. With the Company's manufacturing facilities working at their limits, and with several operational constraints, plant yields and efficiencies suffered. Despite this, the higher volumes resulted in an improvement in operating profits. The funds from the Rights issue and good cash generation from operations enabled your Company to

reduce borrowings and interest cost. Partly because of this and partly because of the gain on prepayment of deferred sales tax liability, the profit before tax has increased substantially.

### Outlook for the Future

The Automobile Industry is poised for a healthy growth in the coming years. The Automobile manufacturers are in the process of investing in additional capacities (for domestic and export markets) and in introducing new models. This will give rise to higher demand for automotive glass. However, with competition intensifying in the automobile sector, there have been and will continue to be increasing demands, in terms of complex shapes, superior quality and lower prices, on suppliers of automotive glass such as your Company. As mentioned above, with the existing facilities operating at their limits, it has been and will continue to be difficult for your Company to meet such demands and new state-of-the-art facilities will require huge investments. Anticipating the market situation and considering the financial health of your Company, as mentioned in the previous years' Annual Report, the Flat Glass Division of the Saint-Gobain Group (of which your Company is a subsidiary) has set up a new state-of-the-art automotive glass plant in Chennai through its other subsidiary, Saint-Gobain Glass India Ltd. Your Company will now focus on certain market segments and will rationalise and restructure its operations in order to meet the quality and service needs of the identified segments, while at the same time achieving higher operating efficiencies and yields. Towards this, further investments in your Company's facilities have been planned over the next two years. The rationalisation and restructuring of operations is likely to have an adverse impact on the sales and profits of your Company in the current and the next two financial years.

### Rights Issue

As per the approval granted by the Shareholders in the Extra-ordinary General Meeting held on 4<sup>th</sup> February, 2003, your Company allotted 2,60,30,200 Rights Shares of Rs. 10/- (Rs. Ten Only) each for cash at par aggregating to Rs. 26, 03, 02,000/- on 2<sup>nd</sup> March, 2004, on rights basis to the existing shareholders in the ratio of two Equity shares for every five Equity shares held. The money raised by the issue of rights shares has been used to reduce borrowings and to meet the rights issue expenses.

### Corporate Governance

- Report on Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchange is annexed (Annexure A).
- Certificate dated 22<sup>nd</sup> March, 2005 of the Auditors of your Company, regarding the compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, is annexed (Annexure B).
- Management Discussion and Analysis Report is annexed (Annexure C).

## Potentially Sick Industrial Company

Your Company continues to be a "Potentially Sick Industrial Company" as laid down in Section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985.

## Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company is committed to ensure a green and pollution free environment as well as clean and safe workplace at all plant locations and work sites.

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo as required in the prescribed format is annexed (Annexure D) and forms part of this Report.

## Employee Relations

Your Directors place on record their appreciation for the contribution made by the employees at all levels. A new Wage Agreement with the Workers Union at Chakan plant was signed on 12<sup>th</sup> June, 2004. The Wage Agreement at Bhosari plant has expired on 31<sup>st</sup> December, 2004. The negotiation with Workers Union has commenced. As at the year end 2004, there were 347 employees.

## Fixed Deposits

The Company has not accepted any Fixed Deposits from the public under Section 58A of the Companies Act, 1956.

## Listing

The Equity Shares of the Company are currently listed on The Stock Exchange, Mumbai (BSE). The shares issued on Rights basis on 2<sup>nd</sup> March, 2004 were listed on BSE from 19<sup>th</sup> March, 2004.

During the year, certain irregularities resulting in duplicate physical share certificates were noticed. Your Company, in consultation with BSE, has taken appropriate steps.

## Particulars of Employees

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed (Annexure E) and forms part of this report.

## Directors

Mr. J. Aschenbroich, Mr. J. Fernandez and Mr. W. Lambertz resigned as Directors of the Company with effect from 22<sup>nd</sup> March, 2005. Mr. J.A.J Pereira ceased to be an alternate director to Mr. J. Fernandez, consequent to the resignation of Mr. J. Fernandez with effect from 22<sup>nd</sup> March, 2005.

Mr. P. Challet resigned as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005 and Mr. J.A.J Pereira has been appointed as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005.

Your Directors place on record their appreciation for the valuable contribution made by all the Directors who have resigned.

Mr M.G. Ramakrishna was appointed as an additional director of the Company with effect from 22<sup>nd</sup> March, 2005. Mr. M.G. Ramakrishna holds office upto the date of the forthcoming Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a Member proposing the candidature of Mr. M.G. Ramakrishna for the office of a director.

Mr D. B. Shroff was appointed as an additional director of the Company with effect from 22<sup>nd</sup> March, 2005. Mr. D. B. Shroff holds office upto the date of the forthcoming Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a Member proposing the candidature of Mr. D. B. Shroff for the office of a director.

In accordance with the provisions of the Companies Act, 1956, Mr. P. Boutier retires by rotation and being eligible offers himself for re-appointment as a Director of your Company.

## Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Auditors of your Company, retire on the conclusion of 32<sup>nd</sup> Annual General Meeting. You are requested to appoint Auditors for the current financial year and to fix their remuneration. The retiring Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants are eligible for re-appointment.

## Awards/Certifications

Your Directors have pleasure in reporting that your Company has been recommended for certification to ISO 14001: 1996 during the year.

## Acknowledgements

Your Directors wish to place on record their sincere appreciation for the support of customers, dealers, suppliers, bankers, shareholders and employees.

On behalf of the Board of Directors,

**A.Y. MAHAJAN**  
Chairman

Date: 22<sup>nd</sup> March, 2005  
Place: Mumbai

**D. PHILIBERT**  
Managing Director

# Saint-Gobain Sekurit India Limited

## ANNEXURE A TO THE DIRECTORS' REPORT, FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2004.

### Report on Corporate Governance

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

#### A. MANDATORY REQUIREMENTS

##### 1. CORPORATE GOVERNANCE AT SAINT-GOBAIN SEKURIT INDIA LIMITED (SGSIL)

SGSIL is a member of the transnational 'Saint-Gobain,' group and is committed to the highest standards of Corporate Governance. It strives to monitor and ensure compliance with all applicable Laws and Regulations. It has always been SGSIL's philosophy on the code of Corporate Governance, to ensure that adequate control systems are devised and implemented and are put in place to enable optimum returns to the stakeholders. SGSIL has always held itself to high standards of

accountability, auditing, disclosure and reporting. These standards continue to define your Company's Corporate Governance philosophy of transparency and accountability, built on strong systems and procedures. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

#### 2. BOARD OF DIRECTORS

The present strength of the Board is six Directors excluding one Alternate Director. The Board comprises of one Executive Director and six Non-Executive Directors. The Non-Executive Directors bring independent judgement to the Board's deliberations and decisions.

During the year 2004, seven Board meetings were held. The dates on which the said meetings were held are as follows:-

27<sup>th</sup> February, 2<sup>nd</sup> March, 24<sup>th</sup> March, 29<sup>th</sup> April, 28<sup>th</sup> July, 26<sup>th</sup> October and 30<sup>th</sup> December.

Details of attendance of each Director at the Board Meetings, the last AGM, directorships held by them in other Indian Companies and committee memberships are as follows:

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships held as on 31 <sup>st</sup> Dec., 2004 in other Companies	No. of Committee positions held as on 31 <sup>st</sup> Dec., 2004 in companies (including SGSIL)
Mr. A. Y. Mahajan	Chairman-Non-Executive	7	Yes	7	8*
Mr. P. Boutier	Non-Executive Director	Nil	No	Nil	Nil
Mr. B. Santhanam	Non-Executive Director	2	No	1	2
Mr. M.G. Ramakrishna (a)	Non-Executive Director	N.A.	N.A.	N.A.	N.A.
Mr. D. B. Shroff (a)	Non-Executive Director	N.A.	N.A.	N.A.	N.A.
Mr. D. Philibert	Managing Director	6	Yes	Nil	Nil
Mr. J.A.J.Pereira (b)	Non-Executive Director	7	Yes	4	6**
Mr. J. Aschenbroich (c)	Non-Executive Director	Nil	No	1	Nil
Mr. J. Fernandez (c)	Non-Executive Director	Nil	No	Nil	Nil
Mr. W. Lambertz (c)	Non-Executive Director	Nil	No	Nil	Nil
Mr. P. Challet (d)	Non-Executive Director	Nil	No	Nil	1

(a) Appointed as an additional director on 22<sup>nd</sup> March, 2005.

(b) Mr. J.A.J.Pereira ceased to be an alternate director to Mr. J. Fernandez consequent to the resignation of Mr. J. Fernandez with effect from 22<sup>nd</sup> March, 2005. Mr. J.A.J. Pereira was then appointed as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005.

(c) Resigned with effect from 22<sup>nd</sup> March, 2005.

(d) Resigned as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005.

\* Out of 8 Committee memberships, Mr. A.Y. Mahajan is Chairman in 5 Committees.

\*\* Out of 6 Committee memberships, Mr. J. A. J. Pereira is Chairman in 2 Committees.

#### 3. AUDIT COMMITTEE

The Companies Act, 1956 and the Listing Agreement with the Stock Exchange provide for constitution of Audit Committee. The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under the Listing Agreement as well as under the provisions of the Companies Act, 1956. The Audit Committee comprises of Mr. J. A. J.Pereira, Chairman of the Committee, Mr. A. Y. Mahajan and Mr. M.G. Ramakrishna, all being

Non- Executive Directors. Mr. J.A.J.Pereira ceased to be the Chairman of the Committee consequent to the resignation of Mr. J. Fernandez from the Board on 22<sup>nd</sup> March, 2005, for whom he was an alternate director. Mr. J.A.J.Pereira was then re-appointed as the Chairman of the Committee, consequent to his appointment as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005. Mr. P. Challet ceased to be a member of the Committee, consequent to his resignation as an alternate director to Mr. P. Boutier with effect from

22<sup>nd</sup> March, 2005. Mr. M.G. Ramakrishna was appointed as a member of the Committee with effect from 22<sup>nd</sup> March, 2005.

The Head - Finance and the Statutory Auditors are invitees to the Meeting. The Company Secretary acts as the Secretary of the Committee.

Audit Committee held four meetings during the year 2004. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Mr. J.A.J Pereira	4
Mr. A. Y. Mahajan	4
Mr. P. Challet	Nil
Mr. M.G. Ramakrishna	N.A.

The terms of reference of the Audit Committee are in consonance with the Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956, and are as under:

- Oversee financial reporting process and disclosure of financial information to ensure its correctness, sufficiency and credibility.
- Recommending the appointment and removal of Statutory Auditor, fixation of audit fee and approval for payment for any other services.
- Reviewing with the management quarterly, half-yearly and annual financial statements before submission to the Board, focusing primarily on :
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications, if any, in draft audit report.
  - Significant adjustments, if any, arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related material transactions of the company with the promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Recommending the quarterly, half-yearly and annual financial statements.
- Reviewing with the management, external and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors, any significant findings and follow up there on.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look in to the reasons for substantial defaults in the payment to the shareholders, lenders and creditors.

Minutes of the Audit Committee meetings are circulated to the members of the Board, discussed and taken note of.

#### 4. REMUNERATION COMMITTEE

The Board of Directors of the Company had constituted a Remuneration Committee under the Chairmanship of Mr. J.A.J. Pereira, a Non-Executive Director. The other members of Committee are Mr A.Y. Mahajan and Mr. B. Santhanam, both Non-Executive Directors. Mr. J.A.J.Pereira ceased to be the Chairman of the Committee consequent to the resignation of Mr. J. Fernandez from the Board on 22<sup>nd</sup> March, 2005, for whom he was an alternate director. Mr. J.A.J.Pereira was then re-appointed as the Chairman of the Committee, consequent to his appointment as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005. The terms of reference of Remuneration Committee is to recommend/review the remuneration package of the Executive Directors, based on the performance and defined criteria. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The Remuneration Committee met once in the year under review, on 27/2/2004 to approve the re-appointment of Mr. D. Philibert as Managing Director of the Company, for a further period of two years from 27/2/2004 to 26/2/2006.

#### Remuneration of Directors

- (A) The details of remuneration of Mr. D. Philibert, Managing Director for the year 2004 are given below:

All elements of remuneration package i.e. salary, benefits, bonus, perquisites, profit commission, pension etc.	Rs. 36,26,676/-
Fixed component and performance linked incentives along with the performance criteria.	Fixed component is paid as Salary, House Rent Allowance and other perquisites. The entire remuneration is paid as fixed component.
Service contracts, notice period, severance fees.	The tenure of office of the Managing Director is 2 years commencing from 27/02/2004 and ending on 26/02/2006. The Managing Director is

# Saint-Gobain Sekurit India Limited

entitled to terminate the agreement by giving not less than six months notice in writing to the Company. Similarly the Company can terminate the agreement and provide for compensation for loss of office as per the provisions of the Companies Act, 1956.

Stock option with details, if any and whether issued at discount as well as the period over which accrued and over which exercisable.

Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or any other employees.

(B) The details of remuneration paid to Non-Executive Directors during the year 2004 - Rs. Nil.

## 5. INVESTORS / SHAREHOLDERS GRIEVANCE COMMITTEE

The Company's Investors / Shareholders Grievance Committee comprises of Mr. A. Y. Mahajan – Chairman of the Committee and Mr. J. A. J. Pereira, both Non-Executive Directors. Mr. J.A.J. Pereira ceased to be a Member of the Committee consequent to the resignation of Mr. J. Fernandez from the Board on 22<sup>nd</sup> March, 2005, for whom he was an alternate director. Mr. J.A.J. Pereira was then re-appointed as a member of the Committee, consequent to his appointment as an alternate director to Mr. P. Boutier with effect from 22<sup>nd</sup> March, 2005. The Company Secretary is the Compliance Officer of the Committee. The Company has received few complaints from the shareholders and all of them have been resolved by furnishing the requisite information/ documents. The Company had seventeen transfers pending at the close of the financial year 2004, which were processed subsequently.

## 6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held on 24<sup>th</sup> June, 2002 at 11.30 a.m., 27<sup>th</sup> June, 2003 at 11.30 a.m. and 18<sup>th</sup> June, 2004 at 11.30 a.m. at Hotel Panchshil, TELCO Road, Chinchwad, Pune – 411019. All the resolutions set out in the respective notices were passed by the Shareholders. During the year under review, there were no resolutions requiring approval through Postal Ballot.

## 7. DISCLOSURES

### a) Related party transactions

Besides the transactions reported in Note 16 of Schedule 15, there are no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.

## b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities related to above.

## c) Irregularities

During the year, certain irregularities resulting in duplicate physical share certificates were noticed. Your Company, in consultation with The Stock Exchange, Mumbai, has taken appropriate steps. Since the process of identifying such duplicate share certificates is yet to be completed, its quantum is yet to be ascertained.

## 8. MEANS OF COMMUNICATION

### Half Yearly Report

Whether Half-yearly report sent to each household of Shareholders – No.

The results of the Company are published in the Newspapers and displayed on EDIFAR site of SEBI.

### Quarterly Results

In which newspapers the financial results are normally published

- (i) Economic Times – Pune Edition
- (ii) Maharashtra Times – Mumbai Edition

### Website

Any web site where financial results are displayed

<http://www.sebiedifar.nic.in>

### Whether it also displays the official news releases; and the presentations made to Institutional Investors and Analysts

No.

### Whether MD & A is a part of annual report or not

Yes.

## 9. GENERAL SHAREHOLDERS' INFORMATION

**AGM** : 32<sup>nd</sup> Annual General Meeting

**Date** : Saturday, 11<sup>th</sup> June, 2005

**Time** : 11.30 a.m.

**Venue** : Hotel Panchshil  
TELCO Road  
Chinchwad  
Pune – 411 019

**Calendar of Financial Results for 2005**

- |                                                                  |                 |
|------------------------------------------------------------------|-----------------|
| (i) First Quarter Results                                        | – April, 2005   |
| (ii) Half-yearly Results                                         | – July, 2005    |
| (iii) Third Quarter Results                                      | – October, 2005 |
| (iv) Results for the year ending 31 <sup>st</sup> December, 2005 | – March, 2006   |

**Date of Book Closure**

Friday, 20<sup>th</sup> May, 2005 to Tuesday, 24<sup>th</sup> May, 2005

**Date of Payment of Dividend**

Not Applicable

**Listing on Stock Exchange**

The Stock Exchange, Mumbai.

The Annual listing fees of The Stock Exchange, Mumbai has been paid for the year 2004-2005.

**BSE - Stock Code**

Physical - 515043

**ISIN No. for NSDL & CDSL**

INE068B01017

**Market Price Data: High, Low during each month in the last financial year**

Please see Annexure '1'

**Performance in comparison to BSE Sensex, (broad based index)**

Please see Annexure '1'

**Registrars and Transfer Agents**

Intime Spectrum Registry Limited (ISRL)  
102, "Sri Vidyanand",  
Dr. Kelkar Path, Erandwane,  
Pune – 411 004  
Tel : 020- 25458397/98

**Share Transfer System**

All transfers are processed by ISRL and approved by the Share Transfer Committee of Directors which normally meets thrice in a month.

**Distribution of Shareholding and Shareholding Pattern as on 31<sup>st</sup> December, 2004**

Please see Annexure '2'

**Dematerialisation of Shares and liquidity**

12.01 % of the Paid-up capital has been dematerialised as on 31<sup>st</sup> December, 2004. However, 85.76% of the paid-up capital held by the Promoters has not been dematerialised.

**Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

Not issued

**Plant Locations**

- 1) Bhosari, Pune, Maharashtra
- 2) Chakan, Pune, Maharashtra

**Promoters****I a) Foreign Promoter**

Saint-Gobain Sekurit, S.A. , France

**b) Indian Promoter**

Saint-Gobain Glass India Limited

**II Other Saint-Gobain Group Companies**

- a) Grindwell Norton Limited
- b) Saint-Gobain Crystals & Detectors India Private Limited
- c) Saint-Gobain Norpro India Private Limited
- d) Saint-Gobain Vetrotex India Limited
- e) Saint-Gobain Weber (India) Limited
- f) SEPR Refractories India Limited

**Address for Correspondence**

T-94, M.I.D.C., Bhosari Industrial Area,  
Pune - 411 026. Maharashtra  
Tel. : 020 - 2712 0047  
Fax: 020 - 2712 0777

**Annexure '1'****Market Price Data : SGSIL & Sensex :- High - Low**

Period	High	Low	Sensex High	Sensex Low
Jan-04	27.40	17.35	6249.60	5567.68
Feb-04	17.65	15.60	6082.80	5550.17
Mar-04	16.50	10.60	5951.03	5324.78
Apr-04	19.40	13.70	5979.25	5599.12
May-04	19.00	14.00	5772.64	4227.50
Jun-04	16.00	12.20	5012.52	4613.94
Jul-04	16.70	13.25	5200.85	4723.04
Aug-04	21.40	14.50	5269.22	5022.29
Sep-04	28.70	19.00	5638.79	5178.57
Oct-04	29.00	22.50	5803.82	5558.14
Nov-04	27.50	22.50	6248.43	5649.03
Dec-04	35.60	25.50	6617.15	6176.09