

# Saint-Gobain Sekurit India Limited

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2005



## BOARD OF DIRECTORS

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

**Mr. P. BOUTIER**

**Mr. J. A. J. PEREIRA**  
(Alternate to Mr. P. Boutier)

**Mr. M .G. RAMAKRISHNA**

**Mr. B. SANTHANAM**

**Mr. D. B. SHROFF**

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

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## AUDITORS

KALYANIWALLA & MISTRY  
CHARTERED ACCOUNTANTS

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## BANKERS

BNP PARIBAS  
ABN AMRO BANK NV

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## REGISTERED OFFICE & BHOSARI WORKS

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

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## CHAKAN WORKS

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

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## REGISTRARS & TRANSFER AGENTS

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

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**33<sup>rd</sup> Annual General Meeting**  
on Saturday, 10th June, 2006 at 11.30 A.M.  
At Hotel Panchshil  
TELCO Road, Chinchwad, Pune - 411 019

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# Saint-Gobain Sekurit India Limited

## NOTICE

**NOTICE** is hereby given that the Thirty-third Annual General Meeting of the Members of Saint-Gobain Sekurit India Limited will be held on Saturday, 10<sup>th</sup> June, 2006, 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, 2005.
2. To appoint a Director in place of Mr. A.Y. Mahajan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B. Santhanam, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. To consider, and if thought fit, to pass with or without modification(s) following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. D. Philibert as the Managing Director of the Company for a further period commencing from 27<sup>th</sup> February, 2006 and ending on 31<sup>st</sup> December, 2007, on such terms and conditions as mentioned in the Abstract dated 24<sup>th</sup> February, 2006 issued pursuant to Section 302 of the Companies Act, 1956, which was sent to all the members of the Company;

**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorised to review and/or revise the terms, conditions, remuneration including minimum remuneration, perquisites, commission and

other benefits being given or to be given to Mr. D. Philibert in line/ conformity with any amendment to the relevant provisions in the Companies Act and / or the Rules and Regulations made thereunder and / or the guidelines as may be announced by the appropriate authorities from time to time and in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed between the Board of Directors and Mr. D. Philibert."

24<sup>th</sup> March, 2006

By Order of the Board

### Registered Office :

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

Bhosari Industrial Area,

Pune – 411 026

**D. PHILIBERT**

Managing Director

### 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 Tuesday, 23<sup>rd</sup> May, 2006 to Thursday, 25<sup>th</sup> May, 2006 (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 no. 5 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 33<sup>rd</sup> Annual General Meeting.

**ANNEXURE TO THE NOTICE****Details of Directors seeking reappointment at the forthcoming Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement)**

Name of Director	Mr. A.Y. Mahajan	Mr. B. Santhanam	Mr. D. Philibert
Date of birth	03.01.1953	02.03.1957	20.05.1948
Date of appointment	08.06.1995	20.08.1997	27.02.2002
Expertise in specific functional areas	Wide business experience across variety of industries	Wide experience in various functions such as Information Technology, Operations, Marketing etc. Also has played a critical role in setting up world class float glass plant.	Vast experience in managing different activities in laminated & toughened glass in varied responsibilities like R & D Project, technical and production.
Qualifications	Masters Degree in Economics from the University of Mumbai and a Masters Degree in Business Administration from Cornell-University (USA)	Bachelor Degree in Technology from IIT, Chennai, and a Post Graduate Diploma in Management from The Indian Institute of Management, Ahmedabad	Chemical Engineer from the "Institut de Chimie et Physique Industrielles" de Lyon and a Masters in Organic Chemistry
Directorship in other Indian Companies as on 24 <sup>th</sup> March, 2006	Saint-Gobain Glass India Ltd. Saint-Gobain Vetrotex India Ltd. Saint-Gobain Crystals & Detectors India Ltd. Saint-Gobain Weber (India) Ltd. Saint-Gobain India Foundation (Section 25 Company) Saint-Gobain Seva Engineering India Ltd. SEPR Refractories India Ltd. Grindwell Norton Ltd. Lincoln Helios (India) Ltd. Unichem Laboratories Ltd. L. M. Van Moppes Diamond Tools (India) Pvt. Ltd. BPB Holdings India Pvt. Ltd.	Saint-Gobain Glass India Ltd.	None
Membership of Committees in other Indian Companies as on 24 <sup>th</sup> March, 2006	Saint-Gobain Glass India Ltd. - Audit (Chairman) - Remuneration (Chairman) Saint-Gobain Vetrotex India Ltd. - Audit (Chairman) - Remuneration (Chairman) SEPR Refractories India Ltd. - Remuneration Saint-Gobain Weber (India) Ltd. - Remuneration Saint-Gobain Seva Engineering India Ltd. - Remuneration Grindwell Norton Ltd - Share holders/Investors Grievance	Saint-Gobain Glass India Ltd. - Audit	None
Equity Shareholding in Saint-Gobain Sekurit India Limited	Nil	Nil	Nil

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

The term of Mr. D. Philibert as Managing Director of the Company expired on 26<sup>th</sup> February, 2006.

At the Remuneration Committee Meeting and the Board Meeting held on 24<sup>th</sup> February, 2006, Mr. D. Philibert was re-appointed as the Managing Director of the Company for a period commencing from 27<sup>th</sup> February, 2006 and ending on 31<sup>st</sup> December, 2007, subject to the approval of the Members at the forthcoming Annual General Meeting of the Company.

The terms and conditions of the re- appointment and the remuneration payable to Mr. D. Philibert as set out in the Abstract dated 24<sup>th</sup> February, 2006 issued pursuant to Section 302 of the Companies Act, 1956 was circulated to all the Members of the Company, and is now submitted for the approval of the Members.

Mr. D. Philibert is 57 years old. He is a Chemical Engineer from the "Institut de Chimie et Physique Industrielles" de Lyon and

a Masters in Organic Chemistry. He joined the Saint-Gobain Group in 1974. He was General Manager of Sekurit Saint-Gobain Vehicules Industriels from July 1995 to August 2000. He has managed different activities in laminated & toughened glass in varied responsibilities like R & D Project, technical and production spread out in different markets like automotive, architecture, cooking appliances and transportation. In his previous assignment, he worked as Technical Manager of Saint-Gobain Sekurit S.A., France in charge of Engineering and Environment.

The Board strongly recommends the resolution for your approval. Mr. D. Philibert is concerned or interested in this Resolution.

The information required to be given to the members of the Company as per provisions of Schedule XIII (Part II, Section II) of the Companies Act, 1956 is annexed separately.

24<sup>th</sup> March, 2006

By Order of the Board

**Registered Office :**

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

**D. PHILIBERT**  
Managing Director



# Saint-Gobain Sekurit India Limited

## 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.

The information required to be given to the members of the Company as per the provisions of Schedule XIII (Part II, Section II) of the Companies Act, 1956

### I. General Information

1. Nature of Industry	Automobile Glass Manufacturer
2. Date of Commencement of Commercial Production	13 <sup>th</sup> day of November, 1973
3. Financial performance on given indicators	For the year ended 31 <sup>st</sup> December, 2005 Sales – Rs. 9630.08 lacs Net Profit After Tax – Rs. 461.42 lacs
4. Export Performance and Net Foreign Exchange Collaborations	No Exports
5. Foreign Investment of Collaborators and total investment of Promoters	61.26% of Capital held by Saint-Gobain Sekurit S.A., France (Promoters) 24.50% of Capital held by Saint-Gobain Glass India Ltd. (Promoters)

### II. Information about the Appointee

1. Background Details	Mr. D. Philibert aged 57 years, is a Chemical Engineer from the Institut de Chimie et Physique Industrielles, de Lyon and a Masters in Organic Chemistry. He joined Saint-Gobain Group in 1974. He was General Manager of Sekurit Saint-Gobain Vehicules Industriels from July 1995 to August 2000. He has managed different activities in laminated & toughened glass in varied responsibilities like R & D Project, technical and production spread out in different markets like automotive, architecture, cooking appliances and transportation. In his previous assignment, he worked as Technical Manager of Saint-Gobain Sekurit S.A., France in charge of Engineering and Environment.
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2. Past Remuneration	Rs. 2,50,000/- per month, plus perquisites, in aggregate within the limits specified in Schedule XIII of the Companies Act, 1956.
3. Recognition or Awards	N.A.
4. Job Profile & his Suitability	Mr. D. Philibert has 32 years of experience in automobile glass manufacture. He has served in various capacities in different Saint-Gobain Companies. His leadership is essential for your Company's speedy turnaround and future growth.
5. Remuneration proposed	Rs. 2,50,000/- per month, plus perquisites, in aggregate within the limits specified in Schedule XIII of the Companies Act, 1956
6. Comparative Remuneration profile with respect to Industry, size of the Company, Profile of the position and person	N.A.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	None

### III. Other Information

1. Reasons for Loss or inadequate profits	During the year 2005, the Profit is lower on account of poor yields, higher cost of repair and higher input costs. Hence profits are inadequate to pay higher remuneration.
2. Steps taken or Proposed	Company is now focusing on certain market segments and is in the process of rationalizing and restructuring 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. This will need further investments over the next two years in its facilities. This rationalization and restructuring will have an adverse impact on the sales and profits of your Company in 2006 and 2007. Hence there is little scope for increase in remuneration.
3. Expected increase in productivity and profits in measurable terms	Though the Company has taken steps to improve the operating efficiencies and yield, due to the restructuring and rationalisation of the operations, there is likely to be a drop in revenues and consequently the profits in the years 2006 and 2007.

## SEKURIT

### DIRECTORS' REPORT

The Members,

**Saint-Gobain Sekurit India Limited**

Your Directors present the Thirty-third Annual Report of your Company alongwith the Audited Accounts for the year ended 31<sup>st</sup> December, 2005.

#### Financial Highlights

(Rs. '000)

	2005	2004
Sales	96,30,08	84,94,36
Operating Profit	5,27,05	6,50,69
Financial Charges	20,68	16,41
Profit before Tax	5,06,37	6,34,28
Deferred Tax Asset	36,45	1,19,84
Provision for Fringe Benefit Tax	8,50	—
Profit after Tax	4,61,42	5,14,44
Balance brought forward from Previous Year	(45,97,60)	(51,12,04)
(Loss) carried to Balance Sheet	(41,36,18)	(45,97,60)

#### 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, 2005 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

The year 2005 has been a difficult one for your Company. As can be seen from the results, while sales have increased by around 14%, the profit before tax is lower by 20% as compared to previous year. The increase in sales may largely be attributed to buoyancy in demand and partly due to marginal increase in market share through entry into new models. However, pressure on price realisation and increase in input costs (primarily glass) coupled with lower yields and higher repair costs had an adverse impact on the overall results of your Company. Fresh investments in equipments and in working capital have necessitated higher borrowings and consequently there has been an increase in the interest cost.

#### Outlook for the Future

As stated in the previous year's Directors' Report, the Automobile Industry is poised for a healthy growth in the coming years. The Automobile manufacturers continue to invest in additional capacities (for domestic and export markets) and in 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 costs on suppliers of automotive glass such as your Company. As mentioned in the previous year's Report, anticipating the changing market situation and considering the financial health of your Company, the Saint Gobain group (Flat Glass Division) set up a new state-of-the-art automotive glass plant in Chennai through its other Indian subsidiary namely Saint-Gobain Glass India Ltd. While commercial production of laminated windshields has already commenced at its Chennai plant, commercial production of tempered glass will start soon. Again as mentioned last year, your Company is now focusing on certain market segments and is in the process of rationalizing and restructuring 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. This will need further investments over the next two years in its facilities. This rationalization and restructuring will have an adverse impact on the sales and profits of your Company in 2006 and 2007.

#### Corporate Governance

- Report on Corporate Governance as required under Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Limited is annexed (Annexure A).
- Certificate dated 24<sup>th</sup> March, 2006 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 Bombay Stock Exchange Ltd., is enclosed (Annexure B).
- Management Discussion and Analysis Report is annexed (Annexure C).

#### Energy Conservation, Technology Absorption, Foreign Exchange Earnings & 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 Bhosari plant was signed on 30<sup>th</sup> October, 2005. As at the year end 2005, there were 326 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 Bombay Stock Exchange Ltd. In the previous year, your Company had reported notice of certain irregularities resulting in duplicate physical share certificates. The process initiated by your Company to regularise the same, is still in progress. In view of this, the quantum of such duplicate shares is yet to be ascertained.

#### 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

In accordance with the provisions of the Companies Act, 1956, Mr. A.Y. Mahajan and Mr. B. Santhanam retire by rotation and being eligible, offer themselves for re- appointment as Directors of your Company. The Remuneration Committee and the Board of Directors, subject to your approval, have re-appointed Mr. D. Philibert as Managing Director of the Company for a further period commencing from 27<sup>th</sup> February, 2006 and ending on 31<sup>st</sup> December, 2007.

#### Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Auditors of your Company, retire on the conclusion of the 33<sup>rd</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 under OHSAS 18001:1999 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,

Place : Mumbai  
Date : 24<sup>th</sup> March, 2006

**A. Y. MAHAJAN** **D. PHILIBERT**  
Chairman Managing Director

# Saint-Gobain Sekurit India Limited

## ANNEXURE A TO THE DIRECTORS' REPORT, FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2005.

### Report on Corporate Governance

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

#### 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 five Non-Executive Directors. Out of the five Non-Executive Directors, two are independent directors.

During the year 2005, six Board meetings were held. The dates on which the said meetings were held are as follows:-

15<sup>th</sup> March, 22<sup>nd</sup> March, 26<sup>th</sup> April, 11<sup>th</sup> June, 27<sup>th</sup> July, 24<sup>th</sup> October

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 24th March, 2006 in other Public Companies (excluding Foreign Companies)	No. of Committee positions held as on 24th March, 2006 in Companies (including SGSIL)*
Mr. A. Y. Mahajan	Chairman-Non-Executive	6	Yes	10	4**
Mr. P. Boutier	Non-Executive	Nil	No	Nil	Nil
Mr. B. Santhanam	Non-Executive	Nil	No	1	1
Mr. M.G. Ramakrishna	Non-Executive (Independent)	3	Yes	2	3***
Mr. D.B. Shroff	Non-Executive (Independent)	Nil	No	Nil	1
Mr. D. Philibert	Managing Director	4	Yes	Nil	Nil
Mr. J.A.J Pereira (Alternate Director)	Non-Executive	5	Yes	6	4

\* Committee positions include positions held only in Audit Committee and Shareholders/Investors Grievance Committee.

\*\* Out of 4 Committees, Mr. A.Y. Mahajan is a Chairman in 3 Committees.

\*\*\* Out of 3 Committees, Mr. M.G. Ramakrishna is a Chairman in 1 Committee.

#### 3. AUDIT COMMITTEE

The Companies Act, 1956 and the Listing Agreement with Bombay Stock Exchange Limited 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. Mr. A.Y. Mahajan resigned as a Member of the Committee on 25<sup>th</sup> October, 2005. The Committee was then re-constituted with Mr. M.G. Ramakrishna as Chairman, Mr. J.A.J Pereira and Mr. D.B. Shroff as members from 25<sup>th</sup> October, 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 2005. 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. M.G. Ramakrishna	2
Mr. A.Y. Mahajan	4
Mr. D.B. Shroff	Nil



## SEKURIT

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

1. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to :
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgement by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors, any significant findings and follow up there on.
9. 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.
10. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

## 4. REMUNERATION COMMITTEE

Mr. J.A.J Pereira resigned as the Chairman of the Committee from 20<sup>th</sup> February, 2006. Mr. B.Santhanam resigned as a Member of the Committee from 20<sup>th</sup> February, 2006. The Committee was then re-constituted with Mr. M.G. Ramakrishna as Chairman, Mr. D.B. Shroff and Mr. A.Y. Mahajan as members from 20<sup>th</sup> February, 2006. 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 did not meet during the year under review. The Committee met on 24<sup>th</sup> February, 2006, to re-appoint Mr. D. Philibert as Managing Director for a period commencing from 27<sup>th</sup> February, 2006 and ending on 31<sup>st</sup> December, 2007 and fixed his remuneration, subject to the approval of the Board of Directors and Members of the Company.

## 5. REMUNERATION OF DIRECTORS

- (A) The details of remuneration of Mr. D. Philibert, Managing Director for the year 2005 are given below:

All elements of remuneration package i.e. salary, benefits, bonus, perquisites, profit commission, pension etc.	Rs. 34,28,400/-
Fixed component and performance linked incentives along with the performance criteria	Fixed component is paid as Salary 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 had expired on 26 <sup>th</sup> February, 2006. The Remuneration Committee and the Board of Directors in their Meeting held on 24 <sup>th</sup> February, 2006, has re-appointed Mr. D. Philibert,



# Saint-Gobain Sekurit India Limited

as the Managing Director of the Company, subject to the approval of the Members for a further period commencing from 27<sup>th</sup> February, 2006 and ending on 31<sup>st</sup> December, 2007. The Managing Director of the Company is and shall be entitled to terminate the contract by giving six months written notice.

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 sitting fees paid for the year 2005 is given below :

Non-Executive Director	Sitting Fees (Rs.)
Mr. M.G. Ramakrishna	24000/-

- (C) Criteria of making payment to Non-Executive Directors :

Except for the Non-Executive Directors who are nominees of Compagnie de Saint-Gobain (CSG), the ultimate holding company, the Company used to pay a sitting fee of Rs. 5000/- per Non-Executive Director for attending each Meeting of the Board and Rs 2000/- (enhanced to Rs. 5000/- in the board meeting held on 24<sup>th</sup> February, 2006) per Non-Executive Director for attending each Meeting of the Audit committee or Shareholders/Investors Grievance Committee.

- (D) Pecuniary relationship or transaction of Non-Executive Directors vis-à-vis the Company :

Apart from receiving Director's sitting fees, the Non-Executive Independent Directors of the Company do not have any pecuniary relationship or transaction with the Company.

Mr. P. Boutier, Mr. A.Y. Mahajan, Mr. B. Santhanam and Mr. J.A.J Pereira (alternate director to Mr. P. Boutier) are nominees of CSG.

- (E) Equity shareholding of the Non-Executive Directors in the Company as on 24<sup>th</sup> March, 2006 : Nil

## 6. 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. The Committee met 4 times during the year, to discuss investor grievances and the matter concerning the irregularities resulting in duplicate physical share certificates. The complaints received from the shareholders have been dealt with, by furnishing requisite information/documents. The Company had 7 transfers pending at the close of the financial year 2005, which were processed subsequently.

## 7. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held on 27<sup>th</sup> June, 2003 at 11.30 a. m., 18<sup>th</sup> June, 2004 at 11.30 a.m. and 11<sup>th</sup> June, 2005 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.

## 8. DISCLOSURES

### a) Related party transactions

Besides the transactions reported in Note 9 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 Exchange, 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 Exchange, SEBI or any statutory authorities related to above.

- c) In the previous year, your Company had reported notice of certain irregularities resulting in duplicate physical share certificates. The process initiated by your Company to regularise the same, is still in progress. In view of this, the quantum of such duplicate shares is yet to be ascertained.

**SEKURIT****9. 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/Loksatta – Pune Edition
- (ii) Financial Express/ 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.

**10. GENERAL SHAREHOLDERS' INFORMATION**

**AGM** : 33<sup>rd</sup> Annual General Meeting

**Date** : Saturday, 10<sup>th</sup> June, 2006

**Time** : 11.30 a.m.

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

**Calendar of Financial Results for 2006** Date(s)

- (i) First Quarter Results – April, 2006
- (ii) Half-yearly Results – July, 2006
- (iii) Third Quarter Results – October, 2006
- (iv) Results for the year ending 31<sup>st</sup> December, 2006 – March, 2007

**Date of Book Closure**

Tuesday, 23<sup>rd</sup> May, 2006 to Thursday, 25<sup>th</sup> May, 2006

**Date of Payment of Dividend**

Not Applicable

**Listing on Stock Exchange**

Bombay Stock Exchange Limited

The Annual listing fees of Bombay Stock Exchange Limited has been paid for the year 2005-2006.

**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, Eradwane, 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, 2005**

Please see Annexure '2'

**Dematerialisation of Shares and liquidity**

12.32 % of the Paid-up capital has been dematerialised as on 31<sup>st</sup> December, 2005. 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 Ltd.

**II Other Saint-Gobain Group Companies**

- a) Saint-Gobain Vetrotex India Ltd.
- b) Saint-Gobain Crystals & Detectors India Ltd.
- c) Saint-Gobain Weber (India) Ltd.
- d) Saint-Gobain Seva Engineering India Ltd.
- e) Saint-Gobain India Foundation (Section 25 Company)
- f) Saint-Gobain Norpro India Pvt. Ltd.
- g) India Gypsum Ltd.
- h) BPB Holdings India Pvt. Ltd.
- i) Conmix (India) Private Ltd.
- j) Grindwell Norton Ltd.
- k) SEPR Refractories India Ltd.

**Compliance Officer :**

Mr. D. Manerikar - Company Secretary  
(Resigned w.e.f. 3<sup>rd</sup> December, 2005).

Tel. : (020) 2712 0047

Fax : (020) 2712 0777

The Company is in the process of appointing a new Company Secretary/Compliance Officer