

## Sicagen India Limited

Proceedings of the 11<sup>th</sup> Annual General Meeting of the Shareholders of the Company held on Wednesday, the 23<sup>rd</sup> September 2015 at 3.30 p.m. at "Rajah Annamalai Hall", Esplanade, Chennai 600 108.

### Directors' Present

Mr.Ashwin C Muthiah	-	Chairman
Mr.Sunil Deshmukh	-	Director
Mr.B.Narendran	-	Director
Brig.(Retd) Harish Chandra Chawla	-	Director
Mrs.Sashikala Srikanth	-	Director
Mr.Devidas Mali	-	COO & Whole Time Director

### In attendance

Mr.G.Arunmozhi	-	DGM Legal & Company Secretary
Mr.D.Balagopal	-	CFO
Dr.Gangadaran	-	Statutory Auditor & Partner CNGSN & Associates, Chartered Accountants

Mr.Ashwin C Muthiah, Chairman of the Company presided over the meeting and conducted the proceedings.

4751 shareholders were present in person and 23 shareholders were present by proxy.

The Chairman welcomed the members to the 11<sup>th</sup> Annual General Meeting of the Company and declared that the necessary quorum was present and the Company had received 23 valid proxies for 26 equity shares. He further informed that the Register of Directors and their shareholding, proxy Register, Register of Members, Register of contracts etc., were available at the entrance of the meeting hall and open to the members for inspection.

After introduction of Directors and Company Secretary on the dias, the Chairman delivered his speech to the shareholders. He apprised the shareholders about the economic scenario, company's performance, recommendation of dividend for the year 2014-15 and future prospects. Before concluding his speech, the Chairman thanked the shareholders for their trust and support. He also acknowledged with gratitude the valuable support and co-operation of customers, suppliers, bankers and business associates. He appreciated all employees of the Company for their contribution to the Company's performance and for their dedication and commitment.

With the permission of the shareholders, the Chairman informed that the notice sent to members calling the 11<sup>th</sup> Annual General Meeting was taken as read. Reading of Auditor's Report at this meeting was not taken place as there was no obligation to read the same.



Thereafter the Chairman invited members to come forward with queries, if any, on the accounts. Since no shareholder asked any question, the Chairman proceeded to transact the items set out in the notice of the meeting.

Before taking up the items of the agenda, the Chairman informed about the process of approval of the resolutions by the shareholders. He informed that as per the provisions of the Companies Act 2013 and the listing agreement, necessary e-voting facility was provided to the shareholders in order to exercise their right to vote for the resolutions in respect of the items of the agenda as set out in the notice through CDSL e-Voting platform and the said e-voting was commenced on 19<sup>th</sup> September 2015 at 9.00 a.m. and ended on 22<sup>nd</sup> September 2015 at 6.00 p.m.

However, in order to provide an opportunity to the shareholders who could not cast their vote electronically, the Chairman *suo moto*, ordered to conduct polling, the process of which was explained at the venue. Mr.R.Kannan, practicing company secretary who was appointed as Scrutinizer conducted the poll process.

After giving sufficient time to the shareholders to vote at the venue, the Chairman informed that on receipt of the combined report from the Scrutinizer, the result of e-voting & voting on poll will be announced and posted on the Company's web site within 2 days of this AGM. Thereafter the chairman declared the meeting as closed.

A detailed combined report was submitted by the scrutinizer and based on the said report, the result of e-voting & voting on poll was announced by the Company on 25th September 2015, the details of which are given below along with the resolutions duly passed by the shareholders:

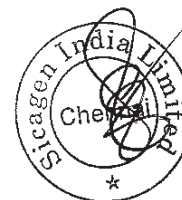
Item No.1: Adoption of Balance Sheet as at 31<sup>st</sup> March 2015 and Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.

Total no. of votes polled	No. of votes cast in favour	No.of votes cast against	% of votes cast in favour	% of votes cast against
20224018	20224018	0	100	0

According to the above, the following resolution was unanimously passed by the shareholders.

Ordinary Resolution

RESOLVED THAT the audited Balance Sheet as at 31<sup>st</sup> March 2015 and the Profit and Loss Account (both standalone and consolidated accounts) for the year ended on that date together with the Directors' Report and Auditors' Report thereon be and are hereby received and adopted.



Item No.2: Declaration of equity dividend for the financial year 2014-15

Total no. of votes polled	No. of votes cast in favour	No. of votes cast against	% of votes cast in favour	% of votes cast against
20224018	20224018	0	100	0

According to the above, the following resolution was unanimously passed by the shareholders.

Ordinary Resolution

RESOLVED THAT the equity dividend at the rate of 6% (60 paise per share) amounting to Rs.2,37,43,010.40 for the financial year 2014-15 be and is hereby declared and payment of such dividend be made to all the eligible shareholders whose name appeared on the Register of Members and the Depositories List as on the record date fixed by the Company ie on 11.09.2015.

Item No.3: Appointment of a Director in the place of Mr.Sunil Deshmukh, who retires by rotation, being eligible and offers himself for re-election

Total no. of votes polled	No. of votes cast in favour	No. of votes cast against	% of votes cast in favour	% of votes cast against
20223993	20223987	6	100	--

According to the above, the following resolution was passed by the shareholders with requisite majority.

Ordinary Resolution

RESOLVED THAT Mr.Sunil Deshmukh (DIN 05210882), who retires by rotation, at this Annual General Meeting as per Section 152 of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-elected as Director of the Company.

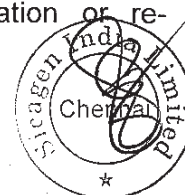
Item No.4: Ratification of appointment of M/s.CNGSN & Associates, Chartered Accountants as Statutory Auditors and fixing of remuneration for 2015-16

Total no. of votes polled	No. of votes cast in favour	No. of votes cast against	% of votes cast in favour	% of votes cast against
20224018	20223512	506	100	--

According to the above, the following resolution was passed by the shareholders with requisite majority.

Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification, variation or re-



enactment thereof, the appointment of M/s.CNGSN & Associates (FR No.004915S) LLP, Chartered Accountants, Chennai who was appointed as the Statutory Auditors of the Company for 3 years and who will hold office as auditors until the conclusion of 13<sup>th</sup> Annual General Meeting and whose appointment is required to be placed for ratification at this Annual General Meeting, be and is hereby ratified and confirmed.

FUTHER RESOLVED THAT the remuneration payable to M/s.CNGSN & Associates, Chartered accountant including reimbursement of out of pocket expenses incurred by them in connection to the Company's audit for the financial year 2015 -16 as agreed between the Board of Directors and the said auditors be and is hereby approved.

Item No.5: Appointment of Mrs.Sashikala Srikanth, as an Independent Director for period of 5 consecutive years w.e.f 11.08.2014

Total no. of votes polled	No. of votes cast in favour	No.of votes cast against	% of votes cast in favour	% of votes cast against
20223993	20223988	5	100	--

According to the above, the following resolution was passed by the shareholders with requisite majority.

Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act), and the rules made there under, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Act for the time being in force, Mrs.Sashikala Shrikanth (DIN01678374), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of 5 (five) consecutive years with effect from 11.08.2014 AND THAT he shall not be liable to retire by rotation.

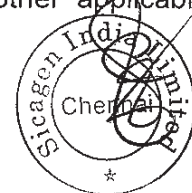
Item No.6: Reappointment of Mr.Devidas Mali, COO & Whole Time Director for a period of 3 years w.e.f 11.12.2015 and fixing of remuneration and approval for payment of remuneration for FY 2014-15

Total no. of votes polled	No. of votes cast in favour	No.of votes cast against	% of votes cast in favour	% of votes cast against
20223993	20223975	18	100	--

According to the above, the following resolution was passed by the shareholders with requisite majority.

Special Resolution

RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 of the Companies Act, 2013 (Act) read with Schedule V to the Act and other applicable



provisions if any of the Act (including any statutory modifications and/or re-enactments of the Act and/or any notification which the Central Government may issue from time to time) and subject to the provisions of Articles of Association of the Company and also subject to such other statutory approvals as may be required, Mr.Devidas Mali (DIN 01405268) be and is hereby re-appointed as "COO & Whole Time Director" of the Company on the following terms as recommended by the members of Nomination & Remuneration Committee of the Board of Directors of the Company.

- (1) Term : 3 years with effect from 11.12.2015
- (2) Remuneration Package
- a) Salary : Rs.24,00,000/- (Rupees Twenty Four Lakhs Only) p.a.
- b) Special Allowance : Rs.15,00,000/- (Rupees Fifteen Lakhs Only) p.a.
- c) Performance Linked Pay : Rs.17,00,000/- (Rupees Seventeen Lakhs Only) p.a.
- d) Perquisites & Other Allowance : In addition to Salary, Special Allowance and Performance Linked Pay, the perquisites & other allowances is allowed for an amount not exceeding Rs.17,97,028/- p.a. as per Company's rules as well as Income Tax rules.

*(Perquisites & Other allowance are classified as leave travel allowance, company furnished accommodation, company owned car with driver, medical reimbursement, membership fee for one corporate club, contribution to provident fund, gratuity fund, personal accident insurance, medical reimbursement etc.)*

FURTHER RESOLVED THAT the total managerial remuneration paid/payable to the above appointee for an overall limit of Rs.62.97 Lakhs for the financial year 2014-15 be and is hereby approved.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to alter, vary or revise the terms of the above remuneration, from time to time, in such manner so as to not to exceed the limits specified under Schedule V of Act or any amendments thereto and the minimum remuneration payable in case of no profit or inadequate profits shall be restricted to the limits, which can be doubled as prescribed in Part II of Schedule V of the Act.

Item No.7: Ratification of appointment of Mr.J.Karthikeyan as Cost Auditor and fixing of remuneration for FY 2015-16

Total no. of votes polled	No. of votes cast in favour	No.of votes cast against	% of votes cast in favour	% of votes cast against
20224018	20224006	12	100	--

According to the above, the following resolution has been duly passed by the shareholders with requisite majority.



Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Mr.J.Karthikeyan, Cost Accountants appointed as the Cost Auditors of the Company by the Board of Directors, for the conduct of the audit of the cost records of the Company for the financial year 2015-16 at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) excluding service tax, travelling and other out-of-pocket expenses incurred by him in connection with the aforesaid audit be and is hereby ratified and confirmed.

**For Sicagen India Limited**

  
G. Arunmozhi  
DGM Legal & Company Secretary

*Ladies and Gentlemen,*

I have great pleasure in welcoming you to this 11<sup>th</sup> Annual General Meeting of Sicagen India Limited.

I trust the Notice convening this meeting, the Directors' Report and the Audited Accounts for the financial year ended 31<sup>st</sup> March 2015 have reached you on time and with your permission I shall take them as read.

In my speech today, I will take you through the key financials of your Company, a brief update on the economic and market situation, some of the key highlights of the previous year and of course, the outlook for the current year.

#### **Economic Scenario**

The year 2014-15 was a challenging year for the Indian companies as the economic slowdown continued. The Iron & Steel market and automotive markets were unfavorable and in particular the sales of construction related materials and commercial vehicles declined sharply. Despite stable Indian rupee, stagnant industrial growth in manufacturing sector continues to be uninspiring. However, while looking at the current scenario, it is expected that there will be a high level of optimism and renewed confidence in the growth of Indian economy.

#### **Performance of the Company**

As we all know, the financial year 2014-15 was difficult due to economic slowdown and sluggish market condition. During the year under review, your Company has registered a total revenue of Rs.62571 Lakhs as compared to Rs.70136 Lakhs in the previous year. The profit before tax stood at Rs.583 Lakhs in the current year, as compared to Rs.1718 Lakhs in the previous year 2013-14. The profit after tax for the current year was Rs.516 Lakhs as compared to Rs.1727 Lakhs in the previous year. The drastic decline in net profit

was mainly due to continued pressure on selling price, lower demand, deferment of procurement decisions, increase in operational as well as administration expenses, higher taxes and duties, adverse market condition etc. The aggressive cost reduction measures initiated by the Company helped to partly offset the increased cost.

Although the recessionary trends prevailed in all industrial sectors, the Building Materials Division has improved its sales revenue by 12.9% in the year 2014-15. This division has posted a total turnover of Rs.41786 Lakhs and a net profit of Rs.80 Lakhs in the current year as against Rs.37000 Lakhs and Rs.280 Lakhs respectively in the previous year. A steep decline in profits of this division was due to cut throat competition from unorganized sectors. In order to strengthen the existing customer base and increase various product portfolios, the Company during the year 2014-15 has entered into a new dealership arrangement with DANUBE for distribution of international standard sanitarywares and chrome plated (CP) fittings.

Due to the economic slowdown, the automotive market particularly the sale of commercial vehicles was also one of the worst hit with a negative growth for the past 3 years. During the year under review, the Commercial Vehicles Division has posted a net loss of Rs.93 Lakhs as compared to net profit of Rs.333 Lakhs in the previous year. The performance of this division was adversely affected due to various factors such as sluggish macroeconomic environment, lower demand, increase in competition, higher interest rates etc. Moreover, this division could not maintain adequate profit margin due to increase of operational and administrative expenditure in running and maintenance of showrooms and service stations. This downturn was reflected in the overall operational performance of the Company. Under a difficult market condition and tough competition, the Company has discontinued the trading operation of commercial vehicles during the year 2014-15

and surrendered the trade license and withdrawn the dealership arrangement entered into with TATA Motors Ltd as it was not yielding expected return on investments.

The sales revenue of other business operations increased with positive signs of growth mainly on account of impressive performance by Goodwill Governor Services, Speciality Chemicals and Drums Divisions.

During the year 2014-15, Goodwill Governor Services Division has achieved a sales turnover of Rs.2710 Lakhs and a net profit of Rs.439 Lakhs as compared to Rs.2479 Lakhs and Rs.423 Lakhs respectively in the previous year 2013-14 with an overall growth of 15%.

Speciality Chemicals Division has performed well by achieving 68% increase in sales of Cooling Water Treatment (CWT) chemicals. This division has posted a total turnover of Rs.486 Lakhs and net profit of Rs.138 Lakhs for the year 2014-15 as compared to Rs.346 Lakhs and Rs.74 Lakhs respectively in the previous year 2013-14.

Drums Manufacturing Division has posted 17% increase in sales as compared to 2013-14. This division has achieved an actual sale of 2,82,412 barrels against the budgeted sale of 2,80,219 barrels and surpassed by 2,193 barrels during 2014-15. The total revenue of this division was Rs.3639 Lakhs as compared to Rs.3097 Lakhs in 2013-14. Although the sales have increased, the net profit has come down by 62% to Rs.89 Lakhs as against Rs.237 Lakhs in the previous year due to drastic reduction in selling price and tough competition.

Despite the sluggish market conditions, the Company is continuously exploring the possibilities of developing its core areas of operations and taking aggressive steps to initiate new action plans which will enable the Company to take hold of opportunities when the market recovers.

### Dividend

Now I come to the dividend proposal for the financial year 2014-15. The Board of Directors has recommended the equity dividend at the rate of 6% for the year 2014-15. Although the dividend recommended is lower than the previous year, we are pleased to inform you that the Company has constantly maintained the track record of declaring dividend since 2011. The total dividend payout for the year 2014-15 is Rs.238 Lakhs and the dividend distribution tax liable to pay by the Company is Rs.48 Lakhs.

### Corporate Social Responsibility (CSR)

Your Company, as a responsible corporate entity in its endeavour to spend for the sustained development and growth of the Society, has formed a Foundation jointly with likeminded entities to carry out necessary CSR activities. Your Company is also in the process of identifying the areas to undertake CSR activities in the best possible ways, where the social activities are in immediate need.

### Challenges and opportunities

With the improvement in the current macroeconomic scenario, acceleration in services and manufacturing growth in face of subdued global demand would strengthen domestic demand. We expect that the new initiatives and various action plans of the Government of India with regard to infrastructure development including creation of smart cities in various parts of the country would facilitate for speedy implementation of economic reforms for complete revival of the Indian economy and improvement in consumer sentiments. This in turn, will help the Company to positive growth rates in the ensuing years.

As we see the growth opportunities in the large domestic market, India will continue to be the hub for expansion from the mid to long-term perspective. Currently, the main challenges are to improve the quality of infrastructure,

transparency in the processes and strike a balance in the different levels of development in urban and rural areas.

### Future outlook

Your Company continues to be optimistic on medium and long term prospects and is looking forward to further growth. Building material business is geared up to meet the increasing market demands coming from diverse customer segments by expanding product portfolio. This division has drawn up plans to become a full-line service provider by marketing a complete range of DANUBE products in the coming years. Revival in Indian manufacturing industries is also expected due to various initiatives of the Government of India like Make in India campaign, promoting skill and entrepreneurial activities, de-licensing and de-regulation in various sectors etc. Your Company is well placed to capitalize on the opportunities arising out of the improved market conditions.

### Acknowledgement

Our eyes are clearly set on the future and we see your Company playing an even greater role in the business path of dynamic development. To conclude, I express my sincere gratitude to our valued customers, suppliers, bankers, NBFCs and shareholders for their continued support. I wish to thank my colleagues on the Board for their support, advice and guidance. My warm appreciation is also due to the employees of the Company at all levels for their hard work, dedication and continued commitment.

Thank you,

**Ashwin C Muthiah**  
Chairman

23<sup>rd</sup> September 2015

**Note:** This does not purport to be the proceedings of the Annual General Meeting.

Speech by  
**Shri. Ashwin C Muthiah**  
Chairman

### 11<sup>th</sup> Annual General Meeting

**Date**  
23<sup>rd</sup> September 2015

**Time**  
3.30 p.m.

**Venue**  
Rajah Annamalai Hall  
Esplanade, Chennai



**Sicagen India Limited**  
(CIN: L74900TN2004PLC053467)  
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Chennai-600032.