

# Annual Report 2013-14



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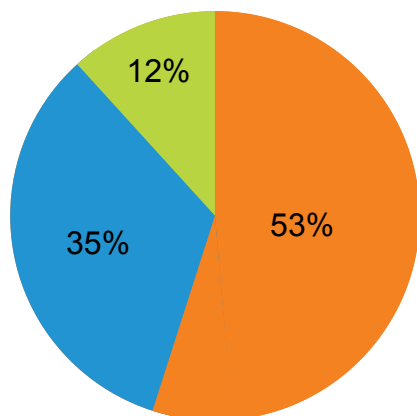
## Financial Highlights

(Rs. in Lakhs)

	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
Total Income	70136	89220	94312	79636	51859
Profit before Interest, Depreciation and Tax	3037	3562	3125	2476	1426
Depreciation	391	222	205	177	171
Profit before Tax	1718	2249	2095	1832	955
Less: Provision for Tax	(9)	751	698	590	245
Profit after Tax	1727	1498	1397	1242	710
Add: Exceptional Items (Net of tax)	(641)	(168)	554	1204	23
Profit after Tax & Exceptional Items	1086	1330	1951	2446	732
Earnings per share in ₹	2.74	3.36	4.93	6.18	1.85
Equity Share Capital	3957	3957	3957	3957	3957
Reserves & Surplus	37606	36888	36017	34527	32540
Net Fixed Assets	3595	3352	3019	3391	3193

## Revenue Mix

**2013-14**



**2012-13**

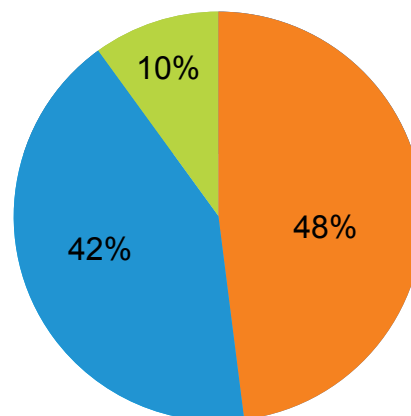
Building Materials



Vehicle Sales



Others



**Disclaimer:** The information and opinions contained in this document do not constitute an offer to buy any of Sicagen's securities, businesses, products, or services. The document might contain forward-looking statements qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit', and 'anticipates', that we believe to be true at the time of the preparation of the document. The actual events may differ from those anticipated in these statements because of risk, and uncertainty of the validity of our assumptions. Sicagen does not take on any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

## Company Information

<b>Name of Company</b>	Sicagen India Limited
<b>Incorporation</b>	2004
<b>Primary Business</b>	Distribution of Building Materials and Commercial Vehicles
<b>Total Revenue</b>	Rs. 70136 Lakhs
<b>Net Profit</b>	Rs.1086 Lakhs
<b>Shares Issued</b>	Rs. 3957 Lakhs
<b>Listing</b>	Bombay Stock Exchange Ltd (BSE) National Stock Exchange of India Ltd (NSE)
<b>Scrip Code</b>	BSE 533014 NSE SICAGEN
<b>Demat ISIN</b>	INE 176J01011
<b>CIN</b>	L74900TN2004PLC053467

### Lines of Business

#### Building Materials

Sicagen's core business: the distribution of building materials such as MS/GI pipes, precision tubes, seamless tubes, rectangular/square hollow sections, construction steel including TMT steel rebars, PVC pipes, electrical cables, steel fittings and cement.

For dealers, contractors, builders and corporate buyers our network of 30 delivery centres across India serves as the single window to India's top building material manufacturers that include TATA Steel, Jindal Pipes, Steel Authority of India, Finolex Cables, Supreme Industries, Maharashtra Seamless, ACC Cements and Dalmia Cements.

#### Vehicle Sales & Service

Dealership of Commercial Vehicles for TATA Motors—ranging from the 0.75 tonne TATA Ace to the top of the line TATA Novus—with showrooms in Chennai, Tiruchirappalli and Tanjore covering 11 districts of Tamilnadu. Customers include corporates, retail vendors and individuals.

#### Governor Services

Goodwill Governor Services is India's only authorised service centre for WOODWARD, makers of the World's finest governors and is the Distributor for NORGREN power sector products.

#### Beta – Drum Manufacturing

Manufacture of drums that are used for the transport of lubricant oil, hazardous and non-hazardous chemicals and pulp. These drums are capable of withstanding extreme temperatures.

#### Speciality Chemicals

Provides water treatment and process improvement solutions for the petrochemical, fertilizer, refinery, power, pharmaceuticals, agro and pesticide industries.

#### Boat Building

Goodwill Engineering Works builds boats, tugs & barges.

#### Cable Manufacturing - Wilson Cables Private Ltd (Subsidiary)

Manufacture of premium cables for industrial and other critical applications.

**Board of Directors****Ashwin C Muthiah**

Chairman

**Sunil Deshmukh**

Director

**B Narendran**

Director

**Dhananjay N Mungale**

Director

**Brig (Retd) Harish Chandra Chawla**

Director

**Devidas Mali**

COO &amp; Whole Time Director

**Joint General Manager (Finance & Accounts)****Uday Sakrikar****Head Legal & Company Secretary****G Arunmozhi****Corporate Office**4<sup>th</sup> Floor, SPIC House

88, Mount Road, Guindy

Chennai - 600 032

**Registered Office**

“Adyar House”

Chennai - 600 085

**Bankers**

Andhra Bank

Axis Bank

HDFC Bank

State Bank of India

Indian Bank

ICICI Bank

Indian Overseas Bank

**Auditors**

CNGSN &amp; Associates

Chartered Accountants

20, Raja Street, T.Nagar

Chennai - 600 017

**Registrar & Share Transfer Agent**

Cameo Corporate Services Limited

Unit: Sicagen

Subramanian Building, 5<sup>th</sup> Floor

1, Club House Road, Chennai - 600 002

Tel: 044 - 28460390 Fax: 044 - 28460129

# Sicagen Network

## BUILDING MATERIALS



Ankleshwar  
Bengaluru  
Belgaum  
Bhubaneswar  
Calicut  
Chengannur  
Chennai  
Chittoor  
Coimbatore  
Dindigul  
Ernakulam  
Erode  
Goa  
Hubli  
Kakinada  
Madurai  
Mangalore  
Mysore  
Palakkad  
Puducherry  
Pune  
Rajahmundry  
Salem  
Secunderabad  
Tiruchirapalli  
Tirunelveli  
Tuticorin  
Vapi  
Vijayawada  
Visakhapatnam

## VEHICLE SALES



Chennai  
Chengalpattu  
Kumbakonam  
Mayiladuthurai  
Nagapattinam  
Thanjavur  
Tiruchirapalli  
Tiruvallur  
Tiruvarur

## GOVERNOR SERVICES



Chennai  
Delhi  
Kolkata

## SPECIALITY CHEMICALS



Puducherry

## BOAT BUILDING



Puducherry

## BETA DRUMS



Chennai

## CABLE MANUFACTURING



Singapore

Annual Report 2013-14  
**Directors' Report**



## DIRECTORS' REPORT

Your Directors are pleased to present the 10<sup>th</sup> Annual Report and the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2014.

### PERFORMANCE OF THE COMPANY

#### FINANCIAL RESULTS

Financial performance of the Company for the year ended 31<sup>st</sup> March 2014 is summarized below:

(Rs. in Lakhs)

	Year ended 31 <sup>st</sup> March 2014	Year ended 31 <sup>st</sup> March 2013
Revenue from operations	67639	88148
Other Income	2497	802
<b>Total Revenue</b>	<b>70136</b>	<b>89220</b>
Profit before Finance Cost, Depreciation and Tax	3037	3562
Less: Finance Cost	928	1091
Less: Depreciation	391	222
<b>Profit before Tax</b>	<b>1718</b>	<b>2249</b>
Less: Provision for Tax	(9)	751
<b>Profit after Tax</b>	<b>1727</b>	<b>1498</b>
Add: Exceptional Items (net of tax)	(641)	(168)
<b>Profit after Tax &amp; Exceptional items</b>	<b>1086</b>	<b>1330</b>
Add: Balance in Profit and Loss Account	4388	3518
 Amount available for Appropriations	 5474	 4848
<b>Appropriations</b>		
General Reserve	--	--
Dividend on Equity shares	317	396
Tax on Dividend	51	64
Balance carried to the Balance Sheet	5106	4388
Earnings per share (EPS) in Rs.	2.74	3.36

### REVIEW OF OPERATIONS

Due to continued economic decline, slow growth in all industrial sectors and rising inflation, the overall operational performance of the Company was not as expected during the year. During the year under review, the Company has posted a total revenue of Rs.70,136 Lakhs and profit before tax of Rs.1,718 Lakhs when compared to Rs.89,220 Lakhs and Rs.2,249 Lakhs respectively in 2012-13. The overall operational performance of various divisions of the Company is given below.

#### Building Material

During the year, the Building Material division of the Company has posted a total turnover of Rs.37,000.56 Lakhs and earned a net profit of Rs.279.65 Lakhs as against Rs.42,792.36 Lakhs and Rs.578.57 Lakhs

respectively in 2012-13. The performance of sale of building materials was down due to recessionary trends prevailed in all steel and construction related industries. Sluggish demand on construction materials and downfall in real estate business had drastically affected the division's overall sales in 2013-14.

#### Commercial Vehicles

The revenue of Commercial Vehicles division for the year 2013-14 was Rs.24,642.23 Lakhs compared to Rs.37,911.13 Lakhs and the net profit was Rs.332.62 Lakhs compared to Rs.624.12 Lakhs in previous year. During the year, the economic slowdown stretched to all types of commercial vehicles segment and hence this division too suffered on account of sluggish market condition. The sales target of mid size commercial vehicles could



not be achieved in the second half of the year and this has impacted the division's performance. This division has sold 4704 units which include all premium range of vehicles and supply of Tata buses to the Govt. of Tamilnadu continued as per the order received by the Company. This division has been awarded in recognition of being "Best dealer in Tamilnadu for Tata venture sales" in 2013-14.

### **Governor Services**

Governor Services division has posted a total revenue of Rs.2478.88 Lakhs and earned a net profit of Rs.423.20 Lakhs compared to Rs.2,334.20 Lakhs and Rs.444.27 Lakhs respectively last year. The division has received award from RCF, Govt of India in recognition of excellent services provided to them. This division has also been awarded by NORGREN as overall best performing distributor.

### **Speciality Chemicals**

The Company's Speciality Chemicals division has posted a total turnover of Rs.345.44 Lakhs and earned a net profit of Rs.74.23 Lakhs this year. During the year, this division has bagged 1 year contract valuing Rs.45 Lakhs from power generation corporations for supply of cooling water treatment and boiler chemicals. This division has produced 234 MT of chemicals and supplied to various industries like fertilizers, petrochemicals, refineries etc.

### **Drums & Barrels**

During the year, the Drums Manufacturing division has posted a total turnover of Rs.3,097.06 Lakhs and earned a net profit of Rs.236.44 Lakhs compared to Rs.3,085.96 Lakhs and Rs.203.85 Lakhs respectively in the previous year. This division has executed a total sales volume of 2,31,309 barrels in 2013-14.

### **Boat building**

Total income of Boat Building division for the year 2013-14 is Rs.215.34 lakhs as against Rs.1,875.77 Lakhs in the previous year. During the year, this division has issued a credit note for Rs.641 Lakhs to BEML due to price escalation.

### **DIVIDEND**

Your directors have recommended a dividend of Re.0.80 per equity share (8% on equity capital of the Company) for the financial year 2013-14. Total dividend is Rs.317 Lakhs (inclusive of dividend distribution tax of Rs.51 Lakhs). The dividend shall be paid to the eligible shareholders whose names appear in the Register of Members as on the record date fixed by the Board.

### **DIRECTORS**

Mr.Ashwin C Muthiah and Mr.Sunil Deshmukh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves, for re-election.

Mr.B.Narendran and Brig (Retd.) Harish Chandra Chawla are acting as Independent Directors on the Board in accordance with Clause 49 of the Listing Agreement. In order to bring their appointment as independent directors under Section 149 of the Companies Act, the Board, at its meeting held on 27.05.2014, appointed them as Independent Directors and they will hold office for a period of 5 years w.e.f 27.05.2014. According to the provisions of Section 150 of the said Act, the appointment of above directors shall be placed for approval of shareholders at the ensuing Annual General Meeting.

The aforesaid Independent Directors have given declaration to the Company as required under Section 149(b) of the Companies Act, 2013.

The Independent Directors appointed under Section 149 of the Companies Act, 2013 shall not retire by rotation as the relevant provisions of Section 152 of the said Act are not applicable to them.

### **AUDITORS**

M/s.CNGSN & Associates, Chartered Accountants, statutory auditors of your Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. Pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules 2014, the said auditors are eligible to hold office for a term up to 3 years. Subject to approval of shareholders at ensuing Annual General Meeting, the said auditors shall hold office for a term up to 3 years.

### **FIXED DEPOSITS**

The Company has not invited or accepted any deposits during the year.

### **DEMATERIALISATION OF EQUITY SHARES**

As at 31st March 2014, 3,81,32,352 equity shares representing 96.36% of the paid-up share capital of the Company have been dematerialized. The shareholders holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with holding the share certificates in physical form.

### **CORPORATE GOVERNANCE**

A Report on Corporate Governance as stipulated under Clause 49 of the Listing agreement forms part of this Annual Report. The requisite certificate from the

# Sicagen India Limited

practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is attached to this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is attached along with this report.

## DIRECTORS RESPONSIBILITY STATEMENT

- 1) Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report that :
  - (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
  - (b) they have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March 2014 and of the profit & loss account of the Company for year ended on that date.
  - (c) they have taken proper and sufficient care 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 preventing and detecting fraud and other irregularities.
  - (d) they have prepared the annual accounts on a going concern basis.
- 2) The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Rules framed there under are given in Annexure I, which forms part of this Report.

- 3) The particulars required under Sec.217(2A) of the Companies Act, 1956 the Companies (Particulars of Employees) Rules 1975 are given in Annexure II, which forms part of this Report.

## SUBSIDIARIES

In terms of general permission granted by the Central Government earlier, vide its circular dated 08.02.2011, under Section 212(8) of the Company Act 1956, copies of balance sheet, profit and loss account, report of Directors & Auditors and other related information of the subsidiary companies viz., South India House Estates & Properties Ltd and Wilson Cables Private Ltd, Singapore, have not been attached with this annual report.

However, the Company shall make available the annual accounts of the aforesaid subsidiary Companies to any member of the Company upon request. The annual accounts of the said subsidiary Companies shall also be kept available for inspection by any member at the Registered/Corporate office of the Company and that of the subsidiary companies concerned.

In accordance with Accounting Standard 21 of Institute of Chartered Accountants of India, the audited consolidated financial statement is attached with this annual report.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude to Company's Bankers, NBFCs, Customers, Suppliers, Govt. Departments and other business associates for their unstinted support extended to the Company. Your Directors wish to place on record, their appreciation of the efficient and dedicated services rendered by the employees at all levels throughout the Company. And we are sincerely grateful to all the shareholders for their confidence, faith and support in the endeavours of the Company.

For and on behalf of the Board

Place : Chennai  
Date : 27<sup>th</sup> May 2014

**Ashwin C Muthiah**  
Chairman