

Saint-Gobain Sekurit India Limited

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Report  junction.com

2006


SAINT-GOBAIN
SEKURIT

BOARD OF DIRECTORS

Mr. A.Y. MAHAJAN
(Chairman)

Mr. M .G. RAMAKRISHNA

Mr. B. SANTHANAM

Mr. PADMANABHA SHETTY

Dr. SREERAM SRINIVASAN
(Executive Director)

Mr. D. PHILIBERT
(Managing Director)

SECRETARY

Mr. MANDAR VELANKAR

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.

MUMBAI OFFICE:

C-13, PANNALAL SILK MILLS COMPOUND,
L.B.S. MARG, BHANDUP (W), MUMBAI-400 078.
TEL. : 022- 25963838

PUNE OFFICE:

BLOCK NO. 202, 2ND FLOOR, AKSHAY COMPLEX,
NEAR GANESH TEMPLE, OPP. DHOLE PATIL ROAD,
PUNE - 411 001.

34th Annual General Meeting

on Saturday, 9th June, 2007 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-fourth Annual General Meeting of the Members of Saint-Gobain Sekurit India Limited will be held on Saturday, 9th June, 2007, 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 31st December, 2006.
2. To appoint a Director in place of Mr. M. G. Ramakrishna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Price Waterhouse, Chartered Accountants as 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, in place of M/s Kalyaniwalla & Mistry, Chartered Accountants, who are the retiring auditors and have expressed their inability to continue as Auditors of the Company.

SPECIAL BUSINESS

4. Appointment of Mr. Padmanabha Shetty as Director:
To appoint a Director in place of Mr. Padmanabha Shetty who holds office up to 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. Padmanabha Shetty for the office of a Director.
5. Appointment of Dr. Sreeram Srinivasan as Director:
To appoint a Director in place of Dr. Sreeram Srinivasan who holds office up to 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 Dr. Sreeram Srinivasan 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

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 appointment of Dr. Sreeram Srinivasan as the Executive Director of the Company for a period of 2 years, commencing from 24th July, 2006 and ending on 23rd July, 2008, on such terms and conditions, as mentioned in Explanatory Statement, attached to this Notice;

FURTHER RESOLVED THAT the Board of Directors be and is 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 Dr. Sreeram Srinivasan in line / conformity with any amendment to the relevant provisions in the Companies Act and / or 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 to the Companies Act, 1956 or any amendment thereto as may be agreed between the Board of Directors and Dr. Sreeram Srinivasan."

26th March, 2007

By Order of the Board

Registered Office :

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

Mandar Velankar
Company 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 Tuesday, 22nd May, 2007 to Thursday, 24th May, 2007 (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, 5 and 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 34th Annual General Meeting.

SEKURIT

ANNEXURE TO THE NOTICE

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

Name of Director	Mr. M. G. Ramakrishna	Mr. Padmanabha Shetty	Dr. Sreeram Srinivasan
Date of birth	07.01.1944	19.01.1947	01.09.1962
Date of appointment	22.03.2005	10.06.2006	24.07.2006
Expertise in specific functional areas	Banking and Finance Consultant	Banking and Finance Consultant	Company Executive
Qualifications	M.A., L.L.B., C.A.I.I.B.	M.A., L.L.B., C.A.I.I.B.	B. Tech., M.S., PhD.
Directorship in other Companies as on 26th March, 2007	Mercator Lines Limited KEC Infrastructures Limited	Spectrum Corporate Consultants Private Limited	Nil
Membership in Committees in other Companies as on 26th March, 2007	Mercator Lines Limited - Audit KEC Infrastructures Limited - Audit	Nil	Nil
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. 4

Mr. Padmanabha Shetty was appointed as an Additional Director of the Company on 10th June, 2006. In terms of provisions of Section 260 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company, Mr. Shetty holds office up to the date of the forthcoming Annual General Meeting of the Company. Mr. Shetty's brief resume has been given in the annexure to the notice.

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

Except Mr. Shetty, no other Director is concerned or interested in this resolution.

Your Directors recommend this Ordinary Resolution for your approval.

Item No. 5

Dr. Sreeram Srinivasan was appointed as an Additional Director of the Company on 24th July, 2006. In terms of provisions of Section 260 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company, Dr. Sreeram Srinivasan holds office up to the date of the forthcoming Annual General Meeting of the Company. Dr. Sreeram Srinivasan's brief resume has been given in the annexure to the notice.

Notice in writing u/s 257 of the Companies Act, 1956 along with a deposit of Rs.500/- has been received from a member of the Company proposing the candidature of Dr. Sreeram Srinivasan for the office of a Director.

Except Dr. Sreeram Srinivasan, no other Director is concerned or interested in this resolution.

Your Directors recommend this Ordinary Resolution for your approval.

Item No. 6

At the meeting of Board of Directors, held on 24th July, 2006, Dr. Sreeram Srinivasan was appointed as an Additional Director of the Company and in the same meeting, he was appointed as Executive Director of the Company for a period of two years, commencing from 24th July, 2006 and ending on 23rd July, 2008, subject to the approval of the Members at the forthcoming Annual General Meeting.

Dr. Sreeram Srinivasan is B.Tech from I.I.T., Madras and M.S., PhD from North Carolina State University, Raleigh, USA. He joined Saint-Gobain Group in July, 2004. Before joining Saint-Gobain Group, in his previous assignment, he worked as Vice President - Operations with Rane Engine Valves Limited. He brings with him a huge experience in the field of manufacture of Automobile Components and has made significant contribution in the area of Manufacturing Excellence.

Following are the terms and conditions of appointment of Dr. Sreeram Srinivasan as Executive Director.

1. Nature of Duties :

Dr. Sreeram Srinivasan as Executive Director shall be responsible for overall business of the Company.

2. Tenure :

Two years commencing from 24th July, 2006 and ending on 23rd July, 2008.

3. Remuneration :

Dr. Sreeram Srinivasan shall be entitled to Nil remuneration.

Except Dr. Sreeram Srinivasan, no other Director is concerned or interested in this resolution.

Your Directors recommend this Ordinary Resolution for your approval.

26th March, 2007

By Order of the Board

Registered Office :

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

Mandar Velankar
Company 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 Company Secretary, 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-fourth Annual Report of your Company along with the Audited Accounts for the year ended 31st December, 2006.

Financial Highlights

(Rs. '000)

	2006	2005
Sales	80,65,08	96,30,08
Operating Profit / (Loss)	(4,37,07)	5,27,05
Financial Charges	(59,82)	(20,68)
Profit/(Loss) before Exceptional Item and Tax	(4,96,89)	5,06,37
Exceptional Item (Voluntary Separation Scheme expenditure)	(4,98,02)	-
Profit/(Loss) before Tax	(9,94,91)	5,06,37
Deferred Tax	(49,72)	(36,45)
Provision for Fringe Benefit Tax	(13,29)	(8,50)
Profit / (Loss) after Tax	(10,57,92)	4,61,42
Balance brought forward from Previous Year	(41,36,18)	(45,97,60)
(Loss) carried to Balance Sheet	(51,94,10)	(41,36,18)

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 31st December, 2006 and of the loss 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

2006 has been a difficult year for your Company. Sales dropped by about 16% and your Company made an operational loss. As stated in the previous year's Directors' Report, to be successful in a more demanding competitive environment, it was necessary to rationalise and restructure

the operations of your Company to focus on certain market segments. During the year, further investments have been made in both the plants, production has been rationalised (this includes shifting of certain production and processing to Saint-Gobain Glass India Limited), new products have been developed and a Voluntary Separation Scheme has been implemented. All this has caused considerable disturbance to operations and as a consequence, sales declined and your Company made an operating loss. It was indicated in last years' Annual Report that "this rationalisation and restructuring would have an adverse impact on the sales and profits of your Company in 2006 and 2007". The process of rationalisation and restructuring is continuing and will be completed in 2007.

Outlook for the Future

During 2006, besides the announcement of expansion plans by some of the existing players, a number of new global auto players announced plans to commence manufacturing in India. This and several other indicators confirm that the Auto Industry is poised for strong growth in coming years. While this will give rise to higher demand for automotive glass, there will also be mounting pressure to deliver superior quality at low cost. As stated above, your Company is in the midst of rationalising and restructuring its operations in order to focus on certain market segments and to meet the new challenges in the market place.

Environment, Health & Safety

Environment, Health and Safety are accorded the highest priority within Saint-Gobain. Your Directors are pleased to inform you that during the year, your Company registered a number of achievements. Your Company was certified under OHSAS 18001: 1999 (it is already certified under ISO-14001). Both plants of your Company completed one million man hours without a lost-time accident and joined Saint-Gobain's Millionaires Club. The Chakan Plant received Saint-Gobain's Safety Diamond Award for 2006.

Corporate Governance

- Report on Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, is annexed hereto (Annexure A).
- Certificate dated 26th March, 2007 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 Bombay Stock Exchange Limited, is annexed hereto (Annexure B).
- Management Discussion and Analysis Report is annexed hereto (Annexure C).

SEKURIT**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 hereto (Annexure D).

Employee Relations

Your Directors place on record their appreciation for the contribution made by the employees at all levels.

As a part of ongoing restructuring activities, the Company introduced a Voluntary Separation Scheme (VSS) for its employees at Bhosari Plant. 123 employees of Bhosari Plant of the Company opted for VSS introduced by the Company.

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 Bombay Stock Exchange Limited, Mumbai (BSE). Members may recall that certain irregularities were noticed in the database of physical share certificates of the Company. Your Company, in consultation with the Bombay Stock Exchange Limited, has taken appropriate steps. Substantial progress has since been made in this regard and future course of action will be taken in consultation with the Bombay Stock Exchange Limited.

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 hereto (Annexure E).

Directors

Mr. D. B. Shroff and Mr. P. Boutier resigned as Directors of the Company w.e.f. 9th May, 2006 and 24th July, 2006 respectively. Mr. J.A.J. Pereira, who was acting as Alternate Director to Mr. Boutier, ceased to be a Director, consequent to resignation by Mr. Boutier.

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

Mr. Padmanabha Shetty was appointed as an Additional Director with effect from 10th June, 2006. Mr. Shetty holds

office up to the date of 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. Shetty for the office of a Director.

Dr. Sreeram Srinivasan was appointed as an Additional Director with effect from 24th July, 2006. Dr. Sreeram Srinivasan holds office up to the date of 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 Dr. Sreeram Srinivasan for the office of a Director.

Dr. Sreeram Srinivasan was appointed as an Executive Director of the Company for a period of 2 years commencing from 24th July, 2006 and ending on 23rd July, 2008, subject to the approval of the members at the forthcoming Annual General Meeting.

Auditors

M/s Kalyaniwalla & Mistry, Chartered Accountants, Auditors of the Company, retire on the conclusion of 34th Annual General Meeting of the Company and have expressed their inability to continue as Auditors of the Company. M/s. Price Waterhouse, Chartered Accountants, have conveyed that, if appointed, they would be eligible to act as Auditors of the Company.

You are requested to appoint Auditors for the current financial year and fix their remuneration.

Potentially Sick Industrial Company

The accumulated losses as at 31st December, 2006 at Rs.51,94.10 Lacs have exceeded 50% of the peak net worth during the immediately preceding four financial years. Thus your Company, has become a "Potentially Sick Company" as laid down in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. A separate report of the Directors on the erosion of the net worth is annexed hereto (Annexure F).

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 : 26th March, 2007

Place : Mumbai

D. PHILIBERT

Managing Director

Saint-Gobain Sekurit India Limited

ANNEXURE A TO THE DIRECTORS' REPORT, FOR THE YEAR ENDED 31ST DECEMBER, 2006.

Report on Corporate Governance

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

A. MANDATORY REQUIREMENTS

1. CORPORATE GOVERNANCE AT SAINT-GOBAIN SEKURIT INDIA LTD. (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 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. The Board comprises of two Executive Directors and four Non-Executive Directors. Out of the four Non-Executive Directors, two are independent directors.

During the year 2006, six Board meetings were held. The dates on which the said Meetings were held are as follows:-

24th February, 24th March, 27th April, 10th June, 24th July and 19th October.

Details of attendance of each Director at the Board Meetings, the last AGM, directorships and committee memberships held by them in other Indian Companies 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 26th March, 2007 in other Public Companies (excluding Foreign Companies)	No. of Committee positions held as on 26th March, 2007 in companies (including SGSIL)*
Mr. A. Y. Mahajan	Chairman-Non-Executive	6	Yes	10	3**
Mr. P. Boutier (Resigned as Director with effect from 24th July, 2006.)	Non-Executive	Nil	No	NA	NA
Mr. B. Santhanam	Non-Executive	Nil	No	1	1
Mr. M.G. Ramakrishna	Non-Executive (Independent)	5	Yes	2	3***
Mr. D.B. Shroff (Resigned as Director with effect from 9th May, 2006.)	Non-Executive(Independent)	1	NA	NA	NA
Mr. Padmanabha Shetty (Appointed as an Additional Director with effect from 10th June, 2006.)	Non-Executive(Independent)	2	NA	Nil	1
Mr. D. Philibert	Managing Director	5	Yes	Nil	Nil
Dr. Sreeram Srinivasan (Appointed as an Additional Director and Executive Director with effect from 24th July, 2006.)	Executive Director	1	NA	Nil	2
Mr. J. A. J. Pereira (Alternate Director) (Ceased to be Director with effect from 24th July, 2006, consequent to resignation by Mr. Boutier.)	Non-Executive	5	Yes	NA	NA

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

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

*** Mr. M.G. Ramakrishna is a Chairman in 1 Committee.

SEKURIT

3. AUDIT COMMITTEE

The Companies Act, 1956 and the Listing Agreement with the 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. The Audit Committee comprises of Mr. M.G. Ramakrishna, Chairman of the Committee, Mr. Padmanabha Shetty (appointed as member of the Audit Committee with effect from 10th June, 2006 in lieu of Mr. D. B. Shroff) and Dr. Sreeram Srinivasan (Appointed as member of the Audit Committee with effect from 24th July, 2006, in lieu of Mr. J. A. J. Pereira). 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 2006. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Mr. J.A.J Pereira *	3
Mr. M.G. Ramakrishna	3
Mr. Padmanabha Shetty**	2
Mr. D.B. Shroff***	2
Dr. Sreeram Srinivasan****	1

* Mr. J. A. J. Pereira ceased to be member of the Audit Committee with effect from 24th July, 2006.

** Mr. Padmanabha Shetty was appointed as member of the Audit Committee with effect from 10th June, 2006.

*** Mr. D. B. Shroff ceased to be member of the Audit Committee with effect from 9th May, 2006.

**** Dr. Sreeram Srinivasan was appointed as member of the Audit Committee with effect from 24th July, 2006.

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 auditors 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. Looking 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

The Remuneration Committee comprises of Mr. M.G. Ramakrishna, Chairman of the Committee, Mr. Padmanabha Shetty (Appointed as member of the Remuneration Committee with effect from 10th June, 2006, in lieu of Mr. D. B. Shroff) and Mr. A.Y. Mahajan. 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 on 24th February, 2006 to re-appoint Mr. Daniel Philibert as Managing Director for a period commencing from 27th February, 2006 to 31st December, 2007 and fixed his remuneration, subject to the approval of Board of Directors and shareholders.

Saint-Gobain Sekurit India Limited

5. REMUNERATION OF DIRECTORS

- (A) The details of remuneration of Mr. D. Philibert, Managing Director for the year 2006 are given below:

All elements of remuneration package i.e. salary, benefits, bonus, perquisites, profit, 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 present tenure of office of the Managing Director is up to 31st December, 2007. The Managing Director or 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.

Note: No remuneration has been paid to Dr. Sreeram Srinivasan, during the year 2006.

- (B) The details of sitting fees paid for the year 2006 are given below:

Non-Executive Directors	Sitting Fees (Rs.)
Mr. M.G. Ramakrishna	35,000
Mr. Padmanabha Shetty	20,000
Mr. D. B. Shroff*	15,000

*Resigned as Director with effect from 9th May, 2006.

- (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 pays sitting fees of Rs.5,000/- per meeting to each Non-Executive Directors, for attending the meetings of Board of Directors, Audit Committee and Investors' / Shareholders' 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. A.Y. Mahajan and Mr. B. Santharam are nominees of CSG.

- (E) Equity shareholding of the Non-Executive Directors in the Company as on 26th March, 2007 : NIL.

6. INVESTORS' / SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company's Investors' / Shareholders' Grievance Committee comprises of Mr. A. Y. Mahajan, Chairman of the Committee and Dr. Sreeram Srinivasan (Appointed as member of the Investors' / Shareholders' Grievance Committee with effect from 24th July, 2006). The Committee met twice during the year 2006. The Company had NIL transfers pending at the close of the financial year 2006.

7. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held on 18th June, 2004 at 11.30 a.m., 11th June, 2005 at 11.30 a.m. and 10th June, 2006 at 11.30 a.m. at Hotel Panchshil, TELCO Road, Chinchwad, Pune - 411 019. 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 10 of Schedule 15, there are no other related party transactions with the promoters, directors and management that had 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 Exchanges, SEBI or any statutory authorities related to above.

- c) As mentioned in Directors' Report for the year 2005, certain irregularities in database of physical shares were noticed. Your Company, in consultation with the Bombay Stock Exchange Limited, has taken appropriate steps. Substantial progress has since been made in this regard and future course of action will be taken in consultation with the Bombay Stock Exchange Limited.

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) Loksatta - Pune Edition (ii) Financial Express - 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 : 34th Annual General Meeting Date : Saturday, 9th June, 2007 Time : 11.30 a.m. Venue : Hotel Panchshil TELCO Road Chinchwad Pune - 411 019
Financial Calendar for 2007 (i) First Quarter Results - April, 2007 (ii) Half-Yearly Results - July, 2007 (iii) Third Quarter Results - October, 2007 (iv) Results for the year ending 31st December, 2007 - March, 2008
Dates of Book Closure Tuesday, 22 nd May, 2007 to Thursday, 24 th May, 2007
Date of Payment of Dividend Not Applicable
Listing on Stock Exchange Bombay Stock Exchange Limited The Annual listing fees of Bombay Stock Exchange Limited have been paid for the year 2006-2007.
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) Mumbai Office: C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078 TEL. : 022- 25963838 Pune Office: Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Opp. Dhole Patil Road, Pune - 411 001.

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 31st December, 2006

Please see Annexure '2'

Dematerialisation of Shares and liquidity

12.71% of the Paid-up capital has been dematerialised as on 31st December, 2006. 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) BPB Holdings India Private Limited
- b) Conmix (India) Private Limited
- c) Grindwell Norton Limited
- d) India Gypsum Limited
- e) Saint-Gobain Crystals & Detectors India Limited
- f) Saint-Gobain India Foundation (Section 25 Company)
- g) Saint-Gobain Norpo India Pvt. Limited
- h) Saint-Gobain Seva Engineering India Limited
- i) Saint-Gobain Vetrotex India Limited
- j) Saint-Gobain Weber (India) Limited
- k) SEPR Refractories India Limited

Compliance Officer :

Mr. Mandar Velankar - Company Secretary
(Appointed w.e.f. 25th May, 2006)
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 (Rs.)	Low (Rs.)	Sensex High (Rs.)	Sensex Low (Rs.)
Jan-06	42.50	37.10	9945.19	9158.44
Feb-06	46.80	34.35	10422.65	9713.51
Mar-06	45.60	38.25	11356.95	10344.26
Apr-06	46.50	39.15	12102.00	11008.43
May-06	58.95	36.00	12671.11	9826.91
Jun-06	42.45	29.15	10626.84	8799.01
Jul-06	36.85	29.65	10940.45	9875.35
Aug-06	35.80	31.45	11794.43	10645.99
Sep-06	37.35	32.75	12485.17	11444.18
Oct-06	42.55	34.85	13075.85	12178.83
Nov-06	38.50	31.55	13799.08	12937.30
Dec-06	36.40	29.70	14035.30	12801.65