

# Sicagen India Limited

Sicagen

Report  junction.com

## Annual Report 2008-09

|   |    |
|---|----|
| Overview                                  | 01 |
| Directors' report                         | 10 |
| Corporate governance                      | 17 |
| Auditors' report                          | 26 |
| Balance sheet                             | 29 |
| Profit and loss account                   | 30 |
| Schedules                                 | 31 |
| Significant accounting policies and notes | 40 |
| Cash flow statement                       | 51 |
| Accounts - consolidated                   | 56 |



## Dear shareholder

The global economic downturn of 2008-09—many commentators believe that the worst isn't over yet—has been deemed by many as perhaps the worst since the Depression of the 1930's. The linkages built rapidly by India with the global economy since the 1990's have ensured that, as the global economy has slowed, India's economy and businesses has also suffered, with earnings and revenues of many industry sectors actually falling from FY08 levels.

That's why it gives us even greater pleasure to report that Sicagen's revenue from sales and services rose by 10% to INR 4.21 billion from INR 3.91 billion a year ago. The profit numbers were comparable with the previous year but for the skews of the significant rise in other income and an exceptional loss.

The stimulus package—personal tax incentives coupled with aggressive government spending in the rural, housing, and infrastructure sectors—announced in the 2009-10 Union Budget should provide an upward fillip to the Indian economy. Given that our major business of building materials trading is a direct derivative of the infrastructure and housing sectors, we expect growth—it may be marginal—in overall revenue.

In tough times like we currently face, our mix of businesses has actually helped reduce concentration risk—that happens when you put your eggs in one basket and focus only on one line of business. At the same time, we have been quick to move proactively with market conditions; we expect that our new business initiatives will improve our prospects in our core businesses of trading and marketing services.

As we stand resolute in our commitment to growth by value-based management, we would like to thank our shareholders, customers, dealers, suppliers, employees, and business partners for their dedication and unstinting support.

A handwritten signature in black ink, appearing to read 'S Arumugam'.

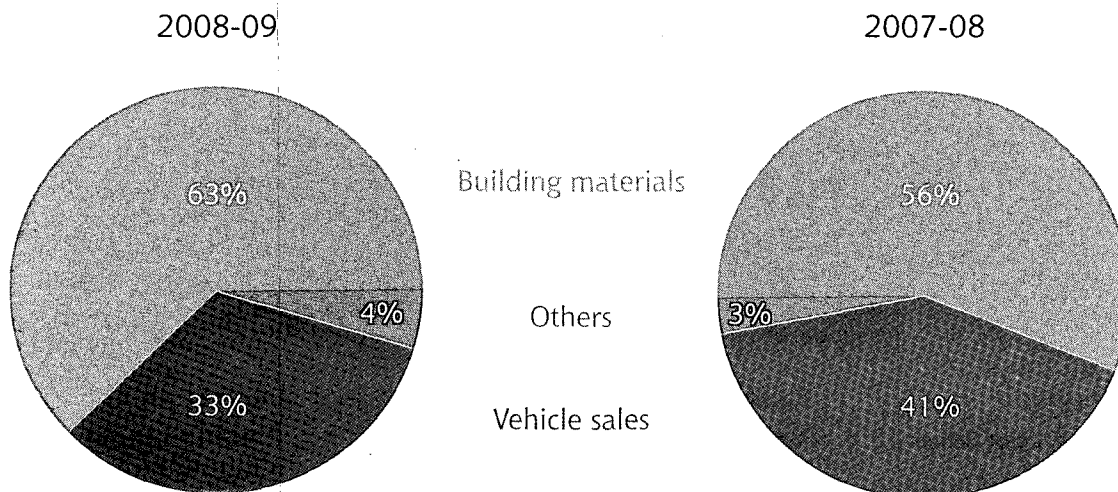
S Arumugam  
CEO

# Key financials

(INR million)

|  | 2008-09        | 2007-08 |
|--|----------------|---------|
| Revenue  | <b>4284.44</b> | 3907.31 |
| Profit (loss) before interest, depreciation, tax | <b>132.84</b>  | 71.04   |
| Less: Interest                                   | <b>12.03</b>   | 7.60    |
| Less: Depreciation                               | <b>17.64</b>   | 20.64   |
| Less (Add): Provision for tax                    | <b>18.69</b>   | (2.69)  |
| Less: Exceptional items                          | <b>61.35</b>   | NIL     |
| Less: Prior period adjustments                   | <b>NIL</b>     | 0.10    |
| Net profit                                       | <b>23.13</b>   | 45.39   |
| Equity capital                                   | <b>395.72</b>  | 395.72  |
| Reserves and surplus                             | <b>3222.94</b> | 3222.94 |
| Gross fixed assets                               | <b>433.71</b>  | 541.15  |
| Net fixed assets                                 | <b>259.85</b>  | 475.86  |

## Revenue Mix



# Overview

## Quick information

|                   |   |
|-------------------|---|
| Name of company   | Sicagen India Limited   |
| Incorporation     | 2004  |
| Shares issued     | 39.57 million   |
| Listing           | Bombay Stock Exchange<br>National Stock Exchange of India   |
| Lines of business | <p><b>Building materials trading</b></p> <p>Sicagen's core business: the trading of building materials such as steel tubes, MS/GI pipes, boiler tubes, seamless tubes, rectangular/square hollow sections, TMT steel rebars, PVC pipes, electrical cables, steel fittings, and cement.</p> <p>For dealers, contractors, builders, and corporate buyers, our network of 27 delivery centers across India serves as the single window to India's top building materials manufacturers that include Tata Steel, Jindal Pipes, Steel Authority of India, Finolex Cables, Supreme Industries, Maharashtra Seamless, ACC Cements.</p> <p><b>Vehicle sales</b></p> <p>Dealership of commercial vehicles for Tata Motors—ranging from the 0.75 tonne <i>Tata Ace</i> to the top-of-the-line <i>Tata Novus</i>—with showrooms in Chennai and Tiruchirapalli covering 11 districts of Tamil Nadu state.</p> <p>Customers include corporates, retail vendors, high income individuals.</p> <p><b>Governor services</b></p> <p>Goodwill Governor Services is India's only authorized service center for Woodward, makers of the world's finest governors.</p> <p><b>Travel and cargo</b></p> <p>A member of the International Air Transport Association (IATA) and Travel Agents Association of India (TAAI), Sicagen's travel and cargo business provides premium end-to-end travel-related and cargo services.</p> <p><b>Boat-building and ship repair</b></p> <p>Goodwill Engineering Works builds passenger and cargo vessels, boats, tugs and barges.</p> <p><b>Speciality chemicals</b></p> <p>Provides water treatment and process improvement solutions for the petrochemical, fertilizer, refinery, power, pharmaceuticals, agro and pesticide industries.</p> |

|   |                               |   |   |
|---|-------------------------------|---|---|
| Principal office  | Registered office             | Bankers   | Auditors  |
| Floor 4 East Coast Center<br>534 Anna Salai<br>Teynampet Chennai 600018<br>Voice +91 44 24343565<br>Fax +91 44 24343562<br>Email secl@sicagen.com | Adyar House<br>Chennai 600085 | HDFC Bank<br>State Bank of India<br>Karnataka Bank<br>Indian Bank<br>ICICI Bank<br>Bank of Baroda | CNGSN Associates<br>Chartered Accountants<br>20 Raja Street T Nagar<br>Chennai 600017 |

# Leadership



**S Arumugam, Director and CEO**

Overall in-charge of business and strategy of all the divisions and businesses within Sicagen, S Arumugam is an MBA from the Department of Management Studies, University of Madras. Mr Arumugam has been with the promoter's group since 1974 in positions of operations, marketing, and sales.



**B Narendran, Independent Director**

A specialist in chemical engineering and transportation, B Narendran, a BE (Chemical) and MS (Transportation), has been a consultant to Shell Inc, Detroit, Rite-Aid Pharmacy, Houston, and State Highway's Administration, Baltimore, US.



**R Narayanasamy, Independent Director**

R Narayanasamy has decades of experience in the fertilizer and automotive industries, having served in various positions of operations, marketing, sales and administration. A Bachelor of Arts, Mr Narayanasamy has also worked with Neyvelli Lignite Corporation.



**R Sivagurunathan, Chief Operating Officer**

R Sivagurunathan heads the operations of Sicagen's various businesses. Associated with the promoter's group since 1984, Mr Sivagurunathan was earlier Chief Risk Officer with Sical Logistics Ltd, India's leading provider of multi-modal integrated logistics. A BCom from Madurai Kamaraj University, Mr Sivagurunathan has completed a 3 Tier Program for Management Development at IIM, Ahmedabad.



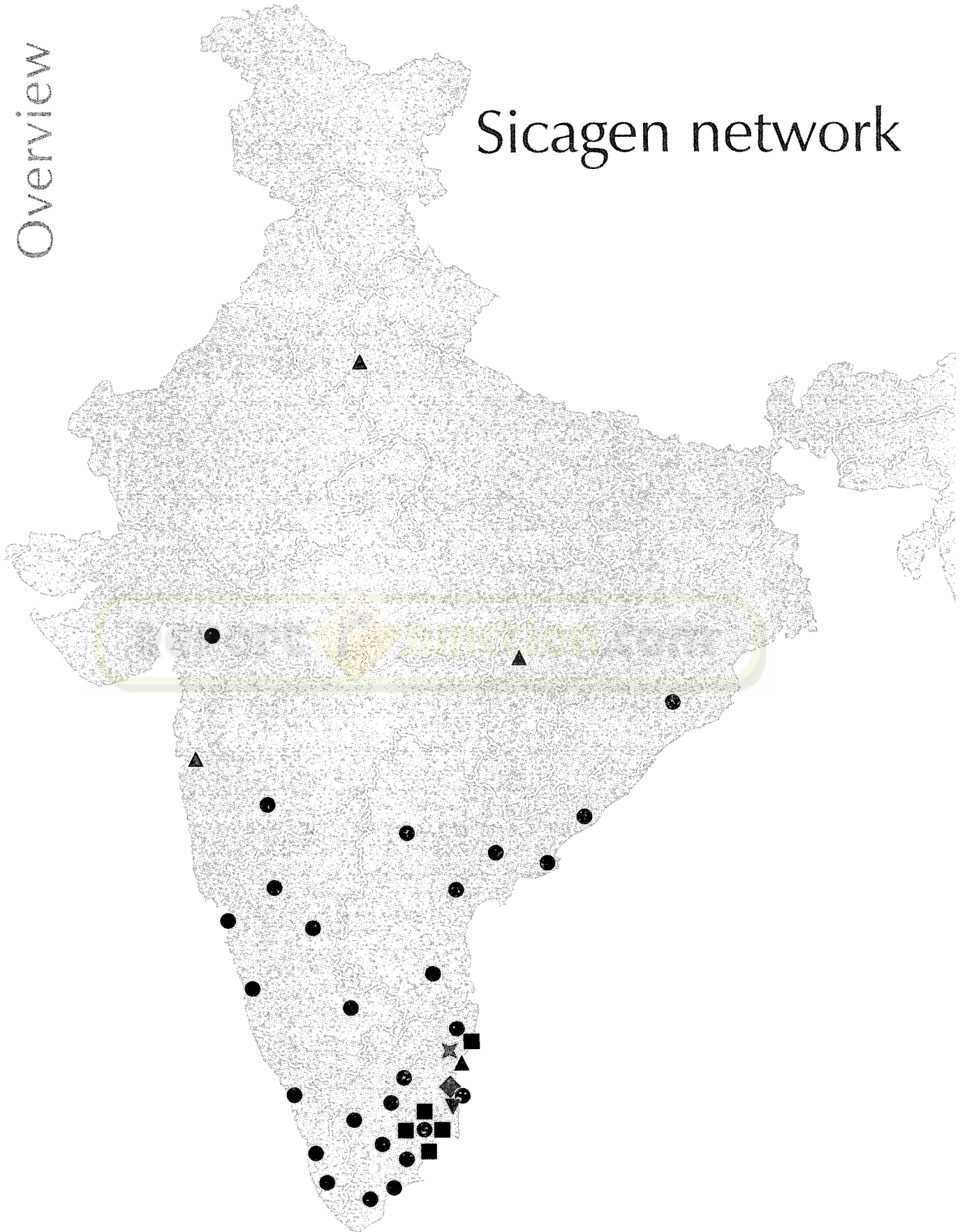
**GR Kannan, AVP (F&A) and Company Secretary**

Responsible for Sicagen's finance, accounts, secretarial, legal, and information systems, GR Kannan has been associated with the promoter's group companies since 1988. Mr Kannan is a BCom from the University of Madras, an Associate Member of the Institute of Cost and Works Accountants of India, and an Associate Member of the Institute of Company Secretaries of India.



# Overview

## Sicagen network



## BUILDING MATERIALS



Ankleshwar  
Benguluru  
Belgaum  
Bhubaneswar  
Calicut  
Chengannur  
Chennai  
Chittoor  
Coimbatore

Dindigul  
Ernakulam  
Erode  
Goa  
Hubli  
Kakinada  
Madurai  
Mangalore  
Puducherry

Pune  
Rajahmundry  
Salem  
Secunderabad  
Tiruchirapalli  
Tirunelveli  
Tuticorin  
Vijayawada  
Visakhapatnam

## VEHICLE SALES



Chennai  
Nagapattinam  
Thanjavur

Tiruchirapalli  
Tiruvarur

## GOVERNOR SERVICES



Chennai  
Delhi

Mumbai  
Raipur

## SPECIALITY CHEMICALS



Puducherry

## BOAT BUILDING



Puducherry

## TRAVELS



Chennai

## Overview

# Prominent customers

|                                      |                                  |
|--------------------------------------|----------------------------------|
| Annamacharya Educational Trust       | India Cements                    |
| Atul                                 | IRIZAR-TVS                       |
| Apollo Hospitals                     | Jindal Steel and Power           |
| Bharat Petroleum Corporation         | Kothari Petrochemicals           |
| Blue Star                            | Kandagiri Spinning Mills         |
| Chennai Corporation                  | Lakshmi Machine Works            |
| Cochin Shipyard                      | Lloyd Insulations                |
| Chennai Petroleum Corporation        | Larsen & Toubro                  |
| Cipla                                | MARG                             |
| Consolidated Construction Consortium | Matrix Laboratories              |
| Dharani Sugars And Chemicals         | Meenakshi College of Engineering |
| Dr Reddy's Laboratories              | Murudeshwar Ceramics             |
| Essar Steel                          | Oil and Natural Gas Corporation  |
| Eastern Media                        | Reliance Industries              |
| EDAC Engineering                     | Steel Authority of India         |
| ETA Engineering                      | Sundaram Clayton                 |
| Hindalco Industries                  | Tamilnadu News Print and Papers  |
| Hindustan Shipyard                   | Thermax                          |
| Hindustan Petroleum Corporation      | Voltas                           |
| Hindustan Unilever                   | Wipro Consumer Products          |
| Indian Oil Corporation               |                                  |

*The above list is by no means exhaustive or complete; its purpose is merely to showcase Sicagen's customer engagements.*



## Awards and recognition

Lol from Tata Motors for dealership in the districts of Thanjavur, Nagapattinam and Thiruvavur for SCV range of commercial vehicles.

2008-09 Super Performer Award from Tata Parivar for selling the highest tonnage of galvanized medium pipes in Karnataka state.

2008-09 Tata Brand Ambassador Award from Tata Parivar for Bangalore region.

2008-09 Outstanding Performance Award from Tata Parivar for Tata pipes retail sales in Andhra region.

Race with Ace Excellence Award from Tata Motors for outstanding performance and lasting contribution to project RWA3K.

2008-09 Outstanding Performance Award from Tata Motors for Ace in Tamil Nadu state.

2008-09 Gaurav Samman from SAIL for exceptional performance among top 60 India dealers.

