

# Sicagen India Limited



## Annual Report 2008-09

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## 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.

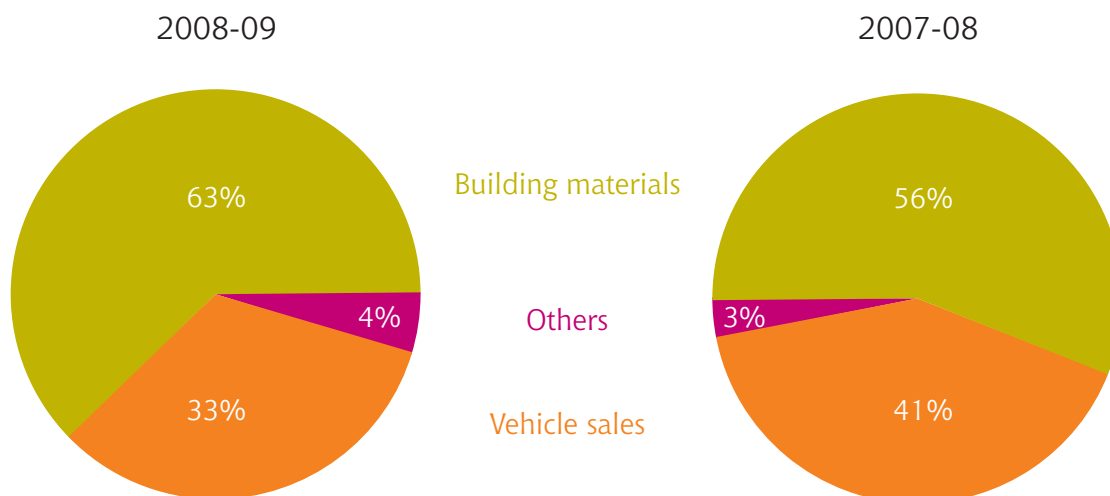
S Arumugam  
CEO

# 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 National Stock Exchange of India
Lines of business	<b>Building materials trading</b> 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. 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. <b>Vehicle sales</b> 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. Customers include corporates, retail vendors, high income individuals. <b>Governor services</b> Goodwill Governor Services is India's only authorized service center for Woodward, makers of the world's finest governors. <b>Travel and cargo</b> 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. <b>Boat-building and ship repair</b> Goodwill Engineering Works builds passenger and cargo vessels, boats, tugs and barges. <b>Speciality chemicals</b> Provides water treatment and process improvement solutions for the petrochemical, fertilizer, refinery, power, pharmaceuticals, agro and pesticide industries.

### Principal office

Floor 4 East Coast Center  
534 Anna Salai  
Teynampet Chennai 600018  
Voice +91 44 24343565  
Fax +91 44 24343562  
Email secl@sicagen.com

### Registered office

Adyar House  
Chennai 600085

### Bankers

HDFC Bank  
State Bank of India  
Karnataka Bank  
Indian Bank  
ICICI Bank  
Bank of Baroda

### Auditors

CNGSN Associates  
Chartered Accountants  
20 Raja Street T Nagar  
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

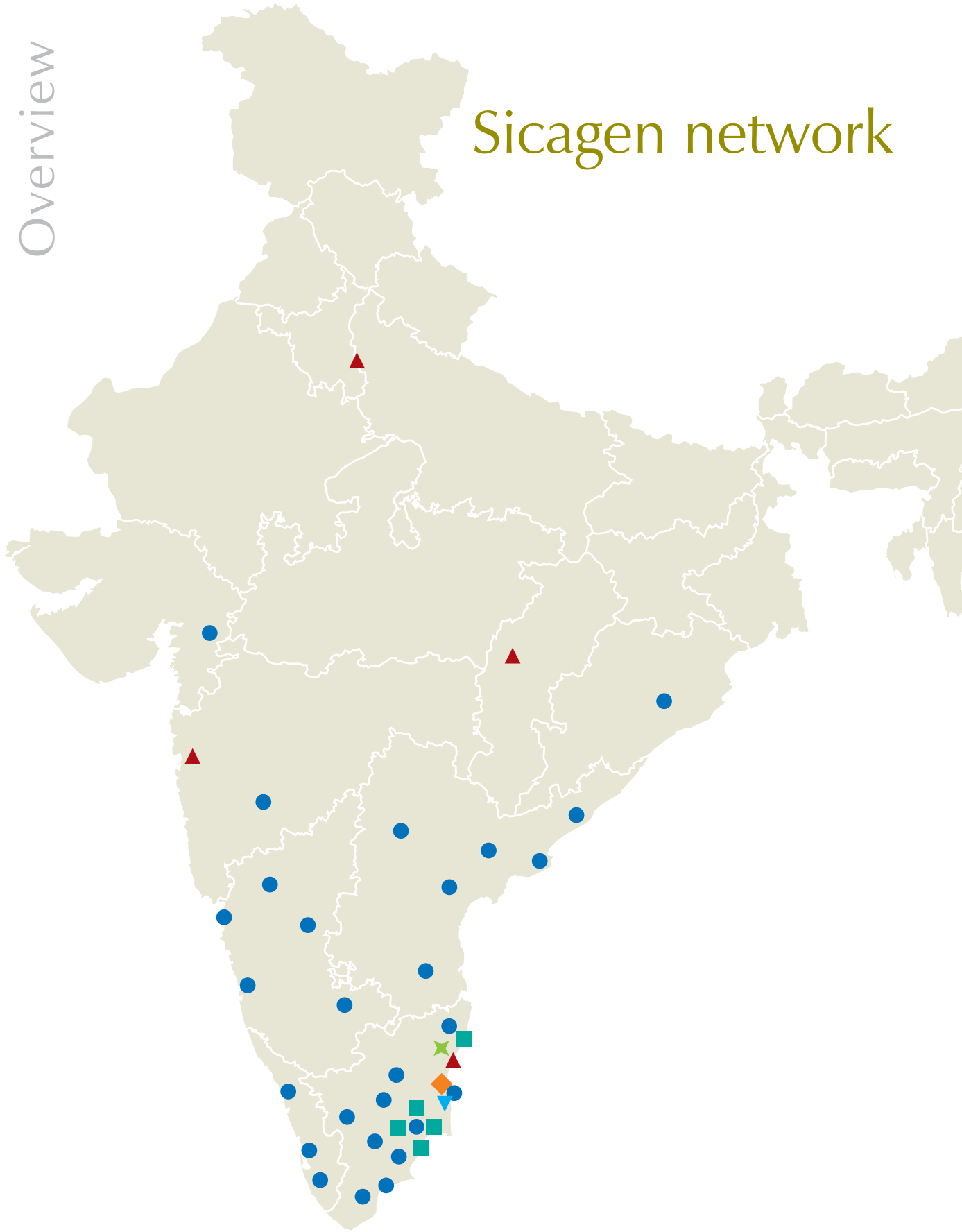
R Sivagurunathan heads the operations of Sicagen's various businesses. Associated with the promoter's group since 1984, Mr Sivagurunathan was earlier Chief Risk Officer with Sical Logistics Ltd, India's leading provider of multi-modal integrated logistics. A BCom from Madurai Kamaraj University, Mr Sivagurunathan 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.

# 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.





GBR TMT  
The Best Quality Steel

Annual report 2008-09  
Directors' report



## DIRECTORS' REPORT

Your Directors are pleased to present the 5th Annual Report together with the Audited Accounts of the Company for the year ended 31 March 2009.

### FINANCIAL RESULTS

	(in Rs Lakh)	
	Year ended 31 March 2009	Year ended 31 March 2008
Sales & Other Income	<b>42844.36</b>	39073.08
Profit before interest, depreciation and tax	<b>1328.38</b>	710.38
Less: Interest	<b>120.30</b>	75.95
Depreciation	<b>176.39</b>	206.45
Profit before tax	<b>1031.69</b>	427.98
Less: Provision for tax	<b>186.87</b>	(26.88)
Profit After tax	<b>844.82</b>	454.86
Add: Prior period adjustments	<b>0.00</b>	(0.96)
Exceptional Items (Net of Tax)	<b>(613.53)</b>	0.00
Profit after tax, prior period adjustments & Exceptional items	<b>231.29</b>	453.90
Earnings per share (EPS) in Rs	<b>0.58</b>	1.15

### REVIEW OF OPERATIONS

During the year under review the Company's turn over was Rs 42844.36 lakhs compared to Rs 39073.08 lakhs in 2007-08. Profit before tax was Rs 1031.69 lakhs as against Rs 427.98 Lakhs in the previous year. Division wise operational performance is given below:

#### Building Materials

The performance of this division during 2008-09 was commendable albeit recessionary trends. Turn over of Rs 26682.59 lakhs with a net profit of Rs 631.84 lakhs was achieved as against Rs 21961.24 lakhs and Rs 475.39 lakhs respectively in 2007-08. This year saw a quantum jump in sales of structural steel and other construction material. Your Company is confident that the same thrust will continue in the current year also. The division has been enlisted as a SAIL dealer for TMT rebars and GP/GC sheets in 9 territories spread across Tamilnadu, Kerala, Karnatakka and Pondicherry. This division also bagged the SAIL Gaurav Samman 2008-09 award for Chennai region from amongst the top 60 dealers in India for its exceptional performance during the year.

#### Vehicles & Spares

The revenue of this division for the year was Rs 14284 lakhs compared to Rs 16139.76 lakhs in 2007-08. The profit before tax was Rs 161.82 lakhs compared to Rs 205.75 lakhs in the previous year. The total sale of this division was 3202 numbers compared to 3111 numbers in the previous year. Global downturn in the economy and paucity of funding by NBFC's intensely affected the performance of the Commercial vehicle division. Mitsubishi lancer dealership which was not yielding the expected levels of profit was surrendered during the year.

TATA Motors Ltd has given an LOI appointing the Company as dealers for the sale and service of SCV (Cargo & Passenger) range of commercial vehicles and spares in the districts of Thanjavur, Nagapattinam and Thiruvarur in Tamilnadu.

#### Goodwill Governor Services

The division continued to perform well and the revenue of the division during the year under review was Rs 818.87 lakhs compared to Rs 707.89 lakhs in the previous year and net profit was Rs 195.71 lakhs when compared to Rs 184.76 lakhs in the previous year.

During the year, the Company has entered into a distribution arrangement with M/s. IMI Norgren Herion (P) Ltd, Noida for marketing of Norgren products such as cylinders, scoop tube actuators, solenoid valves, pneumatic accessories etc to State Electricity Boards and Captive Power Plants in 10 States.

#### Goodwill Travels

The total income of this division for the year was Rs 119.54 lakhs compared to Rs 85.55 lakhs and net profit was Rs 15.73 lakhs compared to Rs 17.96 lakhs in the previous year.

#### Goodwill Engineering Works

Your Company is taking necessary steps to resolve the technical issues and complete the pending patrol boat orders with BEML.

### **Speciality Chemicals**

This division was acquired during the year. The chemical plant of the division is located at Pondicherry and produces eco-friendly speciality chemicals such as water treatment chemicals, radiator coolants etc which are mainly supplied to power plants and various chemical industries.

### **Drums & Barrels**

The Company has entered into a business transfer agreement on the last day of the financial year for acquiring the drums manufacturing business located at Minjur Chennai. This division manufactures Plain/Epoxy lacquer coated industrial type MS barrels.

### **Discontinued Operations**

Your Company has successfully hived off its wind mill operations and coffee estates during the year.

### **DIVIDEND**

In view of inadequacy of profits during the year, the Board of Directors do not recommend any dividend for the year ended 31 March 2009.

### **DIRECTORS**

Mr M Rajamani, Director resigned from the Directorship of the Company and his resignation was accepted with effect from 12 December 2008.

Mr S Ganesh, who was appointed as an Additional Director on 12 December 2008, resigned from the Directorship and his resignation was accepted with effect from 12 June 2009.

The Board wishes to place on record its sincere appreciation for their contribution to the Company.

Mr B Narendran, Director of the Company, retires by rotation at this Annual General Meeting and being eligible, offers himself for re-election.

Mr R Narayanasamy was inducted as additional Director in the Board on 12 June 2009 and as per Section 260 of the Companies Act 1956, he will hold office as Director only up to the date of this Annual General Meeting. A notice in writing in terms of Section 257 of the Act was received from a member signifying his intention to propose him as a Director along with a deposit of Rs 500 (refundable if appointed).

### **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.

### **FIXED DEPOSITS**

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

### **DEMATERIALIZATION OF EQUITY SHARES**

As at 31 March 2009, 3,67,45,314 equity shares representing 92.86% of the paid-up share capital of the Company has 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 forms part of this report. The Management Discussion & Analysis Report and certificate of Statutory Auditors, M/s CNGSN & Associates, and confirming compliance with Clause 49 of the listing agreement relating to Corporate Governance are also annexed to 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 March 2009 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.

# Sicagen India Limited

- 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 Section 217(2A) of the Companies Act, 1956, read with the Rules framed there under are given in Annexure II, which forms part of this Report.

## SUBSIDIARY COMPANIES

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act 1956, copies of Balance Sheet, Profit and Loss Account, Report of Directors & Auditors and other related information of the following Subsidiary Companies have not been attached with this annual report. The Company shall make available these documents of information to any member of the Company upon request.

The annual accounts of the 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.

### South India House Estates & Properties Ltd

During the year, the financial year of the Company has been changed from June-July to April-March and accordingly this Company has finalised the annual accounts for the 9 months ended 31 March 2009.

### SDB Cisco (India) Ltd

SDB Cisco (India) Ltd and its subsidiary Modern Protection & Investigations Ltd have become subsidiaries of your Company with effect from 28 March 2009, consequent to increase in the existing holding of your Company in SDB Cisco India Ltd.

In accordance with the provisions laid down in Accounting Standard 21 of Institute of Chartered Accountants of India, your Company has not taken into account the financial statement of above subsidiary company for the financial year 2008-09 for consolidation as the relevant investment is held with an intention to sell/transfer or otherwise dispose of in the near future.

## ACKNOWLEDGEMENT

Your Directors wish to acknowledge the dedicated and sincere services rendered by the employees of the Company. The Directors also wish to place on record the valuable co-operation and support extended by the company's bankers, financial institutions, customers, suppliers and all other business associates.

Place Chennai  
Date 23 July 2009

For and on behalf of the Board  
**S Arumugam**  
Chairman of the Board

## ANNEXURE - I TO DIRECTORS REPORT

In terms of Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988, the following information is furnished for the year ended 31 March 2009:

- A CONSERVATION OF ENERGY  
The operations of the Company are not energy intensive.
- B TECHNOLOGY ABSORPTION  
No technology has been imported or absorbed.

### FORM "B"

#### RESERCH AND DEVELOPMENT (R&D)

- |   |  |     |
|---|--|-----|
| 1 | Specific area in which R & D is carried out by the Company | Nil |
| 2 | Benefits derived as a result of the above R & D            | Nil |
| 3 | Future Plant of Action                                     | Nil |
| 4 | Expenditure on R & D                                       | Nil |

#### C FOREIGN EXCHANGE, EARNINGS AND OUTGO

Total Foreign Exchange	
Earned	: Rs. 0.36 lakhs
Used	: Rs. 0.04 lakhs

## ANNEXURE - II TO DIRECTORS REPORT

Information as per Section 217 [2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 annexed to and forming part of the Directors Report for the year ended 31.03.2009

Name	Remuneration received	Designation & Nature of duties	Qualification	Experience [Years]	Date of commencement of employment	Age	Last employment held
Mr. S Arumugam	Rs 30,00,000	Director & CEO	B.Sc., MBA	33	03.01.2008	56	Sical Logistics Ltd [Demerging Company]
Mr. R Sivagurunathan	Rs 25,23,380	COO	B.Com, Diploma in Commercial Practice & Banking Law	26	01.01.2008	49	Sical Logistics Ltd [Demerging Company]

### Notes

- 1 The nature of employment is contractual.
- 2 The remuneration includes salary, allowances, benefits, company's contributions to Provident & Superannuation Funds and perquisites for the financial year 2008-09.
- 3 Other terms and conditions of the employment are as per the Company's rule.
- 4 None of the employees are related to any Directors of the Company.
- 5 None of the Directors hold more than 2% of the equity shares in the Company.

## Management Discussion And Analysis Report

### Economic Environment

The year 2008-09 witnessed a global slowdown and India which is South Asia's most dynamic economy in recent years is facing the impact of the global financial crisis. The growth projection for India has been scaled down to 7% in 2008 and 6.5% in 2009 from 9% in 2007. The government is however taking necessary monetary and fiscal action to ensure growth in India.

### Operations

Notwithstanding difficult trading conditions and several challenges confronting the business including the global economic slowdown the Company concluded a year of satisfying financial performance. During the year under review, Company's total turn over was Rs 42844.36 Lakhs when compared to Rs 39073.08 Lakhs in the previous year and Profit before tax was Rs 1031.69 Lakhs as against Rs 427.98 Lakhs in 2007-08.

### Opportunities & Out look

The Company is constantly exploring the possibilities of developing its core area of businesses for which new action plans are being initiated by the Management. With a strong business relationship with TATA Steel, TATA Motors, SAIL, Jindal Pipes, Maharashtra Seamless Pipes, Supreme Industries, etc, the Company is confident of making higher turnover and profits in trading of building materials and commercial vehicles. The Company, as one of the leading providers of trading and marketing services for building materials and vehicle sales, has a very good opportunity to increase its market share. Your Company has acquired the specialized drum business as the market for drums and barrels is buoyant.

### Risks & Concerns

The Company's core area of business is mainly related to Trading and Marketing. Risks can occur in a number of areas, including products, transactions, operations, pricing, trade/credit policies, interest rates, taxes and duties, demand variations, market liquidity position etc. Management expects competition to persist and increase in the future with a number of players entering the market. This may have an impact on margins and profitability. Management ensures that competition is monitored and continuous efforts are made to attract as well as retain new and existing customers'. Efforts are also being made to respond quickly and knowledgeably to customer queries for improved customer service. Sales force is suitably trained and motivated to handle competition. Inventory management processes are also being monitored to handle the risk of price changes in the volatile market. The Company keeps an eye on all risk factors and all possible steps are being taken to maintain and enhance the competitive edge.

### Internal Audit and Control

The Company has appointed an external and independent firm to carry out the internal audit of the Company's activities. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operation. Internal control systems have been put in place commensurate with the size and nature of its operations. The company has an Audit Committee details of which are given in the Corporate Governance. The Audit Committee among its other functions reviews the report on findings of the internal auditors. Suggestions for improvement are duly implemented. The Company has a defined organizational structure with proper delegation of responsibility, authority and functions which ensure proper compliances with internal policies and applicable laws while enforcing proper checks and balances.

### Human Resource Development

The Company considers its employees as a valuable asset, believes that they constitute the primary source of sustainable competitive advantage and acknowledges their contribution in enhancing growth. The Company takes care of its employees and provides ample opportunities for them to prove their talents and efficiency and to grow along with the Company.



The Company recognizes that learning is an integral part of growth and during the year, an effective training & development program was conducted for the Management cadre employees to develop their interpersonal and leadership skills. Performance appraisal system is in place and this helps to create better accountability and responsibility at all levels. Your directors record their sincere appreciation for the efforts of the entire team of dedicated employees.

### Cautionary Statement

Statements in the Management discussion and analysis describing the Company's structure, challenges, outlook, financials and HR policies may be "forward looking statements" within the meaning of applicable securities, law, and, regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand and supply and price situations in the domestic and overseas market in which the Company operates, changes in the Government, laws, rules, regulations and other statutes and other incidental factors.

## Report on Corporate Governance [2008-09]

### 1 Company's Philosophy

Corporate Governance is a reflection of our policies, our culture, our relationship with stakeholders and our commitment to value. Your Company strives to conduct business with sound Corporate Governance practices which reflect fairness, integrity, accountability and transparency in our dealings with stakeholders and regulatory authorities.

### 2 Board of Directors

The Board has 3 Directors which consists of one Executive Director and two Non-Executive & Independent Directors. All Directors are with professional expertise in various fields such as administration, marketing, finance, accounts and engineering. The Board of Directors of the Company is headed by Mr S Arumugam, who is the Whole time Director and designated as Director & Chief Executive Officer (CEO). There is no pecuniary relationship or transaction of the Non-Executive Directors with the Company and vis-versa.

### 3 Number of Board of Directors meetings and the dates on which held during the financial year 2008-09.

Total Number of Board Meetings held : 7

Quarter - I [April' 08-June' 08]	Quarter - II [July' 08-September '08]	Quarter - III [October' 08-December '08]	Quarter - IV [January' 09-March '09]
30.06.2008	31.07.2008	29.10.2008 12.12.2008	28.01.2009 26.03.2009 31.03.2009

Attendance of Directors at the Board of Directors Meetings held during 2008-09 and the last Annual General Meeting [AGM] held on 15.09.2008 are as follows.

Director's Name	Category of Membership	Attendance Particulars		Number of other Directorships and Committee member / Chairmanships @		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr S Arumugam	Chairman (Executive Director)	7	✓	-	-	-
Mr B Narendran	Non-executive & Independent Director	7	✓	Director-3	2	-
Mr S Ganesh *	Non-executive & Independent Director	4	-	-	-	-
Mr M Rajamani #	Non-executive & Independent Director	4	✓	Director-7	-	-
Mr R Narayanasamy ^	Non-executive & Independent Director	-	-	-	-	-

\* Mr S Ganesh was co-opted as additional Director w.e.f 12.12.2008 and resigned on 12.06.2009.

# Mr M Rajamani resigned from the Directorship on 12.12.2008.

^ Mr R Narayanasamy was co-opted as additional Director w.e.f 12.06.2009

@ Directorships held in private Companies excluded. Memberships/Chairmanships held in Audit Committee and Shareholders/Investors Grievance Committee have only been included.

### 4 Committees of Board of Directors

The Board has constituted various Committees to discuss, deal with matters in detail and to monitor the activities falling within the terms of reference and to discharge the roles and responsibilities as prescribed under Listing Agreement and/or the Companies Act, 1956 from time to time.

#### a Audit Committee

The Company has a qualified and independent Audit Committee which comprises three Directors, two of whom are Non-Executive Independent. The Audit Committee constituted on 29 January 2008 was reconstituted by the Board

of Directors on 12 December 2008 and further reconstituted on 12 June 2009. The following are present Members of Audit Committee as on 24 June 2009.

- 1 Mr B Narendran Chairman of the Committee
- 2 Mr S Arumugam Member
- 3 Mr R Narayanasamy Member

*Mr M Rajamani, who was a Member resigned from the Board on 12.12.2008.*

*Mr S Ganesh appointed as member in the place of Mr M Rajamani on 12.12.2008 resigned from the Board on 12.06.2009.*

*Mr R Narayanasamy was appointed as Member in the place of Mr S Ganesh on 12.06.2009.*

Mr GR Kannan, Asst. Vice President (Finance & Accounts) & Company Secretary acts as Secretary to the Audit Committee.

#### **Attendance details of Audit Committee**

Four Audit Committee meetings were held during the financial year ended 31 March 2009 and the details are given below:

Name	Position	Date of Audit Committee Meetings held			
		30.06.08	31.07.08	29.10.08	28.01.09
Mr B Narendran	Chairman	✓	✓	✓	✓
Mr S Ganesh *	Member	-	-	-	✓
Mr S Arumugam	Member	✓	✓	✓	✓
Mr M Rajamani **	Member	✓	✓	✓	-
Mr R Narayanasamy #	Member	-	-	-	-

\* Appointed as Member on 12.12.2008 and resigned on 12.06.2009

\*\* Resigned on 12.12. 2008

# Appointed as Member on 12.06.2009

The broad terms of reference of the Audit Committee are:

- 1 Oversee the Company's financial reporting process and review its financial statements.
- 2 Recommend the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of their fees.
- 3 Review of internal control and internal audit system.
- 4 Review of risk management policies and practices and also includes the following:
  - a To investigate any activity within its terms of reference.
  - b To seek information from any employee, if needed.
  - c To obtain outside legal or other professional advice.
  - d To secure attendance of outsiders with relevant expertise.

#### **b Shareholders / Investors Grievance and Share & Debenture Committee**

The Company's Shareholders/Investors Grievance and Share & Debenture Committee constituted on 29 January 2008 was reconstituted by the Board of Directors on 12 December 2008 and further reconstituted on 12 June 2009. The following are present Members of Shareholders/investors Grievance and Share & Debenture Committee as on 24 June 2009.

- 1 Mr B Narendran Chairman of the Committee
- 2 Mr S Arumugam Member
- 3 Mr R Narayanasamy Member

*Mr M Rajamani, Member resigned from the Board on 12.12.2008.*

*Mr S Ganesh who was appointed as member in the place of Mr M Rajamani on 12.12.2008 resigned from the Board on 12.06.2009.*

*Mr R Narayanasamy was appointed as Member in the place of Mr S Ganesh on 12.06.2009.*

Mr GR Kannan, Asst. Vice President (Finance & Accounts) & Company Secretary acts as Secretary to the Committee and has been authorized to approve share transfers and resolve shareholders grievances.

# Sicagen India Limited

During the year under report, no complaint from any shareholder was received. As on 31.03.2009, no documents were pending for transfer.

## **c Remuneration Committee**

Remuneration Committee constituted on 3 January 2008 was reconstituted on 29 January 2008 and subsequently reconstituted on 12 December 2008 and further reconstituted on 12 June 2009. The following are the present Members of Remuneration Committee as on 24 June 2009.

- 1 Mr B Narendran Chairman of the Committee
- 2 Mr S Arumugam Member
- 3 Mr R Narayanasamy Member

*Mr M Rajamani, Member resigned from the Board on 12.12.2008.*

*Mr S Ganesh who was appointed as member in the place of Mr M Rajamani on 12.12.2008 resigned from the Board on 12.06.2009.*

*Mr R Narayanasamy was appointed as Member in the place of Mr S Ganesh on 12.06.2009.*

The scope of the committee inter-alia includes the following:

- to determine remuneration package of all the Directors of the Company.
- to determine the service contracts, notice period etc.

There was no occasion for the Remuneration Committee to meet in the financial year 2008-09.

## **d Capital Issues and Allotment Committee**

The Capital Issues and Allotment Committee constituted on 29 January 2008 was reconstituted on 12 December 2008 and further reconstituted on 12 June 2009. The following are the Members of Capital Issues & Allotment Committee as on 24 June 2009.

- 1 Mr B Narendran Chairman of the Committee
- 2 Mr S Arumugam Member
- 3 Mr R Narayanasamy Member

*Mr M Rajamani, Member resigned from the Board on 12.12.2008.*

*Mr S Ganesh who was appointed as member in the place of Mr M Rajamani on 12.12.2008 resigned from the Board on 12.06.2009.*

*Mr R Narayanasamy was appointed as Member in the place of Mr S Ganesh on 12.06.2009.*

The broad terms of reference of the Capital Issues and Allotment Committee are:-

- a To issue, offer and allot in the course of one or more public or private offerings in domestic and/or international market, the following securities:
  - i Optionally convertible redeemable cumulative/non-cumulative preference shares.
  - ii Issue of share warrants convertible into equity shares of the company as per SEBI guidelines.
  - iii Issue of equity shares under private placement on preferential basis as per SEBI guidelines.
  - iv Rights cum public issue of equity shares as per SEBI guidelines.
  - v Raising of funds through GDR/ADR/FCCBs/Secured Premium Notes.
- b To appoint Lead Managers, Co-managers, Advisors, Merchant Bankers, Underwriters, Registrars, Legal Managers for the purpose of issue of further capital and fix their remuneration.
- c To open necessary bank accounts.
- d To determine the allottees under the preferential issue and other issues of capital.
- e To determine the allotment of shares and issue allotment letters, share certificates, advices, refund orders.
- f To comply with listing and other statutory requirements and to carry out all or any other act or deeds relating to the issue of various securities.
- g To secure necessary approvals from appropriate authorities and shareholders' through postal ballot for the increase in the authorized share capital and fund raising.

No meeting was held during the financial year 2008-09, as there was no occasion to meet by the members of Capital Issues & Allotment Committee.

## 5 Details of remuneration paid to the whole-time Director for the financial year ended 31 March 2009

The Company has paid remuneration to Mr S Arumugam, Director & CEO by way of salary, special allowance, performance linked pay and perquisites. The payment of remuneration shall be within the overall limit as approved by the shareholders of the Company.

(in Rs lakhs)

Name	Salary & Allowances	Other Benefits
Mr S Arumugam Director & CEO	24.00	6.00

For the financial year 2008-09, a sitting fee of Rs.5,000/- was paid to the non-executive Directors for attending each Board meeting.

## 6 Insider Trading

Pursuant to Securities and Exchange Board of India [Prohibition of Insider Trading] Regulations 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

## 7 Code of Conduct

The Company has formulated a Code of Conduct for the Board members and Senior Management Personnel. The same has also been posted on the website of the Company.

## 8 Secretarial Audit

The Company has appointed a qualified Practicing Company Secretary to carry out secretarial audit regarding reconciliation of the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

## 9 General Body Meetings

Location and time of last three Annual General Meetings (AGM)

Year	Date & Time	Venue
2006	25 September 2006 at 10.30 am	South India House, 73, Armenian Street, Chennai 600001.
2007	11 September 2007 at 10.30 am	South India House, 73, Armenian Street, Chennai 600001.
2008	15 September 2008 at 10.00 am	Raja Annamalai Hall, Esplanade, Chennai 600108

The following Special Resolutions were passed in the previous Annual General Meeting held on 15.09.2008. No special resolutions were passed in the Annual General Meetings held on 25.09.06 and 11.09.07.

- 1 To appoint Mr S Arumugam as Whole Time Director with the designation as Director & CEO for a term of 3 years commencing from 03 January 2008.
- 2 To amend Articles of Association of the Company with suitable alterations as recommended by the Stock Exchanges.
- 3 To keep Register of Members, Index of Members and copies of all Annual Returns together with the copies of certificates and other documents at a place other than Registered Office of the Company.

The Company has not convened any Extra-ordinary General Meeting during the financial year 2008-09.

## 10 Postal Ballot

No Special Resolution was put through Postal Ballot during the year 2008-09. However, an ordinary resolution, in terms of Section 293(1)(a) of the Companies Act, 1956 seeking the consent of the shareholders to transfer or otherwise sell or dispose of, either in parts or whole of the business undertakings/divisions of the Company viz., Goodwill Governor Services, Goodwill Travels & Cargo, Goodwill Engineering Works & Speciality Chemicals was passed through Postal Ballot.

The above Postal Ballot was conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. Mr R Kannan, Practicing Company Secretary was appointed as a scrutinizer to the Postal Ballot and the same was conducted by him. Mr S Arumugam, Director & CEO and Mr GR Kannan, Asst. Vice President (Finance & Accounts) & Company Secretary acted as nominated representatives for conducting the entire process of Postal Ballot.

# Sicagen India Limited

The result of Postal Ballot was declared on 8 December 2008 and the details of the voting are given hereunder:

Description	Numbers	No. of shares	% of total no. of shares received
Total valid votes	797	20426169	100
Votes cast in favour of the resolution	750	20408681	99.92
Votes cast against the resolution	47	17488	0.08
Invalid Votes	30	771708	-

Accordingly, the above resolution was declared as passed with requisite majority. As at the date of this report, no special resolution on matters requiring Postal Ballot is placed for approval/confirmation of shareholders at the forthcoming Annual General Meeting.

## 11 Disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors, the subsidiaries or relatives, etc. that may have potential conflict with interest of the Company at large:

- There are no materially significant transactions with the related party viz. Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- There are no pecuniary relationships or transactions with the Non-executive Directors of the Company except the payment of sitting fees made for attending the Board Meetings of the Company.

## 12 Minutes of Subsidiary Companies

The Board Meeting Minutes of the Subsidiary Companies viz. South India House Estates & Properties Ltd, SDB Cisco (India) Ltd and its subsidiary were placed before the Board of Directors of the Company.

## 13 General Shareholders information

### a Registered & Corporate Office

The Registered office of the Company is located at Adyar House, Chennai 600085. The Corporate Office of the Company is located at Floor 4, East Coast Centre, No.534, Anna Salai, Teynampet, Chennai 600018.

### b Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association, one-third of the Directors retires by rotation and, if eligible, offers themselves for re-appointment at the Annual General Meeting. Mr B Narendran will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of the retiring Director. The detailed resume of the Director has been provided in the Notice to the Annual General Meeting.

### c Communication with shareholders

Quarterly/half yearly/annual results and information relating to convening of Annual General Meetings and Extraordinary General Meetings shall be published in leading newspapers and / or posted on the website of the Company and also notified to the Stock Exchanges as required under the Listing Agreement. The Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report, Cash Flow Statements, Quarterly and Half Yearly Financial Statements, Corporate Governance Report, Shareholding Pattern, etc. shall be filed on EDIFAR (Electronic Date Information Filing and Retrieval System) web site maintained by the National Informatics Centre (NIC) in association with SEBI, for online information to the investors/general public.

### d Ensuing AGM

Date	: 26 August 2009
Time	: 9.55 a.m.
Venue	: Rajah Annamalai Hall, Esplanade, Chennai 600108
Book Closure	: From : 17.08.2009 To : 26.08.2009 (both days inclusive)

### e Financial Calendar for 2009-10 (Tentative)

The financial year of the Company is April to March of every year and the tentative details of the financial calendar for 2009-10 are as under.

1	30 June 2009	Between 15 July & 31 July 2009
2	30 September 2009	Between 15 October & 31 October 2009

3	31 December 2009	Between 15 January & 31 January 2010
4	31 March 2010	Audited results before last week of June 2010
	Annual General Meeting	: By third or last week of September 2010

#### **f Listing of Equity Shares on Stock Exchanges**

The equity shares of the Company have been listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE) with effect from 21 August 2008. The Company has paid necessary listing fees to BSE and NSE for the financial year 2009-10.

Name of the Stock Exchange	Scrip Code	Trade Name
Bombay Stock Exchange	533014	SICAGEN
National Stock Exchange	SICAGEN	SICAGEN

#### **g Stock market data**

The Company's equity shares were listed on Bombay Stock Exchange and National Stock Exchange with effect from 21 August 2008. Hence month wise high and low closing quotation of shares traded on aforesaid Stock Exchanges are given from the date of listing.

Month & Year	BSE			NSE		
	High	Low	Average	High	Low	Average
	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
August 2008	18.20	12.65	15.42	18.30	12.60	15.45
September 2008	13.13	6.09	9.61	12.90	6.05	9.47
October 2008	7.57	4.50	6.03	7.50	4.40	5.95
November 2008	5.26	3.30	4.28	5.30	3.35	4.32
December 2008	4.71	3.69	4.20	4.70	3.70	4.20
January 2009	4.99	3.54	4.26	4.95	3.55	4.25
February 2009	4.10	3.50	3.80	4.00	3.50	3.75
March 2009	4.19	2.98	3.58	4.20	3.00	3.60

#### **h Share Transfer & Depository System**

The physical share transfers, transmissions, transpositions etc., are processed on number of requests received and the documents duly completed in all respects are registered within the time limit as specified by the listing agreement.

The Company has availed depository services from National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd (CDSL) for dematerialization of shares. The shareholders may kindly note the Company's ISIN: INE 176J01011 allotted by NSDL & CDSL. Since trading in equity shares of the Company shall be permitted only in dematerialized form, the shareholders those who are holding shares in physical form, are advised to dematerialize their shares to avoid the risks associated with holding the share certificates in physical form.

#### **i Registrar and Share Transfer Agents (RTA)**

As per the SEBI Circulars D&CC/FITT/CIR-15/2002 dated 27.12.2002 and D&CC/FITT/CIR-18/2002 dated 12.03.2004, the Company has appointed M/s. Cameo Corporate Services Limited, as its Registrar and Share Transfer Agent both for electronic and physical transactions of the shares. The appointment is for 2 years effective from 01 March 2008. The shareholders are therefore requested to take note of the same and send all documents, correspondences, queries, intimations on any matters relating to transfer/transmission/demat/remat of shares, change of address etc., to the following address.

M/s. Cameo Corporate Services Limited  
 Unit: SICAGEN  
 No.:1, Club House Road  
 "Subramanian Building", 5th Floor  
 Chennai 600002  
 Tel: 044 28460390 Fax: 044 28460129  
 e-mail: cameo@cameoindia.com

# Sicagen India Limited

A separate email ID secl@sicagen.com has been created by the Company for the purpose of registering the complaints by the investors. Mr GR Kannan, Asst. Vice President (Finance & Accounts) & Company Secretary has been appointed as Compliance Officer of the Company for redressal of investors' grievances. The shareholders may correspond to the following address for redressal of grievances if any.

GR Kannan  
 AVP(F&A) & Company Secretary  
 Sicagen India Limited  
 Floor 4, East Coast Centre  
 534, Anna Salai, Teynampet  
 Chennai 600018  
 Tel: 044 24343565 Fax: 044 24343562  
 e-mail: secl@sicagen.com

## j Distribution of shareholding as on 31.03.2009

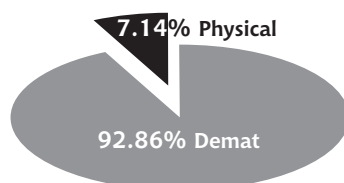
No. of shares Category	No. of shareholders	% of total	No. of shares	% of total
Upto 500	44396	91.460	3176501	8.027
501-1000	2109	4.345	1761577	4.451
1001-2000	965	1.988	1532385	3.872
2001-3000	323	0.665	844694	2.135
3001-4000	136	0.280	490582	1.240
4001-5000	157	0.323	750490	1.897
5001-10000	233	0.480	1735166	4.385
10001 & above	223	0.459	29280289	73.993
Total	48542	100.000	39571684	100.000

## k Shareholding Pattern as on 31.03.2009

Category	No. of holders	No. of shares held	% of holding
<b>PROMOTER HOLDING</b>			
Promoters & Associates	34	17083851	43.172
<b>NON-PROMOTER HOLDING</b>			
<b>a Institutional Investors</b>			
Financial Institutions	6	291288	0.736
Foreign Institutional Investors	12	1436691	3.631
Banks	15	10844	0.027
Mutual Funds	5	1211	0.003
<b>b Others</b>			
Other Bodies Corporate	841	8274099	20.909
Trusts	2	1851	0.004
NRIs & Foreign Nationals	168	159515	0.403
Clearing Members	62	81547	0.206
Public	47397	12230787	30.909
Total	48542	39571684	100.000

## l Dematerialisation of Shares

3,67,45,314 equity shares representing 92.86% of the paid-up share capital of the Company have been dematerialized upto 31.03.2009. Trading in equity shares of the Company is permitted only in dematerialized form with effect from the date of listing of shares ie 21 August 2008.

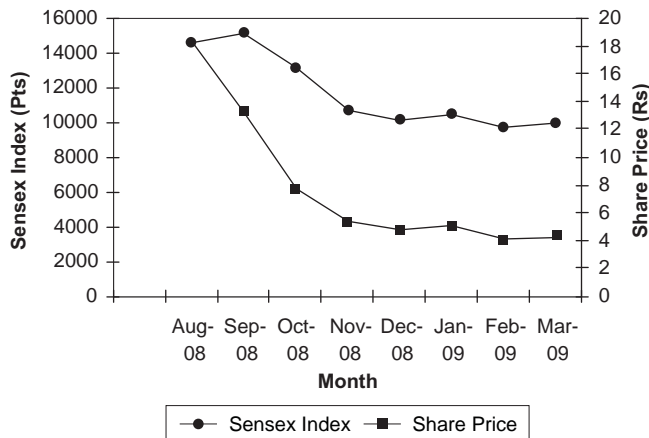




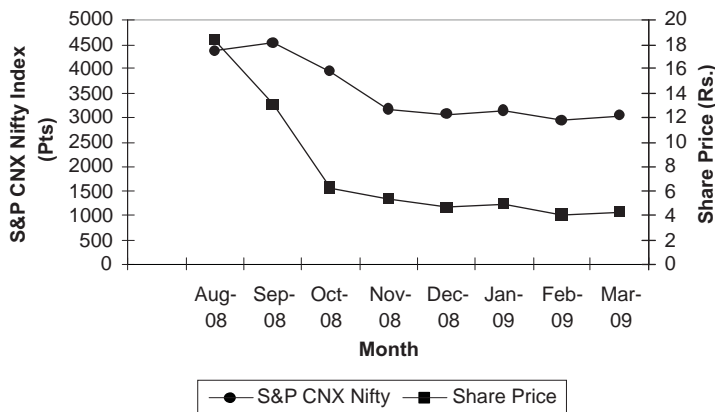
**m Nomination of physical shares**

Members holding shares in physical form are encouraged to nominate a person to whom the shares in the Company shall vest in the event of death. Nomination forms will be sent to the Members on request.

**n Performance of Sicagen’s share price in comparison with Bombay Stock Exchange - Sensex**



**o Performance of Sicagen’s share price in comparison with National Stock Exchange – S&P CNX Nifty**



**p CEO / CFO Certification**

As required by Clause 49 (V) of the Listing Agreement, certificate from CEO / CFO was submitted to the Board.

**q Auditors’ Certificate on Corporate Governance**

The Company has obtained a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement and the same has been annexed at the end of this report.

**r Plant Locations**

Speciality Chemicals

Thirubuvanai, Pondicherry

# Sicagen India Limited

## Compliance Certificate on Corporate Governance Report

### Auditors Certificate

(Under Clause 49 of the Listing Agreement)

To

The members of Sicagen India Limited

We have examined the compliance of the conditions of Corporate Governance by Sicagen India Limited for the year ended 31 March 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the Conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the conditions given by the Registrar and Transfer Agent of the Company, as on 31 March 2009, there was no investor grievance, remaining unattended.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s CNGSN & Associates**  
Chartered Accountants

**CN GANGADARAN**  
Partner

Place Chennai  
Date 24 June 2009

### Declaration from CEO on Code of Conduct

To

The members of Sicagen India Limited

As provided under Clause 49 (D) of the Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31 March 2009.

For Sicagen India Limited

**S Arumugam**  
Director & CEO

Place Chennai  
Date 24 June 2009

## AUDITORS' REPORT

### Auditor's Report to the Members of M/s Sicagen India Limited.

We have audited the attached Balance Sheet of M/s Sicagen India Limited, as at 31 March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of those books.
- iii. The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
- v. On the basis of written representations received from the directors, as on 31 March 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 ;
- vi. The company has not provided for the cess payable under Sec. 441 A of the Companies Act, 1956 as the notification regarding rate and mode of payment has not been received.
- vii. In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) In the case of Balance Sheet, of the state of affairs of the company as at 31 March 2009;
  - b) In the case of Profit and Loss account, of the PROFIT for the year ended on that date; and
  - c) In case of cash flow statement, of the cash flows for the year ended on that date.

Place Chennai  
Dated 24 June 2009

For **CNGSN & ASSOCIATES**  
Chartered Accountants

**CN GANGADARAN**  
Partner

Membership number: 11205

## Annexure: As Referred to in our report of even date.

- 1
  - a The company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets except in certain divisions which are being updated.
  - b All the assets have not been physically verified by the management during the year but, according to the information and explanations given to us, there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c During the year the company has not disposed off substantial part of the fixed assets and the going concern status of the company is not affected.
- 2
  - a Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
  - c The company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.
- 3
  - a In our opinion, the company has neither granted nor taken any loans, secured or unsecured from/to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As such the clauses iii(b), iii(c) and iii(d) of paragraph 4 of the Order, are not applicable.
- 4 In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of the inventory. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control.
- 5
  - a In our opinion and according to the information and explanation given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Sec. 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 The Company has not accepted deposits from the public, and hence the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA of the Companies Act., 1956 and the rules framed there under are not applicable.
- 7 In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8 The Central Government has not prescribed maintenance of any cost records under section 209(1) (d) of the Companies Act., 1956.
- 9
  - a The Company is regular in depositing Provident Fund, Employees' State Insurance Income tax, Sales tax dues and Service tax dues with the appropriate authorities, and according to the information and explanations given to us, there were no undisputed statutory dues payable which have remained outstanding as at March 31 2009 for a period of more than six months from the date they became payable.
  - b As at 31 March 2009 according to the records of the Company, the following are the particulars of the disputed dues on account of sales-tax. There were no disputed amounts payable in income-tax, custom duty and wealth-tax matters.

Nature of Dues	Amount Payable (in Rs)	Period to which the amount relates (Assessment year)
Sales Tax	1.72 lakhs	2004 - 05

- 10 The Company has accumulated losses as at 31 March 2009 but it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

- 11 Based on our audit procedures and on the information and explanations given by management, we are of opinion that the Company has not defaulted in repayment of dues to Financial Institutions or bank or debenture holders. (actually no secured loans)

- 12 According to the information and explanation given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- 14 According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of Companies (Auditors Report) Order 2003 is not applicable.
- 15 The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 As per the information and explanation given to us, the Company has not obtained any Term loans during the year.
- 17 According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, short-term funds has not been applied for long term purposes.
- 18 During the year the Company has not made any preferential allotment of shares to the parties and the Companies covered in the register maintained under Sec. 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of Companies (Auditors Report) Order 2003 is not applicable.
- 19 The Company has not issued debentures during the year and therefore the question of creation of charge or security does not arise.
- 20 The Company has not raised any money through public issue of equity shares during the year.
- 21 According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

Place Chennai  
Dated 24 June 2009

For **CNGSN & ASSOCIATES**  
Chartered Accountants  
**CN GANGADARAN**  
Partner  
Membership number: 11205

# Sicagen India Limited

## BALANCE SHEET ON 31 MARCH 2009

(in Rs lakh)

	Schedule	On 31 March 2009	On 31 March 2008
<b>I SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	3957.17	3957.17
Reserves & Surplus	2	<u>32229.44</u>	<u>32229.44</u>
		<b>36186.61</b>	36186.61
<b>LOAN FUNDS</b>			
Unsecured Loans	3	<u>1175.92</u>	<u>2539.80</u>
Total		<u><b>37362.53</b></u>	<u>38726.41</u>
<b>II APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	4337.09	5411.52
Less : Depreciation		<u>1738.58</u>	<u>2524.22</u>
Net Block		<b>2598.51</b>	2887.30
Capital Work-in-Progress at cost		<u>0.00</u>	<u>1871.34</u>
		<b>2598.51</b>	4758.64
<b>INVESTMENTS</b>	5	<b>2785.63</b>	2763.21
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	6	3118.89	3076.25
Sundry Debtors	7	8185.71	7361.53
Cash and Bank Balances	8	1326.20	1006.39
Loans and Advances	9	<u>24538.29</u>	<u>25041.35</u>
		<b>37169.09</b>	36485.52
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	10	<u>5306.35</u>	<u>5458.65</u>
<b>NET CURRENT ASSETS</b>		<b>31862.74</b>	31026.87
<b>DEFERRED TAX</b>			
Deferred Tax Liabilities		<b>(376.17)</b>	(545.42)
<b>Profit and Loss account</b>		<b>491.82</b>	723.11
Total		<u><b>37362.53</b></u>	<u>38726.41</u>

Schedules 1 to 10 and Notes in Schedule 20 form an integral part of this Balance Sheet and should be read in conjunction therewith.

This is the Balance Sheet referred to in our report of even date

29

**S ARUMUGAM**  
Director & CEO

**B NARENDRAN**  
Director

For **CNGSN & ASSOCIATES**  
Chartered Accountants

Place Chennai  
Date 24 June 2009

**GR KANNAN**  
AVP(F&A) & Company Secretary

**CN GANGADARAN**  
Partner

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

(in Rs lakh)

	Schedule	Year ended 31 March 2009	Year ended 31 March 2008
<b>INCOME</b>			
Sales and Services	11	<b>42147.78</b>	38972.39
Agricultural Income	12	<b>0.00</b>	0.90
Other Income	13	<b>696.58</b>	99.79
		<b>42844.36</b>	39073.08
<b>EXPENDITURE</b>			
Cost of Goods Sold	14	<b>38647.82</b>	35806.58
Cost of Services	15	<b>808.50</b>	792.09
Agricultural Expenses	16	<b>15.24</b>	9.32
Salaries, Wages and Other benefits	17	<b>925.28</b>	804.38
Operating and other expenses	18	<b>1119.14</b>	950.33
Interest	19	<b>120.30</b>	75.95
Depreciation		<b>176.39</b>	206.45
		<b>41812.67</b>	38645.10
<b>PROFIT BEFORE TAXATION &amp; EXCEPTIONAL ITEMS</b>		<b>1031.69</b>	427.98
Less: Provision for			
- Current Tax		<b>313.34</b>	63.21
- Deferred Tax		<b>(143.37)</b>	(104.67)
- Fringe Benefit Tax		<b>16.90</b>	14.58
		<b>186.87</b>	(26.88)
<b>PROFIT AFTER TAXATION &amp; BEFORE EXCEPTIONAL ITEMS</b>		<b>844.82</b>	454.86
Exceptional Items(Net of tax)		<b>(613.53)</b>	0.00
<b>PROFIT AFTER TAXATION &amp; AFTER EXCEPTIONAL ITEMS</b>		<b>231.29</b>	454.86
Prior year adjustments		<b>0.00</b>	(0.96)
Profit after Prior Period adjustments		<b>231.29</b>	453.90
Balance brought forward from Previous year		<b>(723.11)</b>	(1177.01)
Balance carried to Balance Sheet		<b>(491.82)</b>	(723.11)
EPS - Basic before Exceptional items (In Rs/P)		<b>2.13</b>	1.15
EPS - Basic after Exceptional items (In Rs/P)		<b>0.58</b>	1.15

Schedules 11 to 19 and Notes in Schedule 20 form an integral part of this Profit and Loss Account and should be read in conjunction therewith.

This is the Profit and Loss Account referred to in our report of even date

**S ARUMUGAM**

Director & CEO

Place Chennai

Date 24 June 2009

**B NARENDRAN**

Director

**GR KANNAN**

AVP(F&A) & Company Secretary

For **CNGSN & ASSOCIATES**

Chartered Accountants

**CN GANGADARAN**

Partner

# Sicagen India Limited

## SCHEDULES

(in Rs lakh)

	On 31 March 2009	On 31 March 2008
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
5,00,00,000 (5,00,00,000) Equity Shares of Rs 10 each	<b>5000.00</b>	5000.00
<b>ISSUED</b>		
3,95,71,684(3,95,71,684) Equity Shares of Rs 10 each	<b>3957.17</b>	3957.17
<b>SUBSCRIBED</b>		
3,95,71,684(3,95,71,684) Equity Shares of Rs 10 each	<b>3957.17</b>	3957.17
<b>PAID-UP</b>		
3,95,71,684 (3,95,71,684) Equity Shares of Rs 10 each	<b>3957.17</b>	3957.17
	<u><b>3957.17</b></u>	<u>3957.17</u>

### Notes

Of the above 39521684 Equity shares of Rs.10 each were allotted as fully paid up as per earlier Scheme of Arrangement (Demerger).

## SCHEDULE 2: RESERVES AND SURPLUS

<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	<b>2785.79</b>	2785.79
<b>SHARE PREMIUM ACCOUNT</b>		
As per last Balance Sheet	<b>29443.65</b>	29443.65
	<u><b>32229.44</b></u>	<u>32229.44</u>

### Notes

As per the earlier Scheme of arrangement, the Company would take pre-measure steps to transfer excess or deficit if any between the net book value of assets over the book value of liabilities which may arise at the time of issue of equity shares at Premium to the shareholders of Sical Logistics Ltd. while converting the FCCBs into equity shares by Sical in future either to Capital Reserve or Goodwill. In the event of Goodwill being created, the same shall be dealt with by the Board either by carrying such amount in the books of accounts or writing off the same in one or more years as the Board of Directors may deem fit.

## SCHEDULE 3: UNSECURED LOANS

31)	Short Term Loans and Advances		
	Others	<b>1165.03</b>	2528.91
	Interest accrued and due	<b>10.89</b>	10.89
		<u><b>1175.92</b></u>	<u>2539.80</u>



## SCHEDULE 4: FIXED ASSETS

(in Rs lakh)

PARTICULARS	Cost			Depreciation			Net Block		
	On 01.04.08	Additions	Sales / Adjustments	On 31.03.09	For the Year	Withdrawn	Upto 31.03.09	On 31.03.09	On 31.03.08
Freehold land	548.61	78.79	39.34	588.06	-	-	-	588.06	548.61
Buildings	2,117.91	278.26	26.36	2,369.81	70.50	8.12	773.63	1,596.18	1,406.66
Leasehold Improvements	333.75	-	161.46	172.29	7.66	101.93	131.01	41.28	108.47
Plant & Machinery	1,781.73	42.81	1,193.98	630.56	64.31	771.06	369.48	261.08	705.50
Office Equipments	334.14	15.35	54.59	294.90	16.00	48.44	239.47	55.43	62.23
Furniture&Fixtures	158.93	2.21	9.20	151.94	4.35	5.93	136.06	15.88	21.29
Trucks	12.17	3.59	0.36	15.40	0.53	0.35	11.61	3.79	0.74
Vehicles	105.44	24.65	34.80	95.29	12.15	26.20	59.03	36.26	32.36
Leased Machinery	18.84	-	-	18.84	0.89	-	18.29	0.55	1.44
<b>Grand Total</b>	5,411.52	445.66	1,520.09	4,337.09	176.39	962.03	1,738.58	2,598.51	2,887.30
Capital Work in progress	1,871.34	-	1,871.34	-	-	-	-	-	1,871.34
Previous Year	5,408.94	34.74	32.16	5,411.52	206.45	20.76	2,524.22	2,887.30	

### NOTES:

Freehold Land includes Rs 9.02 lakhs (Rs 9.02 lakhs) representing the value of land purchased under lease cum sale agreement for which the sale deed is yet to be executed.

# Sicagen India Limited

## SCHEDULE 5: INVESTMENTS

(in Rs lakh)

PARTICULARS	No. of Shares / Units	Face Value per Share / Unit	Book Value	Book Value
			As on 31 March 2009	As on 31 March 2008
<b>TRADE INVESTMENTS AT COST</b>				
<b>IN OTHER COMPANIES/SUBSIDIARIES</b>				
<b>In Ordinary Shares - Fully paid</b>				
Southern Petrochemical Indus. Corpn. Ltd (Quoted) #	3019799	10	<b>1230.31</b>	1230.31
First Leasing Company of India Ltd (Quoted) \$	2127079	10	<b>411.70</b>	411.70
Coffee Products (India) Ltd ^	5000	100	<b>5.00</b>	5.00
SDB Cisco (India) Ltd *	1359	100	<b>2.15</b>	2.15
Mitsuba Sical India Ltd *	300000	10	<b>65.05</b>	65.05
TATA Motors Ltd (Quoted)	7350	10	<b>22.42</b>	0.00
South India House Estates & Properties Ltd €	10000000	10	<b>1000.00</b>	1000.00
<b>TRADE INVESTMENTS AT FACE VALUE</b>				
<b>IN OTHER COMPANIES/SUBSIDIARIES</b>				
<b>Shares received as Bonus</b>				
First Leasing Company of India Ltd (Quoted) \$	26633	10	<b>2.66</b>	2.66
SDB Cisco (India) Ltd *	3390	100	<b>0.34</b>	0.34
<b>Shares received by way of Gift</b>				
SDB Cisco (India) Ltd	2000	100		
<b>NON TRADE INVESTMENTS AT COST</b>				
<b>In Ordinary Shares - Fully paid</b>				
Sical Yamatake Ltd *	449970	10	<b>45.00</b>	45.00
<b>Others - Fully paid</b>				
GIC Fortune 94 ^	12626	7.92	<b>1.00</b>	1.00
			<b>2785.63</b>	2763.21
<b>Additions during the year</b>				
	No. of Shares / Units	Face Value per Share / Unit	Book Value As on 31 March 2009	Book Value As on 31 March 2008
TATA Motors Ltd (Quoted)	7350	10	<b>22.42</b>	0.00
SDB Cisco (India) Ltd	2000	100		
<b>As at 31 March 2009</b>				
	<b>Book Value</b>	<b>Market value</b>	<b>Book Value</b>	<b>Market value</b>
Quoted Investments	<b>1667.09</b>	<b>838.83</b>	1644.67	1664.68
Unquoted Investments	<b>1118.54</b>		1118.54	
	<b>2785.63</b>		2763.21	

## NOTES

- \* Equity shares of these Companies transferred to the books of accounts under the earlier demerger scheme have been duly registered in the Company's name.
- # Out of 3019799 equity shares of Spic Ltd vested in the Company under the earlier demerger scheme,
  - a 984745 shares have been duly registered in the Company's name.
  - b 1987454 shares pledged by Sical as securities with lenders are yet to be released and these shares are under dispute and pending for adjudication before the Hon'ble High Court of Madras.
  - c 45000 shares pledged by Sical as securities with a lender yet to be released despite settlement of the loan owing to certain legal issues attaching with the lender.
  - d 2450 shares being under dispute are pending for transfer and 150 shares are in the process of being transferred.
  - e In addition to above shares, 3823600 shares pledged by Sical with a lender and entitled to be transferred in Company's name under the earlier demerger scheme, are under dispute and pending for adjudication before the Hon'ble High Court of Madras. In the event of the above dispute being settled in Company's favour, the aforesaid shares shall be taken into account in the books of the Company on the date of settlement.
- \$ Out of 2153712 equity shares of First Leasing vested in the Company under the earlier demerger scheme,
  - a 2069624 shares have been duly transferred in the name of the Company and 63 shares are pending for transfer.
  - b 84025 shares pledged by Sical with a lender yet to be released despite settlement of the loan owing to certain legal issues attaching with the lender.
- ^ Equity shares/MF vested in the Company under the earlier demerger scheme are still in the process of being transferred in the name of the Company.
- € Equity shares of this Company vested in the books of accounts under the earlier demerger scheme are yet to be registered in the name of the Company due to some pending litigations against Sical and South India House Estates & Properties Ltd. The Necessary name transfer will be effected in favour of the Company after obtaining the judicial clearance from the Hon'ble High Court of Madras as per Clause 7.5 of the said Scheme.

# Sicagen India Limited

(in Rs lakh)

	<b>On 31 March 2009</b>	On 31 March 2008
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## SCHEDULE 6: INVENTORIES

At lower of cost and net realisable value

Stores and Spares	<b>532.78</b>	499.17
Loose Tools	<b>2.97</b>	6.90
Raw Materials	<b>17.09</b>	0.00
Work-in-Process		
Trading and Others	<b>255.75</b>	231.44
Goods in transit at Cost	<b>0.00</b>	12.30
Finished and Trading Stocks	<b>2310.30</b>	2326.44
	<b><u>3118.89</u></b>	<u>3076.25</u>

## SCHEDULE 7: SUNDRY DEBTORS

Unsecured

Debts outstanding for a period exceeding six months

Considered good	<b>5091.39</b>	4923.48
Considered doubtful	<b>0.00</b>	0.00
	<b><u>5091.39</u></b>	<u>4923.48</u>
Other debts - Considered good	<b>3094.32</b>	2438.05
	<b><u>8185.71</u></b>	<u>7361.53</u>

## SCHEDULE 8: CASH AND BANK BALANCES

Cash and Cheques on hand and Remittances in transit

With Scheduled Banks

    On Current Accounts

    On Margin Money Accounts

	<b>433.55</b>	307.41
	<b>830.31</b>	698.98
	<b>62.34</b>	0.00
	<b><u>892.65</u></b>	<u>698.98</u>
	<b><u>1326.20</u></b>	<u>1006.39</u>

## SCHEDULE 9: LOANS AND ADVANCES

Advances recoverable in cash or in kind or  
for value to be received considered good

Advance payment of Income-Tax

Balance with Central Excise/Customs and Port Authorities

Deposits

	<b>24069.97</b>	24860.69
	<b>431.71</b>	145.13
	<b>1.35</b>	0.00
	<b>35.26</b>	35.53
	<b><u>24538.29</u></b>	<u>25041.35</u>

(in Rs lakh)

	On 31 March 2009	On 31 March 2008
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## SCHEDULE 10: CURRENT LIABILITIES AND PROVISIONS

### CURRENT LIABILITIES

Sundry Creditors	4794.12	5374.92
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### PROVISIONS

Provision for Taxation	512.23	83.73
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	<u>5306.35</u>	<u>5458.65</u>
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## SCHEDULE 11: SALES AND SERVICES

### SALES

Trading and Others	40277.51	36975.59
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### SERVICES

Workshop and Service Revenue	1870.27	1996.80
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(Tax Deducted at Source on the above - Rs 3.56 lakhs (Rs 6.16 lakhs))

	<u>42147.78</u>	<u>38972.39</u>
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## SCHEDULE 12: AGRICULTURAL INCOME

Coffee Sales	0.00	0.82
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Sale of Minor Produce	0.00	0.08
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	<u>0.00</u>	<u>0.90</u>
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## SCHEDULE 13: OTHER INCOME

Interest	15.88	0.39
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(Tax deducted at source Rs.3.68 lakhs (Rs. Nil))

### Dividend

On Trade Investments	0.00	0.00
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On Non- Trade Investments	119.69	48.46	48.46
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Profit on sale of Assets(Net)	359.34	20.89
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Rent including Lease Rent and Service charges	15.85	13.25
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(Tax Deducted at Source Rs 2.60 lakhs (Rs 2.47 lakhs))

Provision no longer required written back	29.39	0.00
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Miscellaneous Income	156.43	16.80
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	<u>696.58</u>	<u>99.79</u>
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# Sicagen India Limited

(in Rs lakh)

	<b>On 31 March 2009</b>	On 31 March 2008
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## SCHEDULE 14: COST OF GOODS SOLD

Consumption of Raw Materials				
Stock as on 1st April	<b>0.00</b>		0.00	
Add : Purchases	<b>50.86</b>		0.00	
Less: Stock as on 31st March	<b>17.09</b>		0.00	
		<b>33.77</b>		0.00
Purchases less Turnover discounts - Trading stock		<b>38597.36</b>		36411.85
Increase/Decrease in Work-in-Process				
Finished and Trading Stocks:				
Stock as on 1 st April				
Work-in-process	<b>112.76</b>		116.64	
Finished and Trading Stocks	<b>2326.44</b>		1717.29	
	<b>2439.20</b>		1833.93	
Less: Stock as on 31st March				
Work-in-Process	<b>112.21</b>		112.76	
Finished and Trading Stocks	<b>2310.30</b>		2326.44	
	<b>2422.51</b>	<b>16.69</b>	2439.20	(605.27)
		<b>38647.82</b>		<b>35806.58</b>

## SCHEDULE 15: COST OF SERVICES

Trading and Operating expenses		<b>94.64</b>		67.86
Workshop Expenses		<b>118.49</b>		138.91
Operation and Maintenance expenses				
Operation and Maintenance		<b>136.47</b>		184.57
Stores Consumed	<b>602.45</b>		518.50	
Less: Work in progress	<b>143.55</b>	<b>458.90</b>	117.75	400.75
		<b>808.50</b>		<b>792.09</b>

(in Rs lakh)

	<b>On 31 March 2009</b>	<b>On 31 March 2008</b>
<b>SCHEDULE 16: AGRICULTURAL EXPENSES</b>		
Stock as on 1st April		
Coffee	<b>0.00</b>	0.82
Minor Produce	<b>0.00</b>	0.08
Salaries, Wages and Other benefits:		
Salaries, Wages and Bonus	<b>1.22</b>	4.38
Contribution to PF & Other Funds	<b>0.00</b>	0.33
Workmen & Staff Welfare expenses	<b>0.00</b>	0.03
Consumption of Stores & Spares	<b>0.00</b>	2.05
Repairs & Maintenance		
Buildings	<b>0.00</b>	0.30
Machinery & Vehicles	<b>0.00</b>	0.12
Electricity Charges	<b>0.00</b>	0.23
Rates & Taxes	<b>13.87</b>	0.55
Administration & other expenses		
Administration exps	<b>0.15</b>	0.30
Travelling & Conveyance	<b>0.00</b>	0.07
Printing & Stationery	<b>0.00</b>	0.06
	<b>15.24</b>	9.32
Less: Stock as on 31st March		
Coffee	<b>0.00</b>	0.00
Minor Produce	<b>0.00</b>	0.00
	<b>15.24</b>	9.32

## SCHEDULE 17: SALARIES, WAGES AND OTHER BENEFITS

Salaries, Wages and Bonus including Directors Remuneration	<b>815.22</b>	704.41
Contribution to Provident Fund	<b>23.89</b>	23.75
Contribution to Gratuity and Superannuation Fund	<b>6.15</b>	7.81
Welfare Expenses	<b>80.02</b>	68.41
	<b>925.28</b>	804.38

# Sicagen India Limited

(in Rs lakh)

	<b>On 31 March 2009</b>	On 31 March 2008
Rent including Lease Rent	<b>199.52</b>	189.25
Rates, Taxes, Licence and Filing fees	<b>39.44</b>	52.58
Insurance	<b>23.04</b>	12.42
Power and Fuel	<b>40.44</b>	43.91
Repairs and Maintenance		
Plant & Machinery	<b>19.13</b>	45.05
Building	<b>6.86</b>	1.76
Vehicles	<b>26.52</b>	23.12
Others	<b>102.15</b>	98.67
Travelling and Conveyance	<b>90.36</b>	63.44
Directors' Sitting Fees	<b>0.75</b>	0.10
Payment to Auditors		
Audit	<b>11.03</b>	11.24
Tax Audit	<b>4.45</b>	3.37
Other Services	<b>8.42</b>	4.72
Expenses	<b>1.50</b>	1.28
Consumable Stores and Tools	<b>3.66</b>	0.96
Miscellaneous Expenses	<b>541.87</b>	398.46
	<b>1119.14</b>	950.33

## SCHEDULE 19: INTEREST

Others	<b>120.30</b>	75.95
(Tax Deducted at Source Rs 22.02 lakhs (Rs 6.65 lakhs))	<b>120.30</b>	75.95



## SCHEDULE 20A: SIGNIFICANT ACCOUNTING POLICIES

- 1 **Basis of Preparation**  
The financial statements relate to Sicagen India Limited. These financial statements have been prepared under historical cost convention and applicable Mandatory Accounting Standards.
- 2 **Fixed Assets**  
Leasehold Land is capitalized and the amount is not amortized.
- 3 **Borrowing Costs**  
Borrowing Costs are capitalized as a part of qualifying fixed assets wherever it is possible that they will result in future economic benefits. Other borrowing costs are expensed.
- 4 **Depreciation**  
Depreciation is consistently provided at the rates prescribed under Schedule XIV of the Companies Act, 1956 on the following methods.
  - a Assets of Building Materials Division, Governor Services, Engineering Division, Speciality Chemicals, Travels Division at written down value method
  - b Assets of Vehicle Sales Division, Plantation and Agri Division at straight line method
  - c Depreciation on certain premises is provided on composite cost where it is not possible to segregate the land cost.
  - d Wind power electric generators (included under plant and machinery) on the basis of technical opinion are classified as “continuous process plant” and depreciation provided at the applicable rate prescribed under Schedule XIV on straight line method.
  - e Improvements on leasehold premises are depreciated over the tenure of the lease.
  - f Assets whose cost does not exceed Rs.5000 are fully depreciated.
- 5 **Investments(Long Term)**  
Investments in shares and units are stated at cost, net of permanent diminution in value wherever necessary. Cost includes interest attributable to funds borrowed for acquisition of investments. Dividends are accounted for when the right to receive the payment is established.
- 6 **Inventories**
  - a Trading Stock, Stores and Spares, Raw materials, Packing materials are valued at cost, computed on first in first out basis.
  - b Finished goods and work in process are valued at the lower of cost and estimated net realizable value. Cost comprises of materials consumed valued on first in first out basis and direct and indirect overheads.
  - c Agricultural produce is valued at net realizable value.
  - d Work-in-process on ship building contracts reflects proportionate value of inputs and expenses yet to be billed.
  - e Loose tools are valued after writing off a certain percentage on cost.
- 7 **Impairment of Assets**  
The Company recognizes impairment of assets other than the assets which are specifically excluded under Accounting Standard 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India after comparing the assets recoverable value with its carrying amount in the books. In case carrying amounts exceeds recoverable value, impairment losses are provided for.
- 8 **Excise Duty**
  - a Cenvat credit on materials purchased for production are taken into account at the time of purchase and cenvat credit on purchase of capital items, wherever applicable are taken into account as and when the assets are installed, to the credit of respective purchase and assets account. The cenvat credits so taken are utilized for payment of excise duty on goods manufactured. The utilized cenvat credit is carried forward in the books.
  - b Excise Duty payable on manufactured goods held in the factories is included in the valuation of such stocks.
- 9 **Revenue Recognition**
  - a Revenue is recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.
  - b Sales are net of discount and sales tax and are recognised at the point of dispatch of goods.

# Sicagen India Limited

- c Service Income
  - 1 Income is recognized when billed on completion of services
  - 2 Income from boat building is recognized as and when it is ready for delivery.
  - 3 Expenditure incurred on incomplete contracts is included under "Advances Recoverable"

## 10 Foreign Currency Transaction

Foreign currency transactions are recorded in the books at rates prevailing on the date of transaction. Current assets and liabilities wherever receivable or payable in foreign currencies are translated at exchange rates prevailing on the Balance Sheet date and the loss or gain arising out of such transaction is adjusted in the Profit and Loss Account.

## 11 Retirement Benefits

- a Retirement benefits in the form of Provident Fund /Superannuation Fund are defined contribution schemes and the contributions are charged to Profit and Loss Account in the year in which the contributions to the respective funds are due.
- b Employees Gratuity Fund scheme managed by Life Insurance Corporation of India is a Defined Benefit plan. The present value of obligation is provided for on the basis of actuarial valuation using the Projected Unit Credit method at the end of each financial year.
- c Obligation for Leave encashment is recognized in the same manner as Gratuity.
- d Actuarial gains/losses are charged to Profit and Loss Account.

## 12 Contingent Liabilities & Provisions

All known liabilities of material nature have been provided for in the accounts except liabilities of a contingent nature which have been disclosed at their estimated value in the notes on accounts in accordance with Accounting Standard -29. As regards Provisions, it is only those obligations arising from past events existing independently of an enterprise's future actions that are recognized as provisions.

## 13 Segment Reporting

The accounting policies adopted for Segment reporting are in line with Accounting Standard -17

## 14 Discontinuing Operations

Discontinuing Operations have been recognized and disclosed in line with Accounting Standard -24

## 15 Provision for Current Tax and Deferred Tax

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax act 1961. Deferred taxes are recognized when considered prudent for all timing differences between taxable and accounting income.

## SCHEDULE 20B : NOTES ON ACCOUNTS

- 1 In accordance with accounting Standard-29, the following is considered as Contingent Liability and Provision
  - a Sales tax and Income tax demands together with penalties under appeal amounts to Rs 1.72 lakhs. (Rs 1.72 lakhs)
  - b Guarantees given by bankers for Performance of Contracts and others Rs 272.60 lakhs (Rs 151.15 lakhs). Rs 4.75 lakhs guarantees issued in the name of Sical Logistics Limited will be reissued in the following year in the name of Sicagen India Limited.
- 2 Letter of Credit outstanding for purchase of materials is Rs 148.03 lakhs (Nil).
- 3 Investments

No provision is considered necessary for shortfall in market value of certain quoted investments ascertained on individual basis amounting to Rs 1047.61 lakhs (Rs 472.34 lakhs) significant portion of which relate to companies promoted by the Company which is considered temporary in nature.
- 4 Sundry Debtors, Loans and Advances and Deposits include certain overdue and confirmed balances. Some of the accounts are under reconciliation. These include
  - a Rs 2392.54 lakhs (Rs 2384.88 lakhs) covered by court cases under arbitration
  - b Advance to a subsidiary amounting to Rs 6921.16 lakhs (Rs 7508.47 lakhs) is considered good and recoverable as the intrinsic value of the investments held by that company are more than the values stated in the books of that company.
- 5 Provision for taxation includes Rs 0.10 lakh (Rs 1.00 lakh) towards Wealth tax
- 6 Balance with central excise authorities includes unutilized cenvat credit of Rs 0.50 lakhs(Nil)
- 7 No provision for taxation under the Karnataka Agricultural Income Tax, 1957 in respect of plantation activities is considered necessary in view of carry forward losses available for set off.
- 8 Certain credit facilities availed from a Bank during the year was secured by way of hypothecation of goods and other current assets. The said facilities shall also be secured by way of equitable mortgage/deposit of title deeds of certain immovable properties of the Company. Creation of necessary charge shall be completed in the next financial year.
- 9 Letters of confirmation of balances in personal accounts of suppliers, debtors and principals, loans and advances and in-operative bank accounts have been called for and where not received is being followed up.
- 10 Sundry Creditors include Rs Nil (Rs 39.84 lakhs) due to small scale industrial undertakings to the extent such parties have been identified by the Management and relied upon by the auditors.
- 11 2000 Equity shares of Rs 100 each of SDB Cisco India Ltd received during the year by way of gift from the Company's Promoters. Consequent to the above transfer, the Company's shareholding in SDB Cisco India Ltd (SDB) has been raised to 54% and as a result, SDB has become a subsidiary u/s 4(1) b (ii) of the Companies Act 1956 with effect from 28th March 2009.
- 12 Previous year's figures have been regrouped and rearranged wherever necessary.

# Sicagen India Limited

## 13 Employee Benefits

Disclosures required under Accounting Standard 15 on Employee Benefits are given below:

Particulars	Gratuity	Leave
<b>1 The principal assumptions used in determining gratuity and leave obligations for the Company's plans are shown below:</b>		
Discount Rate	7.34%	7.34%
Salary escalation rate	6.00%	6.00%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	9.15%	-
<b>2 Change in the Present Value of Defined Benefit Obligation</b>		
Present value of defined benefit obligation at the beginning of the period	154.49	13.42
Interest Cost	10.90	0.75
Current Service Cost	10.73	1.72
Benefits paid	(11.91)	(6.33)
Actuarial loss/(gain)on obligation (balancing figure)	13.14	8.97
Present value of defined obligation at the end of the period	177.35	18.53
<b>3 Change in the Fair Value of Plan Assets</b>		
Fair value of plan assets as at the beginning of the period	0.00	0.00
Expected return on plan assets	7.05	0.00
Contributions	166.08	6.33
Benefits paid	(11.91)	(6.33)
Actuarial loss/(gain)on plan assets (balancing figure)	15.50	0.00
Fair value of plan assets as at the end of the period	176.72	0.00
<b>4 Net Asset/Liability recognised in the Balance Sheet</b>		
Present value of defined obligation	177.35	18.53
Fair value of plan assets	176.72	0.00
Liability recognised in the Balance Sheet	0.63	18.53
<b>5 Expenses recognised in the statement of Profit and Loss</b>		
Current Service Cost	10.73	1.72
Interest Cost	10.90	0.75
Expected Return on Plan Assets	(7.05)	0.00
Net actuarial (gain)/loss recognised in the year	(2.36)	8.97
Expenses recognised	12.22	11.44

### Notes:

Since the Company has adopted Accounting Standard -15 (Revised) on employee benefits from the current year onwards, the disclosures as mentioned above are given for the current year only. As per the transitional provisions specified in the Standard, the difference in the liability as per the existing policy followed by the Company and that arising on adoption of this standard is required to be charged to opening reserves and surplus account. However, there is no significant impact on adoption of the Standard which is required to be adjusted to the opening balance of Reserves and Surplus.

#### 14 Managerial Remuneration

		(in Rs lakh)
Particulars	<b>31.3.09</b>	31.3.08*
Salary & Allowances	<b>18.00</b>	6.00
Contribution to PF & other Funds	<b>1.92</b>	0.48
Perquisites	<b>4.08</b>	1.02
Performance Incentive	<b>6.00</b>	-
<b>Total</b>	<b>30.00</b>	7.50

\* Remuneration paid for 3 months

#### 15 Amount debited to Work-in-progress which are to be transferred to cost of sales at the time of income recognition on jobs include the following

Labour Charges	<b>33.14</b>	27.67
Insurance	<b>1.79</b>	1.43
Other Expenses	<b>16.75</b>	13.75
Materials	<b>91.86</b>	75.84
<b>Total</b>	<b>143.54</b>	118.69

#### 16 a Expenditure in foreign currency during the financial year

Travel	<b>0.04</b>	11.54
<b>Total</b>	<b>0.04</b>	11.54

#### b Earnings in foreign exchange (received during the year)

Other Income -Commission	<b>0.36</b>	0.54
<b>Total</b>	<b>0.36</b>	0.54

#### c Value of raw material, spare parts and components consumed during the year.

	% to total consumption	Value (in Rs lakh)	% to total consumption	Value (in Rs lakh)
Imported	<b>0%</b>	<b>0.00</b>	0%	0.00
Indigenous	<b>100%</b>	<b>495.11</b>	100%	383.55
<b>Total</b>		<b>495.11</b>		383.55

# Sicagen India Limited

## 17 Related Party Disclosure

### 1 Related parties where control exists

#### Subsidiary Companies

South India House Estates and Properties Ltd

SDB Cisco India Ltd

Modern Protection and Investigations Ltd

### 2 Other related parties with whom trade transactions have taken place during the year

#### Key Management Personnel

S Arumugam      Director and CEO

#### Related party transactions

(in Rs lakh)

Particulars	Other related parties Key Management Personnel
Managerial Remuneration	<b>30</b> (7.50)

## Segment Information for the year ended 31 March 2009

### 18 Information about Primary Business Segments

Business Segments	2009				2008			
	Trading-Building Materials & Vehicles	Discontinuing	Eliminations	Total	Trading-Building Materials & Vehicles	Discontinuing	Eliminations	Total
<b>REVENUE</b>								
External Sales	41013.49	1134.29		<b>42147.78</b>	38055.71	917.58		38973.29
Inter Segment Sales	0.49	9.53	(10.02)	<b>0.00</b>	0.62	6.82	(7.44)	0.00
Total Revenue	41013.98	1143.82	(10.02)	<b>42147.78</b>	38056.33	924.40	(7.44)	38973.29
<b>RESULT</b>								
Segment Result	868.08	246.20		<b>1114.28</b>	721.20	152.69		873.89
Unallocated Corporate Expenses net of Unallocated Income				<b>(37.71)</b>				370.92
Operating Profit				<b>1151.99</b>				502.97
Interest Expense				<b>120.30</b>				75.95
Income Taxes(net of def.tax)				<b>186.87</b>				(26.88)
Profit from ordinary activities				<b>844.82</b>				453.90
Exceptional items				<b>613.53</b>				0.00
Net Profit				<b>231.29</b>				453.90
<b>OTHER INFORMATION</b>								
Segment Assets	8438.69	1709.08		<b>10147.77</b>	7916.92	3716.22		11633.14
Unallocated Corporate Assets				<b>32405.45</b>				32374.23
Total Assets	8438.69	1709.08		<b>42553.22</b>	7916.92	3716.22		44007.37
Segment Liabilities	4128.21	307.32		<b>4435.53</b>	4296.63	476.22		4772.85
Unallocated Corporate Liabilities				<b>2422.90</b>				3771.02
Total Liabilities	4128.21	307.32		<b>6858.43</b>	4296.63	476.22		8543.87
Capital Expenditure	285.03	160.63		<b>445.66</b>	72.88	4.85		77.73
Depreciation	127.06	49.33		<b>176.39</b>	137.45	69.00		206.45

### Information about Secondary Business Segment

	India		Outside India		Total	
	India	Outside India	India	Outside India	India	Outside India
Revenue by Geographical Market	42147.78		38973.29		38973.29	
Segment Assets	10147.77		11633.14		11633.14	
Capital Expenditure	445.66		77.73		77.73	

### Notes:

- The Company has identified Business Segment as the Primary Segment and Geographic Segment as the Secondary Segment disclosure.
- The Business Segments identified are Trading and Discontinuing.
- The Geographical Segment considered for disclosure are India and Rest of the World. All sales facilities are located in India. Geographical segments are based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.
- Segmental assets include all operating assets used by the respective segment and principally consists of operating cash, debtors, inventories and fixed assets.

# Sicagen India Limited

## 19 a Sales Turnover (Gross Total) - Finished Goods

(in Rs lakh)

Particulars	Units	2008 - 2009		2007 - 2008	
		Quantity	Value*	Quantity	Value*
Steel Pipes	Mtrs.	6684499.92	15760.38	7089009.66	14324.36
P V C Pipes	Mtrs.	1082292.73	555.15	1226879.31	539.19
Cables	Mtrs.	1049153.15	1499.85	870751.82	1410.43
Hardware Materials	Kgs	19212503.87	8079.21	13607292.03	4797.89
Vehicles	Nos.	3202	13638.00	3111	15248.49
Coffee Uncured	M T	-	-	1.341	0.82
Speciality Chemicals	M T	86.433	115.69	-	-
Others			639.24		662.67
<b>Total</b>			<b>40287.52</b>		<b>36983.85</b>

\* includes inter segment sales of Rs.10.02 lakhs( Rs.7.44 lakhs)

## 19 b Opening and Closing Stock of Goods Purchased and Produced

(in Rs lakh)

Particulars	Units	Year ended 31.3.09		Year ended 31.3.08	
		Quantity	Value	Quantity	Value
Steel Pipes	Mtrs.	689160.52	1475.20	761596.51	1447.07
P V C Pipes	Mtrs.	71122.65	34.08	89530.19	37.21
Cables	Mtrs.	63018.00	66.13	86624.25	95.42
Hardware Materials	Kgs	266830.98	71.12	304284.37	144.40
Vehicles	Nos.	78	483.33	69	397.25
Coffee Uncured	M T	-	-	-	-
Speciality Chemicals	M T	4.800	1.64	-	-
Others			178.80		205.09
<b>Total</b>			<b>2310.30</b>		<b>2326.44</b>



### 19 c Class of Goods Manufactured and Purchased

Particulars	Units	Licenced Capacity	Installed Capacity	Actual Production	Purchase	Value in Rs lakh
Steel Pipes	Mtrs.	-	-	-	6612063.93 (7339816.12)	14998.18 (13846.41)
P V C Pipes	Mtrs.	-	-	-	1063885.19 (1250876.60)	492.62 (501.13)
Cables	Mtrs.	-	-	-	1025546.90 (897056.52)	1404.91 (1505.25)
Hardware Materials	Kgs	-	-	-	19175050.48 (13618558.60)	7612.56 (4701.25)
Vehicles	Nos.	-	-	-	3211 (3116)	13167.39 (14827.09)
Speciality Chemicals	M T	300	300	91.233		
Others		-	-	-		931.72 (1038.16)

### 19 d Raw Materials Consumed

2008-09

2007-08

Particulars	Units	Quantity	Value in Rs lakh	Actual Production	Value in Rs lakh
Speciality Chemicals	TPA	<b>65.126</b>	<b>33.77</b>	-	-

### 20 Deferred Tax Liability arising out of timing difference relating to

(in Rs lakh)

Particulars	Opening	Current Year Adjustments/ Additions	Closing
Depreciation	(545.42)	<b>169.25</b>	(376.17)
<b>Total</b>	<b>(545.42)</b>	<b>169.25</b>	<b>(376.17)</b>

# Sicagen India Limited

## 21 Earnings per share

(in Rs lakh)

Particulars	31.03.2009	31.03.2008
Profit before exceptional item and prior period adjustments as per P&L account (In Rs lakhs)	<b>844.82</b>	454.86
Profit after exceptional item and prior period adjustments as per P&L account (In Rs lakhs)	<b>231.29</b>	453.90
Number of shares used in computing EPS - for Basic	<b>39571684</b>	39571684
Number of shares used in computing EPS - for Diluted	<b>Nil</b>	Nil
EPS - Before exceptional item & prior period adjustments - Basic (In Rs)	<b>2.13</b>	1.15
EPS - Before exceptional item & prior period adjustments - Diluted (In Rs)	<b>Nil</b>	Nil
EPS - After exceptional item & prior period adjustments - Basic (In Rs)	<b>0.58</b>	1.15
EPS - After exceptional item & prior period adjustments - Diluted (In Rs)	<b>Nil</b>	Nil
Face value per share (In Rs)	<b>10.00</b>	10.00

## 22 Discontinuing operations

(in Rs lakh)

Particulars	2008-09	2007-08
Sales & Service	<b>1,143.82</b>	98.09
Other Income	<b>45.15</b>	2.90
Operating Expenses	<b>893.43</b>	62.87
Pre tax profit(loss) before interest and depreciation	<b>295.54</b>	38.12
Depreciation	<b>49.33</b>	56.22
Interest Expense	<b>0.68</b>	-
Profit(loss) before exceptional items and tax	<b>245.53</b>	(18.10)

Discontinuing Operations in 2008-09 includes Governor Services, Speciality Chemicals, Goodwill Travels, Goodwill Engineering, Plantation and Windmill for which the Board of Directors have passed a resolution approving their disposal.

## 23 Balance Sheet Abstract and Company's General Business Profile

Registration Details	Registration No. & State Code	0	5	3	4	6	7			1	8	
	Balance Sheet Date	3	1	0	3	2	0	0	9			
Capital raised during the year (Amount in thousands)	Public Issue							N	I	L		
	Rights Issue							N	I	L		
	Bonus Issue							N	I	L		
	Private Placement							N	I	L		
Mobilisation and Deployment of Funds (Amount in thousands)	Total Liabilities		4	3	0	4	5	0	5			
	Total Assets		4	3	0	4	5	0	5			
	Paid up Capital			3	9	5	7	1	6			
	Reserves and Surplus		3	2	2	2	9	4	4			
	Secured Loans							N	I	L		
	Unsecured Loans			1	1	7	5	9	2			
Application of Funds (Amount in thousands)	Net Fixed Assets			2	5	9	8	5	1			
	Investments			2	7	8	5	6	3			
	Net Current Assets		3	1	8	6	2	7	4			
	Miscellaneous Expenditure							N	I	L		
	Accumulated Losses				4	9	1	8	2			
Performance (Amount in thousands)	Turnover		4	2	8	4	4	3	6			
	Total Expenditure		4	1	8	1	2	6	7			
	Profit / (Loss) Before Tax				1	0	3	1	6	9	+	-
	Profit / (Loss) After Tax				2	3	1	2	9	✓		
	Earning per share (in Rupees)					0	.	5	8	✓		
	Dividend Rate %							N	I	L		
Generic Names of Principal Products / Services of the Company	Product Description	T	R	A	D	I	N	G	&			
		S	E	R	V	I	C	E				
	Item Code No.	N	O	T								
		A	P	P	L	I	C	A	B	L	E	

**S ARUMUGAM**  
Director & CEO

**B NARENDRAN**  
Director

**For CNGSN & ASSOCIATES**  
Chartered Accountants

Place Chennai  
Date 24 June 2009

**GR KANNAN**  
AVP(F&A) & Company Secretary

**CN GANGADARAN**  
Partner

# Sicagen India Limited

## CASH FLOW STATEMENT

(in Rs lakh)

	Year ended 31 March 2009	Year ended 31 March 2008
<b>A Cash Flow from Operating Activities</b>		
Profit before tax and exceptional items	1031.69	427.98
Adjustments for		
Depreciation	176.39	206.45
(Profit)/Loss on Disposal of Fixed Assets (net)	(359.35)	(20.89)
Interest Income	(15.88)	(0.45)
Dividend Income	(119.69)	(48.46)
Interest Expenditure	120.30	75.95
Prior Period Adjustments		(0.96)
	<b>(198.23)</b>	211.64
Operating Profit before Working Capital Changes	<b>833.46</b>	639.62
Adjustments for		
Trade and Other Receivables	(937.16)	(1165.86)
Inventories	(43.73)	(647.06)
Trade Payables and Other Liabilities	(580.80)	2191.96
Cash Generated from Operations	<b>(728.23)</b>	1018.66
Tax Paid	<b>245.94</b>	114.82
Net Cash from Operating Activities	<b>(974.17)</b>	903.84
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(445.66)	(34.73)
Sale of Fixed Assets	3110.67	32.29
Investments made (Net)	(22.42)	1.07
Interest received	15.88	0.45
Dividend received	119.69	48.46
Net Cash used in Investing Activities	<b>2778.16</b>	47.54
<b>C Cash Flow from Financing Activities</b>		
Interest Paid	(120.30)	(75.95)
Repayment of Short Term Borrowings	(1363.88)	(360.90)
Net Cash used in Financing Activities	<b>(1484.18)</b>	(436.85)
<b>D Net Increase/Decrease in Cash and Cash Equivalents(A + B + C)</b>	<b>319.81</b>	514.53
Cash and Cash Equivalents as at (Opening) 1st April 2008	1006.39	491.86
Cash and Cash Equivalents as at (Closing) 31st March 2009	<b>1326.20</b>	1006.39

**S ARUMUGAM**  
Director & CEO

**B NARENDRAN**  
Director

For **CNGSN & ASSOCIATES**  
Chartered Accountants

Place Chennai  
Date 24 June 2009

**GR KANNAN**  
AVP(F&A) & Company Secretary

**CN GANGADARAN**  
Partner

## AUDITORS' REPORT

We have examined the above Cash Flow Statement of Sicagen India Limited for the year ended 31 March 2009. The statement has been prepared by the Company in accordance with the requirements of the listing agreement Clause 32 with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**For CNGSN & ASSOCIATES**

Chartered Accountants

Place Chennai

Date 24 June 2009

**CN GANGADARAN**

Partner

## STATEMENT OF PARTICULARS OF SUBSIDIARY PURSUANT TO SEC 212 (1)(e) OF THE COMPANIES ACT, 1956

1	Name of the Subsidiary Company	South India House Estates & Properties Ltd	SDB Cisco (India) Ltd	Modern Protection & Investigations Ltd
2	The financial year of the subsidiary company ended on	31 March 2009	31 March 2009	31 March 2009
3	Extent of holding company's interest in the subsidiary company at the end of the financial year	1,00,00,000 equity shares of Rs 10 each representing 100% in the paid up capital	6749 equity shares of Rs 100 each representing 54% in the paid up capital	No holding in this Company by virtue of section 4(c) of the Companies Act 1956, this Company has become subsidiary since it is a subsidiary of SDB Cisco (India) Ltd.
4	i	The net aggregate amount of Profit/(Loss) of the subsidiary for the above financial year of the subsidiary, so far as it concerns, the members of holding Company	Nil	Nil
	a	Dealt with in the Company's accounts for the year ended 31 March 2009	Nil	Nil
	b	Not dealt with in the Company's accounts for the year ended 31 March 2009	Rs 1377.20 lakhs	Rs 190.80 lakhs
	ii	The net aggregate amount of Profit/(Loss) of the subsidiary for the previous financial years of the subsidiary since it became a subsidiary, so far as it concerns, the members of holding Company	Nil	Nil
	a	Dealt with in the Company's accounts for the year ended 31st March 2009	Nil	Nil
	b	Not dealt with in the Company's accounts for the year ended 31 March 2009	Rs 172.94 lakhs	Nil

5 The provisions of Section 212(5) of the Companies Act, 1956 are not applicable as the financial year of the subsidiary companies coincides with that of holding Company.

**S ARUMUGAM**  
Director & CEO

**B NARENDRAN**  
Director

Place Chennai  
Date 24 June 2009

**GR KANNAN**  
AVP(F&A) & Company Secretary

**For CNGSN & ASSOCIATES**  
Chartered Accountants

**CN GANGADARAN**  
Partner

## Information in aggregate for each subsidiary as at 31 March 2009

### Subsidiaries

South India House Estates & Properties Ltd	SIHEL
SDB Cisco (India) Ltd	SDB
Modern Protection & Investigations Ltd	MPI

(in Rs lakh)

	<b>SIHEL</b>	<b>SDB</b>	<b>MPI</b>
Capital	1000.00	12.50	5.00
Reserves	518.49	4313.14	384.26
Total Assets	8514.49	10272.97	732.93
Total Liabilities	6996.00	5947.33	343.67
Turnover	416.80	21016.75	1792.38
Profit/Loss before Taxation	388.01	2129.12	291.62
Provision for Taxation	50.53	751.92	100.83
Profit/Loss after Taxation	337.48	1377.20	190.79
Proposed Dividend	Nil	Nil	Nil

#### **S ARUMUGAM**

Director & CEO

CHENNAI

24 JUNE 2009

#### **B NARENDRAN**

Director

**GR KANNAN**

AVP(F&A) & Company Secretary

# Sicagen India Limited

## Details of Investments (other than investment in subsidiaries)

(in Rs lakh)

**Book Value as on  
31 March 2009**

### 1 South India House Estates & Properties Ltd

#### 1 In Government Securities

National Savings Certificate **0.01**

#### 2 In Shares

##### a Non -Trade Quoted

Southern Petrochemical Ind.corp.Ltd, 1,182.71  
(Market Value Rs.12702580/- (Rate 6.05/-)  
Synthetics & Chemicals Ltd. 0.01  
EIH Ltd (6800 shares and 3400 bonus shares) 3.56  
Anuh Pharma Ltd. (8000 shares and 8000 bonus shares) 0.20  
First Leasing Co. of India Ltd 326.14  
IDBI Ltd. 9.38  
Super Sales Agencies Ltd. 0.01  
Birla Yamaha Ltd 0.04  
Hindustan Lever Ltd 0.51  
GV Films Ltd 0.01  
Shree Cements Ltd 0.24  
Jenson & Nicholson (India) Ltd 0.05  
Shaw Wallace Co. Ltd 0.28  
Mysore Cements Ltd 0.05  
Saurashtra Chemicals Ltd 0.72  
Tamilnadu Petroproducts Ltd 2.06  
Henkel SPIC Ltd. 0.38  
Manali Petro Chemicals Ltd. 0.25  
Lakshmi Finance & Ind. Corpn. Ltd (675 shares and 225 bonus shares) 0.07  
Samtel Color Ltd 0.02  
TT Ltd. 0.10  
Tata Iron & Steel Co Ltd (2199 shares and 1099 Bonus Shares) 2.15  
Bank of India 0.41  
PRICOL LTD (Formerly Premier Instruments & Controls Ltd ) 139 Shares and 695 bonus shares 0.08  
Tata Iron & Steel Co Ltd (658 shares @ Rs 300 per share) Equity Shares allotted on 29.01.08 1.97  
Tata Iron & Steel Co Ltd (2968 shares @ Rs 100 per share) Preference Shares allotted on 29.01.08 2.97

**1,534.37**

##### b Non Trade Unquoted

Trinity Autopoints Ltd 2.00  
Vam Holdings Ltd 0.14  
Mysore Chrome Tanning Ltd 0.03  
Mandya National Paper Mills Ltd 0.04  
Southern Brick Works Ltd 0.10  
Tube Agencies (P) Ltd 0.03  
Automobile Products of India Ltd 0.42  
SDB Cisco (India) Ltd (300+Bonus 450) 0.30  
Sai Agencies 0.70  
National Trust Housing Finance Ltd. 527.07  
Indo-Germa products Ltd 0.16  
Pondy Spinners Ltd 2.65  
Balaji Steels Ltd 0.38  
Corn Ind & Gen Enterprises Ltd 1.59  
Sri Balaji Leasing services Ltd 0.52  
Sri Karpagambal Mills Ltd 0.22  
Mysore Kirloskar Ltd 1.14

**537.49**

#### 3 Capital Investment in Partnership Firm

Total **0.10**

**2,071.97**

### 2 Modern Protection & Investigations Ltd

#### Non Trade Unquoted

SV Co-operative Bank 0.01

**Total 0.01**

55

**S ARUMUGAM**

Director & CEO

CHENNAI

24 JUNE 2009

**B NARENDRAN**

Director

**GR KANNAN**

AVP(F&A) & Company Secretary



Annual report 2008-09  
Accounts - consolidated



# Consolidated

## AUDITORS' REPORT

### Auditors' Report to the Board of Directors on the Consolidated Financial Statements of Sicagen India Limited

We have examined the attached consolidated Balance Sheet of Sicagen India Limited and its subsidiary South India House Estates and Properties Limited as at 31 March 2009 and the Consolidated Profit & Loss Account for the year then ended 31 March 2009

The financial statements are the responsibility of the management of Sicagen India Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements and other information of the subsidiary for the year ended 31st March 2009 is audited.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Sicagen India Limited, and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanation given to us, and on the consideration of separate audit reports on individual audited financial statements of Sicagen India Limited and its aforesaid subsidiary, we are of the opinion that,

- I The Consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of Sicagen India Limited and its subsidiary as at 31st March 2009.
- II The Consolidated Profit and Loss Account gives a true and fair view of the Consolidated result of operations of Sicagen India Limited and its subsidiary for the year then ended and
- III The Cash Flow Statement as at 31 March 2009.

**For CNGSN & ASSOCIATES**  
Chartered Accountants

Place Chennai  
Date 24 June 2009

**CN GANGADARAN**  
Partner

Membership number: 11205

## BALANCE SHEET ON 31 MARCH 2009

(in Rs lakh)

	Schedule	On 31 March 2009	On 31 March 2008
<b>I SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	3957.17	3957.17
Reserves & Surplus	2	<u>32256.12</u>	<u>32235.42</u>
		<b>36213.29</b>	36192.59
<b>LOAN FUNDS</b>			
Unsecured Loans	3	<u>1175.92</u>	<u>2539.80</u>
Total		<u><b>37389.21</b></u>	<u>38732.39</u>
<b>II APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	4404.62	5479.05
Less : Depreciation		<u>1760.53</u>	<u>2543.94</u>
Net Block		<u>2644.09</u>	2935.11
Capital Work-in-Progress at cost		<u>0.00</u>	<u>1871.34</u>
		<b>2644.09</b>	4806.45
<b>INVESTMENTS</b>	5	<b>3857.60</b>	4040.55
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	6	3118.89	3076.25
Sundry Debtors	7	9739.07	8927.13
Cash and Bank Balances	8	1332.68	1039.31
Loans and Advances	9	<u>22453.55</u>	<u>22313.32</u>
		<b>36644.19</b>	35356.01
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	10	<u>5380.50</u>	<u>5482.60</u>
<b>NET CURRENT ASSETS</b>		<b>31263.69</b>	29873.41
<b>DEFERRED TAX</b>			
Deferred Tax Assets		0.69	1.37
Deferred Tax Liabilities		<b>(376.86)</b>	(546.79)
		<b>(376.17)</b>	(545.42)
<b>Profit and Loss account</b>			557.40
Total		<u><b>37389.21</b></u>	<u>38732.39</u>

Schedules 1 to 10 and Notes in Schedule 20 form an integral part of this Balance Sheet and should be read in conjunction therewith.

This is the Balance Sheet referred to in our report of even date

**S ARUMUGAM**  
Director & CEO

**B NARENDRAN**  
Director

**For CNGSN & ASSOCIATES**  
Chartered Accountants

Place Chennai  
Date 24 June 2009

**GR KANNAN**  
AVP (F&A) & Company Secretary

**CN GANGADARAN**  
Partner

# Consolidated

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

(in Rs lakh)

	Schedule	Year ended 31 March 2009	Year ended 31 March 2008
<b>INCOME</b>			
Sales and Services	11	<b>42147.78</b>	38972.39
Agricultural Income	12	<b>0.00</b>	0.90
Other Income	13	<b>1131.28</b>	222.37
		<b>43279.06</b>	39195.66
<b>EXPENDITURE</b>			
Cost of Goods Sold	14	<b>38647.82</b>	35806.58
Cost of Services	15	<b>808.50</b>	792.09
Agricultural Expenses	16	<b>15.24</b>	9.32
Salaries, Wages and Other benefits	17	<b>925.28</b>	813.19
Operating and other expenses	18	<b>1153.84</b>	958.46
Interest	19	<b>120.30</b>	75.95
Depreciation		<b>178.62</b>	208.80
		<b>41849.60</b>	38664.39
<b>PROFIT BEFORE TAXATION &amp; EXCEPTIONAL ITEMS</b>		<b>1429.46</b>	531.27
Less: Provision for			
- Current Tax		<b>364.30</b>	69.73
- Deferred Tax		<b>(143.37)</b>	(104.67)
- Fringe Benefit Tax		<b>16.90</b>	14.58
		<b>237.83</b>	(20.36)
<b>PROFIT AFTER TAXATION &amp; BEFORE EXCEPTIONAL ITEMS</b>		<b>1191.63</b>	551.63
Exceptional Items(Net of tax)		<b>(613.53)</b>	0.00
<b>PROFIT AFTER TAXATION &amp; AFTER EXCEPTIONAL ITEMS</b>		<b>578.10</b>	551.63
Prior year adjustments		<b>0.00</b>	(0.96)
Profit after Prior Period adjustments		<b>578.10</b>	550.67
Balance brought forward from Previous year		<b>(557.40)</b>	(1108.07)
Balance carried to Balance Sheet		<b>20.70</b>	(557.40)
EPS - Basic before Exceptional items (In Rs/P)		<b>3.01</b>	1.39
EPS - Basic after Exceptional items (In Rs/P)		<b>1.46</b>	1.39

Schedules 11 to 19 and Notes in Schedule 20 form an integral part of this Profit and Loss Account and should be read in conjunction therewith.

This is the Profit and Loss Account referred to in our report of even date

**S ARUMUGAM**  
Director & CEO

**B NARENDRAN**  
Director

For **CNGSN & ASSOCIATES**  
Chartered Accountants

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Place Chennai  
Date 24 June 2009

**GR KANNAN**  
AVP(F&A) & Company Secretary

**CN GANGADARAN**  
Partner

## SCHEDULES

(in Rs lakh)

	On 31 March 2009	On 31 March 2008
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
5,00,00,000 (5,00,00,000) Equity Shares of Rs 10 each	<b>5000.00</b>	5000.00
<b>ISSUED</b>		
3,95,71,684(3,95,71,684) Equity Shares of Rs 10 each	<b>3957.17</b>	3957.17
<b>SUBSCRIBED</b>		
3,95,71,684(3,95,71,684) Equity Shares of Rs 10 each	<b>3957.17</b>	3957.17
<b>PAID-UP</b>		
3,95,71,684 (3,95,71,684) Equity Shares of Rs 10 each	<b>3957.17</b>	3957.17
	<u><b>3957.17</b></u>	<u>3957.17</u>

### Notes

Of the above 39521684 Equity shares of Rs.10 each were allotted as fully paid up as per earlier Scheme of Arrangement (Demerger).

## SCHEDULE 2: RESERVES AND SURPLUS

<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	<b>2791.77</b>	2791.77
<b>SHARE PREMIUM ACCOUNT</b>		
As per last Balance Sheet	<b>29443.65</b>	29443.65
<b>PROFIT AND LOSS ACCOUNT</b>		
Surplus from Profit and Loss Account	<b>20.70</b>	-
	<u><b>32256.12</b></u>	<u>32235.42</u>

### Notes

As per the earlier Scheme of arrangement, the Company would take pre-measure steps to transfer excess or deficit if any between the net book value of assets over the book value of liabilities which may arise at the time of issue of equity shares at Premium to the shareholders of Sical Logistics Ltd.while converting the FCCBs into equity shares by Sical in future either to Capital Reserve or Goodwill. In the event of Goodwill being created, the same shall be dealt with by the Board either by carrying such amount in the books of accounts or writing off the same in one or more years as the Board of Directors may deem fit.

## SCHEDULE 3: UNSECURED LOANS

Short Term Loans and Advances		
Others	<b>1165.03</b>	2528.91
Interest accrued and due	<b>10.89</b>	10.89
	<u><b>1175.92</b></u>	<u>2539.80</u>

## SCHEDULE 4: FIXED ASSETS

(in Rs lakh)

Consolidated

PARTICULARS	Cost			Depreciation			Net Block		
	On 01.04.08	Additions	Sales / Adjustments	On 31.03.09	For the Year	Withdrawn	Upto 31.03.09	On 31.03.09	On 31.03.08
Freehold land	551.94	78.79	39.34	591.39	-	-	-	591.39	551.94
Buildings	2,181.11	278.26	26.36	2,433.01	72.73	8.12	794.60	1,638.41	1,451.12
Leasehold Improvements	333.75	-	161.46	172.29	7.66	101.93	131.01	41.28	108.47
Plant & Machinery	1,781.72	42.81	1,193.98	630.55	64.31	771.06	369.49	261.06	705.48
Office Equipments	334.15	15.35	54.59	294.91	16.00	48.44	239.47	55.44	62.24
Furniture&Fixtures	159.93	2.21	9.20	152.94	4.35	5.93	137.03	15.91	21.32
Trucks	12.17	3.59	0.36	15.40	0.53	0.35	11.61	3.79	0.74
Vehicles	105.44	24.65	34.80	95.29	12.15	26.20	59.03	36.26	32.36
Leased Machinery	18.84	-	-	18.84	0.89	-	18.29	0.55	1.44
<b>Grand Total</b>	5,479.05	445.66	1,520.09	4,404.62	178.62	962.04	1,760.53	2,644.09	2,935.11
Capital Work in progress	1,871.34	-	1,871.34	-	-	-	-	-	1,871.34
Previous Year	5,476.47	34.74	32.16	5,479.05	208.80	20.76	2,543.94	2,935.11	

### NOTES:

Freehold Land includes Rs.9.02 lakhs (Rs.9.02 lakhs) representing the value of land purchased under lease cum sale agreement for which the sale deed is yet to be executed.

## SCHEDULE 5: INVESTMENTS

(in Rs lakh)

PARTICULARS	No. of Shares / Units	Face Value per Share / Unit	<b>Book Value As on 31 March 2009</b>	Book Value As on 31 March 2008
<b>A SUBSIDIARY COMPANY'S INVESTMENTS</b>				
<b>1 In Equity Shares - Fully Paid</b>				
<b>Non-Trade (Quoted)</b>				
Southern Petrochemical Industries Corpn. Ltd	2099600	10	<b>1182.71</b>	1182.71
Synthetics & Chemicals Ltd	1125	10	<b>0.01</b>	0.01
EIH Ltd (6800 + 3400 bonus)	10200	2	<b>3.56</b>	3.56
Anuh Pharma Ltd (8000 + 8000 bonus)	16000	5	<b>0.20</b>	0.20
First Leasing Co of India Ltd	2102625	10	<b>326.14</b>	326.14
IDBI Ltd	15840	10	<b>9.38</b>	9.38
Super Sales Agencies Ltd	200	10	<b>0.01</b>	0.01
Premier Automobiles Ltd	66	10	-	-
National Rayon Corporation Ltd	110	10	-	-
Birla Yamaha Ltd	300	10	<b>0.04</b>	0.04
Hindustan Unilever Ltd	2320	1	<b>0.51</b>	0.51
GV Films Ltd	400	1	<b>0.01</b>	0.01
Shree Cements Ltd	720	10	<b>0.24</b>	0.24
Jenson & Nicholson (India) Ltd	2790	2	<b>0.05</b>	0.05
Shaw Wallace & Company Ltd	1259	10	<b>0.28</b>	0.28
Mysore Cements Ltd	700	10	<b>0.05</b>	0.05
Saurashtra Chemicals Ltd	9000	10	<b>0.72</b>	0.72
Tuticorin Alkali Chemicals Ltd	5	10	-	-
Tamilnadu Petroproducts Ltd	12800	10	<b>2.06</b>	2.06
SPEL Semiconductors Ltd	100	10	-	-
Henkel Spic India Ltd	2500	10	<b>0.38</b>	0.38
Manali Petrochemicals Ltd	17100	10	<b>0.25</b>	0.25
Lakshmi Finance & Ind. Corp. Ltd (675 + 225 bonus)	900	10	<b>0.07</b>	0.07
Samtal Color Ltd	100	10	<b>0.02</b>	0.02
TT Ltd	800	10	<b>0.10</b>	0.10
Tata Steel Ltd (2199 + 1099 bonus)	3298	10	<b>2.15</b>	2.15
Bank of India	3600	10	<b>0.41</b>	0.41
Pricol Ltd (139 + 695 bonus)	834	10	<b>0.08</b>	0.08
TATA Steel Ltd	658	10	<b>1.97</b>	1.97
<b>2 In Equity Shares - Fully Paid</b>				
<b>Non Trade (Unquoted)</b>				
Trinity Autopoints Ltd	20000	10	<b>2.00</b>	2.00
Sical Distriparks Ltd	610000	10	-	205.37
Vam Holdings Ltd	280	10	<b>0.14</b>	0.14
Lotus Mills Ltd	50	10	-	-
Mysore Chrome Tanning Ltd	319	10	<b>0.03</b>	0.03
Mandya National Paper Mills Ltd	698	1	<b>0.04</b>	0.04
Southern Brick Works Ltd	100	100	<b>0.10</b>	0.10
Tube Agencies (P) Ltd	250	10	<b>0.03</b>	0.03
Automobile Products of India Ltd	42623	10	<b>0.42</b>	0.42
Armenian Investments Ltd	9300	-	-	-
Elliot Investments Ltd	12900	-	-	-
Harrington Investments Ltd	3900	-	-	-
Everest Investments Ltd	10000	-	-	-
Ripon Investments Ltd	3900	-	-	-
Sydenham Investments Ltd	10000	-	-	-
MCC Finance Ltd	3800	-	-	-
SDB Cisco (India) Ltd	750	100	<b>0.30</b>	0.30
Sai Agencies Ltd	70350	10	<b>0.70</b>	0.70
National Trust Housing Finance Ltd	4559890	10	<b>527.07</b>	527.07
Travancore Rayon Ltd	310	10	-	-
Indo-Germa Products Ltd	3300	10	<b>0.16</b>	0.16

# Consolidated

## SCHEDULE 5: INVESTMENTS

(in Rs lakh)

PARTICULARS	No. of Shares / Units	Face Value per Share / Unit	Book Value	
			As on 31 March 2009	As on 31 March 2008
Pondy Spinners Ltd	50000	10	2.65	2.65
Lakshmi Shanmuga Spinning Mills Ltd	50	100	-	-
Balaji Steels Ltd	300	10	0.38	0.38
Corn Industries & General Enterprises Ltd	159211	10	1.59	1.59
Mac Packaging Ltd	220012	-	-	-
India Radiators Ltd	47188	-	-	-
Profad Ltd	100150	-	-	-
Sri Balajee Leasing Services Ltd	541	100	0.52	0.52
Sree Karpagambal Mills Ltd	2500	10	0.22	0.22
Mysore Kirlosker Ltd	8090	10	1.14	1.14
<b>3 In Preference Shares-Fully Paid Non Trade (Quoted)</b>				
TATA Steel Ltd	2968	100	2.97	2.97
<b>4 Others</b>				
<b>In Govt. Securities</b>				
National Savings Certificates (NSC)	-	-	0.01	0.01
<b>In Partnership Firm</b>				
South India House Investments & Associates	-	-	0.10	0.10
<b>B HOLDING COMPANY'S INVESTMENTS</b>				
<b>TRADE INVESTMENTS AT COST</b>				
<b>In Equity Shares - Fully paid</b>				
Southern Petrochemical Indus.Corpn.Ltd (Quoted)#	3019799	10	1230.31	1230.31
First Leasing Company of India Ltd (Quoted) \$	2127079	10	411.70	411.70
Coffee Products (India) Ltd ^	5000	100	5.00	5.00
SDB Cisco (India) Ltd *	1359	100	2.15	2.15
Mitsuba Sical India Ltd *	300000	10	65.05	65.05
TATA Motors Ltd (Quoted)	7350	10	22.42	-
<b>TRADE INVESTMENTS AT FACE VALUE</b>				
<b>In Equity Shares - Fully paid (Bonus)</b>				
First Leasing Company of India Ltd (Quoted) \$	26633	10	2.66	2.66
SDB Cisco (India) Ltd *	3390	100	0.34	0.34
<b>In Equity Shares - Fully paid (received as Gift)</b>				
SDB Cisco (India) Ltd	2000	100	-	-
<b>NON TRADE INVESTMENTS AT COST</b>				
<b>In Equity Shares - Fully paid</b>				
Sical Yamatake Ltd *	449970	10	45.00	45.00
<b>Others -Fully paid</b>				
GIC Fortune 94 ^	12626	7.92	1.00	1.00
			<b>3857.60</b>	4040.55
<b>ADDITIONS / DELETIONS DURING THE YEAR 2008-09</b>				
<b>Additions in holding Company's Investments</b>				
TATA Motors Ltd	7350	10	22.42	-
SDB Cisco (India) Ltd (shares received as Gift)	2000	100	-	-
			<b>22.42</b>	-
<b>Sales/Redemption in Subsidiary Company's Investments</b>				
Sical Distriparks Ltd	610000	10	205.37	-
			<b>As at 31 March 2009</b>	<b>As at 31 March 2008</b>
			<b>Book Value</b>	<b>Market value</b>
Quoted Investments			3173.70	1666.26
Unquoted Investments			683.90	866.85
			<b>3857.60</b>	4040.55



**NOTES:**

- \* Equity shares of these Companies transferred to the books of accounts of holding Company (Sicagen) under the earlier demerger scheme have been duly registered in the Company's name.
- # Out of 3019799 equity shares of Spic Ltd vested in the Company under the earlier demerger scheme,
  - a 984745 shares have been duly registered in the Company's name.
  - b 1987454 shares pledged by Sical as securities with lenders are yet to be released and these shares are under dispute and pending for adjudication before the Hon'ble High Court of Madras.
  - c 45000 shares pledged by Sical as securities with a lender yet to be released despite settlement of the loan owing to certain legal issues attaching with the lender.
  - d 2450 shares being under dispute are pending for transfer and 150 shares are in the process of being transferred.
  - e In addition to above shares, 3823600 shares pledged by Sical with a lender and entitled to be transferred in Company's name, under the earlier demerger scheme, are under dispute and pending for adjudication before the Hon'ble High Court of Madras. In the event of the above dispute being settled in Company's favour, the aforesaid shares shall be taken into account in the books of the Company on the date of settlement.
- \$ Out of 2153712 equity shares of First Leasing vested in the Company under the earlier demerger scheme,
  - a 2069624 shares have been duly transferred in the name of the Company and 63 shares are pending for transfer.
  - b 84025 shares pledged by Sical with a lender yet to be released despite settlement of the loan owing to certain legal issues attaching with the lender.
- ^ Equity shares/MF vested in the Company under the earlier demerger scheme are still in the process of being transferred in the name of the Company.

# Consolidated

(in Rs lakh)

	<b>On</b> <b>31 March 2009</b>	On 31 March 2008
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## SCHEDULE 6: INVENTORIES

At lower of cost and net realisable value

Stores and Spares	<b>532.78</b>	499.17
Loose Tools	<b>2.97</b>	6.90
Raw Material	<b>17.09</b>	0.00
Work-in-Process		
Trading and Others	<b>255.75</b>	231.44
Goods in transit at Cost	<b>0.00</b>	12.30
Finished and Trading Stocks	<b>2310.30</b>	2326.44
	<b><u>3118.89</u></b>	<u>3076.25</u>

## SCHEDULE 7: SUNDRY DEBTORS

Unsecured

Debts outstanding for a period exceeding six months

Considered good	<b>6644.75</b>	6472.70
Considered doubtful	<b>0.00</b>	0.00
	<b><u>6644.75</u></b>	<u>6472.70</u>
Other debts - Considered good	<b>3094.32</b>	2454.43
	<b><u>9739.07</u></b>	<u>8927.13</u>

## SCHEDULE 8: CASH AND BANK BALANCES

Cash and Cheques on hand and Remittances in transit	<b>433.58</b>	340.31
With Scheduled Banks		
On Current Accounts	<b>899.10</b>	699.00
	<b><u>1332.68</u></b>	<u>1039.31</u>

## SCHEDULE 9: LOANS AND ADVANCES

Advances to Partnership Firms	<b>1067.24</b>	1052.30
Advances recoverable in cash or in kind or for value to be received considered good	<b>19354.99</b>	19558.72
Advance payment of Income-Tax	<b>493.75</b>	165.81
Balance with Central Excise/Customs and Port Authorities	<b>1.35</b>	0.00
Deposits	<b>1536.22</b>	1536.49
	<b><u>22453.55</u></b>	<u>22313.32</u>

(in Rs lakh)

	On 31 March 2009	On 31 March 2008
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## SCHEDULE 10: CURRENT LIABILITIES AND PROVISIONS

### CURRENT LIABILITIES:

Sundry Creditors	4795.31	5376.87
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### PROVISIONS:

Provision for Taxation	585.19	105.73
	<u>5380.50</u>	<u>5482.60</u>

## SCHEDULE 11: SALES AND SERVICES

### SALES:

Trading and Others	40277.51	36975.59
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### SERVICES:

Workshop and Service Revenue	1870.27	1996.80
(Tax Deducted at Source on the above - Rs 3.56 lakhs (Rs 6.16 lakhs))		
	<u>42147.78</u>	<u>38972.39</u>

## SCHEDULE 12: AGRICULTURAL INCOME

Coffee Sales	0.00	0.82
Sale of Minor Produce	0.00	0.08
	<u>0.00</u>	<u>0.90</u>

## SCHEDULE 13: OTHER INCOME

Interest	78.56	60.23
(Tax deducted at source Rs.3.68 lakhs (Rs. Nil))		
Dividend		
On Trade Investments	0.00	0.00
On Non- Trade Investments	190.48	102.83
Rent including Lease Rent and Service charges	22.46	21.62
(Tax Deducted at Source Rs 2.60 lakhs ( Rs 2.47 lakhs) )		
Profit on sale of Assets(Net)	359.34	20.89
Profit on sale of shares	294.62	0.00
Provision no longer required written back	29.39	0.00
Miscellaneous Income	156.43	16.80
	<u>1131.28</u>	<u>222.37</u>

# Consolidated

(in Rs lakh)

	<b>On 31 March 2009</b>	On 31 March 2008
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## SCHEDULE 14: COST OF GOODS SOLD

Consumption of Raw Materials				
Stock as on 1st April	<b>0.00</b>		0.00	
Add : Purchases	<b>50.86</b>		0.00	
	<b>50.86</b>		0.00	
Less: Stock as on 31st March	<b>17.09</b>	<b>33.77</b>	0.00	0.00
Purchases less Turnover discounts - Trading stock		<b>38597.36</b>		36411.85
Increase/Decrease in Work-in-Process				
Finished and Trading Stocks:				
Stock as on 1 st April				
Work-in-process	<b>112.76</b>		116.64	
Finished and Trading Stocks	<b>2326.44</b>		1717.29	
	<b>2439.20</b>		1833.93	
Less: Stock as on 31st March				
Work-in-Process	<b>112.21</b>		112.76	
Finished and Trading Stocks	<b>2310.30</b>		2326.44	
	<b>2422.51</b>	<b>16.69</b>	2439.20	(605.27)
		<b>38647.82</b>		<u>35806.58</u>

## SCHEDULE 15: COST OF SERVICES

Trading and Operating expenses		<b>94.64</b>		67.86
Workshop Expenses		<b>118.49</b>		138.91
Operation and Maintenance expenses				
Operation and Maintenance		<b>136.47</b>		184.57
Stores Consumed	<b>602.45</b>		518.50	
Less: Work in progress	<b>143.55</b>	<b>458.90</b>	117.75	400.75
		<b>808.50</b>		<u>792.09</u>

(in Rs lakh)

	<b>On 31 March 2009</b>	<b>On 31 March 2008</b>
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## SCHEDULE 16: AGRICULTURAL EXPENSES

Stock as on 1st April				
Coffee	<b>0.00</b>		0.82	
Minor Produce	<b>0.00</b>	<b>0.00</b>	0.08	0.90
Salaries, Wages and Other benefits:				
Salaries, Wages and Bonus	<b>1.22</b>		4.38	
Contribution to PF & Other Funds	<b>0.00</b>		0.33	
Workmen & Staff Welfare expenses	<b>0.00</b>	<b>1.22</b>	0.03	4.74
Consumption of Stores & Spares		<b>0.00</b>		2.05
Repairs & Maintenance				
Buildings	<b>0.00</b>		0.30	
Machinery & Vehicles	<b>0.00</b>	<b>0.00</b>	0.12	0.42
Electricity Charges		<b>0.00</b>		0.23
Rates & Taxes		<b>13.87</b>		0.55
Administration & other expenses				
Administration exps		<b>0.15</b>		0.30
Travelling & Conveyance		<b>0.00</b>		0.07
Printing & Stationery		<b>0.00</b>		0.06
		<b>15.24</b>		9.32
Less: Stock as on 31st March				
Coffee	<b>0.00</b>		0.00	
Minor Produce	<b>0.00</b>	<b>0.00</b>	0.00	0.00
		<b>15.24</b>		9.32

## SCHEDULE 17: SALARIES, WAGES AND OTHER BENEFITS

Salaries, Wages and Bonus including Directors Remuneration	<b>815.22</b>	713.22
Contribution to Provident Fund	<b>23.89</b>	23.75
Contribution to Gratuity and Superannuation Fund	<b>6.15</b>	7.81
Welfare Expenses	<b>80.02</b>	68.41
	<b>925.28</b>	813.19

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(in Rs lakh)

	<b>On</b> <b>31 March 2009</b>	On 31 March 2008
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## SCHEDULE 18: OPERATING AND OTHER EXPENSES

Rent including Lease Rent	<b>199.52</b>	181.18
Lease rent on machineries	<b>00.00</b>	8.07
Rates, Taxes, Licence and Filing fees	<b>41.06</b>	55.03
Insurance	<b>23.04</b>	12.42
Power and Fuel	<b>40.44</b>	43.91
Repairs and Maintenance		
Plant & Machinery	<b>19.13</b>	45.66
Building	<b>7.66</b>	1.76
Vehicles	<b>26.51</b>	23.12
Others	<b>102.15</b>	98.67
Travelling and Conveyance	<b>90.36</b>	63.44
Directors' Sitting Fees	<b>0.75</b>	0.10
Payment to Auditors		
Audit	<b>12.46</b>	11.24
Tax Audit	<b>4.45</b>	3.37
Other Services	<b>8.42</b>	6.48
Expenses	<b>1.51</b>	0.00
Consumable Stores and Tools	<b>3.66</b>	0.96
Miscellaneous Expenses	<b>541.98</b>	401.23
Share of profit from Partnership Firms	<b>30.74</b>	1.82
	<b>1153.84</b>	958.46

## SCHEDULE 19: INTEREST

Others	<b>120.30</b>	75.95
(Tax Deducted at Source Rs 22.02 lakhs (Rs 6.65 lakhs))	<b>120.30</b>	75.95

## SCHEDULE 20A: SIGNIFICANT ACCOUNTING POLICIES

### 1 Basis of Preparation

The consolidated financial statements relate to Sicagen India Limited and its wholly owned subsidiary South India House Estates & Properties Ltd. These consolidated financial statements have been prepared under historical cost convention and applicable Mandatory Accounting Standards.

### 2 Basis of Consolidation

The financial statements are considered in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard -21 (in respect of subsidiaries)

### 3 Fixed Assets

Leasehold Land is capitalized and the amount is not amortized.

### 4 Borrowing Costs

Borrowing Costs are capitalized as a part of qualifying fixed assets wherever it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

### 5 Depreciation

Depreciation is consistently provided at the rates prescribed under Schedule XIV of the Companies Act, 1956 on the following methods.

- a Assets of Building Materials Division, Governor Services, Engineering Division, Speciality Chemicals, Travels Division at written down value method
- b Assets of Vehicle Sales Division, Plantation and Agri Division at straight line method
- c Depreciation on certain premises is provided on composite cost where it is not possible to segregate the land cost.
- d Wind power electric generators (included under plant and machinery) on the basis of technical opinion are classified as "continuous process plant" and depreciation provided at the applicable rate prescribed under Schedule XIV on straight line method.
- e Improvements on leasehold premises are depreciated over the tenure of the lease.
- f Assets whose cost does not exceed Rs 5000 are fully depreciated.
- g In respect of subsidiary Depreciation is provided on WDV basis at the rate prescribed in Schedule XIV of the Companies Act, 1956

### 6 Investments (Long Term)

Investments in shares and units are stated at cost, net of permanent diminution in value wherever necessary. Cost includes interest attributable to funds borrowed for acquisition of investments. Dividends are accounted for when the right to receive the payment is established.

### 7 Inventories

- a Raw materials, Packing materials, Trading Stock, Stores and Spares are valued at cost, computed on first in first out basis.
- b Finished goods and work in process are valued at the lower of cost and estimated net realizable value. Cost comprises of materials consumed valued on first in first out basis and direct and indirect overheads.
- c Agricultural produce is valued at net realizable value.
- d Work-in-process on ship building contracts reflects proportionate value of inputs and expenses yet to be billed.
- e Loose tools are valued after writing off a certain percentage on cost.

### 8 Impairment of Assets

The Company recognizes impairment of assets other than the assets which are specifically excluded under Accounting Standard 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India after comparing the

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assets recoverable value with its carrying amount in the books. In case carrying amounts exceeds recoverable value, impairment losses are provided for.

## 9 Revenue Recognition

- a Revenue is recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.
- b Sales are net of discount and sales tax and are recognised at the point of dispatch of goods.
- c Service Income
  - 1 Income is recognized when billed on completion of services
  - 2 Income from boat building is recognized as and when it is ready for delivery
  - 3 Expenditure incurred on incomplete contracts is included under "Advances Recoverable"

## 10 Foreign Currency Transaction

Foreign currency transactions are recorded in the books at rates prevailing on the date of transaction. Current assets and liabilities wherever receivable or payable in foreign currencies are translated at exchange rates prevailing on the Balance Sheet date and the loss or gain arising out of such transaction is adjusted in the profit and loss account.

## 11 Retirement Benefits

- 1 Retirement benefits in the form of Provident Fund / Superannuation Fund are defined contribution schemes and the contributions are charged to Profit and Loss account in the year in which the contributions to the respective funds are due.
- 2 Employees Gratuity Fund scheme managed by Life Insurance Corporation of India is a Defined Benefit plan. The present value of obligation is provided for on the basis of actuarial valuation using the Projected Unit Credit method at the end of each financial year.
- 3 Obligation for Leave Encashment is recognized in the same manner as Gratuity.
- 4 Actuarial gains/losses are charged to Profit and Loss Account.

## 12 Contingent Liabilities & Provisions

All known liabilities of material nature have been provided for in the accounts except liabilities of a contingent nature which have been disclosed at their estimated value in the notes on accounts in accordance with Accounting Standard-29. As regards Provisions, it is only those obligations arising from past events existing independently of an enterprise's future actions that are recognized as provisions.

## 13 Segment Reporting

The accounting policies adopted for Segment reporting are in line with Accounting Standard-17

## 14 Discontinuing Operations

Discontinuing Operations have been recognized and disclosed in line with Accounting Standard-24

## 15 Provision for Current Tax and Deferred Tax

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax act 1961. Deferred taxes are recognized when considered prudent for all timing differences between taxable and accounting income.



## SCHEDULE 20B - NOTES ON ACCOUNTS

- 1 In accordance with accounting Standard-29, the following is considered as Contingent Liability and Provision
  - a Sales tax and Income tax demands together with penalties under appeal amounts to Rs 1.72 lakhs.  
(Rs 1.72 lakhs)
  - b Guarantees given by bankers for Performance of Contracts and others Rs 272.60 (Rs 151.15 lakhs). Rs 4.75 lakhs Guarantees issued in the name of Sical Logistics Ltd will be re-issued in the following year in the name of Sicagen India Limited.
- 2 Letter of credit outstanding for purchase of materials is Rs 148.03 lakhs(Nil)
- 3 Investments:

No provision is considered necessary for shortfall in market value of certain quoted investments ascertained on individual basis amounting to Rs 1754.99 lakhs (Rs 501.28 lakhs) significant portion of which relate to companies promoted by the Company which is considered temporary in nature.
- 4 Sundry Debtors, Loans and Advances and Deposits include certain overdue and confirmed balances. Some of the accounts are under reconciliation. These include Rs 2392.54 lakhs (Rs 2384.88 lakhs) covered by court cases under arbitration.
- 5 2000 Equity shares of Rs 100 each of SDB Cisco India Ltd received during the year by way of gift from the Company's Promoters. Consequent to the above transfer the Company's shareholding in SDB Cisco India Ltd(SDB) has been raised to 54% and as a result, SDB has become a subsidiary u/s4(1)b(ii) of the Companies Act 1956 with effect from 28 March 2009.
- 6 In accordance with the Accounting Standard 21, the financial statement of above subsidiary for the financial year 2008-09 was not taken into account for consolidation as the intention of the above transfer was with regard to disposal in the near future. However a statement of particulars pursuant to Section 212(1) (e) of the Companies Act 1956 is attached with this report.
- 7 Cost of investment in the subsidiary is equal to the equity of the subsidiary; hence there is no capital reserve or goodwill on consolidation of financial statements.
- 8 Previous year's figures have been regrouped and rearranged wherever necessary.

## Segment Information for the year ended 31 March 2009

## 9 Information about Primary Business Segments

Business Segments	2009					2008				
	Trading-Building Materials & Vehicles	Others	Discontinuing	Eliminations	Total	Trading-Building Materials & Vehicles	Others	Discontinuing	Eliminations	Total
<b>REVENUE</b>										
External Sales	41013.49		1134.29		<b>42147.78</b>	38055.71		917.58		38973.29
Inter Segment Sales	0.49		9.53	(10.02)	<b>0.00</b>	0.62		6.82	(7.44)	0.00
Total Revenue	41013.98		1143.82	(10.02)	<b>42147.78</b>	38056.33		924.40	(7.44)	38973.29
<b>RESULT</b>										
Segment Result	868.08	264.29	246.20		<b>1378.57</b>	721.20		255.98		977.18
Unallocated Corporate Expenses net of Unallocated Income					<b>(171.19)</b>					370.92
Operating Profit					<b>1549.76</b>					606.26
Interest Expense					<b>120.30</b>					75.95
Income Taxes(net of def.tax)					<b>237.83</b>					(20.36)
Profit from ordinary activities					<b>1191.63</b>					550.67
Exceptional items					<b>613.53</b>					0.00
Net Profit					<b>578.10</b>					550.67
<b>OTHER INFORMATION</b>										
Segment Assets	8438.69	592.66	1709.08		<b>10740.43</b>	7916.92	195.62	3716.21		11828.75
Unallocated Corporate Assets					<b>32405.45</b>					32374.21
Total Assets	8438.69	592.66	1709.08		<b>43145.88</b>	7916.92	195.62	3716.21		44202.96
Segment Liabilities	4128.21	74.16	307.32		<b>4509.69</b>	4296.63	23.92	476.22		4796.77
Unallocated Corporate Liabilities					<b>2422.90</b>					3771.00
Total Liabilities	4128.21	74.16	307.32		<b>6932.59</b>	4296.63	23.92	476.22		8567.77
Capital Expenditure	285.03		160.63		<b>445.66</b>	72.88		4.85		77.73
Depreciation	127.06	2.23	49.33		<b>178.62</b>	137.45	2.35	69.00		208.80
<b>Information about Secondary Business Segment</b>										
	India	Outside India			<b>Total</b>	India	Outside India			Total
Revenue by Geographical Market	42147.78				<b>42147.78</b>	38973.29				38973.29
Segment Assets	10740.43				<b>10740.43</b>	11828.75				11828.75
Capital Expenditure	445.66				<b>445.66</b>	77.73				77.73

**Notes:**

- The Company has identified Business Segment as the Primary Segment and Geographic Segment as the Secondary Segment disclosure.
- The Business Segments identified are Trading, Others and Discontinuing.
- The Geographical Segment considered for disclosure are India and Rest of the World. All sales facilities are located in India. Geographical segments are based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.
- Segmental assets include all operating assets used by the respective segment and principally consists of operating cash, debtors, inventories and fixed assets.

## 10 Earnings per share

(in Rs lakh)

Particulars	31.03.2009	31.03.2008
Profit before exceptional item and prior period adjustments as per P&L account (In Rs lakhs)	<b>1191.63</b>	551.63
Profit after exceptional item and prior period adjustments as per P&L account (In Rs lakhs)	<b>578.10</b>	550.67
Number of shares used in computing EPS - for Basic	<b>39571684</b>	39571684
Number of shares used in computing EPS - for Diluted	<b>Nil</b>	Nil
EPS - Before exceptional item & prior period adjustments - Basic (In Rs)	<b>3.01</b>	1.39
EPS - Before exceptional item & prior period adjustments - Diluted (In Rs)	<b>Nil</b>	Nil
EPS - After exceptional item & prior period adjustments - Basic (In Rs)	<b>1.46</b>	1.39
EPS - After exceptional item & prior period adjustments - Diluted (In Rs)	<b>Nil</b>	Nil
Face value per share (In Rs)	<b>10.00</b>	10.00

# Sicagen India Limited

## CASH FLOW STATEMENT

(in Rs lakh)

	Year ended 31 March 2009	Year ended 31 March 2008
<b>A Cash Flow from Operating Activities</b>		
Profit before tax and exceptional items	1429.46	531.27
Adjustments for		
Depreciation	178.62	208.80
(Profit)/Loss on Disposal of Fixed Assets(net)	(359.35)	(20.89)
Interest Income	(78.57)	(0.45)
Dividend Income	(190.48)	(48.46)
Interest Expenditure	120.30	75.95
Prior Period Adjustments		(0.96)
	<u>(329.48)</u>	213.99
Operating Profit before Working Capital Changes	1099.98	745.26
Adjustments for		
Trade and Other Receivables	(1526.85)	(1251.28)
Inventories	(43.73)	(647.06)
Trade Payables and Other Liabilities	(581.56)	2201.85
Cash Generated from Operations	<u>(1052.16)</u>	1048.77
Tax Paid	287.30	114.82
<b>Net Cash from Operating Activities</b>	<u>(1339.46)</u>	<u>933.95</u>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(445.66)	(34.73)
Sale of Fixed Assets	3110.67	32.29
Investments made (Net)	182.95	(4.27)
Interest received	78.57	0.45
Dividend received	190.48	48.46
<b>Net Cash used in Investing Activities</b>	<u>3117.01</u>	<u>42.20</u>
<b>C Cash Flow from Financing Activities</b>		
Interest Paid	(120.30)	(75.95)
Repayment of Short Term Borrowings	(1363.88)	(360.90)
<b>Net Cash used in Financing Activities</b>	<u>(1484.18)</u>	<u>(436.85)</u>
<b>D Net Increase /Decrease in Cash and Cash Equivalents(A+B+C)</b>	293.37	539.30
Cash and Cash Equivalents as at (Opening) 1st April 2008	1039.31	500.01
Cash and Cash Equivalents as at (Closing) 31st March 2009	1332.68	1039.31

**S ARUMUGAM**

Director & CEO

**B NARENDRAN**

Director

**For CNGSN & ASSOCIATES**

Chartered Accountants

Place Chennai

Date 24 June 2009

**GR KANNAN**

AVP(F&A) & Company Secretary

**CN GANGADARAN**

Partner

## AUDITORS' REPORT

We have examined the above Cash Flow Statement of Sicagen India Limited for the year ended 31 March 2009. The statement has been prepared by the Company in accordance with the requirements of the listing agreement clause 32 with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**For CNGSN & ASSOCIATES**  
Chartered Accountants

Place Chennai  
Date 24 June 2009

**CN GANGADARAN**  
Partner



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