

BOARD OF DIRECTORS

Dr. A.C. MUTHIAH	Chairman
Shri ASHWIN C. MUTHIAH	Deputy Chairman
Shri S. CHANDRA DAS	Director
Shri R. MUTHU	Director
Shri DHANANJAY N MUNGALE	Director
Shri JAWAHAR VADIVELU	Director
Shri B. RAVINDRANATH	Nominee Director of IDBI
Shri V.R. MEHTA	Nominee Director of UTI
Shri M. GURUVAYURAPPAN	Nominee Director of ICICI Bank Ltd.
Shri S. VASUDEVAN	Managing Director
Shri R. RAMAKUMAR	Director & Chief Operating Officer - Logistics
Shri S. SIVARAMAN	General Manager (Legal) & Company Secretary

AUDITORS

M/s. CNGSN & Associates
Chartered Accountants
20, Raja Street,
T.Nagar, Chennai - 600 017

REGISTERED OFFICE

"Adyar House", Chennai - 600 085

PRINCIPAL OFFICE

"South India House"
No. 73, Armenian Street, Chennai - 600 001
Telephone : 044-25229341 (16 Lines)
Fax : 044-25224202
Email : sicaedp@md2.vsnl.net.in
Website : www.sical.com

BANKERS

ALLAHABAD BANK
BANK OF INDIA
CANARA BANK
CENTURION BANK LTD
HDFC BANK LTD
ICICI BANK LTD
IDBI BANK LTD
INDIAN BANK
STATE BANK OF INDIA
STATE BANK OF MAURITIUS LTD
THE FEDERAL BANK LTD
UTI BANK LTD

EQUITY SHARES LISTED WITH

The Stock Exchange, Mumbai
Phiroze Jeejeeboy Towers
Dalal Street, Mumbai - 400 001

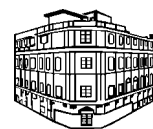
The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051

REGISTRAR AND SHARE TRANSFER AGENTS

Cameo Corporate Services Ltd
"Subramanian Building", V Floor
No.1, Club House Road, Chennai - 600 002
Telephone : 044-28460390 (5 lines)
Telefax : 044-28460129
E-mail : cameosys@satyam.net.in

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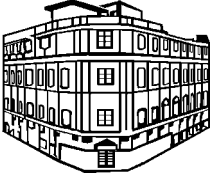
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OPERATING RESULTS AT A GLANCE

(Rs. in Lakhs)

	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Sales & Other Income	109060.73	112354.47	124678.18	219181.40	193946.48
Profit Before Depreciation, Interest, Tax & prior period adjustments	8542.66	8599.55	8814.15	11603.91	10545.02
Interest	6359.69	6909.90	7011.59	6920.38	5775.27
Profit before Depreciation and Tax	2182.97	1689.65	1802.56	4683.53	4769.75
Depreciation	1620.45	1466.28	1229.31	1380.11	1448.90
Provision for Taxation	(374.89)	(75.53)	364.45	1151.70	960.14
Profit after Tax	937.41	298.90	208.80	2151.72	2360.71
Transfer to:					
Capital Redemption Reserve	145.00	--	--	200.00	23.50
Contingency Reserve	--	--	--	--	150.00
Debenture Redemption Reserve	--	--	--	680.00	471.00
General Reserve	--	--	--	200.00	289.71
Networth	17683.17	16910.10	16842.43	19315.55	19033.48



SOUTH INDIA CORPORATION (AGENCIES) LIMITED

Registered Office: "Adyar House", Chennai - 600 085

Principal Office : "South India House", 73, Armenian Street, Chennai - 600 001

NOTICE

To

All Shareholders

NOTICE is hereby given that the **Forty Ninth** Annual General Meeting of the shareholders of SOUTH INDIA CORPORATION (AGENCIES) LTD will be held on Monday, the 27th September, 2004 at 10.00 a.m., at Rajah Annamalai Hall, Esplanade, (near High Court), Chennai 600 108, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors, thereon.
2. To elect Directors
 - (a) To appoint a Director in the place of **Shri. R. Muthu**, who retires by rotation and being eligible, offers himself for re-election.
 - (b) To appoint a Director in the place of **Shri. Jawahar Vadivelu**, who retires by rotation and being eligible, offers himself for re-election.
 - (c) To appoint a Director in the place of **Shri.R. Ramakumar**, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and fix their remuneration.

M/s. CNGSN & Associates, Chartered Accountants, Chennai, the retiring auditors, are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

ORDINARY RESOLUTION

RESOLVED THAT Shri. B Ravindranath, who was appointed as an additional Director of the Company by the Board of Directors on 7th October, 2003 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

ORDINARY RESOLUTION

RESOLVED THAT Shri. M Gurusvayurappan, who was appointed as an additional Director of the Company by the Board of Directors on 29th March, 2004 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

6. To confirm the Postal Ballot Resolution vide Postal Ballot notice dated 31.7.2004.

ORDINARY RESOLUTION

RESOLVED THAT pursuant to Memorandum and Articles of Association of the Company and subject to the provisions of the Companies Act, 1956 and also subject to the statutory approvals, if any, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956, to transfer or otherwise sell or dispose off either in parts or the whole of the TNEB coal handling project (Ennore Project) located at Ennore Port, Chennai, including the assets and liabilities, loans and advances availed by the Company together with the uses of all the licences, permits, consents, and approvals whatsoever and all the rights, benefits and obligations attached thereto effective from such date and for such consideration as the Board of Directors of the Company may in its discretion think fit and that the Board of Directors of the Company (which shall include a Committee of the Board constituted for this purpose, if any) be and are hereby authorised to complete the transfer of the Ennore Project with such modification as may be required by any of the approving authorities or which it may deem fit to be in the interest of the Company, however, such sale or transfer of the Ennore Project shall be based upon such valuation certificates and subject to clearance / release from mortgage / charges, if any, created on the assets of the Ennore Project with Financial Institutions/Banks for the loans availed by the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorised to execute necessary sale / transfer agreements, documents, deeds and other documents for the sale and disposal of the Ennore Project and be further severally authorised to do all such acts, deeds and things as may be considered necessary for giving effect to the above resolution.



7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

SPECIAL RESOLUTION

RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any existing Committee(s) or any committee, the Board may hereafter constitute to exercise powers of the Board including the power conferred by this resolution), to make investments in SICAL Logistics Limited of a sum not exceeding Rs 5 Lakhs (Rupees Five Lakhs only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised and empowered to do all such acts, deeds, matters and things, as or otherwise in their absolute discretion they may consider necessary, expedient or desirable to give effect to this resolution.

By Order of the Board

S. SIVARAMAN

General Manager (Legal) &
Company Secretary

Dated : 31st July, 2004

Registered Office:

"Adyar House",
Chennai - 600 085.

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHALL BE DEPOSITED AT THE PRINCIPAL OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING; IN DEFAULT, THE INSTRUMENT OF PROXY SHALL NOT BE TREATED AS VALID.**
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 4 to 7 of the notice is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 16th September, 2004 to Monday the 27th September, 2004 (both days inclusive).
- The Members/Proxies should bring the attendance slip along with the Annual Report duly filled-in and signed and they are requested to hand over the attendance slip at the entrance of the hall for attending the meeting.
- Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- Pursuant to the provisions of Section 205A of the Companies Act, 1956, any dividend amounts which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Hence the shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1997 or any subsequent financial years are requested to make their claim to the Principal Office of the Company at "South India House" 73, Armenian Street, Chennai 600 001. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as stated above, no claim shall lie in respect thereof.
- Members are hereby informed that the Company as per the SEBI's guidelines, w.e.f. 1.4.2003, has appointed **M/s. Cameo Corporate Services Limited, Unit : South India Corporation (Agencies) Ltd. "Subramanian Building", V Floor, No.1, Club House Road, Chennai 600 002; Telephone : 044-28460390 (5 lines); Telefax : 044-28460129; e-mail : cameosys@satyam.net.in** as its Share Registry both for electronic and physical transactions of the

shares. The shareholders are therefore requested to take note of the same and send all documents, correspondences, queries on any matters including their change of address in this regard to the **Company's Share Registry**.

- Shareholders are requested to notify immediately any change in their address to the Company/ Share Transfer Agents/ Depository participants.
- The Company's equity shares are listed at Mumbai (BSE), and National (NSE) Stock Exchanges and the listing fees for the year 2004-05 have been paid in time.
- Information required to be given under the Listing Agreement about the particulars of Directors to be re-appointed at the Annual General Meeting and their Directorship / Chairmanship / Committee Membership in other Companies.**
 - Shri R Muthu, aged about 56 years did his Diploma in Business Management in S.W. London College, U K and is a non-executive Director of the Company. He is on the Board of associates and other Companies. He is the Honorary Counsel of Switzerland, Tamil Nadu. He brings with him rich experience in corporate affairs and management.
Directorship

Marks Marine & Plastics Limited	- Chairman
R & M Industries Private Limited	- Managing Director
Polyphane Industries Private Limited	- Director
Agri Marine Exports Limited	- Director
Sical Logistics Limited	- Director

Committee Membership

Shareholders' / Investors' Grievance and Share & Debenture Committee and Remuneration Committee of South India Corporation (Agencies) Limited	- Chairman
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 - Shri Jawahar Vadivelu, aged about 39 years, holds MBA degrees from the Asian Institute of Management, Philippines, and from the Graduate School of Business, University of Chicago. He also attended a programme on corporate finance and investment banking at the London Business School. He has rich experience in a broad spectrum of financial services in India, that includes, mortgage finance, stock broking, insurance distribution, registry and transfer and asset management. He has served as independent director on the board of Oil and Natural Gas Corporation Limited, and on several of its sub-committees, including its audit committee and policy and planning committee.

Directorship

Cameo Corporate Services Limited	- Chairman
Trust 1 Consulting Limited	- Chairman
Southern Petrochemical Industries Corporation Limited	- Director
ACM Educational Foundation	- Director
ACM Medical Foundation	- Director

- c) Shri.R.Ramakumar, aged about 50 years, having Bachelor degree in Chemistry from Madras University and Computer Programming Diploma from Annamalai University, joined the erstwhile Act India Limited (which got amalgamated with the Company), in June, 1995 as Senior General Manager. Consequent to the amalgamation of the erstwhile ACT India Limited with the Company, he was appointed as Executive Director-Logistics in December 1997 and he was elevated as Vice President – Logistics in June 2000. Subsequently he was elevated as Chief Operating Officer-Logistics in September 2002 in SICAL.. He served in senior positions in SPIC Ltd., under various capacities before joining the erstwhile ACT India Limited.

Directorship

SICAL CWT Distriparks Limited	– Managing Director
PSA SICAL Terminals Limited	– Director
Trinity Autopoints Limited	– Director
Sical Logistics Limited	– Director

Committee Membership

Management Committee & Shareholders' / Investors' Grievance and Share & Debenture Committee of South India Corporation (Agencies) Limited	– Member
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- d) Shri.B.Ravindranath, aged about 49 years is a Mechanical Engineer and started his career as Planning Engineer in Hindustan Aeronautics Ltd. Nasik. He joined IDBI in 1982 and held various senior positions. He was a Project Appraisal officer of IDBI, covering various industries viz.steel, power, automobile, general engineering, infrastructure, besides monitoring projects. He attended international seminars and training on Infrastructural Development at Washington, Corex Technology, South Africa and World Energy Congress, Argentina.

He is a Nominee Director of IDBI on the Boards of IQF Foods Ltd.

Meta Strips Ltd. and

State Industries Promotion Corporation of Tamilnadu Ltd.(SIPCOT).

Committee Membership

Management Committee & Audit Committee of South India Corporation (Agencies) Limited	– Member
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- e) Shri.M.Guruvayurappan, B.Com., M.B.A., aged about 36 years was employed in ICICI since 1991 and looked after the Project Appraisals. Subsequent to the merger of ICICI with ICICI Bank Limited, he moved into the ICICI Bank Ltd., as Chief Manager, Special Asset Management Group. He has vast experience in appraising projects of industries viz. Hotels, Textiles, Sugar, man made Fibers, Hospitals.

He is a Nominee Director of ICICI Bank Ltd. and is on the Boards of Kandagiri Spinning Mills Limited and Dharani Sugars Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory statement sets out the material facts referring to :

Item No.4 :

IDBI vide its letter CSD.53/485/Nom.8 dated 23rd September 2003 nominated Shri.B.Ravindranath as its Nominee Director on the Board of the Company in place of Dr.A.M.Swaminathan, with effect from 7th October, 2003.

The Board at its meeting held on 23rd October, 2003, inducted Shri.B.Ravindranath, as an additional Director on the Board of the Company effective from 7th October 2003, in terms of Section 260 of the Companies Act, 1956. Shri.B Ravindranath, IDBI Nominee Director holds office as Director only upto the date of this Annual General Meeting and the Company has received a notice in writing from a member duly proposing his appointment as a Director with the requisite deposit of Rs.500/- (refundable if he is elected). The Board of Directors recommend the same for the approval of the shareholders. Particulars about his qualification and experience are given under the column "information about appointment / reappointment of Directors" in the Notice.

Pursuant to Article 106(3) of the Articles of Association of the Company, Shri.B.Ravindranath being Nominee Director of IDBI, shall not retire by rotation.

Memorandum of Interest

None of the Directors is interested in the resolution, except Shri.B Ravindranath.

Item No. 5 :

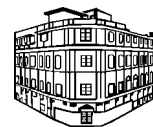
In terms of loan agreement entered into by the Company with ICICI Bank Ltd, the Bank nominated Shri. M Guruvayurappan, as its Nominee Director and he has been inducted as an additional Director by the Board of Directors of the Company at their meeting held on 29.03.2004 in terms of Section 260 of the Companies Act, 1956.

Shri. M Guruvayurappan, holds office as Director only upto the date of this Annual General Meeting and the Company has received a notice in writing from a member duly proposing his appointment as a Director with the requisite deposit of Rs.500/- (refundable if he is elected). The Board of Directors recommend the same for the approval of the shareholders. Particulars about his qualification and experience are given under the column "information about appointment /reappointment of Directors" in the Notice.

Pursuant to Article 106(3) of the Articles of Association of the Company, Shri.M.Guruvayurappan being Nominee Director of ICICI Bank Ltd., shall not retire by rotation.

Memorandum of Interest

None of the Directors is interested in the resolution, except Shri.M.Guruvayurappan.



Item No 6:

The Explanatory Statement pursuant to the Postal Ballot Resolution annexed along with the Postal Ballot notice dated 31.7.2004 is given herein below for shareholders information.

The shareholders are aware that the TNEB coal handling contract for 20 years on BOOT basis was commissioned in February, 2002. This project consisting of port handling equipments, machineries was put up at a cost of Rs.104 crores and the same was funded through internal accruals of Rs.24 crores and capital advance of Rs.17 crores and IDBI, LIC and Canara Bank have jointly financed the balance of Rs.63 crores. These loans carried a moratorium of 1 year and the repayment of the loan started in April, 2003 and the loans carry an average interest of 15.50% p.a. as per rates prevailing then.

When the project was conceived as an infrastructure industry, the Company was confident of availing the benefits such as tax holiday benefits under Income Tax and interest concession from the lenders. Although the tax benefits are reaped, a substantial portion of the earnings of this project go to service the project loans and as a consequence, the Company approached IDBI and other lenders to reduce the interest rates from 15.50% p.a. to current levels only. As the present lenders are not willing to match the interest rates with current levels, the Company is engaged in dialogue with some Indian and overseas Financial Institutions to swap the costly debts aggregating to Rs.52 crores as of 30th June, 2004 with low interest rate. The new lenders / Financial Institutions are expecting a ring-fenced arrangement of charging the assets of the project in their favour, besides insulating the project cash flows by routing the same through a separate legal entity (preferably a wholly owned subsidiary Company of SICAL). As the Company was embarking with this project and one of the conditions stipulated by the lenders inter alia included capital contribution of Rs. 17 crores, the same was brought into the company as advance towards capital carrying an interest @ 5% per annum with convertible rights into preference shares carrying 6% dividend. The said advance of Rs. 17 crores is remaining in the books of the Company as share application money pending allotment. Since the project is proposed to be transferred in its entirety with all its assets and liabilities, loans and advances availed by the Company, it is proposed to transfer the said advance with interest accrued and due upto the date of transfer also, as loans/advances to the proposed new entity. With this in aim, a Company, by name SICAL Logistics Ltd., has been incorporated into which the TNEB coal handling contract at Ennore will be assigned with necessary approvals of TNEB and the new entity will become a subsidiary Company of SICAL, after complying with various formalities to be completed.

The shareholders may note that the above project restructuring, through subsidiarisation route, (with the approval of the present lenders to the project) will ensure the continuance of the operations at lower costs, as well as services of the employees of the project.

According to Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Public Limited Company shall not sell or transfer all or substantially the whole of the undertaking of the Company or if the Company owns more than one undertaking the whole or substantially whole of the undertaking without the consent of the shareholders of the Company in the General Meeting.

As per Section 192A of the Companies Act, 1956, the approval of the shareholders through Postal Ballot is mandatory for the above proposal and the same will also be confirmed in the ensuing Annual General Meeting to be held on 27th September, 2004.

Memorandum of Interest

Except Shri.R.Muthu, Director, Shri.S.Vasudevan, Managing Director and Shri.R.Ramakumar, Director & COO – Sical Logistics, none of the Directors is deemed to be interested or concerned in the resolution.

Item No 7 :

In the event, the proposal as referred in Item No.6 is implemented by way of transfer of TNEB coal handling project at Ennore to a new entity namely, SICAL Logistics Limited (SLL), SLL could provide a structure that would enable the Company ultimately to transfer/assign the project through subsidiarisation route. In order to make investments in Sical Logistics Limited, the Board recommends the proposal of investment as contained in Item No.7 of the notice for the approval of the shareholders since the proposed investment exceeds the limits stipulated under Section 372A of the Companies Act, 1956 and the said investment will be made out of internal accruals.

Memorandum of Interest

Except Shri R. Muthu, Director, Shri S. Vasudevan, Managing Director, Shri R. Ramakumar, Director & COO –Sical Logitiscs, none of the Directors is deemed to be interested or concerned in the resolution.

By Order of the Board

S. SIVARAMAN

Dated : 31st July, 2004
Registered Office:
"Adyar House",
Chennai - 600 085.

General Manager (Legal) &
Company Secretary

DIRECTORS' REPORT

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2004.

The Board of Directors present their **Forty Ninth** Annual Report together with the Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2004 are summarised below :

	(Rs. in crores)	
	Year ended 31 st March, 2004	Year ended 31 st March, 2003
Sales & Other Income	1090.61	1123.54
Profit before interest, depreciation and tax	85.42	85.99
Interest	63.59	69.09
Cash Profit	21.83	16.90
Depreciation	16.20	14.66
Profit before tax	5.63	2.23
Provision for tax	(4.27)	(0.67)
Tax relating to prior year	0.52	(0.08)
Net Profit	9.37	2.98
Earnings per share (EPS) in Rs.	2.45	(0.09)
Book value per share	60.49	46.03

DIVIDEND

The Board of Directors decided to retain the profits for 2003-2004 as capital to supplement funds required for the new annuity contracts viz.ONGC and CWC pursued from this year. Hence your Directors regret their inability to propose any dividend.

PERFORMANCE OF THE COMPANY

LOGISTICS GROUP

Your Company continues to maintain its leadership position in providing port based logistics solutions for dry bulk cargo. The one-stop-solution developed as a model has helped the Company to secure two new contracts during the year, namely, O & M contract from ONGC for operations and maintenance of their OSVs and O & M contract from CWC for operation and maintenance of their Inland Container Depot (ICD) at Surajpur (Near Delhi) and Container Freight Stations (CFS) at Vizag and Tuticorin. The performance of this Division for the year ended 31st March 2004 was good. Sales

and service income for the year ended 31st March 2004 amounted to Rs.759 crores as against Rs.823 crores for the corresponding period last year. Though the turnover was less by 8%, the operating profit went up by 7% as compared to last year. But for the steep increase in charter hire charges during the second half of the financial year, which resulted in payment of higher freight charges in respect of the KPCL contract, and decline in the overall import of coal and coke into the country, which resulted in handling reduced volume of cargo, the division could have surpassed its last year's performance.

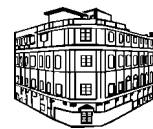
The coal handling contract of TNEB at Chennai Port was replaced with Ennore Port contract for 20 years under BOOT. The coal handling division handled a volume of 24 million MT of coal during the year under review as against 21 million MT in the previous year. Your Company won five awards and commendations from port authorities for the splendid performance of Stevedoring operations at Tuticorin, Chennai and Paradip Ports.

The Trucking and Warehousing Division continued its good performance and improved its profitability during the year under review. The total volume of cargo moved by this division has increased by 20% during the financial year ended 31.3.2004 as compared to the previous year.

The Ship Agency Division has also performed well during this year. The Division which is strong in tramp vessels carrying bulk cargo into the country made inroads into liquid cargo during this year. The business development visit undertaken by the senior management team to Europe in the month of March 2004 received good response from the owners and Charterers and the Brand "SICAL" commands good respect in ship owners' circle. Your Company believes that strengthening the relationships with its existing clients is as important as adding new names to its client list. This division will continue its client relationship building exercise in the coming years to retain clients and add new clients. Two new shipping lines have already been added to the clients' list last year.

The ONGC contract for Operations and Maintenance of 15 off-shore vessels (OSVs) commenced in August 2003. For the 8 months period ended on 31.3.2004 there has been substantial improvement in the availability of the vessels to ONGC due to planning, mapping of complete operations and hiring of good technical personnel. In the 8 months period, the down time per vessel per month has been brought down to less than 1 day compared to 4/5 days before the Company took over these vessels and this has received good appreciation from ONGC.

The Clearing & Forwarding Division has bettered its performance as compared to previous year.



The strategic alliance partnership contract with CWC at Container Freight Station- Tuticorin, Container Freight Station – Vizag and Inland Container Depot (ICD) - Surajpur was finalised in September, 2003 and operations commenced in November 2003. While the performance at Tuticorin and Vizag are as per commitment, a big thrust has been given to market this facility at Surajpur and the Company is confident that with its concerted efforts, the ICD would perform creditably in the next financial year.

Your Company is continuously looking for ways to improve performance of integrated Logistics services so as to provide customised and complex business solutions to its clients. There are good signs that the charter hire charges which were high in 2003-2004 will be within the expected range in the current year ensuring steady profits from the KPCL contract. While the ONGC contract would run for full year, the financials of the Division will be good in the coming years.

BUILDING MATERIALS

During the year, your Company continued to perform well and this division logged a turnover of Rs.144 crores with a profit of Rs.3.52 crores and sold 14500 MTs of TATA Pipes. The steep increase in steel prices and poor monsoon across the country had affected its performance in rural market as drilling of bore wells were affected, otherwise, this division's performance would have been better.

MANUFACTURING GROUP

Refractories

It was an eventful year for this division as it has made profits after a gap of nearly 6 years due to upswing in Steel and allied sector like cement and infrastructure. The marketing strategy for fire clay bricks, glass plant refractories, acid resistant refractories and import substitute basic bricks have started yielding good results. The good demand for stoneware pipes due to increase in infrastructure programmes in Tamil Nadu and nearby States have enabled the Company to post higher sales volume. This division made a turnover of Rs.17.86 crores and earned an operating profit of Rs.3.37 crores. The profits could be achieved not only due to good market conditions, but also due to concerted efforts of management in curtailing overheads and commissioning of the calcination kiln at Vanagaram.

Auto Components

This division which is into auto electrical segments fared well during the year under review. This division has achieved a turnover of Rs.22.21 crores as against Rs.16.90 crores in the previous year and earned Rs.1.44 crores as profits as against Rs.1.90 crores last year. The profit of this division would have been higher, but for the foreign exchange fluctuations which has resulted in higher cost of imported raw materials.

Flexible Shaft and Drums

This division has done well due to revival in the manufacturing sector and registered a turnover of Rs.20.94 crores with a net profit of Rs.1.89 crores.

Oil Palm

2003-2004 was a good year for oil palm industry. However, the drought conditions prevailed in some parts of the country affected palm cultivation which in turn impacted the oil seed production. During the year under review, the Oil Palm division at Eluru in Andhra Pradesh has made a turnover of Rs.14 crores and posted Rs.3.08 crores as profits.

Cytozyme

This division has mechanized its filling operations by introducing a revo automatic filling machine and a mass mixture for granule processing which would cut the labour cost, the full effect of the same would be felt in the current financial year. The turnover for the year is Rs.3.87 crores and the net profit earned was Rs.2.07 crores.

Speciality Chemicals

The Speciality Chemicals Division has developed a new product for cooling tower treatment, namely, STRESSPERZ and added BIOSAN-LP2, BIOSAN-TP and AC30 as new chemicals for leather industry. During the year under review, this division achieved a turnover of Rs.2.13 crores and netted a profit of Rs.1.54 crores.

Plantation

The Sakleshpur estates located at Karnataka produced 83 MTs of Robusta and 52 MTs of Arabica during the period under review. The efforts to increase cultivable coffee area coupled with good price for coffee in the international market should increase the value of the estates and its profitability in the years to come.

SERVICES

Vehicles & Spares

During the year under review, the boom in commercial vehicles market resulted in sale of 972 trucks as against 808 in the previous year. A passenger car dealership was given up during the year, as this was not yielding expected levels of profits. This coupled with steps taken to consolidate the business, disposal of slow moving spares resulted in reduction of turnover to Rs.74.12 crores and a loss of Rs.1.23 crores. However, the steps taken for consolidating the business will result in savings in overheads and profits during the coming years.

Goodwill Travels

During 2003-2004, this division achieved a gross income of Rs.2.91 crores and earned a profit of Rs.34 lacs. The tourism industry started showing good performance in 2003-2004 which enabled your Company to explore the possibilities of increasing the business of tours and travels and foreign exchange income by tying up with outbound tour groups.

OTHER INTERESTS

PSA-SICAL TERMINALS LIMITED

This Company which is into container terminal services in joint venture collaboration with PSA Corporation, Singapore and SICAL, has handled 499 ships and 234929 TEUs as against 496 ships and 214238 TEUs respectively in the previous year. This company has performed well with a turnover of Rs.51.96 crores and earned a PBT of Rs.17.31 crores. The investments made in the equity capital of this Company has earned a return of 70% dividend for the financial year ended 31st December, 2003, as the performance of this Company was excellent.

MITSUBA SICAL INDIA LIMITED

During the year under review as a part of financial restructuring, the equity stake in this Joint Venture Company was reduced to 5% of the paid-up share capital of the Company. This Company has registered a turnover of Rs.36.39 crores and earned a PBT of Rs.2.82 crores for the financial year ended 31st December, 2003 and yet to declare the maiden dividend, since the operations were started only in 2003.

SICAL - CWT DISTRI PARKS LIMITED

During the year under review, SICAL CWT Distriparks Limited, Joint Venture in collaboration with CWT Distribution Limited, Singapore, in which your Company holds 39% of the share capital had handled 27558 TEUs registering an increase of 29 % over the previous year. As has been reported earlier, the financial restructuring of its debts and interest burden are being addressed and the sudden hike in the ocean freight charges during the last quarter ended 31st March, 2004 dampened the performance of this Joint Venture Company. This Company is expected to do better in the current financial year.

DIRECTORS

Shri. R.Muthu, Shri. Jawahar Vadivelu and Shri. R.Ramakumar, Directors retire by rotation, at this Annual General Meeting and being eligible, offer themselves for re-election.

Shri. B.Ravindranath was appointed as a Nominee Director of IDBI w.e.f. 7.10.2003 in place of Dr.A.M.Swaminathan, I A S (Retd).

Shri. M.Guruvayurappan was appointed as a Nominee Director of ICICI Bank Ltd. w.e.f. 29.3.2004.

AUDITORS

The Company's Auditors, M/s.CNGSN & Associates, Chartered Accountants, retire at the conclusion of this Annual General Meeting and offer themselves for re-appointment.

FIXED DEPOSITS

The Provisions of Section 58-A of the Companies Act, 1956, with regard to the acceptance/renewal of Fixed Deposits have duly been complied with. The number of Fixed Deposits matured and unclaimed as on 31st March 2004 amounted to Rs.49.38 lacs in 230 accounts out of which 124 accounts amounting to Rs.21.05 lacs have since been renewed/refunded during the current year.

DEMATERIALISATION OF EQUITY SHARES

22092216 equity shares representing 80.24% of paid up share capital stand dematerialised. The shareholders still holding shares in physical form are advised to dematerialise their shares, irrespective of their holdings to avoid the risks associated with holding the share certificates in physical form.

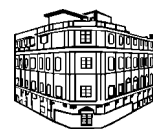
CORPORATE GOVERNANCE

A report on corporate governance by the Board of Directors of the Company and a certificate from the auditors of the Company is set out in the annexure to the Directors' Report.

A management discussion and analysis report also forms part of this report.

STATUTORY INFORMATION

- 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 judgements 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 the end of the financial year and of the profit & loss account of the Company for that period.
 - (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
 - (d) they have prepared the annual accounts on a going concern basis.
2. The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Rules framed thereunder are given in Annexure I, which forms part of this Report.
 3. The particulars required under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, are not applicable as no employee is in receipt of the ceilings prescribed under the said proviso.
 4. The Company has filed an application to voluntarily delist the shares from the Madras Stock Exchange Ltd and the same is being pursued.

Regarding Auditors qualifications, the Directors state as follows :

- Investment in certain equity shares are strategic, long term investments and the intrinsic value of the same is significantly higher as compared to its market value, and hence no provision is considered necessary for the shortfall aggregating to Rs.1003.83 lakhs in the market value of the same.
- The special task force committee constituted to address certain old debts and advances aggregating to Rs.8227.14 lakhs as at 31st March, 2003, has taken steps to recover a major portion of the same and the said debts / advances stand

reduced at Rs.5609.80 lakhs as on 31st March, 2004. The committee is confident of making further progress in its efforts during the current year.

- The Management feels that the intrinsic value of the investments made by the Subsidiary Company is higher than that of Rs.7490.89 lakhs advanced to it and hence no provision is considered necessary in respect of the same. Further a sum of Rs.245.80 lakhs has been returned by the subsidiary company to the holding company during the financial year 2003 – 2004, thus reducing the loan from its original level of Rs.7736.69 lakhs to Rs.7490.89 lakhs as on 31.3.2004.

SUBSIDIARY COMPANY

SOUTH INDIA HOUSE INVESTMENTS LTD

South India House Investments Ltd, the wholly owned Subsidiary of your Company has made a profit of Rs.1.69 crores for the period ended 31st March 2004(unaudited). This Company has extended its financial year by 3 months so as to close the books of accounts on 30th June 2004 in order to reclassify its NBFC status. Pursuant to Section 212(5) of the Companies Act 1956, a statement as required therein is given elsewhere in the report.

RELATION WITH EMPLOYEES

Your Directors wish to place on record, their appreciation to the employees at all levels for their dedication and hard work .

ACKNOWLEDGEMENT

Your Directors wish to thank the Company's Bankers, Financial Institutions, Port and Customs Authorities, Foreign Collaborators, Customers and the Suppliers for their unstinted support extended to the Company.

For and on behalf of the Board

Place : Chennai
Date : 28th June, 2004

Dr. A. C. MUTHIAH
Chairman

ANNEXURE - I TO DIRECTORS REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

- Calcination of kiln to reduce the cost of fuel which would save Rs.300/MT. of grog in fuel cost has been introduced.
- Due to machine efficiency and effective use, the production capacity has increased to 2200 MT from 1500 MT per month. This also reduced power consumption from 85 units per MT to 73 units per MT.

B. TECHNOLOGY ABSORPTION

- No technology has been imported.
- The Company develops its own technology in house for new products, process development and cost reduction and it has systems to absorb the technology developed.

C. FOREIGN EXCHANGE, EARNINGS AND OUTGO

Total Foreign Exchange :

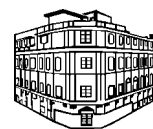
Earned : Rs. 377.53 Lakhs

Used : Rs. 2546.82 Lakhs

FORM "A"

DISCLOSURE OF PARTICULARS WITH REFERENCE TO CONSERVATION OF ENERGY

Sl.No.	PARTICULARS	REFRACTORIES	STONEWARE	
1.	Power & Fuel Consumption			
a.	Purchased units (kwh.)	1295202	825608	
	Total Amount (Rs.)	6286028	4087471	
	Rate per unit (Rs./kwh)	4.85	4.95	
b.	Own Generation (Thro' Generator)			
	Unit/kwh produced	15624	23936	
	Unit per litre of Diesel oil	2.27	2.25	
	Through Steam turbine/Generator (unit)	Nil	Nil	
	Cost per Unit (Rs.)	8.61	10.92	
2	Coal used in gas producer/DD Kiln/Firewood used in Ring Chamber Kiln			
	Tonnes	3004.245	7907.75	
	Total Cost (Rs.)	8555482	6999163	
	Average Rate/M.T.	2848	885.10	
3	Furnace Oil used in S.C., H.T. Kiln & Tunnel Kiln			
	Quantity in Ltrs.	170760	Nil	
	Total amount (Rs.)	2061586	Nil	
	Average Rate/Ltr.	12.07	Nil	
	CONSUMPTION PER UNIT PRODUCTION			
1.	Produced (in M.T.)	(Gross)	19677	9076.11
		(Net)	17190	8901.85
	Self Grog Production (in MT)		846	—
	Electricity (kwh/Tonne of Units output)		72	92.75
2.	Refractory produced thro' Gas producer(M.T.)/SW			
	Pipes produced thro' Firewood (MT)	(Gross)	16645	9076.11
		(Net)	14300	8901.85
	Self Grog Production (in MT)		700	—
	Coal/Firewood (Kgs/Tonne of Output) in kgs		201	888
3.	Produced thro'S.C.Kiln,High Temp.and Tunnel Kiln (MT)			
		(Gross)	1910	—
		(Net)	1768	—
	Self Grog Production (in MT)		146	—
	Furnace Oil (Ltr/M.T. of output) Ltrs.		89	—



FORM "B"

REFRACTORIES

RESEARCH AND DEVELOPMENT (R&D)

1. Specific Area in which R & D is carried out by the Company.
 - a. The Company has developed FM-807 quality Basic Bricks equivalent to that of Ferro Marg quality imported by Cement Industries at present for burning zone refractories.
 - b. Ultra-S quality based on high grade and high density Calcined Bauxite has been developed for cement kiln basic zone as a low cost alternative to basic bricks.
 - c. Hot face insulation for foundries.
 - d. Alkali Resistant High Alumina quality product with high temperature withstanding capacity has been developed for pre burning and calcination zones of cement kilns as alternative low cost product to Alumina spinal basic fired bricks.
2. Benefits derived as a result of the above R & D.
 - a. The introduction of FM-807 quality basic bricks is an import substitute which would save substantial foreign exchange of Rs.4000 per MT.
 - b. Ultra-S quality High Alumina brick has been developed as a low cost alternative to basic bricks to be used in cement kilns where conditions are not that severe and the result would bring a cost saving of Rs.4000 per MT.
 - c. The Hot face Insulation bricks will help the foundries to get the supplies just in time and at low cost nearer to their plants.
 - d. The Alkali Resistant High Alumina quality bricks will help the cement industry to save around Rs.10000 / M.T. as against the SPINAL bricks.
3. Future Plan of Action :
 - a) Development of Blast Furnace Refractories
 - b) Development of Insulation bricks of low thermal conductivity
 - c) Development of low porosity AP Bricks and process development for production of the same.
 - d) Development of refractory cement.
 - e) Development of process for producing low porosity High Alumina clay grog.
 - f) Development of low cost clay in the place of Panruti clay for Stone Ware Pipes manufacturing.
 - g) Development of low cost good quality binder clay for refractory manufacturing.
4. Expenditure on R & D. : Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

BUSINESS REVIEW :

The Company's performance during the year ended 31st March, 2004 and the Management's view on future outlook are detailed below :

INDUSTRY STRUCTURE AND OPERATIONS

- With "infrastructure" assuming a thrust area for development by Government and the Golden Quadrilateral Project being pursued in its full vigour, the Company is poised to reap rich benefits by remaining focussed in logistics business.
- The Company continued to perform well in its BOOT contract at Ennore Port and successfully handled the contract for KPCL, despite aberrations like steep increase in ocean freight charges during the second half of last financial year.
- ONGC contract and CWC contract were added to the list under stevedoring, trucking and warehousing operations during the year under review.
- Logistics division registered a record of handling 24 mn. MT of cargoes during the year. The Company could make a foray in the movement of iron ore from the mines of Bellary through various gateways as a new initiative.
- After a gap of 6 years, the Refractory division returned profitable due to upswing in steel and allied sector like cement and infrastructure.
- As tourism industry is looking up after a gap of 3 years, travels division did well during 2003-2004.

RISKS AND CONCERNS

- The entry barriers in the unorganised sector continues to be a threat, however due to the bulk volume of cargoes being discharged at every port, the Company is sure of its share in the business. The associated logistics activities such as, clearing & forwarding, stevedoring, trucking, handling, transport & warehousing and travels, which are akin to the main stream of logistics will benefit to address ever increasing competition in logistics.
- The poor monsoon in 2003-2004 had greatly affected the agri business, besides difficulty in realising the debts.
- Although action was initiated to strengthen the business portfolios, the task of combating the menace created by the unorganised sector had become even more difficult to be tackled.

- The credit policies of the Banks and Financial Institutions continue to favour clients with strong financial muscle and the Company's efforts to borrow moneys at cheaper rate do not yield results at the pace at which the Company require.
- With the number of players entering into trading activities, it is a matter of concern that the competition is on rising trend which would tell upon the margins and profitability.

CHALLENGES

- The ease and flexibility of entering into trading activities by the players in the unorganised sector, the Building Materials and Vehicles Sales divisions would set the stage for a fierce competition in the coming years.

OUTLOOK

- The Company is constantly exploring the possibility of retaining profitable businesses and dispose off unrelated and unremunerative divisions/services. With the annuity contracts namely, ONGC and CWC, the Company is confident of making higher turnover and profits in logistics. These annuity contracts would benefit the Company in the long run and the same would have extended benefits for other operations like, stevedoring and trucking. Overall, as our economy is poised for better growth and prospects in the coming years, it is expected that the operations of the Company would grow but at a moderate pace.

The trading division is looking at opportunities to trade imported products due to Government of India's Free Trade Agreements with many countries.

INTERNAL CONTROL SYSTEM

The Company has in place an effective internal control system covering all areas of operations. During the year the company has engaged an external audit firm to carry out audit based on planned programme. Besides, the Management Assurance Group (MAG) which was constituted in 2002-2003 carried out business audit and formulated guidelines to check risks associated with existing and new businesses. Both the audits suggested effective control mechanism and the follow-up actions were taken wherever necessary pursuant to the audit observations. The audit committee has been reconstituted with the induction of Shri.B.Ravindranath, the Nominee Director of IDBI. Currently, the committee members are :
(1) Shri. Dhananjay N Mungale (Chairman),
(2) Shri. S.Chandra Das, (3) Shri. Ashwin C Muthiah,
(4) Shri. B.Ravindranath and (5) Shri. S.Vasudevan.



The Company has taken steps to introduce Enterprises Resources Planning (ERP) solution to streamline systems and procedures of its various operations.

FINANCIAL PERFORMANCE

- The segmentwise performance of the Company for the year 2003-2004 is given hereunder : (Rs. in Lakhs)

Business Segments	Logistics	Trading Building Material	Other operations	Eliminations	Consolidated Total
REVENUE					
External Sales	75336.18	14412.53	18734.59		108483.30
Inter Segment Sales	21.08	12.24	160.98	(194.30)	-
Total Revenue	75357.26	14424.77	188895.57	(194.30)	108483.30
RESULT					
Segment Result	6623.13	487.85	147.14		7258.12
Unallocated Corporate Expenses					768.18
Operating profit					6489.94
Interest expense					6528.10
Interest/Dividend income					629.46
Income Taxes					(374.89)
Profit from ordinary activities					966.09
Extraordinary Income					-
Net Profit					966.09

As is seen from the above, the segment result is pegged at Rs.72.58 crores as compared to Rs.54.10 crores in the previous year. This could be achieved as trading segment and other operations did well in the financial year 2003-2004. The net profits after considering interest, expense and taxes also increased from Rs.2.08 crores to Rs.9.66 crores during 2003-2004.

During the year, the Company could save substantial money towards interest costs as some of the loans and advances have been repaid in full and some of them were restructured at lower interest rates .

HUMAN RESOURCE DEVELOPMENT

The Company attaches utmost importance to staff and workmen employed at various locations. The relationship between the employees and the management was good

and cordial. During the year, a detailed skill mapping and career progression for senior executives were done with the help of an external HR consultant.

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 (2003-2004)

1. Company's Philosophy

The Company is committed to good corporate governance practices aimed at increasing value for all stakeholders namely, Shareholders, Employees, Government, Lenders and the Promoters.

2. Board of Directors

The composition of the Board of Directors of the Company is as per the provisions of the Companies Act, 1956, Articles of Association of the Company and clause 49 of the Listing Agreement with the Stock exchanges. The Board comprises of

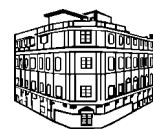
Promoter Directors	: 2
Whole-time Directors	: 2
Non-whole-time Directors	: 4
Nominee Directors	: 3
Total	: 11

Attendance of Directors at the Board of Directors Meetings held during 2003-2004 and the last Annual General Meeting (AGM) held on 24.09.2003 is as follows :

3. Number of Board of Directors meetings held and the dates on which held during the financial year 2003-2004

I Quarter (April-June2003)	II Quarter (July-September 2003)	III Quarter (October-December 2003)	IV Quarter (January- March 2004)
9-4-2003,25-6-2003 and 26-6-2003	30-7-2003	23-10-2003	23-01-2004 29-03-2004

Director's Name	Category of Membership	Attendance Particulars		Number of other directorships and committee member/chairmanships		
		Board Meetings	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships
Dr. A C Muthiah	Chairman (Promoter non-executive Director)	4	Yes	Chairman - 7 Vice Chairman - 2 Director - 2	1	-
Shri. Ashwin C Muthiah	Deputy Chairman (Promoter non-executive Director)	6	Yes	Chairman - 4 Vice Chairman - 4 Director - 4	3	1
Shri. S Chandra Das	Non-executive & independent Director	1	Yes	Director - 4	-	-
Shri. R Muthu	Non-executive & independent Director	7	Yes	Chairman - 1 MD - 1 Director - 3	-	-
Shri. Dhananjay N Mungale	Non-executive & independent Director	4	Yes	Director - 13	2	2
Shri. Jawahar Vadivelu	Non-executive & independent Director	7	No	Chairman - 2 Director - 1	-	-
Shri. V R Mehta Nominee - UTI	Non-executive & independent Director	6	Yes	Director - 7	6	3
*Shri. B Ravindranath Nominee - IDBI	Non-executive & independent Director	2	N.A	Director - 3	-	-
*Shri. M Guruvayurappan Nominee - ICICI Bank Limited	Non-executive & independent Director	N.A	N.A	Director - 2	-	-
Shri. S Vasudevan Managing Director	Executive Director	7	Yes	MD - 1 Director - 6	-	1
*Shri. R. Ramakumar Director & Chief Operating Officer-Sical Logistics	Executive Director	6	Yes	MD - 1 Director - 3	-	-
Dr.A.M. Swaminathan IAS (Retd) Nominee-IDBI, (part of the year)	Non-executive and independent Director	4	Yes	Director - 1	-	-



Note :

1. *Shri B Ravindranath was appointed as the Nominee Director of IDBI with effect from 7th October, 2003 in place of Dr. A. M. Swaminathan IAS (Retd)
2. *Shri M Guruvayurappan was appointed as the Nominee Director of ICICI Bank Limited with effect from 29th March, 2004
3. *Shri R Ramakumar was appointed as Director and Chief Operating Officer – SICAL Logistics with effect from 9th April 2003.

Regarding disclosure of all pecuniary relationship/transactions of the non-executive Directors vis-à-vis the Company, as per Clause 49(I)(B) of the Listing Agreement, there were no materially significant related party transactions during the year having conflict with the interests of the Company.

4. Audit Committee

The Audit Committee, constituted on 25th October 1999, reconstituted on 25th June, 2003 comprises as on 31.3.2004 as follows :

- 1) Shri. Dhananjay N Mungale : Chairman of the Committee
- 2) Shri. S.Chandra Das : Member
- 3) Shri. Ashwin C Muthiah : Member
- 4) Shri B. Ravindranth : Member (IDBI – Nominee Director)
- 5) Shri S. Vasudevan : Member

The Committee has met four times during 2003-2004 i.e. on 25-6-2003, 30-07-2003, 23-10-2003 and 23-1-2004

Attendance of Directors at the Audit Committee Meetings held during 2003-2004

Directors Name	Category of Membership	Attendance Particulars			
		25-06-2003	30-07-2003	23-10-2003	23-01-2004
Shri. Dhananjay N Mungale	Chairman of the Committee	✓	✗	✓	✓
Shri. S. Chandra Das	Member	✗	✗	✗	✗
Shri. Ashwin C Muthiah	Member	✗	✓	✓	✓
Shri B. Ravindranth	Member	N.A	N.A	N.A	✓
Shri S. Vasudevan	Member	N.A	✓	✓	✓
Dr.A.M.Swaminathan, I.A.S., (Retd) (part of the year)	Member	✓	✓	N.A	N.A

Shri.S.Vasudevan, Managing Director was appointed as Member of the Audit Committee with effect from 25th June 2003 by the Board. Shri B Ravindranath was appointed as Member of the Audit Committee in place of Dr. A M Swaminathan IAS (Retd), with effect from 23rd October 2003.

The broad terms of reference of the Audit Committee are :

1. Review of the Company's financial reporting process and its financial statements
2. Review of accounting and financial policies and practices
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.
 - c. To obtain outside, legal or other professional advice.
 - d. To secure attendance of outsiders with relevant expertise.

As per the terms of reference prescribed by the Board, the Committee performs such duties and tasks as are assigned by the Board and the committee has access to all records and documents of the Company. The Committee reviews the report of the internal auditors and the statutory auditors and exercises internal control systems and also addresses the requirements of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges.

5. Details of remuneration paid to all the Whole-time Directors for the financial year ended 31.3.2004

(Rs. in lakhs)

Name	Fixed Component		Variable Component
	Salary & allowances	Other benefits	Special Allowance*
Shri. S.Vasudevan Managing Director	8.64	3.88	5.40
Shri R. Ramakumar Director and Chief Operating Officer – Sical Logistics	6.57	2.95	N.A
Shri R. Ravindran Finance Director (part of the year)	0.72	7.91	6.75

*relates to financial year 2002-2003, but paid during October, 2003

For the financial year 2003-2004, the sitting fee of Rs 5000/- per meeting was paid to the non-executive Directors for all the Board/Committee meetings attended by them. Remuneration of Rs 30,000/- per month was paid to Chairman for consultancy services rendered by him.

6. Shareholders' / Investors' Grievance and Share & Debenture Committee

The Committee comprises of :

Shri.R. Muthu	:	Chairman of the Committee
Shri.S.Vasudevan	:	Member
Shri R. Ramakumar	:	Member

As per SEBI Circulars D&CC/FITT/CIR-15/2002 dated 27-12-2002 and D&CC/FITT/CIR-18/2002 dated 12-03- 2003, the Company has appointed M/s.Cameo Corporate Services Limited, as common agency for shares relating to both electronic and physical segments. The appointment is effective from 01-04-2003.

The Committee will oversee the performance of share and debentures transfer and recommends measures to improve the shareholders'/investors' service.

The Board of Directors have authorised Shri. R.Muthu, Chairman of the Committee and the Company Secretary to approve share transfers and resolve shareholders grievances.

The Board of Directors have designated the Company Secretary as Compliance Officer. During the year under the report, the Company did not receive any significant complaints from the shareholders, investors, stock exchanges, Securities and Exchange Board of India or investors associations.

During the year 205 letters/complaints were received and all the complaints were replied/disposed off. As on 31.03.2004, 25 valid transfer documents involving 92070 equity shares were under process and approved on 31.03.2004.

7. Insider Trading

Pursuant to the 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.

8. Remuneration Committee

The Company has constituted a Remuneration Committee on 20.06.2000 and it was reconstituted on 27.06.2001 comprising of three independent non-executive Directors viz., Shri R Muthu, Chairman of the Committee; Shri Dhananjay N Mungale, Member; and Shri S Chandra Das, Member. During the period under report, no meeting was held.



9. Secretarial Audit

A secretarial audit was carried out by a qualified Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialised shares held with NSDL and CDS.

10. General Body Meetings

Location and time for last 3 Annual General Meetings (AGM) held:

Year	Date & Time of AGM	Venue of AGM held
2000-2001	27 th September, 2001 at 10.00 a.m.	"Kamaraj Arangam" Old No.574-A, Anna Salai, Chennai – 600 006
2001-2002	23 rd December, 2002 at 10.00 a.m. (postponed AGM)	"Kamaraj Arangam" Old No.574-A, Anna Salai, Chennai – 600 006
2002-2003	24 th September, 2003 at 10.00 a.m.	"Rajah Annamalai Hall" Esplanade Near High Court, Chennai – 600 108

No Extra-ordinary General Meetings were held during the last 3 years.

11. Disclosures

Disclosures on materially significant related party transactions ie., 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 Company at large.

(i) 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.

(ii) There are no pecuniary relationships or transactions with Non-executive Directors of the Company except the remuneration paid to them for services rendered as Directors of the Company.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

The Company has complied with various rules and regulations prescribed by the Stock Exchanges and SEBI or any statutory authority on all matters related to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

12. Communication to shareholders

Quarterly/half yearly/annual results and information relating to convening of Annual General Meetings and Extraordinary General Meetings are published in leading newspapers and/or hosted 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., can be retrieved by the investors from the Electronic Data Information Filing and Retrieval System (EDIFAR) set up by the National Informatic Center in association with SEBI. The site can be accessed at www.sebiedifar.nic.in.

Notices relating to Annual General Meetings and Extraordinary General Meetings and disclosure of Directors' interest in respect of contracts appointing Director/s are sent to the members at their registered address.

13. General shareholders information

(i) Annual General Meeting

Date and time : 27th September, 2004 at 10.00 a.m.
Venue : "Rajah Annamalai Hall", Esplanade,
(Near High Court), Chennai 600 108.

(ii) **Financial Calendar**

a.	Annual General Meeting	Tentative – by second/Third week of September
b.	Results for the quarter ending June 30, 2004	Last week of July, 2004
c.	Results for the quarter ending September 30, 2004	Last week of October, 2004
d.	Results for the quarter ending December 31, 2004	Last week of January, 2005
e.	Results for the quarter ending March 31, 2005	Audited Results before last week of June , 2005

(iii) **Book Closure Date**

From Thursday, the 16th September, 2004 to Monday, the 27th September, 2004 (both days inclusive)

(iv) **Listing of Equity Shares on Stock Exchanges and the Trade Name/Stock Code/Series:**

Particulars	Mumbai Stock Exchange	National Stock Exchange	ISIN No.
Trade Name : Stock Code/Series:	SIC (Agencies) 20086	South India Corp. SICAL EQ/TT	INE 075 B 01012

(v) **Stock Market Data (share prices on stock exchanges)**

Monthly high and low closing quotation of shares traded on National Stock Exchange :

Month & Year	National Stock Exchange		
	High Rs. Ps.	Low Rs. Ps.	Average Rs.Ps.
April 2003	7.50	5.70	6.60
May 2003	9.50	6.30	7.90
June 2003	10.50	7.30	8.90
July 2003	16.75	9.15	12.95
August 2003	13.50	11.05	12.27
September 2003	12.40	10.50	11.45
October 2003	8.95	7.00	7.97
November 2003	10.10	6.45	8.27
December 2003	23.10	9.10	16.10
January 2004	31.40	21.40	26.40
February 2004	25.50	16.20	20.85
March 2004	20.00	11.50	15.75

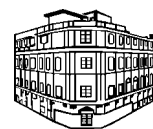
vi. **Registrar and Share Transfer Agents (for Physical and Electronic Mode)**

Address for Communication :

Cameo Corporate Services Limited
Unit : SICAL
"Subramanian Building", V Floor
No.1, Club House Road, Chennai - 600 002.
Telephone : 044-28460390 (5 lines)
Telefax : 044-28460129
e-mail : cameosys@satyam.net.in

vii. **Share Transfer System**

Share transfers are effected on requests in DEMAT form within an average of 10 days from the date of receipt and within 15 days for requests received in physical form.



viii. **Distribution of shareholding as on 31-3-2004**

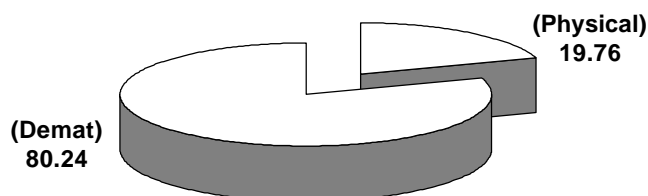
Number of shares Category	No. of shares	% to total	No. of Shareholders	% to Total
Upto 500	2665072	9.68	48445	95.89
501 - 1000	855420	3.11	1158	2.29
1001 - 2000	660806	2.40	459	0.91
2001 - 3000	481546	1.75	187	0.37
3001 - 4000	217123	0.79	61	0.12
4001 - 5000	250866	0.91	54	0.11
5001 - 10000	511168	1.86	69	0.14
10001 & above	21891028	79.51	87	0.17
Total	27533029	100.00	50520	100.00

ix. **Shareholding Pattern as on 31-3-2004**

Category	No. of shares	%
Corporate Bodies	19300597	70.10
Mutual Funds/Trusts	3312	0.01
Nationalised Banks	549244	1.99
Financial Institutions	615589	2.23
Non-resident Individuals	75384	0.27
General Public	6988903	25.38
Total	27533029	100.00

x. **Dematerialisation of Shares**

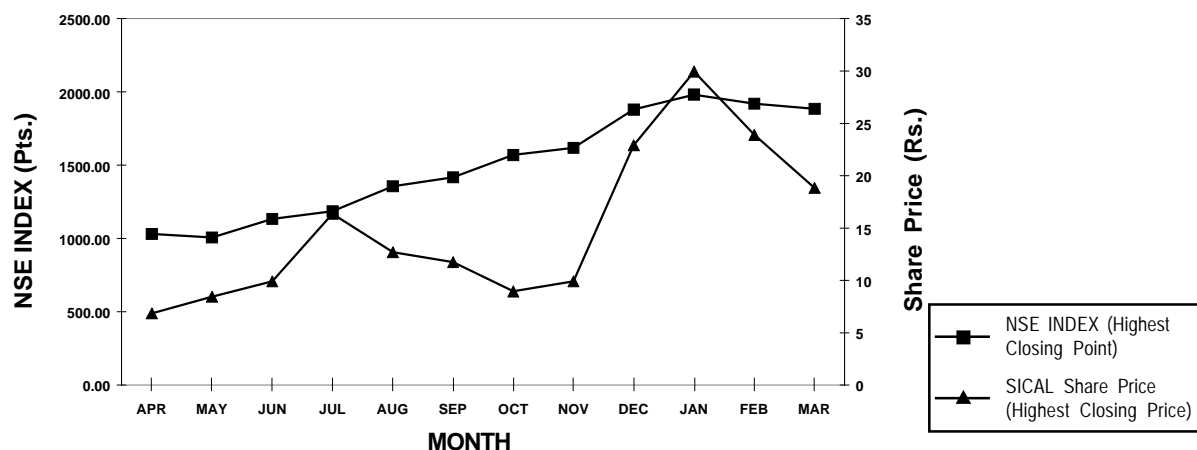
22092216 equity shares, representing 80.24 % of the paid-up share capital, have been dematerialised upto 31.3.2004. Trading in equity shares of the Company shall be permitted from 28.08.2000 as per SEBI's orders dated 29.05.2000.



xi. **Nomination of Physical Share**

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.

xii. **Performance of SICAL share price in comparison to National Stock Exchange S&P CNX NIFTY Index.**



xiii. **Plant locations**

Plantations	Bavalimoole Estate Sakleshpur Taluk Hassan District, Karnataka.
Oil palm project	Ambapuram Bapalapadu Mandal Krishna Dist. Andhra Pradesh - 521 109.
Cytozyme Speciality Chemicals Refractories	Puzhal, Chennai 600 066 Thirubuvanai, Pondicherry. (i) Vanagaram Village Poonamallee High Road Chennai 602 102. (ii) Ammananthangal Village Walajapet 613 532. Vellore Dist.
Flexible shaft	Puzhal, Chennai 600 066.
Autocomponents	A-1, F5 Industrial Estate Maraimalai Nagar, Kancheepuram Dist.
Packaging & Drums	Ponneri High Road Gounderpalayam Village Minjur, Chennai 601 203.

14. Investor Correspondence
(For transfer/demat of shares
Payment of dividend on
shares, interest and redemption
of debentures, any other
query) relating to the shares
and debentures of the Company.

South India Corporation (Agencies) Ltd
Secretarial Department
"South India House"
73, Armenian Street
Chennai - 600 001.

Cameo Corporate Services Limited
Unit : SICAL
Subramanian Building", V Floor
No.1, Club House Road, Chennai - 600 002.
Telephone : 044-28460390 (5 lines)
Telefax : 044-28460129
e-mail : cameosys@satyam.net.in
Website : www.sical.com

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE
AUDITORS CERTIFICATE
(Under clause 49 of the Listing Agreement)**

To

THE MEMBERS OF M/s. SOUTH INDIA CORPORATION (AGENCIES) LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s.South India Corporation (Agencies) Limited, for the year ended 31st March, 2004, 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 a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. 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 above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, based on the confirmation given by the Registrars and Transfer Agent of the Company, as on 31st March 2004, there were no investor grievances remaining unattended for more than 30 days.

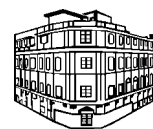
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

C N GANGADARAN
Partner

Place : Chennai

Date : 28th June 2004



AUDITORS' REPORT

Auditors' Report to the Members of **M/s South India Corporation (Agencies) Limited.**

We have audited the attached Balance Sheet of M/s South India Corporation (Agencies) Limited, as at 31st March, 2004 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 mis-statement. 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 the 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 (Auditors' 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 31st March, 2004, and taken on

record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2004 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 Section 441A of the Companies Act, 1956 as the notification regarding rate and mode of payment has not been received;

vii. **Following are stated at book values:**

- (i) **Investment in certain shares considered as long term investments in nature by the management, whose market value is lower by Rs.1003.83 lakhs vide Note No. 7(b) of schedule 22B.**
- (ii) **Debts and advances to partnership firms and monies covered by court cases / arbitration and debts outstanding for more than three years aggregating Rs.5609.80 lakhs referred to in Note Nos. 8(a) to 8(c) of schedule 22B.**
- (iii) **Dues by subsidiary Rs.7490.89 lakhs, the realisability of which depends on the ultimate disposal of the investments held by that Company vide Note No.8(d) of schedule 22B.**

Ultimate shortfall, if any, on disposal of these investments and settlement of these debts and advances is not presently ascertainable and hence we are unable to express an opinion on this matter.

- viii. Subject to the above, 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 31st March 2004;
 - b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

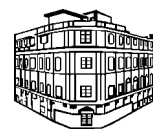
For **M/s CNGSN & Associates**
Chartered Accountants

Place : Chennai.
Date : 28th June, 2004

C.N. GANGADARAN
Partner

ANNEXURE TO AUDITORS' REPORT

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 programme 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. 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 explanations 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 explanations 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 Section 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) In our opinion and according to the information and explanations given to us the Company has complied with directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public. As per the information and explanations given to us no order under the aforesaid Sections has been passed by the Company Law Board on the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the flexible shafts and auto components divisions pursuant to order made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with the view of determining whether they are accurate and complete.
9. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of Provident Fund, Income Tax, Sales Tax, Customs Duty, Excise Duty, have generally been regularly deposited with the appropriate authorities. In respect of Employees' State Insurance Scheme, contributions have generally been regularly deposited with the appropriate authorities though there has been slight delay in a few cases. Service Tax in respect of certain quasi Government contracts has not been made pending determination of the liability. In the absence of notification no provisions has been made for cess under Section 441A of the Companies Act, 1956. The gratuity amounting to Rs. 72.04 lakhs has not been deposited with appropriate authorities on time.
b) As at 31st March, 2004 according to the records of the Company, the following are the particulars of the disputed dues on account of Sales Tax, Income Tax, Customs Duty and Wealth Tax matters, that have not been deposited.



Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales tax	6.02	1994-1995	Deputy Commissioner - Appeals
Sales tax	36.97	1986-1991	STAT
Sales tax	429.43	1995-1997	Supreme Court
Sales tax	159.63	1989-1994	CTO, Chennai

10. The Company has neither accumulated losses as at 31st March, 2004 nor it has 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 the management, we are of opinion that the Company has defaulted in repayment of the following dues to Financial Institutions in respect of privately placed Non-convertible Debentures. (NCDs)
- Non-convertible Debenture installments of Rs.450 lakhs each is outstanding from December 2002 and December 2003
 - 15.25% privately placed Non-convertible Debenture to the extent of Rs 4500 lakhs, due on the basis of Put Option exercised in August 2001 and interest of Rs.1109.35 lakhs, for the period December 2002 to March 2004, is under DRT case. The Company has contested before DRT, Mumbai.
 - Interest dues for the above NCDs is Rs.572.35 lakhs for the period from 30-6-2002 to 31-3-2004 (payable at quarterly / half yearly rests) of which Rs.28,17,380/- has been remitted on 29-4-2004.
 - Interest amounting to Rs.297.48 lakhs is due to Financial Institutions for the quarter ended 31-12-2003 and 31-3-2004.
12. According to the information and explanations given to us, the Company has not granted any loans and 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 explanations 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. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institution to the extent of Rs.565 lakhs, has been invoked and an appeal has been filed challenging various issues generating from such invocation and to the extent of Rs.3200 lakhs, the Bank/Institution is in the process of novating the guarantee.
16. The Company has not raised any new term loan or issued any debentures during the year.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, short-term funds have not been applied for long term purposes or vice versa.
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 Section 301 of the Companies Act, 1956. Accordingly, clause 4 (xviii) of Companies (Auditors Report) Order 2003, is not applicable.
19. On the basis of records and documents examined by us, there is a shortfall in the creation of security to the extent Rs.2600 lakhs in respect of the debentures issued.
20. The Company has not raised any money through public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

C.N. GANGADARAN
Partner

Place : Chennai.
Date : 28th June, 2004

BALANCE SHEET AS AT 31st MARCH, 2004

				(Rs. In Lakhs)	
	Schedule	As at 31st March, 2004		As at 31st March, 2003	
I SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	1	5155.11		5300.11	
Advance towards Capital (Note 14)		1701.40		1701.40	
Reserves & Surplus	2	10826.66	17683.17	9908.59	16910.10
LOAN FUNDS					
Secured Loans	3	29756.53		32998.96	
Unsecured Loans	4	8698.83	38455.36	12041.78	45040.74
Total			<u>56138.53</u>		<u>61950.84</u>
II APPLICATION OF FUNDS					
FIXED ASSETS:					
Gross Block	5	29230.79		29535.82	
Less : Depreciation		8324.73		7294.49	
Net Block		<u>20906.06</u>		22241.33	
Capital work-in-Progress at cost		1901.51	22807.57	2627.40	24868.73
INVESTMENTS	6		4089.86		4588.44
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	3563.74		4760.56	
Sundry Debtors	8	25352.09		27926.40	
Cash and Bank Balances	9	3120.02		3270.19	
Loans and Advances	10	35054.68		37670.31	
			<u>67090.53</u>	73627.46	
LESS: CURRENT LIABILITIES AND PROVISIONS					
	11	35290.31		38307.30	
NET CURRENT ASSETS			31800.22		35320.16
DEFERRED TAX					
Deferred Tax Assets		1045.26		783.83	
Deferred Tax Liabilities		<u>(3788.57)</u>	<u>(2743.31)</u>	<u>(3971.07)</u>	<u>(3187.24)</u>
MISCELLANEOUS EXPENDITURE					
(To the extent not written off)	12		184.19		360.75
Total			<u>56138.53</u>		<u>61950.84</u>

Schedules 1 to 12 and Notes in Schedule 22 form 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

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

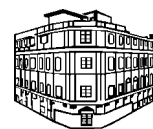
For M/s. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2004

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2004

		(Rs. In Lakhs)	
	Schedule	Year ended 31st March, 2004	Year ended 31st March, 2003
INCOME			
Sales and Services	13	108379.44	111785.75
Agricultural Income	14	103.86	139.73
Other Income	15	<u>577.43</u>	<u>428.99</u>
		109060.73	112354.47
EXPENDITURE			
Cost of Goods Sold	16	24485.26	30423.14
Cost of Services	17	70542.29	66537.24
Agricultural Expenses	18	167.71	177.07
Salaries, Wages and Other Benefits	19	2161.75	2275.28
Manufacturing and Other Expenses	20	3094.80	4284.82
Interest & Financial Charges	21	6359.69	6909.90
Depreciation		1639.79	1486.64
Less: Transfer from Revaluation Reserve		<u>19.34</u>	<u>20.36</u>
Miscellaneous Expenditure written off		70.30	69.49
		108502.25	112143.22
Less: Expenditure Capitalised / Self Consumption		<u>32.68</u>	<u>69.04</u>
		108469.57	112074.18
PROFIT BEFORE TAXATION		591.16	280.29
Less : Provision for			
- Current Tax		16.72	24.70
- Deferred Tax		(443.92)	(91.41)
Tax relating to prior years		<u>52.31</u>	<u>(8.82)</u>
		(374.89)	(75.53)
PROFIT AFTER TAXATION		966.05	355.82
Prior Period Adjustments - Expenses		28.64	56.92
Balance brought forward from Previous year		324.64	0.62
Transfer from Investment Allowance Reserve Account (Utilised)		-	25.12
		<u>1262.05</u>	<u>324.64</u>
APPROPRIATION			
Capital Redemption Reserve		145.00	-
Balance carried to Balance Sheet		1117.05	324.64
		<u>1262.05</u>	<u>324.64</u>

Schedules 13 to 21 and Notes in Schedule 22 form an integral part of this Profit and Loss Account and should be read in conjunction therewith

This is the Profit & Loss Account referred to in our Report of even date

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

For M/s. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2004

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

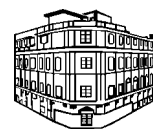
C.N. GANGADARAN
Partner

SCHEDULES

	(Rs. In Lakhs)	
	As at 31st March, 2004	As at 31st March, 2003
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
4,50,00,000 (4,50,00,000) Equity Shares of Rs.10/- each	4500.00	4500.00
5,50,00,000 (5,50,00,000) Preference shares of Rs.10/- each	5500.00	5500.00
	10000.00	10000.00
ISSUED		
2,75,73,367(2,75,73,367) Equity Shares of Rs.10/- each	2757.34	2757.34
2,54,50,000 (2,54,50,000) Preference Shares of Rs 10/- each	2545.00	2545.00
	5302.34	5302.34
SUBSCRIBED		
2,75,69,127 (2,75,69,127) Equity Shares of Rs.10/- each	2756.91	2756.91
2,54,50,000 (2,54,50,000) Preference Shares of Rs 10/- each	2545.00	2545.00
	5301.91	5301.91
PAID-UP		
2,75,33,029 (2,75,33,029) Equity Shares of Rs 10/- each	2753.30	2753.30
Add: Forfeited Shares	1.81	1.81
	2755.11	2755.11
2,40,00,000 (2,54,50,000) Preference Shares of Rs 10/- each	2400.00	2545.00
Of the above		
a) 9320003 Equity Shares of Rs 10 each were allotted as fully paid up as per the earlier schemes of amalgamation		
b) 9860910 Equity Shars of Rs 10 each were allotted as fully paid up to the share holders of 34513195, 1% Preference Shares on 1/4/1997 in terms of the special resolution passed by the shareholders on 9/12/1996.		
c) 47,61,908 Equity shares of Rs 10 each were allotted as fully paid up by way of bonus shares by capitalisation of share premium.		
	5155.11	5300.11

Notes:

14% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002	1000.00
15% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002	900.00
9% Preference Shares of Rs.10 each allotted on 31.03.2001 redeemable at par at the expiry of 5 years from the date of allotment	500.00



(Rs. In Lakhs)

As at
31st March, 2004

As at
31st March, 2003

SCHEDULE 2

RESERVES AND SURPLUS

CAPITAL RESERVE

As per last Balance Sheet	1093.31		1131.56	
Add: Capital Subsidy	-		20.00	
Less: Adjustments for bonus shares	-	1093.31	(58.25)	1093.31

CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	855.00		500.00	
Add: Transfer from Profit & Loss account	145.00	1000.00	355.00	855.00

DEBENTURE REDEMPTION RESERVE

As per last Balance Sheet		2388.00		2388.00
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SHARE PREMIUM ACCOUNT

As per last Balance Sheet		2629.58		2629.58
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REVALUATION RESERVE

As per last Balance Sheet	862.91		1270.12	
Less: Transfer to General Reserve	-		(314.22)	
Less: Adjusted for Asset written off	-		(72.63)	
Less: Transfer to Profit & Loss Account	(19.34)	843.57	(20.36)	862.91

INVESTMENT ALLOWANCE RESERVE

As per last Balance Sheet	41.77		41.77	
Less: Transfer to General Reserve	(41.77)	-	-	41.77

INVESTMENT ALLOWANCE RESERVE (UTILISED)

As per last Balance Sheet	-		25.12	
Less: Transfer to Profit & Loss Account	-	-	(25.12)	-

GENERAL RESERVE

As per last Balance Sheet	1713.38		1754.16	
Add: Transfer from Investment Allowance / Revaluation Reserve	41.77		314.22	
	1755.15		2068.38	
Less: Transfer to Capital Redemption Reserve	-	1755.15	(355.00)	1713.38

PROFIT AND LOSS ACCOUNT

Surplus from Profit and Loss Account		1117.05		324.64
		10826.66		9908.59

	As at 31st March, 2004	(Rs. In Lakhs) As at 31st March, 2003
SCHEDULE 3		
SECURED LOANS		
NON-CONVERTIBLE DEBENTURES	8149.03	8677.03
LOANS FROM BANKERS		
Working capital facilities	10931.47	12102.93
Term Loans	865.80	583.85
LOANS FROM FINANCIAL INSTITUTIONS		
Term Loans	9433.45	10955.40
Interest accrued and due	70.81	276.39
LOANS AND ADVANCES FROM OTHERS		
Interest free Sales Tax Loan	65.59	88.96
Hire Purchase Loans	240.38	314.40
	<u>29756.53</u>	<u>32998.96</u>

NOTES :

Non Convertible Debentures

- a) 18.50%, Rs.233.33 lakhs are redeemable at par, at the end of 7th and 8th year, commencing from 5th December 1995 and 14% Rs 34 lacs redeemable in June 2004 are secured by a charge on Company's lands and buildings situated at Pattinamarudhur and Tharuvaikulam village, Tuticorin and Building at Kovalam Village. (Instalment fallen due Rs.233.33 lakhs).
- b) 15.25%, Rs.5666.67 lakhs are redeemable at par, at the end of 3rd, 4th and 5th year, commencing from the respective date of allotment during October 1999 to March 2000 and 12% Rs 533.33 lacs redeemable during the FY 2004-05 are secured by immovable properties at Sakleshpur estates along with standing trees and crops, cranes at JD(V) berth of Chennai Port, floating drydock and Land at mehsana - Gujarat. (Instalment fallen due Rs.666.67 lakhs) A Debenture holder of Rs 4500 lakhs who has exercised the "Put Option" has filed a case before Debt Recovery Tribunal-1, Mumbai who had passed an interim order, restraining the company from payment of dividend already declared in 2002 and also restrained the company from the receipt of Retention money from Tamilnadu Electricity Board. The company has contested the case before DRT, Mumbai
- c) Includes interest accrued and due Rs.1681.70 lakhs (Rs 979.50 lakhs).

Other Secured Loans

- a) Working Capital Facilities from Bankers are secured by hypothecation of stocks, book debts and other current assets, plant and machinery of certain divisions, by way of equitable mortgage / deposit of title deeds of certain immovable properties on exclusive / pari passu basis and by a pari passu second charge on movable and immovable assets, executed / pending execution, guarantee of a Director as applicable.
- b) Term Loans from Banks are secured by mortgage of movable and immovable property acquired under the respective Loan, pledge of equity shares and guaranteed by a Director as applicable.
- c) Term Loans from financial Institutions are secured by equipments acquired under the Loan, first charge / mortgage on movable and immovable assets, pledge of equity shares, guarantee of a Director and second charge on certain current assets, executed / pending execution as applicable.
- d) Interest free sales tax loan is secured by second charge on fixed assets and certain current assets and pari passu first charge on certain fixed assets.
- e) Hire Purchase Loans are secured by hypothecation of respective assets acquired under the hire purchase contracts.



(Rs. In Lakhs)

	As at 31st March, 2004	As at 31st March, 2003
SCHEDULE 4		
UNSECURED LOANS		
Fixed Deposits	2748.84	4014.53
(From Directors Rs 364.53 lakhs (Rs 345.07 lakhs))		
Short Term Loans and Advances		
From Banks	-	440.32
Others	2200.00	2380.00
Interest accrued and due	169.23	104.77
Other Loans and Advances		
Advances from principals	249.36	893.60
Others	3331.40	4208.56
	<u>8698.83</u>	<u>12041.78</u>

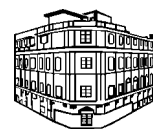
NOTES

- a. Fixed Deposits includes Rs 31.96 lakhs Interest accrued and due on promoters' deposits.
- b. Long term loans and advances - others include
 - i) Rs. 1500.00 lakhs (Rs.1500.00 lakhs) guaranteed by a Director.
 - ii) Rs. 27.39 lakhs (Rs.28.85 lakhs) secured by equitable mortgage of title deeds of employees' properties who have availed loans under the schemes.
 - iii) Rs. 93.09 lakhs (Rs.482.80 lakhs) Interest accrued and due.

SCHEDULE 5**FIXED ASSETS**

(Rs. In Lakhs)

	COST				DEPRECIATION				NET BLOCK	
	As at 01.04.03	Additions	Sales / Adjustments	As at 31.03.04	As at 01.04.03	For the Year	Withdrawn	Upto 31.03.04	As at 31.03.04	As at 31.03.03
Freehold Land	1,759.39	-	472.77	1,286.62	-	-	-	-	1,286.62	1,759.39
Leasehold Land	43.94	-	-	43.94	3.44	0.43	-	3.87	40.07	40.50
Buildings	5,008.15	15.88	144.87	4,879.16	1,056.69	146.14	17.99	1,184.84	3,694.32	3,951.46
Leasehold Improvements	355.56	-	-	355.56	126.93	22.38	-	149.31	206.25	228.63
Plant & Machinery	7,979.39	894.34	73.66	8,800.07	2,495.53	539.33	33.85	3,001.01	5,799.06	5,483.86
Office Equipments	667.36	40.58	1.11	706.83	472.84	38.16	0.65	510.35	196.48	194.52
Furnitures & Fixtures	583.92	9.61	5.73	587.80	381.83	34.62	4.76	411.69	176.11	202.09
Ship	1,895.42	-	1,855.00	40.42	313.50	229.70	506.27	36.93	3.49	1,581.92
Trucks	2,135.68	125.25	71.26	2,189.67	1,837.50	59.73	67.75	1,829.48	360.19	298.18
Vehicles	479.44	25.75	23.23	481.96	244.33	58.92	16.36	286.89	195.07	235.11
Leased Machinery	56.97	-	-	56.97	51.05	0.90	-	51.95	5.02	5.92
Port Handling Equipment	8,570.60	1,231.19	-	9,801.79	310.85	547.56	-	858.41	8,943.38	8,259.75
Grand Total	29,535.82	2,342.60	2,647.63	29,230.79	7,294.49	1,677.87	647.63	8,324.73	20,906.06	22,241.33
Capital Work in Progress	2,627.40	21.62	747.51	1,901.51	-	-	-	-	1,901.51	2,627.40
Previous Year	23,787.62	9,618.49	3,870.29	29,535.82	6,935.93	1,486.64	1,128.08	7,294.49	22,241.33	16,851.69



NOTES :

- A. Gross Block includes Rs.1477.28 Lakhs added on revaluation relating to the erstwhile amalgamating companies in the following years:

(Rs. in Lakhs)

31st March 1989	15.45
31st March 1994	662.48
31st March 1995	386.86
	<u>1,064.79</u>

The incremental depreciation of Rs.19.34 Lakhs (Rs.20.36 Lakhs) for the year on account of such revaluation has been charged against such revaluation reserve.

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

- C. Buildings Include:

- (i) Roads and Culverts on leasehold land Rs. 30.44 Lakhs.
- (ii) Buildings of Rs.22.20 Lakhs to be registered in the name of the Company
- (iii) Composite cost of Land and Buildings on freehold land Rs. 505.59 Lakhs (Rs.498.22 Lakhs)
- (iv) Rs. 1250/- being the value of shares in Co - operative Housing Society and Rs.200/- being the value of shares in a society and Rs. 200/- being the value of shares in an association registered under Bombay Non Trading Corporation Act.

- D. Assets acquired under Hire Purchase agreement included under:

(Rs. In Lakhs)

Vehicles	83.35	(40.05)
Trucks	136.77	(182.62)

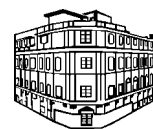
- E. Capital work in progress includes Rs.1871.33 Lakhs towards value of Coffee Estate yet to be registered in the name of the company.
- F. Depreciation of Rs.38.08 lacs on additions to Plant & Machinery included in the schedule relates to prior period and hence, treated accordingly in Profit & Loss Account.

SCHEDULE 6
INVESTMENTS

(Rs. In Lakhs)

PARTICULARS	No. of Shares / Debentures	Face Value per Share / Debenture	As at 31st March, 2004	As at 31st March 2003
TRADE INVESTMENT - AT COST				
In Ordinary Shares - Fully Paid				
Southern Petrochemical Industries Corporation Ltd (Quoted)	3019799	10	1230.31	1230.31
First Leasing Company of India Ltd (Quoted)	2127079	10	411.70	454.91
Sical CWT Distriparks Ltd (Investment in Company under the same management)	3889930	10	671.65	671.65
Coffee Products (India) Ltd	5000	10	5.00	5.00
SDB Cisco (India) Ltd	1359	100	2.15	2.15
PSA Sical Terminals Ltd	5625000	10	654.10	654.10
Mitsuba Sical India Ltd	300000	10	65.05	520.42
NON TRADE INVESTMENT - AT COST				
In Ordinary Shares - Fully Paid				
Sical Yamatake Ltd (formerly Semmac Ltd)	449970	10	45.00	45.00
In Government Securities				
NSC certificates			0.65	0.65
Others - Fully Paid				
GIC Fortune 94	12626	7.92	1.00	1.00
TRADE INVESTMENT - AT FACE VALUE (BONUS SHARES)				
First Leasing Company of India Ltd (Quoted)	26633	10	2.66	2.66
SDB Cisco (India) Ltd	3390	100	0.34	0.34
IN SUBSIDIARY COMPANY - AT COST				
In Ordinary Shares - Fully Paid				
South India House Investments Ltd	10000000	10	1000.00	1000.00
IN PARTNERSHIP FIRMS				
Tiger Agency				
K.Paramasivam & Sons				
			4089.86	<u>4588.44</u>

Additions / Deletions During the Year	No. of Shares / Debentures	Rupees in Lakhs
Additions :	-	NIL
Sales / Redemption :		
First Leasing Company of India Ltd.,		
- Ordinary Shares at cost	223248	43.21
Mitsuba Sical India Ltd.		
- Ordinary Shares at cost	2100000	<u>455.37</u>
		<u>498.58</u>
		(Rs. in Lakhs)
	Cost / Book Value	Market Value
Quoted Investments	1644.67	692.76
Unquoted Investments	<u>2445.19</u>	
	<u>4089.86</u>	



Notes :

(a) Particulars of Partners, total Capital and Share of each Partner

Firm	Name of the Partners	Capital Contribution (Rs)	Share of Profit (%)
Tiger Agency	Mr C. Suresh	20000.00	33.33
	South India Corporation (Agencies) Ltd	20000.00	33.33
	Mr S. Kumar	20000.00	33.33
K.Paramasivam & Sons	ACT India Ltd (Pending alteration of deed for change in name)	5000.00	49.00
	Mr K.P. Balasubramanian	5000.00	51.00

(b) Lodged as securities for loans from Financial Institutions and others:

823500 Equity Shares in Southern Petrochemical Industries Corporation Ltd

1433421 Equity Shares in First Leasing Company of India Ltd

(c) Lodged as securities for loans to other bodies corporate

1987454 Equity Shares in Southern Petrochemical Industries Corporation Ltd

720291 Equity Shares in First Leasing Company of India Ltd

(d) Transfer / sale of 223248 shares of First Leasing Company of India Ltd by a Bank is under dispute.

(Rs. In Lakhs)

As at	As at
31st March, 2004	31st March, 2003

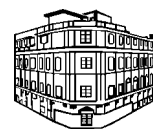
SCHEDULE 7

INVENTORIES

At lower of cost and net realisable value

Stores and Spares	181.16	156.05
Loose Tools	99.45	106.71
Raw Materials	558.72	597.90
Work-in-Process		
Manufacturing	475.00	444.99
Civil Engineering Contracts / Property Development	480.73	1283.12
Ship Building	119.22	67.36
Goods in transit at Cost	266.39	214.19
Finished and Trading Stocks	1383.07	1890.24
	3563.74	4760.56

	As at 31st March, 2004	(Rs. In Lakhs) As at 31st March, 2003
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	13260.72	14307.04
Considered doubtful	124.86	118.64
	13385.58	14425.68
Less: Provision for Doubtful Debts	124.86	118.64
	13260.72	14307.04
Other debts - Considered good	12091.37	13619.36
	25352.09	27926.40
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash and Cheques on hand , Remittances in transit and in foreign currency	213.80	178.25
With Scheduled Banks		
On Current Accounts	1187.98	981.51
On Deposit Accounts	132.64	182.96
On Margin Money Accounts	1539.09	1867.56
On Dividend Accounts	44.26	58.62
On Debenture Account	0.89	0.89
	2904.86	3091.54
With Non-Scheduled Bank		
Godavari Gramina Bank (Maximum amount outstanding Rs 136305.60 (Rs 417147.60))	1.36	0.40
	3120.02	3270.19



(Rs. In Lakhs)

As at
31st March, 2004

As at
31st March, 2003

SCHEDULE 10

LOANS AND ADVANCES

Advances to Subsidiaries		7490.89		7736.69
Advances to Partnership Firms	1818.96		1818.96	
Less: Due to Partnership Firms	0.64	1818.32	3.78	1815.18
Advances recoverable in cash or in kind or for value to be received considered good (Due from Directors Rs Nil (Nil))	19309.05		21219.55	
Considered doubtful	9.90		9.90	
	19318.95		21229.45	
Less: Provision for doubtful advances	9.90	19309.05	9.90	21219.55
Advance payment of Income-Tax		3692.54		4047.95
Balance with Central Excise/Customs and Port Trust Authorities		1536.31		1549.69
Deposits (includes deposit with Public Limited Companies Rs 136.12 lakhs (Rs 621.89 lakhs))		1207.57		1301.25
		35054.68		37670.31

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

Acceptances	3695.63		4642.79	
Sundry Creditors (vide Note 18 of schedule 22)	29308.27		30321.30	
Due to Directors	-		10.80	
Unclaimed Dividend	44.26		58.62	
Unclaimed Debentures	0.89		0.89	
Interest accrued but not due on Loans	273.98	33323.03	499.46	35533.86
Dividend Payable (# includes creditors for capital expenses Rs. 911.77 (Rs.992.33 lacs))		239.14		239.14

PROVISIONS:

Provision for Gratuity	126.40		128.47	
Provision for Taxation	1601.74	1728.14	2405.83	2534.30
		35290.31		38307.30

(Rs. In Lakhs)

As at
31st March, 2004As at
31st March, 2003**SCHEDULE 12****MISCELLANEOUS EXPENDITURE**

(to the extent not written off)

Payment made under Voluntary Retirement Scheme	23.52	137.79
Technical Know how	26.52	28.97
Expenditure on Aquaculture & Marine Activities	79.40	99.90
Interest Amortised	54.75	70.91
Debenture Issue Expenses	-	23.18
	<u>184.19</u>	<u>360.75</u>

Year ended
31st March, 2004Year ended
31st March, 2003**SCHEDULE 13****SALES AND SERVICES****SALES**

Manufactured Goods	7957.90	7001.75
Less: Excise Duty	863.79	738.30
Net Sales	<u>7094.11</u>	<u>6263.45</u>
Traded Goods	20095.39	27729.13
Civil Engineering Contracts	281.07	201.54
Property Development	3011.83	242.22
Others - including by products	60.54	-

SERVICES

Transportation	16454.58	12510.33
Clearing & Handling Charges	1036.11	1889.16
Warehousing Rent, Freight, Stevedoring & Coal Handling Charges	54160.47	59092.67
Workshop/Service Revenue	2368.95	2141.41
Boat /Ship Building charges	52.48	431.69
Offshore Earnings	2679.63	133.40
Agency Fee	607.60	669.30
Commission	352.90	356.20
Windpower	123.78	125.25

(Tax Deducted at Source on the above - Rs.774.88 lakhs (Rs 956.04 lakhs))

108379.44111785.75



(Rs. In Lakhs)

Year ended
31st March, 2004

Year ended
31st March, 2003

SCHEDULE 14

AGRICULTURAL INCOME

Coffee Sales	86.06	114.73
Sale of Minor Produce	5.23	22.04
Sale of Coffee Stumps	12.52	2.96
Other receipts	0.05	-
	<u>103.86</u>	<u>139.73</u>

SCHEDULE 15

OTHER INCOME

Dividend		
On Trade Investments (Tax Deducted at source Rs.0.08 (Rs.5.96 lakhs))	460.95	337.94
Profit on sale of Investments	62.43	-
Rent including Lease Rent & Service charges (Tax Deducted at Source Rs 6.53 lakhs (Rs 2.22 lakhs))	14.21	25.38
Miscellaneous Income	39.84	65.67
	<u>577.43</u>	<u>428.99</u>

SCHEDULE 16

COST OF GOODS SOLD

Consumption of Raw Materials:			
Stock as on 1st April	606.92		531.03
Add: Purchases	<u>4250.60</u>		<u>3534.24</u>
	4857.52		4065.27
Less: Stock as on 31st March	<u>571.21</u>	4286.31	<u>606.92</u>
			3458.35
Purchases less Turnover discounts - Trading stock		19740.32	25686.84
Increase/Decrease in Work-in-Process			
Finished and Trading Stocks:			
Stock as on 1st April			
Work-in-process	451.75		311.52
Finished and Trading Stocks	<u>1868.13</u>		<u>3286.31</u>
	2319.88		3597.83
Less: Stock as on 31st March			
Work-in-Process	483.39		451.75
Finished and Trading Stocks	<u>1377.86</u>		<u>1868.13</u>
	1861.25	458.63	2319.88
			1277.95
		<u>24485.26</u>	<u>30423.14</u>

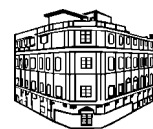
(Rs. In Lakhs)

Year ended
31st March, 2004Year ended
31st March, 2003**SCHEDULE 17****COST OF SERVICES**

Freight Paid		13386.84		17175.35
Port Charges		10053.00		8210.39
Handling and Transportation expenses		38349.22		35284.28
Warehousing expenses		1085.03		2197.00
Hire Charges		0.06		17.48
Workshop Expenses		26.13		29.72
Expenditure on Contracts		3762.60		1276.85
Operation and Maintenance expenses				
Operation and Maintenance		3621.07		2131.00
Stores Consumed	377.56		282.53	
Less: Work in process	119.22	258.34	67.36	215.17
		70542.29		66537.24

SCHEDULE 18**AGRICULTURAL EXPENSES**

Stock as on 1st April				
Coffee	19.97		37.79	
Minor Produce	2.13	22.10	29.12	66.91
Curing Charges		-		59.43
Salaries,Wages and Other benefits:				
Salaries,Wages and Bonus	50.81		35.49	
Contribution to PF & Other Funds	0.65		0.10	
Gratuity	63.81		0.69	
Workmen & Staff Welfare expenses	1.81	117.08	0.71	36.99
Consumption of Stores & Spares		20.43		14.82
Repairs & Maintenance				
Buildings	4.13		2.10	
Machinery & Vehicles	2.75		2.46	
		6.88		4.56
Electricity Charges		2.91		6.16
Insurance		0.10		0.09
Rates & Taxes		2.22		0.33
Administration expenses		0.39		9.42
Travelling & Conveyance		0.74		0.38
Printing & Stationery		0.05		0.08
		172.90		199.17
Less: Stock as on 31st March				
Coffee	2.17		19.97	
Minor Produce	3.02	5.19	2.13	22.10
		167.71		177.07



(Rs. In Lakhs)

Year ended
31st March, 2004

Year ended
31st March, 2003

SCHEDULE 19

SALARIES, WAGES AND OTHER BENEFITS

Salaries, Wages and Bonus including Directors Remuneration [includes proportionate write off of payments under Voluntary Retirement Scheme Rs 120.44 lakhs (Rs 138 lakhs)]	1748.07	1856.01
Contribution to Provident Fund	87.38	90.42
Contribution to Gratuity & Superannuation Fund	97.72	77.99
Welfare Expenses	228.58	250.86
	<u>2161.75</u>	<u>2275.28</u>

SCHEDULE 20

MANUFACTURING AND OTHER EXPENSES

Rent including Lease Rent	177.10	248.46
Rates, Taxes, Licence and Filing fees	115.53	170.27
Insurance	89.60	86.10
Power and Fuel	447.04	442.61
Repairs and Maintenance		
Plant & Machinery	225.03	239.39
Building	26.24	37.50
Vehicles	54.51	55.85
Others	152.75	122.53
Travelling and Conveyance	257.95	213.91
Directors' Sitting Fees	4.00	4.25
Payment to Auditors		
Audit	6.00	6.00
Tax Audit	3.00	3.00
Other Services	2.79	12.70
Expenses	0.10	0.31
Cost Audit Fees	-	0.23
Consumable Stores and Tools	143.12	195.32
Miscellaneous Expenses	1294.41	1749.49
Bad Debts written off	80.84	94.90
Less: Written off against Provision	18.40	-
Provisions for bad debts and advances	24.62	10.62
Exchange Fluctuation Difference	(69.62)	78.41
Assets discarded / written off	31.08	21.66
Loss on sale of assets	1.28	452.63
Rebates, Discount and Commission	11.65	17.26
Royalty, Knowhow and Service charges	27.77	21.42
Commission to Deputy Chairman	6.41	-
	<u>3094.80</u>	<u>4284.82</u>

	Year ended 31st March, 2004	(Rs. In Lakhs) Year ended 31st March, 2003
SCHEDULE 21		
INTEREST & FINANCIAL CHARGES		
On Fixed Loans	5453.79	5772.31
Others	1074.31	1573.15
	<u>6528.10</u>	<u>7345.46</u>
Less : Interest on Deposits	147.74	246.03
Interest from Others	20.67	189.53
(Tax Deducted at Source Rs.23.28 lakhs (Rs.19.07 lakhs))	<u>168.41</u>	<u>435.56</u>
	<u>6359.69</u>	<u>6909.90</u>

SCHEDULE 22

A. Significant Accounting Policies

1. Method of Accounting

The accounts have been prepared on historical cost except in the case of certain fixed assets which were revalued as stated in (2) below:

2. Fixed Assets

Buildings of Cables Division, freehold land, plant and machinery and electrical installations of the Refractories Division and land and buildings of Building material division were revalued on 31st March, 1989, 31st March, 1994 and 31st March, 1995, respectively. Accordingly, those assets are stated at revalued amounts. The resultant increase on revaluation was credited to Revaluation Reserve. The incremental annual differential depreciation on account of such revaluation is charged against the revaluation reserve. Other assets including the additions subsequent to revaluation are shown at cost which includes capitalisation of pre-operative expenses and net of CENVAT credit availed wherever applicable.

With regard to assets acquired under hire purchase, the cost of the assets is capitalised while the annual charges are charged to revenue.

Leasehold Land is capitalised and the amount is not amortised except the Leasehold Land of Refractories Division which is amortised over the period of lease.

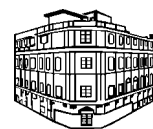
3. Borrowing Cost

Borrowing costs are capitalised as 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 logistics division at written down value method except assets of transportation and warehousing at straight line method. Port handling equipments are written off over the period of BOT Scheme.
- b) Assets of Building Materials division at written down value method and assets of vehicle sales at straight line method.
- c) Assets of Manufacturing division at straight line method, except assets of Pipes & Cables division, which are at written down value method.
- d) Assets of Agri division at Straight Line method.
- e) Assets of Engineering division at written down value method and assets of Civil and Property development at straight line method.



- f) 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.
- g) Depreciation on certain premises is provided on composite cost where it is not possible to segregate the land cost.
- h) Depreciation on leased assets is provided on straight line method over the primary period of lease.
- i) Improvements on leasehold premises are depreciated over the tenure of lease.
- j) Assets costing less than Rs.5000 are fully depreciated.

5. Investments (Long Term)

Investments in shares and debentures 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.

Investments in Partnership Firms are stated at cost. The Profit or Loss is recognised as and when the firms' accounts are finalised.

6. Inventories

- a) Raw Material, 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 net realisable 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 realisable value.
- d) In respect of Civil Engineering contracts, the expenses incurred on “Ongoing projects” for which progress bills are yet to be raised, have been valued at cost. The general basis of cost is the cost of supply, consumables, labour, salaries and wages and site management expenses.
- e) Work-in-process on ship building contracts reflects proportionate value of inputs and expenses yet to be billed.
- f) In respect of Property Development Division, land held as stock is valued at cost. Projects in progress classified under work-in-process relates to expenditure accumulated in respect of projects.
- g) Loose Tools are valued after writing off certain percentage on cost.

7. 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 accounts. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured. The unutilised CENVAT credit is carried forward in the books.
- b) Excise duty payable on manufactured goods held in the factories is included in valuation of such stocks.

8. Revenue Recognition

- a) Revenue is recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.
- b) Sales: Sales are net of discount and sales tax and are recognised at the points of despatch of goods.
- c) Service Income :
 - i. Net earnings on voyage / contracts on completion.
 - ii. Other services on completion of services and billed.
 - iii. Income from boat building is recognised as and when they are ready for delivery.
 - iv. Income from ship building is recognised on the basis of “stage of completion” reached, as evaluated by the management, at the end of each accounting period

- v. Income from Civil Engineering contracts is recognised on Progress Completion method. Additional claims (including for escalation), which in the opinion of the Management are recoverable on the contract are also recognised as and when the claims are lodged.
 - vi. Income from property Development , in respect of contract entered up to 31.03.03 revenue is recognised on completed contract method. In respect of contracts entered after 31.03.03 revenue is recognised on percentage of completion method as per the Accounting Standard-7 issued by The Institute of Chartered Accountants of India. The company determines the stage of completion of the contract by considering the proportion that contract cost incurred for the work performed up to the reporting date bear to the estimated total contract cost.
 - vii. Expenditure incurred on incomplete voyages and contracts are included under "Advances Recoverable".
- d) Warranty Liability on account of after-sales service is accounted on accrual basis to the extent ascertained.
- e) Coal handling charges up to January 2001 is net of shortage cover retained by Tamil Nadu Electricity Board. Additional claim, if any, that may be determined on the closure of the contract will be recognised when the claim is made.

9. Foreign Currency Transactions

Foreign currency transactions are recorded in the books at the 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. Exchange loss relating to term liabilities other than those obtained for acquisition of fixed assets is recognised as expenses in the profit and loss account.

10. Retirement Benefits

Contribution to Provident Fund and family Pension Fund are remitted to Employees Provident Fund Scheme run by the government and to the Provident Fund Trust. The Company has an arrangement with Life Insurance Corporation of India to administer the Superannuation and Gratuity Scheme for all eligible employees of the Company except for employees of certain divisions. In respect of employees not covered by the above schemes provision has been made on actuarial valuation. The contribution payable as determined based on actuarial valuation carried out by Life Insurance Corporation of India is debited to the Profit and Loss Account. Provision for leave encashment benefit on retirement has been ascertained on actuarial basis and provided for.

11. Research and Development

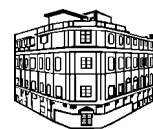
The recurring expenditure on Research and Development is charged to revenue.

12. Miscellaneous Expenditure

- a) Payment of compensation to employees who have retired under Voluntary Retirement Scheme is amortised prorata over a period of 36 months commencing with the date of payment. Payment of compensation in the current year has been fully charged to the revenue itself as per the Accounting Standard-26 issued by The Institute of Chartered Accountants of India.
- b) Technical know how fee is written off over the period of agreement from the year of absorption.
- c) Product development cost is amortised over a period of three years from the year of commercial production.
- d) Expenditure on Aqua culture and Marine activities upto 31st March 1999 has been deferred to be written off over a period of 10 years in view of the ban imposed by Hon'ble Supreme Court of India.
- e) Interest charges upto 31st March 1999 on project loans of Oil Palm Division of the erstwhile amalgamating company is being amortised over a period of 10 years.
- f) Placement charges / issue expenses incurred for non-convertible debentures are written off in equal instalments over the period of debentures.

13. Subsidy

Lumpsum capital subsidies not relating to any specific fixed asset received from State Governments for setting up new projects are accounted as Capital Reserve.



14. **Contingent Liabilities**

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.

15. **Segment Reporting**

The accounting policies adopted for Segment reporting are in line with the accounting standard-17

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocated Corporate expenses".

16. **Deferred Taxes**

- a. Current Tax is determined in accordance with the Income tax Act, 1961.
- b. Deferred tax is recognised for all the timing differences. Deferred tax assets are recognised when considered prudent.

B NOTES ON ACCOUNTS

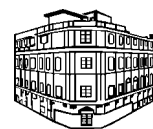
1. Claims against the Company not acknowledged as debts Rs.964.47 Lakhs (Rs.367.39 Lakhs).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 35.28 lakhs (Rs. 42.37 Lakhs).
3. **Contingent Liabilities**
 - a) Sales Tax and Income tax demands together with penalties under appeal amounts to Rs.361.05 Lakhs (Rs.661.23 Lakhs). This excludes claim for waiver of interest on excess deferral of Sales Tax availed in earlier years by IMFS Division, which has been sold during the earlier year, amounting to Rs. 437 lakhs (Rs. 437 Lakhs) which was dismissed by the Hon'ble High Court at Madras is under appeal in Supreme Court. In the opinion of the management the claim will be upheld by the Court and hence no provision is considered necessary. As against this, the Company has paid Rs.166 lakhs which is kept under advances.
 - b) For Excise demands under appeal Rs.17.13 Lakhs (Rs.18.34 lakhs) against which a pre-deposit of Rs.3.00 lakhs has been made.
 - c) Guarantees given by the Company for loans taken by other bodies corporate Rs.10320.00 Lakhs (Rs.13390 Lakhs).
 - d) Guarantees given by bankers for Performance of Contracts & others Rs.6439.24 lakhs (Rs.8610.03 lakhs).
 - e) Consequent to the Honourable Supreme Court of India having upheld the validity of the Cesses and Other Taxes on Minerals (Validation) Act, 1992, the Tamilnadu Government has raised a demand aggregating Rs 34.51 Lakhs (Rs. 34.51 Lakhs) towards royalty for mining clay for Refractory for earlier years, the collection of which has been stayed by the Honorable High Court of Madras. No provision is presently considered necessary as the Company hopes that it will succeed in its appeal.
4. Letters of Credit outstanding for import of raw materials and machinery Rs.493.97 Lakhs (Rs. 225.24 Lakhs).
5. The Aqua Culture and Marine activities were discontinued in an earlier year due to the ban imposed by the Hon'ble Supreme Court of India. The individually Quick Freezing Plant and a part machinery at Kovalam were sold in the year 2001-02 in respect of which the company is in the process of obtaining the release of charges. The remaining assets of the said division represents land and building and part of plant and Machinery which were given on lease.
6. Expenditure under various projects amounting to Rs.343.82 Lakhs (Rs. 1075.79 Lakhs) have been incurred and advances for acquisition of land amounting to Rs.273.60 Lakhs (Rs. 296.88 Lakhs) have been made upto 31st March 2004 under Property development operations.
7. **Investments**
 - (a) Investments held in the name of the Companies amalgamated in earlier years are still in the process of being transferred in the name of the company.
 - (b) No provision is considered for shortfall in market value of certain quoted investments ascertained on individual basis aggregating Rs.1003.83 Lakhs (Rs. 1137.41 Lakhs) significant portion of which relate to companies promoted by the Company, which is considered temporary in nature.

- 8 Sundry Debtors, Loans and Advances and Deposits include certain overdue and unconfirmed balances. Some of the accounts are under reconciliation. These include:
- Advance to partnership represents amount advanced in earlier years inclusive of interest of Rs.1818.42 Lakhs (Rs. 1818.42 Lakhs) for projects considered to be good and recoverable.
 - Rs.2713.66 Lakhs (Rs. 2683.11 Lakhs) covered by Court cases/under arbitration.
 - Rs.1077.72 Lakhs (Rs. 1093.70 Lakhs) outstanding for more than three years which are recoverable in due course
 - Advance to subsidiary amounting to Rs.7490.89 lakhs (Rs.7736.69 lakhs) is considered good and recoverable as the intrinsic value of the investment held by that company are more than the values stated in the books of that company.
 - Retention money retained as per terms in contracts Rs.9194.46 Lakhs (Rs. 9080.41 Lakhs).
 - With regard to IMFS division which has been sold during the year 2001-02:
 - Rs.172.44 (Rs.172.44) lakhs receivable from Sales Tax authorities on Sales Tax r-emitted both by the Company and its customer relating to the sales made in earlier years. A writ has been filed before the High Court of Madras , claiming the amount remitted in excess.
 - The company has succeeded in the appeal preferred against Commissioner, Central Excise Department. Excise duty of a sum of Rs.105.62 lakhs (Rs.105.62 lakhs) is likely to be recovered.
9. Deposit with Bank in pursuance of Rule 3 A of the Companies (Acceptance of Deposit) Rules, 1975 included under fixed deposits with banks Rs.101.00 Lakhs (Rs. 181.57 Lakhs).
10. Balance with Central Excise Authorities includes unutilised Cenvat Credits of Rs.6.25 Lakhs (Rs.4.58 Lakhs).
11. The provision for Taxation includes Rs.1.80 Lakhs (Rs. 2.20 Lakhs) towards Wealth tax.
12. No provision for taxation under the Karnataka Agricultural Income Tax Act, 1957 in respect of the plantation activities is considered necessary in view of carry forward losses available for set off .
13. The balance retained in Debenture Redemption Reserve is adequate under Circular No. 9/2002 dated 18.4.2002 issued by Department of Company Affairs.
14. Advance towards Preference share capital of Rs.1701.40 Lakhs (Rs. 1701.40 Lakhs), represents the conversion of fixed deposits and External Commercial Borrowings from Overseas Corporate Bodies to be converted into share capital on receipt of approval from Reserve Bank of India.
15. The payment of dividend declared for the year 2002 is subject to the receipt of requisite judicial clearance.
16. Letters of confirmation for debit and credit balances in personal account 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.
17. No provision has been made towards preference dividend.
18. Sundry Creditors include Rs.59.45 Lakhs (Rs. 82.47 Lakhs) due to small scale industrial undertakings to the extent such parties have been identified by the Management and relied upon by auditors. The Company has normally made payments to Small Scale Industrial units in due time and also there being no claim from the parties, Interest, if any, on overdue payments is unascertainable and thus not provided for. The names of the identified Small Scale Industrial Units, to whom company owes as on Balance Sheet date, are as follows:
- Vajjeram Industrial, Pioneer Plastics, Plastonica, Pandu Products, S.V.S.Enterprises, Proseal Closure Ltd, Eagle Tyres, True Tread Tyres, South India Diesel Service, Vaishnavi Enterprises, Raasi Electrical Ltd., Dancal India P Ltd., Pentagon Lubricants, Sudha Enterprises, Steel Forge.

19. **a) Managerial Remuneration**

(Rs. In Lakhs)

Particulars	2003-04	2002-03
Salaries & Allowances	25.71	34.04
Contribution to Provident and Others Funds	3.13	1.56
Perquisites	10.04	9.07
Terminal benefits	7.57	9.00
Total	46.45	53.67



19. **b) Computation of Commission Payable to Deputy Chairman**

(Rs. In Lakhs)

Particulars	2003-04	2002-03
Profit before taxation as per P&I a/c		591.16
ADD:-		
i) Salary & Allowances to Directors	31.69	-
ii) Provident Fund contribution	3.10	-
iii) Perquisites to Directors	4.09	-
iv) Retirement benefits to Directors	7.57	-
v) Directors Sitting Fees	4.00	-
vi) Commission Payable to Deputy Chairman	6.41	-
vii) Provision for Bad Debts	24.62	-
viii) Loss on sale of assets(net)	1.28	-
ix) Assets written off	31.08	-
		113.83
Sub-Total(A)		704.99
LESS:-		
a) Provision for Wealth Tax	1.80	-
b) Profit on sale of Investments	62.43	-
Sub-Total(B)		64.23
Profit Computed u/s.349 of the Companies Act,56(A)-(B)		640.77
Commission payable to Deputy Chairman @ 1% of the above		6.41

- a) Managerial remuneration paid to MD & Other Directors Rs.46.45 lakhs
b) Commission payable to Deputy Chairman @ 1% is Rs. 6.41 lakhs

20. 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

(Rs.in Lakhs)

Particulars	2003-04	2002-03
Labour charges	244.48	350.48
Insurance	2.33	2.10
Consultancy charges	85.21	85.21
Other Expenses	188.00	919.92
Materials	77.33	31.66
Total	597.36	1389.87

Advance received during the year in respect of the Property Development contracts is Rs.29.09 lakhs and revenue recognized for the year is Rs.3011.00 lakhs.

21. (a) Value of Imports calculated on C.I.F.

(Rs.in Lakhs)

Particulars	2003-04	2002-03
Raw materials	1506.04	925.95
Components and Spare parts	2.30	6.59
Capital goods	--	245.41

21 (b) Expenditure in Foreign Currency during the Financial Year

(Rs.in Lakhs)

Particulars	2003-04	2002-03
Travel	5.59	5.86
Membership and Subscription	0.78	1.22
Commission	5.25	0.67
Royalty	12.73	26.80
Interest	78.27	--
Other matters	2444.20	1621.10

21 (c) Value of raw materials, spare parts and components consumed during the year

	2003-04		2002-03	
	Percentage to Total Consumption	Value (Rs. in Lakhs)	Percentage to Total Consumption	Value (Rs. in Lakhs)
Imported	34.15	1550.71	25.36	947.31
Indigenous	65.85	2989.99	74.64	2788.71
		4540.70		3736.02

21 (d) Amount remitted during the year in foreign currency on account of dividends

Particulars	2003-04	2002-03
Amount Rs. in lakhs	--	--
No of shareholders	--	2
No of Shares	--	31112
Year to which it relates	--	2001-02

21 (e) Earnings in foreign exchange (received during the year)

(Rs.in Lakhs)

Particulars	2003-04	2002-03
i) Export of goods calculated on F.O.B basis	--	21.34
ii) Other Income		
- Agency fees	365.40	320.57
- Commission	2.03	25.78
- Service Charges	10.10	39.73

22. Related Party disclosure

I. Related parties where control exists

- a) Subsidiary Companies :
South India House Investments Limited
- b) Others:
Ranford Investments Ltd.
Darnolly Investments Ltd.
Pearl Berth (Chennai) Ltd (ceased to exist w.e.f 31.03.04).



II. Other related parties with whom trade transactions have taken place during the year

a) Associates and Joint Ventures

Associates

SDB Cisco (India) Ltd.

Joint Ventures

Sical CWT Distriparks Ltd.

PSA Sical Terminals Ltd

Partnership firms

Tiger Agency

K. Paramasivan & Sons

South India House Investments & Associates

b) Key Management Personnel

Shri. S. Vasudevan - Managing Director

Shri. R. Ramakumar - Director & COO (Logistics)

Related Party transactions

(Rs. in Lakhs)

PARTICULARS	CONTROL EXISTS		OTHER RELATED PARTIES	
	Subsidiary	Others	Associates/ Joint Venture Companies/ Partnership Firms	Key Management Personnel
Purchase of Goods	-	-	30.13 (19.83)	-
Sale- of Goods	-	-	(1.15)	-
Purchase of Fixed Assets	-	-		-
Sale of Fixed Assets				
Rendering of Services	-	-	357.40 (47.13)	-
Receiving of Services	1.20 (0.42)	-	53.97 (70.29)	-
Sale of Undertakings	-	-		-
Share of Profit / (Loss) of firms				
Dividend Income	-	-	412.74 (281.25)	-
Interest Income	-	-	-	-
Interest Expenses	-	141.40(127.35)	-	-
Commission Income (Guarantees)				
Guarantees and Collaterals	-	-	9100.00(11235.00)	-
Managerial Remuneration	-	-	-	46.45 (53.67)
Loans and Advances	-- (644.00)	-- (26.93)	-	-
Loan Outstanding	7490.89 (7736.69)	-	-	-
Debtors	-	-	9.20 (26.67)	-
Creditors	-	-	30.05 (22.91)	-

23. Segment Information for the year ended 31st March 2004

Information about Primary Business Segments

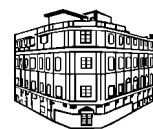
(Rs in Lakhs)

Business Segments	Logistics	Trading - Building Materials	Other Operations	Eliminations	Consolidated Total
REVENUE					
External Sales	75336.18	14412.53	18734.59		108483.30
Inter Segment Sales	21.08	12.24	160.98	(194.30)	-
Total Revenue	75357.26	14424.77	18895.57	(194.30)	108483.30
RESULT					
Segment Result	6623.13	487.85	147.14		7258.12
Unallocated Corporate Expenses					768.22
Operating Profit					6489.90
Interest expense					6528.10
Interest / Dividend income					629.36
Income Taxes					(374.89)
Profit from Ordinary Activities					966.05
Extraordinary Income					-
Net Profit					966.05
OTHER INFORMATION					
Segment Assets	42471.32	3042.58	19262.85		64776.75
Unallocated Corporate Assets					30440.66
Total Assets					95217.41
Segment Liabilities	20104.15	1765.44	3600.38		25469.97
Unallocated Corporate Liabilities					52064.29
Total Liabilities					77534.25
Capital Expenditure	1397.12	18.73	948.37		2364.22
Depreciation	970.89	20.75	628.81		1620.45
Non Cash Charges - other than depreciation	45.21	7.96	224.92		278.09

Information about Secondary Business Segments

(Rs in Lakhs)

	India	Outside India	Total
Revenue by Geographical Market	108105.77	377.53	108483.30
Segment Assets	64776.75	-	64776.75
Capital Expenditure	2364.22	-	2364.22



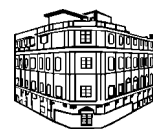
Notes:

- a. The Company has identified Business Segment as the primary segment and Geographic segment as the secondary segment for disclosure.
- b. The Business Segments identified are Logistics & Trading of Building Materials. The following are the activities considered under each Business Segment:
 1. Logistics includes all Port related services provided by the Company
 2. Trading - Building Materials includes Trading of Cement, Steel, Electrical and other such materials
 3. Other operations include Autocomponents, Refractories, Flexible shafts, Drums, Civil Construction, Property Development, Ship Repair, Boat building, Cytozyme, Speciality Chemicals, Sugar, Oil Palm, Plantation etc.

The above segments have been identified based on the Organisational structure as well as the differing Risks and Returns of these segments.
- c. The Geographical Segments considered for disclosure are India and Rest of the World. All the manufacturing facilities and sales offices are located in India. Sales to the rest of the world are serviced by the Indian Sales offices. Geographical segments are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.
- d. Segmental assets include all operating assets used by the respective segment and principally consists of operating cash, debtors, inventories and fixed assets, net of allowances and provisions. Segmental liabilities include all operating liabilities and primarily consists of creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities.

24 A) Sales Turnover - Finished Goods

Particulars	Units	2003 - 2004		2002 - 2003	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
Fire Bricks	Nos.	3173781.00	1337.63	2439664.00	1658.23
Refractory Bonding Materials	Bags	8648.00	23.49	31968.00	121.32
Stoneware Pipes	Nos.	793279.00	345.91	654383.00	201.53
Steel Pipes	Mtrs.	7159952.42	9138.68	10197016.97	11117.85
P V C Pipes	Mtrs.	144473.12	587.57	2264976.99	977.81
Cables	Mtrs.	932796.60	501.20	1610330.35	917.65
Wood Screws	Gross	220384.00	50.02	216249.00	47.79
Flexible Shaft Machine With Accessories	Nos.	977.00	333.51	939.00	273.29
Speedo Meter Cables	Nos.	55308.00	9.95	50916.00	19.03
Remote Control Cables	Nos.	264108.00	17.05	546871.00	34.95
Barrels	Nos.	255041.00	1690.53	168409.00	1249.42
D C Motors for Industrial and Automotive Application	Nos.	113611.00	1907.12	83756.00	1689.48
Vehicles	Nos.	932.00	5129.59	1084.00	6343.76
Hardware Materials	Kgs	15493783.96	3411.95	20675724.71	3655.61
Speciality Chemicals	M T	205.96	213.39	186.89	154.09
Cytozyme	Ltrs	140.00	339.41	124.20	301.21
Cytozyme Granules	M T	205.28	47.62	155.80	36.15
Coffee Uncured	M T	311.15	86.06	437.03	114.72
Crude Palm Oil	M T	3307.71	1145.63	3305.06	1058.59
Nuts	M T	-	-	40.27	1.78
Kernels	M T	232.12	27.85	849.54	95.19
Coal	M T	-	-	112919.82	3259.58
Kernel Oil	M T	300.22	97.02	-	-
Kernel Cake	M T	590.84	24.10	-	-
Others	M T	-	1265.11	-	1474.72
Total			27644.33		34803.75

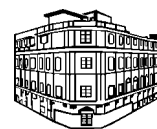


24 B) Raw Materials Consumed

Particulars	Units	2003 - 2004		2002 - 2003	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
Fire Clay	M T	19278.00	57.87	2745.00	13.63
Hard Burnt Bauxite	M T	5457.00	378.74	4866.00	273.34
Fire Clay Powder	M T	325.00	2.28	1067.00	5.30
Kyanite Powder	M T	946.00	12.93	9.00	0.21
Magnasite	M T	1211.00	91.01	260.00	25.91
Copper Wire	Kg's	1434.00	7.34	1404.00	3.13
PVC Compound	Kg's	2875.00	1.61	2965.00	1.71
High Tensile Wires	Kg's	26965.00	9.50	26873.00	8.76
High Tensile Strip	Kg's	36191.00	16.60	32720.00	15.18
Stampings	Kg's	5307.00	8.09	5632.00	7.61
Aluminium Components	No's	-	-	10618.00	0.19
Gears	No's	3775.00	6.68	3749.00	6.41
Bearings	No's	3775.00	9.18	19821.00	9.24
C R Coils	M T	4985.07	1084.50	3755.50	799.63
Work shop Raw Materials Components and Others	M T	-	1561.16	-	1409.76
Fresh Farm fruits	M T	18060.55	721.26	17495.24	581.68
Speciality Chemicals	M T	93.74	54.40	99.07	57.68
Cytozyme Liquid	Ltrs	2043.00	1.28	2269.00	0.98
Cytozyme Bulk Materials	M T	330.99	35.61	49.00	44.32
Others		-	226.27	-	193.68
Total			4286.31		3458.35

24 C) Opening and Closing Stock of Goods Purchased and Produced

Particulars	Units	Closing Stock		Opening Stock	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
Fire Bricks	Nos.	442.33	38.54	1475.12	111.31
Refractory Bonding Materials	Bags	35.37	2.00	102.11	9.97
Stoneware Pipes	Nos.	149.08	4.31	634.53	20.04
Steel Pipes	Mtrs.	479014.93	618.47	713298.02	790.38
P V C Pipes	Mtrs.	111085.25	39.80	121709.51	44.19
Cables	Mtrs.	42150.02	33.81	59423.95	27.15
Wood Screws	Gross	9665.00	2.49	55534.00	14.70
Flexible Shaft Machine With Accessories	Nos.	34.00	12.25	50.00	26.95
Speedo Meter Cables	Nos.	90650.00	17.19	125533.00	21.49
Remote Control Cables	Nos.	27130.00	2.96	54588.00	5.19
Barrels	Nos.	2511.00	8.70	2568.00	18.51
D C Motors for Industrial and Automotive Application	Nos.	238.00	3.95	266.00	4.42
Vehicles	Nos.	38.00	192.55	31.00	230.85
Hardware Materials	Kgs	164419.00	41.25	220942.25	38.50
Speciality Chemicals	M T	84.97	5.52	98.97	6.53
Cytozyme	Ltrs	3085.82	1.10	22263.30	18.32
Cytozyme Granules	M T	60.00	0.01	37510.00	3.91
Coffee Uncured	M T	10.01	2.17	92.00	19.97
Black pepper	Kgs	4200.00	3.02	-	-
Crude Palm Oil	M T	14.08	3.86	4.39	0.99
Kernels	M T	1.78	0.07	2.92	0.10
Others		213269.51	50.42	250831.52	57.30
Total			1079.25		1470.77



24 D) Class of Goods Manufactured and Purchased

Particulars	Units	Licenced Capacity	Installed Capacity	Actual Production	Purchase	Value Rs. in Lakhs
Fire Bricks	Nos.	43700.00 (43700.00)	40500.00 (40500.00)	17190.00 (11371.00)	- - -	- - -
Refractory Bonding Materials	Bags	-	-	351.00	-	-
Stoneware Pipes	Nos.	6600.00 (6600.00)	6600.00 (6600.00)	8992.50 (6060.00)	- -	- -
Steel Pipes	Mtrs.	-	-	-	6925669.33 (9758275.57)	8476.65 (10172.76)
P V C Pipes	Mtrs.	-	-	-	1433848.86 (2167171.71)	507.60 (842.22)
Cables	Mtrs.	-	-	-	915522.67 (1511939.90)	480.30 (846.52)
Wood Screws	Gross	925000.00 (925000.00)	600000.00 (600000.00)	251301.00 (238944.00)		
Flexible Shaft Machine With Accessories	Nos.	1331.00 (1331.00)	4000.00 (4000.00)	961.00 (917.00)	-	-
Speciality Chemicals	TPA	300.00 (300.00)	300.00 (300.00)	204.50 (193.70)	-	-
Cytozyme	Ltrs	200000.00 (200000.00)	200000.00 (200000.00)	119625.00 (141000.00)	-	-
Cytozyme Granules	M T	200.00 (200.00)	200.00 (200.00)	167.83 (153.00)	-	-
Speedo Meter Cables	Nos.	400000.00 (400000.00)	456000.00 (456000.00)	20425.00 (28761.00)	-	-
Remote Control Cables	Nos.	360000.00 (360000.00)	90000.00 (90000.00)	236650.00 (563621.00)	-	-
Barrels	Nos.	-	167205.00 (167205.00)	254984.00 (162790.00)	-	-
D C Motors for Industrial and Automotive Application	Nos.			113583.00 (83307.00)		
Hardware Materials	Kgs	-	-	-	15437260.71 (20431288.51)	3214.59 (3422.07)
Vehicles	Nos.	-	-	-	939.00 (1062.00)	5491.63 (6141.21)
Vehicles Spares		-	-	-		1053.31 (1419.64)
Coffee uncured	M T	-	-	230.00 (331.70)		
Coal	M T	-	-	-	(87460.66)	(2234.85)
Palm Oil	M T			3307.71 (3252.66)		

Class of Goods Manufactured and Purchased (Contd.)

Particulars	Units	Licenced Capacity	Installed Capacity	Actual Production	Purchase	Value Rs. Lakhs
Kernels	M T			232.12 (840.20)	-	-
Nuts	M T			-- (40.26)	-	-
Kernel Cake				590.85 --	-	-
Kernel Oil				300.22 --	-	-
Other Items		-	-	--		512.18 (528.48)

25. a. Deferred tax Asset arising out of timing difference relating to (Rs. in Lakhs)

S.No.	Particulars	Opening	Current Year Adjustments/ Additions	Closing
1	Exchange difference	77.33	—	77.33
2	Provision for Bad Debts	45.36	1.45	46.81
3	VRS	18.25	148.23	166.48
4	Others	642.88	111.76	754.64
	Total	783.82	261.44	1045.26

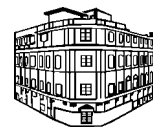
25. b. Deferred tax liability arising out of timing difference relating to

S.No.	Particulars	Opening	Current Year Adjustments/ Additions	Closing
1	Depreciation	3687.95	(182.49)	3505.46
2	Others	283.11	--	283.11
	Total	3971.06	(182.49)	3788.57

26. Earnings per share

Particulars	2003-04	2002-03
Profit / (Loss) after tax as per Profit & loss Account & Preference dividend as per Note No. 17 of Schedule 22 B (Rs.in Lakhs)	675.00	(25.73)
No of Shares used in computing earnings per share	27533029	27533029
Earnings per Share – Basic and Diluted (In Rupees)	2.45	(0.09)
Face Value per share (in Rupees)	10	10

27. Figures in brackets relate to previous year.



28. Balance Sheet Abstract and Company's general business profile

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

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

For M/s. CGNSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2004

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2004

(Rs. in Lakhs)

	Current Year	Previous Year	
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax	591.16		280.29
Adjustments for :			
Depreciation	1,620.44	1,466.28	
Miscellaneous Expenditure - written off	70.29	69.49	
(Profit) / Loss on sale of investments (net)	(62.43)	-	
(Profit) / Loss on sale of fixed assets (net)	1.28	452.63	
Interest	6,359.69	6,909.90	
Provision for Doubtful debts and advances	24.62	10.62	
Bad debts written off	62.44	94.90	
Exchange rate fluctuation	(69.62)	78.41	
VRS Payment charged to salaries	120.44	138.00	
Assets written off	31.08	21.66	
Prior Period adjustments	(21.12)	(56.92)	
Dividend income	(460.95)	(337.94)	
Payment under Technical Knowhow	(8.00)		
Payment under Voluntary Retirement Scheme	(6.17)	(9.60)	8,837.43
Operating Profit before Working Capital Changes	<u>8,253.16</u>		<u>9,117.72</u>
Adjustments for:			
Trade and other Receivables	6,671.35	(5,203.44)	
Inventories	1,196.82	1,966.76	
Trade Payable	(4,825.24)	10.81	(3,225.87)
Cash Generated from Operations	<u>11,296.09</u>		<u>5,891.85</u>
Tax Refund	355.41		401.79
Net Cash from Operating activities	<u>11,651.50</u>		<u>6,293.64</u>
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,697.26)		(1,512.74)
Investments made	-		(3.01)
Proceeds from Sale of Fixed Assets	1,948.30		2,123.91
Net Proceeds from Sale of Investments	561.01		-
Interest Received	149.34		416.49
Dividend Received	460.95		331.98
Advances to Subsidiary	245.80		(644.10)
Capital Subsidy received	-		20.00
Net Cash used in Investing Activities before Extraordinary items	<u>1,668.15</u>		<u>732.53</u>
Net Proceeds from Sale of undertaking	-		-
Net Cash from Investing Activities after Extraordinary items	<u>1,668.15</u>		<u>732.53</u>



(Rs. in Lakhs)

	Current Year	Previous Year
C CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	(145.00)	(100.00)
Proceeds received from Long Term Borrowings	767.66	4,344.05
Repayment of Long Term Borrowings	(6,548.58)	(4,482.17)
Proceeds received from Short Term Borrowings	-	1,600.00
Repayment of Short Term Borrowings	(620.34)	(529.66)
Interest Paid	(6,909.19)	(7,828.53)
Unclaimed Dividend of earlier years	(14.36)	(2.32)
Net Cash used in Financing Activities	<u>(13,469.81)</u>	<u>(6,998.63)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(150.17)	27.54
Cash and cash equivalents as at (opening) 1st April 2003	3,270.19	3,242.65
Cash and cash equivalents as at (closing) 31st March 2004	3,120.02	3,270.19

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

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

Place : Chennai
Date : 28th June, 2004

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

AUDITORS' REPORT

We have examined the above Cash Flow Statement of South India Corporation (Agencies) Limited, for the year ended 31st March 2004. The statement has been prepared by the Company in accordance with the requirements of the Listing Agreements Clause 32 with the 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 **M/s CNGSN & Associates**
Chartered Accountants

Place : Chennai
Date : 28th June, 2004

C.N. GANGADARAN
Partner

**STATEMENT OF PARTICULARS OF SUBSIDIARY VIZ., SOUTH INDIA HOUSE INVESTMENTS LTD.,
PURSUANT TO SECTION 212(5) OF THE COMPANIES ACT, 1956**

PARTICULARS	
<p>(a) whether there has been any, and, if so, what change in the holding Company's interest in the subsidiary between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding Company's financial year.</p>	<p>There is no change in the holding Company's interest in the subsidiary Company. 100% of the shareholding i.e., 1,00,00,000 equity shares of Rs.10/- each is held by the holding Company (South India Corporation (Agencies) Ltd.)</p>
<p>(b) details of any material changes which have occurred between the end of the financial year or of the last of the financial year of the subsidiary i.e., South India House Investments Ltd., (31.03.2003) and the end of the holding Company i.e., South India Corporation (Agencies) Ltd., financial year (31.03.2004) in respect of</p> <p>i) the Subsidiary's fixed assets;</p> <p>ii) its investments;</p> <p>iii) the moneys lent by it;</p> <p>iv) the moneys borrowed by it for any purpose other than that of meeting current liabilities.</p>	<p>Additions to the fixed assets Rs.1.36 Lakhs</p> <p>Rs.87.99 Lakhs</p> <p>Rs.2.03 Lakhs</p>

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

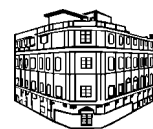
For M/s. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2004

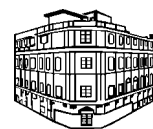
DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner



CONSOLIDATED FINANCIAL STATEMENTS
OF
SOUTH INDIA CORPORATION (AGENCIES) LTD.
2003 - 2004



CONSOLIDATED

Auditors' Report to the Board of Directors of M/s South India Corporation (Agencies) Limited on the consolidated financial statements of South India Corporation (Agencies) Limited.

We have examined the attached Consolidated Balance Sheet of M/s South India Corporation (Agencies) Limited as at 31st March, 2004 and the consolidated Profit and Loss Account for the year ended on that date and the cash flow statement for the year 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. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all materials respects, in accordance with an identified financial reporting framework and 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.

We have not audited the financial statements of the subsidiary and joint ventures, whose financial statements reflect the Group's share of total assets of Rs.10519.90 lakhs as at 31.03.2004 and Group's share of total revenues of Rs.1610.41 lakhs for the year ended 31st March 2004. These financial statements and other information of the Joint Ventures have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these Joint Ventures are based solely on the reports of the other auditors. The financial statements and other information of the subsidiary for the year ended 31st March 2003 has been audited by us and for the year ended 31st March 2004 have been certified by their Directors, whose certificate has been furnished to us, and our opinion, in so far as it relates to amounts included in respect of the subsidiary is based solely on the certificate.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21-Consolidated Financial Statements, Accounting Standard 23-Accounting for investments in Associates in Consolidated Financial Statements and Accounting Standard 27-Financial Reporting of interest in joint ventures issued by The Institute of Chartered Accountants of India.

Based on our audit and on consideration of the reports/certificates of other Auditors/Directors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that subject to;

1. The following are carried over at book values :

- (a) **Investment in certain shares considered as long term investments in nature by the management, whose market value is lower by Rs.1003.83 lakhs in respect of the holding Company and Rs.1025.24 lakhs in respect of its subsidiary vide Note No. 7(b) of Schedule 22B.**
- (b) **Debts and advances to partnership, sick industrial undertaking and covered by court cases / arbitration and debts outstanding for more than three years aggregating Rs.5609.80 lakhs referred to in Note Nos. 8(a) to (c) of Schedule 22B, in respect of the holding Company.**

Ultimate shortfall, if any, on disposal of these investment and settlement of these debts and advances is not presently ascertainable and hence, we are unable to express an opinion on these matters.

2. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s.South India Corporation (Agencies) Limited, its subsidiary and its Joint Ventures as at 31st March 2004;
3. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operation of M/s.South India Corporation (Agencies) Limited, its subsidiary and its Joint Ventures for the year ended 31st March 2004; and
4. The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows for the year ended on that date.

For M/s CNGSN & ASSOCIATES
Chartered Accountants

Place : Chennai.
Date : 28th June, 2004

C.N. GANGADARAN
Partner

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2004

		As at		(Rs. In Lakhs)
	Schedule	31st March, 2004	31st March, 2003	As at 31st March, 2003
I SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS:				
Capital	1	5155.11		5300.11
Advance towards Capital		1716.18		1701.40
Reserves & Surplus	2	<u>11614.32</u>	18485.61	<u>9509.85</u> 16511.36
LOAN FUNDS				
Secured Loans	3	31514.62		33000.86
Unsecured Loans	4	<u>8718.28</u>	40232.90	<u>12041.78</u> 45042.64
Total			<u>58718.51</u>	<u>61554.00</u>
II APPLICATION OF FUNDS				
FIXED ASSETS:				
Gross Block	5	33867.02		29632.35
Less : Depreciation		<u>9565.94</u>		<u>7337.39</u>
Net Block		24301.08		22294.96
Capital work-in-Progress at cost		<u>1913.88</u>	26214.96	<u>2627.40</u> 24922.36
INVESTMENTS	6		3440.59	6470.36
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	4533.76		5635.63
Sundry Debtors	8	27167.05		27982.58
Cash and Bank Balances	9	3344.10		3271.17
Loans and Advances	10	<u>32033.09</u>		<u>34409.57</u>
		<u>67078.00</u>		<u>71298.95</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	11	<u>35480.78</u>		<u>38311.21</u>
NET CURRENT ASSETS			31597.22	32987.74
DEFERRED TAX				
Deferred Tax Assets		1045.26		302.81
Deferred Tax Liabilities		<u>(3896.80)</u>	(2851.56)	<u>(3490.02)</u> (3187.21)
MISCELLANEOUS EXPENDITURE				
(To the extent not written off)	12		317.30	360.75
Total			<u>58718.51</u>	<u>61554.00</u>

Schedules 1 to 12 and Notes in Schedule 22 form 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

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

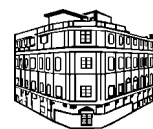
For M/s. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2004

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

**CONSOLIDATED****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2004**

(Rs. In Lakhs)

	Schedule	Year ended 31st March, 2004		Year ended 31st March, 2003	
INCOME					
Sales and Services	13	110254.30		111701.57	
Agricultural Income	14	103.85		139.73	
Other Income	15	312.99	110671.14	<u>599.69</u>	112440.99
EXPENDITURE					
Cost of Goods Sold	16		24987.15		30500.02
Cost of Services	17		70299.44		66619.97
Agricultural Expenses	18		167.70		177.07
Salaries, Wages and Other Benefits	19		2329.23		2277.78
Manufacturing and Other Expenses	20		3288.63		4250.87
Interest	21		6532.00		6829.37
Depreciation		1949.36		1489.29	
Less: Transfer from Revaluation Reserve		19.34	1930.02	20.36	1468.93
Miscellaneous Expenditure written off			<u>115.24</u>	<u> </u>	69.49
			109649.41		112193.50
Less: Expenditure capitalised/Self-Consumption			32.68		69.04
			109616.73		112124.46
PROFIT BEFORE TAXATION			1054.41		316.53
Less : Provision for					
- Current Tax			78.77	27.54	
- Deferred Tax			(365.80)	(91.44)	
Tax relating to prior years			82.26	(8.82)	(72.72)
PROFIT AFTER TAXATION			1259.18		389.25
Prior Period Adjustments - Expenses			28.64		56.92
Balance brought forward from Previous year			(80.07)		(437.52)
Accumulated Profit on initial adoption			450.83		-
Transfer from Investment Allowance Reserve Account (Utilised)			-		25.12
			1601.30		(80.07)
APPROPRIATION					
Capital Redemption Reserve			145.00		-
Tax on Proposed Dividend on Equity Shares (Share of Joint Venture)			50.45		-
General Reserve			59.60		-
Balance carried to Balance Sheet			1346.25		(80.07)
			1601.30		(80.07)

Schedules 13 to 22 and Notes in Schedule 22 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

Dr. A.C. MUTHIAH
ChairmanASHWIN. C. MUTHIAH
Deputy ChairmanS. VASUDEVAN
Managing DirectorFor M/s. CNGSN & Associates
Chartered AccountantsPlace : Chennai
Date : 28th June, 2004DHANANJAY N MUNGALE
DirectorS. SIVARAMAN
Company SecretaryC.N. GANGADARAN
Partner

SCHEDULES

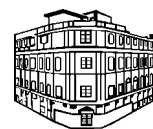
	As at		(Rs. In Lakhs)	
	31st March, 2004		As at 31st March, 2003	
SCHEDULE 1				
SHARE CAPITAL				
AUTHORISED:				
4,50,00,000 (4,50,00,000) Equity Shares of Rs.10/- each	4500.00		4500.00	
5,50,00,000 (5,50,00,000) Preference shares of Rs.10/- each	5500.00	10000.00	5500.00	10000.00
ISSUED:				
2,75,73,367(2,75,73,367) Equity Shares of Rs.10/- each	2757.34		2757.34	
2,54,50,000 (2,54,50,000) Preference Shares of Rs 10/- each	2545.00	5302.34	2545.00	5302.34
SUBSCRIBED:				
2,75,69,127(2,75,69,127) Equity Shares of Rs.10/- each	2756.91		2756.91	
2,54,50,000 (2,54,50,000) Preference Shares of Rs 10/- each	2545.00	5301.91	2545.00	5301.91
PAID-UP:				
2,75,33,029 (2,75,33,029) Equity Shares of Rs 10/- each	2753.30		2753.30	
Add: Forfeited Shares	1.81	2755.11	1.81	2755.11
2,40,00,000 (2,54,50,000) Preference Shares of Rs 10/- each		2400.00		2545.00
		5155.11		5300.11

Of the above,

- a) 9320003 Equity Shares of Rs 10 each were allotted as fully paid up as per the earlier schemes of amalgamation
- b) 9860910 Equity Shars of Rs 10 each were allotted as fully paid up to the share holders of 34513195, 1% Preference Shares on 1/4/1997 in terms of the special resolution passed by the shareholders on 9/12/1996.
- c) 47,61,908 Equity shares of Rs 10 each were allotted as fully paid up by way of bonus shares by capitalisation of share premium.

Notes:

14% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002	1000.00
15% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002	900.00
9% Preference Shares of Rs.10 each allotted on 31.03.2001 redeemable at par at the expiry of 5 years from the date of allotment	500.00



CONSOLIDATED

(Rs. In Lakhs)

As at
31st March, 2004

As at
31st March, 2003

SCHEDULE 2

RESERVES AND SURPLUS

CAPITAL RESERVE

As per last Balance Sheet	1099.29		1137.54	
Add: Capital Subsidy	-		20.00	
Less: JV pre-acquisition profit	(8.37)		-	
Add: Associate profit	286.29		-	
Less: Adjustments for bonus shares	-	1377.21	(58.25)	1099.29

CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	855.00		500.00	
Add: Transfer from Profit & Loss Account	145.00	1000.00	355.00	855.00

DEBENTURE REDEMPTION RESERVE

As per last Balance Sheet		2388.00		2388.00
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SHARE PREMIUM ACCOUNT

As per last Balance Sheet	2629.58			2629.58
Share of Joint Ventures	155.60	2785.18		

REVALUATION RESERVE

As per last Balance Sheet	862.90		1270.12	
Less: Transfer to General Reserve	-		(314.22)	
Less: Adjusted for Asset written off	(0.01)		(72.64)	
Less: Transfer to Profit & Loss Account	(19.34)	843.55	(20.36)	862.90

INVESTMENT ALLOWANCE RESERVE

As per last Balance Sheet	41.77		41.77	
Less: Transfer to General Reserve	(41.77)	-	-	41.77

INVESTMENT ALLOWANCE RESERVE (UTILISED)

As per last Balance Sheet	-		25.12	
Less: Transfer to Profit & Loss Account	-	-	(25.12)	-

GENERAL RESERVE

As per last Balance Sheet	1713.38		1754.16	
Add: Transfer from Investment Allowance / Revaluation Reserve	41.77		314.22	
	1755.15		2068.38	
Less: Transfer to Capital Redemption Reserve	-		(355.00)	
Add: Transfer from Profit and Loss Account (Joint Ventures)	118.98	1874.13	-	1713.38

PROFIT AND LOSS ACCOUNT

Surplus from Profit and Loss Account		1346.25		(80.07)
		11614.32		9509.85

	As at 31st March, 2004	(Rs. In Lakhs) As at 31st March, 2003
SCHEDULE 3		
SECURED LOANS		
NON-CONVERTIBLE DEBENTURES	8149.04	8677.03
LOANS FROM BANKERS		
Working capital facilities	10931.44	12102.93
Term Loans	865.80	583.85
LOANS FROM FINANCIAL INSTITUTIONS		
Term Loans	9433.45	10955.40
Interest accrued and due	70.81	276.39
LOANS AND ADVANCES FROM OTHERS		
Interest free Sales Tax Loan	65.59	88.96
Hire Purchase Loans	240.38	316.30
Share of Joint Ventures	1758.11	-
	<u>31514.62</u>	<u>33000.86</u>

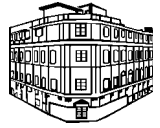
NOTES :

Non Convertible Debentures

- a) 18.50%, Rs.233.33 lakhs are redeemable at par, at the end of 7th and 8th year, commencing from 5th December 1995 and 14% Rs 34 lacs redeemable in June 2004 are secured by a charge on Company's lands and buildings situated at Pattinamarudhur and Tharuvaikulam village, Tuticorin and Building at Kovalam Village. (Instalment fallen due Rs.233.33 lakhs).
- b) 15.25%, Rs.5666.67 lakhs are redeemable at par, at the end of 3rd, 4th and 5th year, commencing from the respective date of allotment during October 1999 to March 2000 and 12% Rs 533.33 lacs redeemable during the FY 2004-05 are secured by immovable properties at Sakleshpur estates along with standing trees and crops, cranes at JD(V) berth of Chennai Port, floating drydock and Land at mehsana - Gujarat. (Instalment fallen due Rs.666.67 lakhs) A Debenture holder of Rs 4500 lakhs who has exercised the "Put Option" has filed a case before Debt Recovery Tribunal-1, Mumbai who had passed an interim order, restraining the company from payment of dividend already declared in 2002 and also restrained the company from the receipt of Retention money from Tamilnadu Electricity Board. The company has preferred an appeal before DRT, Mumbai
- c) Includes interest accrued and due Rs.1681.70 lakhs (Rs 979.50 lakhs).

Other Secured Loans

- a) Working Capital Facilities from Bankers are secured by hypothecation of stocks, book debts and other current assets, plant and machinery of certain divisions, by way of equitable mortgage / deposit of title deeds of certain immovable properties on exclusive / paripassu basis and by a paripassu second charge on movable and immovable assets, executed / pending execution, guarantee of a Director as applicable.
- b) Term Loans from Banks are secured by mortgage of movable and immovable property acquired under the respective Loan, pledge of equity shares and guaranteed by a Director as applicable.
- c) Term Loans from financial Institutions are secured by equipments acquired under the Loan, first charge / mortgage on movable and immovable assets, pledge of equity shares, guarantee of a Director and second charge on certain current assets, executed / pending execution as applicable.
- d) Interest free sales tax loan is secured by second charge on fixed assets and certain current assets and paripassu first charge on certain fixed assets.
- e) Hire Purchase Loans are secured by hypothecation of respective assets acquired under the hire purchase contracts.

CONSOLIDATED**SCHEDULE 4****UNSECURED LOANS**

UNSECURED LOANS

Fixed Deposits	2,748.84	4,014.53
(From Directors Rs 364.53 lakhs (Rs 345.07 lakhs))		
Short Term Loans and Advances		
From Banks	-	440.32
Others	2,200.00	2,380.00
Interest accrued and due	169.23	104.77
Other Loans and Advances		
Advances from principals	249.36	893.60
Others	3,331.40	4,208.56
Share of Joint Ventures	19.45	-
	<u>8,718.28</u>	<u>12,041.78</u>

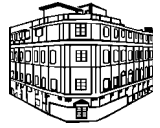
NOTES

- a. Fixed Deposits includes Rs 31.96 lakhs Interest accrued and due on promoters' deposits.
- b. Long term loans and advances - others include
- Rs. 1500.00 lakhs (Rs. 1500.00 lakhs) guaranteed by a Director.
 - Rs. 27.39 lakhs (Rs. 28.85 lakhs) secured by equitable mortgage of title deeds of employees' properties who have availed loans under the schemes.
 - Rs. 93.09 lakhs (Rs.482.80 lakhs) Interest accrued and due.

SCHEDULE 5
FIXED ASSETS

(Rs. In Lakhs)

	COST				DEPRECIATION				NET BLOCK	
	As at 01.04.03	Additions	Sales / Adjustments	As at 31.03.04	As at 01.04.03	For the Year	Withdrawn	Upto 31.03.04	As at 31.03.04	As at 31.03.03
	Freehold Land	1,762.72	-	472.77	1,289.95	-	-	-	-	1,289.95
Leasehold Land	43.94	-	-	43.94	6.08	0.43	-	6.51	37.43	37.86
Buildings	5,100.35	17.24	180.12	4,937.47	1,096.01	148.71	53.21	1,191.51	3,745.96	4,004.34
Leasehold Improvements	355.56	-	-	355.56	126.93	22.38	-	149.31	206.25	228.63
Plant & Machinery	7,979.39	894.34	73.66	8,800.07	2,495.53	539.33	33.85	3,001.01	5,799.06	5,483.86
Office Equipments	667.36	40.58	1.11	706.83	472.84	38.16	0.65	510.35	196.48	194.52
Furnitures & Fixtures	584.92	9.61	5.73	588.80	382.77	34.63	4.76	412.64	176.16	202.15
Ship	1,895.42	-	1,855.00	40.42	313.50	229.70	506.27	36.93	3.49	1,581.92
Trucks	2,135.68	125.25	71.26	2,189.67	1,837.50	59.73	67.75	1,829.48	360.19	298.18
Vehicles	479.44	25.75	23.23	481.96	244.33	58.92	16.36	286.89	195.07	235.11
Leased Machinery	56.97	-	-	56.97	51.05	0.90	-	51.95	5.02	5.92
Port Handling Equipment	8,570.60	1,231.19	-	9,801.79	310.85	547.56	-	858.41	8,943.38	8,259.75
Grand Total	29,632.35	2,343.96	2,682.88	29,293.44	7,337.39	1,680.45	682.85	8,334.99	20,958.45	22,294.96
Capital Work in Progress	2,627.40	21.62	747.49	1,901.53	-	-	-	-	1,901.53	2,627.40
Goodwill on investment in JV	-	-	(365.88)	365.88	-	-	-	-	365.88	-
Share in Joint Venture-Assets	-	-	(4,207.70)	4,207.70	-	307.00	(923.95)	1,230.95	2,976.75	-
Share in Joint Venture-CWIP	-	-	(12.35)	12.35	-	-	-	-	12.35	-
Current Year	32,259.75	2,365.58	(1,155.56)	35,780.90	7,337.39	1,987.45	(241.10)	9,565.94	26,214.96	24,922.36
Previous Year	23,883.58	9,619.05	3,870.28	29,632.35	6,976.18	1,489.29	1,128.08	7,337.39	22,294.96	16,907.40

**NOTES :**

- A Gross Block includes Rs.1477.28 Lakhs added on revaluation relating to the erstwhile amalgamating companies in the following years:

(Rs. in Lakhs)

31st March 1989	15.45
31st March 1994	662.48
31st March 1995	386.86
	1,064.79

The incremental depreciation of Rs.19.34 Lakhs (Rs.20.36 Lakhs) for the year on account of such revaluation has been charged against such revaluation reserve.

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

- C Buildings Include:

- (i) Roads and Culverts on leasehold land Rs. 30.44 Lakhs.
- (ii) Buildings of Rs.22.20 Lakhs to be registered in the name of the Company
- (iii) Composite cost of Land and Buildings on freehold land Rs. 505.59 Lakhs (Rs.498.22 Lakhs)
- (iv) Rs. 1250/- being the value of shares in Co - operative Housing Society and Rs.200/- being the value of shares in a society and Rs. 200/- being the value of shares in an association registered under Bombay Non Trading Corporation Act.

- D Assets acquired under Hire Purchase agreement included under:

(Rs. In Lakhs)

Vehicles	83.35	(40.05)
Trucks	136.77	(182.62)

- E Capital work in progress includes Rs.1871.33 Lakhs towards value of Coffee Estate yet to be registered in the name of the company.

- F Depreciation of Rs.38.08 lacs on additions to Plant & Machinery included in the schedule relates to prior period and hence treated accordingly in Profit & Loss Account.

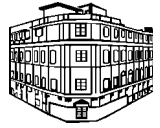
SCHEDULE 6

INVESTMENTS

(Rs. In Lakhs)

PARTICULARS	No. of Shares / Debentures	Face Value per Share / Debenture	As at 31st March, 2004	As at 31st March 2003
TRADE INVESTMENT - AT COST				
In Ordinary Shares - Fully Paid				
Southern Petrochemical Industries Corporation Ltd (Quoted)	3019799	10	1230.31	1230.31
First Leasing Company of India Ltd (Quoted)	2127079	10	411.70	454.91
Coffee Products (India) Ltd	5000	10	5.00	5.00
SDB Cisco (India) Ltd	1359	100	82.64	2.15
Mitsuba Sical India Ltd	300000	10	65.05	520.42
NON TRADE INVESTMENT - AT COST				
In Ordinary Shares - Fully Paid				
Sical Yamatake Ltd (formerly Semmac Ltd)	449970	10	45.00	45.00
Southern Petrochemical Industries Corporation Ltd (Quoted)	2099600	10	1182.71	1182.70
Sical Ships India Ltd (formerly Pearl Ships Ltd)	12500000	10	-	1493.75
Sical CWT Distriparks Ltd (Unquoted)	3950930	10	-	877.02
PSA Sical Terminals Ltd (Unquoted)	5625000	10	-	654.10
A C T Automobiles P Ltd (Unquoted)	2000	10	2.00	-
Share of Joint Ventures			205.37	-
In Government Securities				
NSC certificates			0.66	0.65
Others - Fully Paid				
GIC Fortune 94	12626	7.92	1.00	1.00
TRADE INVESTMENT - AT FACE VALUE (BONUS SHARES)				
First Leasing Company of India Ltd (Quoted)	26633	10	2.66	2.66
SDB Cisco (India) Ltd	3390	100	206.14	0.34
IN PARTNERSHIP FIRMS				
South India Investments & Associates			0.10	0.10
Tiger Agency			0.20	0.20
K.Paramasivam & Sons			0.05	0.05
			3440.59	6470.36

Additions / Deletions During the Year	No. of Shares / Debentures	Rupees in Lakhs
Additions :	-	Nil
Sales / Redemption :		
First Leasing Company of India Ltd.		
- Ordinary Shares at cost	223248	43.21
Mitsuba Sical India Ltd.		
- Ordinary Shares at cost	2100000	455.37
Sical Ships India Ltd.		
- Ordinary Shares at cost	12500000	1493.75
		1992.33
		(Rs. in Lakhs)
	Cost / Book Value	Market Value
Quoted Investments	1644.67	850.23
Unquoted Investments	1795.92	
	3440.59	

CONSOLIDATED**Notes :**

(a) Particulars of Partners, total Capital and Share of each Partner

Firm	Name of the Partners	Capital Contribution (Rs)	Share of Profit (%)
Tiger Agency	Mr C. Suresh	20000.00	33.33
	South India Corporation (Agencies) Ltd	20000.00	33.33
	Mr S. Kumar	20000.00	33.33
K.Paramasivam & Sons	ACT India Ltd (Pending alteration of deed for change in name)	5000.00	49.00
	Mr K.P. Balasubramanian	5000.00	51.00
South India House Investments & Associates	South India House Investments Ltd	10000.00	50.00
	Dr. A C Muthiah	10000.00	50.00

(b) Lodged as securities for loans from Financial Institutions and others:

823500 Equity Shares in Southern Petrochemical Industries Corporation Ltd

1433421 Equity Shares in First Leasing Company of India Ltd

(c) Lodged as securities for loans to other bodies corporate

1987454 Equity Shares in Southern Petrochemical Industries Corporation Ltd

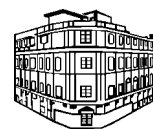
720291 Equity Shares in First Leasing Company of India Ltd

(d) Transfer / sale of 223248 shares of First Leasing Company of India Ltd by a Bank is under dispute.

(Rs. In Lakhs)

	As at 31st March, 2004	As at 31st March, 2003
SCHEDULE 7		
INVENTORIES		
At lower of cost and net realisable value		
Stores and Spares	181.16	156.05
Loose Tools	99.45	106.71
Raw Materials	558.72	597.90
Work-in-Process		
Manufacturing	475.00	444.99
Civil Engineering Contracts / Property Development	480.73	1283.12
Ship Building	119.22	67.36
Goods in transit at Cost	266.41	214.19
Finished and Trading Stocks	1383.07	1890.24
Investment - Trading		
Quoted	537.07	335.80
Unquoted	335.94	539.27
Share of Joint Ventures	96.99	-
	<u>4533.76</u>	<u>5635.63</u>

	As at 31st March, 2004	(Rs. In Lakhs) As at 31st March, 2003
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	14810.65	14358.84
Considered doubtful	124.86	118.64
	14935.51	14477.48
Less: Provision for Doubtful Debts	124.86	118.64
	14810.65	14358.84
Other debts - Considered good	12093.43	13623.74
Share of Joint Ventures	262.97	-
	27167.05	27982.58
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash and Cheques on hand, Remittances and in foreign currency	213.81	178.28
With Scheduled Banks		
On Current Accounts	1189.91	982.46
On Deposit Accounts	132.65	182.96
On Margin Money Accounts	1539.09	1867.56
On Dividend Accounts	44.26	58.62
On Debenture Account	0.89	0.89
	2906.80	3092.49
With Non-Scheduled Bank		
Godavari Gramina Bank (Maximum amount outstanding Rs 136305.60 (Rs 417147.60))	1.36	0.40
Share of Joint Ventures	222.13	-
	3344.10	3271.17



CONSOLIDATED

(Rs. In Lakhs)

As at
31st March, 2004

As at
31st March, 2003

SCHEDULE 10

LOANS AND ADVANCES

Advances to Partnership Firms	2478.81		2560.60	
Less: Due to Partnership Firms	0.64	2478.17	3.78	2556.82
Advances recoverable in cash or in kind or for value to be received considered good (Due from Directors Rs Nil (Nil)) Considered doubtful	21515.81		23431.56	
	9.90		9.90	
	21525.71		23441.46	
Less: Provision for doubtful advances	9.90	21515.81	9.90	23431.56
Advance payment of Income-Tax		3694.46		4070.25
Balance with Central Excise/Customs and Port Trust Authorities		1536.36		1549.69
Deposits (includes deposit with Public Limited Companies Rs 136.12 lakhs (Rs 621.89 lakhs))		2707.57		2801.25
Share of Joint Ventures		100.72		-
		32033.09		34409.57

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

Acceptances	3695.63		4642.79	
Sundry Creditors	29308.86		30321.83	
Due to Directors	-		10.80	
Unclaimed Dividend	44.26		58.62	
Unclaimed Debentures	0.89		0.89	
Interest accrued but not due on Loans	273.98	33323.62	499.46	35534.39
Dividend Payable		239.14		239.14

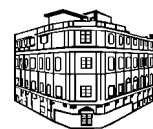
(# includes creditors for capital expenses
Rs. 911.77 (Rs.992.33 lacs))

PROVISIONS:

Provision for Gratuity	126.40		128.47	
Provision for Taxation	1608.91		2409.21	
		1735.31		2537.68
Share of Joint Ventures		182.71		-
		35480.78		38311.21

	As at 31st March, 2004	(Rs. In Lakhs) As at 31st March, 2003
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off)		
Payment made under Voluntary Retirement Scheme	23.52	137.79
Technical Know how	26.52	28.97
Expenditure on Aquaculture & Marine Activities	79.40	99.90
Interest Amortised	54.75	70.91
Debenture Issue Expenses	-	23.18
Share of Joint Ventures	133.11	-
	<u>317.30</u>	<u>360.75</u>

	Year ended 31st March, 2003	Year ended 31st March, 2002
SCHEDULE 13		
SALES AND SERVICES		
SALES:		
Manufactured Goods	7957.90	7001.75
Less: Excise Duty	863.78	738.30
Net Sales	<u>7094.12</u>	<u>6263.45</u>
Traded Goods	20095.39	27729.13
Civil Engineering Contracts	281.07	201.54
Property Development	3011.83	242.22
Others - including by products	60.54	-
SERVICES:		
Transportation	16111.95	12510.33
Clearing & Handling Charges	1036.11	1889.16
Warehousing Rent, Freight On Lorry, Stevedoring & Coal Handling Charges	54160.47	59092.67
Workshop/Service Revenue	2368.95	2141.41
Boat /Ship Building charges	52.48	431.69
Offshore Earnings	2679.63	133.40
Agency Fees	607.60	669.30
Commission	352.91	272.02
Windpower	123.78	125.25
(Tax Deducted at Source on the above - Rs.774.88 lakhs (Rs 956.04 lakhs))		
Share of Joint Ventures	2217.47	-
	<u>110254.30</u>	<u>111701.57</u>



CONSOLIDATED

(Rs. In Lakhs)

Year ended
31st March, 2004

Year ended
31st March, 2003

SCHEDULE 14

AGRICULTURAL INCOME

Coffee Sales	86.06	114.73
Sale of Minor Produce	5.22	22.04
Sale of Coffee Stumps	12.52	2.96
Other receipts	0.05	-
Share of Joint Ventures	-	-
	<u>103.85</u>	<u>139.73</u>

SCHEDULE 15

OTHER INCOME

Dividend		
On Trade Investments (Tax Deducted at source Rs.0.08 (Rs.5.96 lakhs))	132.11	418.39
Profit on sale of Investments(Net)	62.43	-
Rent including Lease Rent and Service charges (Tax Deducted at Source Rs 6.53 lakhs (Rs 2.22 lakhs))	18.73	27.06
Miscellaneous Income	73.09	154.24
Share of Joint Ventures	26.63	-
	<u>312.99</u>	<u>599.69</u>

SCHEDULE 16

COST OF GOODS SOLD

Consumption of Raw Materials:

Stock as on 1st April	606.92	531.03
Add: Purchases	4250.60	3534.24
	<u>4857.52</u>	<u>4065.27</u>
Less: Stock as on 31st March	571.21	606.92
Purchases less Turnover discounts - Trading stock	19740.33	3458.35
Increase/Decrease in Work-in-Process		25686.84
Finished and Trading Stocks:		
Stock as on 1 st April		
Work-in-process	451.75	311.52
Finished and Trading Stocks	1868.14	3286.31
Investment Trading Stock	875.08	951.96
	<u>3194.97</u>	<u>4549.79</u>
Less: Stock as on 31 st March		
Work-in-Process	483.39	451.75
Finished and Trading Stocks	1377.87	1868.13
Investment Trading Stock	873.02	875.08
	<u>2734.28</u>	<u>3194.96</u>
Share of Joint Ventures	460.69	1354.83
	499.82	-
	<u>24987.15</u>	<u>30500.02</u>

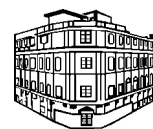
(Rs. In Lakhs)

Year ended
31st March, 2004Year ended
31st March, 2003**SCHEDULE 17****COST OF SERVICES**

Freight Paid		13386.84		17175.34
Port Charges		10053.01		8210.39
Handling and Transportation expenses		38006.59		35367.01
Warehousing expenses		1085.03		2197.00
Hire Charges		0.06		17.48
Workshop Expenses		26.13		29.72
Expenditure on Contracts		3762.60		1276.85
Operation and Maintenance expenses				
Operation and Maintenance		3621.08		2131.01
Stores Consumed	377.56		282.53	
Less: Work in process	119.22	258.34	67.36	215.17
Share of Joint Ventures		99.76		-
		70299.44		66619.97

SCHEDULE 18**AGRICULTURAL EXPENSES**

Stock as on 1st April				
Coffee	19.97		37.79	
Minor Produce	2.13	22.10	29.12	66.91
Curing Charges		-		59.43
Salaries, Wages and Other benefits:				
Salaries, Wages and Bonus	50.81		35.49	
Contribution to PF & Other Funds	0.65		0.10	
Gratuity	63.81		0.69	
Workmen & Staff Welfare expenses	1.81	117.08	0.71	36.99
Consumption of Stores & Spares		20.43		14.82
Repairs & Maintenance				
Buildings	4.13		2.10	
Machinery & Vehicles	2.75	6.88	2.46	4.56
Electricity Charges		2.91		6.16
Insurance		0.10		0.09
Rates & Taxes		2.22		0.33
Administration Expenses		0.39		9.42
Travelling & Conveyance		0.74		0.38
Printing & Stationery		0.04		0.08
		172.89		199.17
Less: Stock as on 31st March				
Coffee	2.17		19.97	
Minor Produce	3.02	5.19	2.13	22.10
Share of Joint Ventures		-		-
		167.70		177.07



CONSOLIDATED

(Rs. In Lakhs)

Year ended
31st March, 2004

Year ended
31st March, 2003

SCHEDULE 19

SALARIES, WAGES AND OTHER BENEFITS

Salaries, Wages and Bonus including Directors Remuneration (includes proportionate write off of payments under Voluntary Retirement Scheme Rs 120.44 lakhs (Rs 138 lakhs))	1748.07	1858.40
Contribution to Provident Fund	87.38	90.42
Contribution to Gratuity & Superannuation Fund	97.72	77.99
Welfare Expenses	228.87	250.97
Share of Joint Ventures	167.19	-
	<u>2329.23</u>	<u>2277.78</u>

SCHEDULE 20

MANUFACTURING AND OTHER EXPENSES

Rent including Lease Rent	177.10	248.46
Rates, Taxes, Licence and Filing fees	118.38	171.55
Insurance	89.60	86.10
Power and Fuel	448.36	442.71
Repairs and Maintenance		
Plant & Machinery	225.06	156.66
Building	27.45	41.14
Vehicles	54.51	55.85
Others	152.75	122.53
Travelling and Conveyance	257.95	213.92
Directors' Sitting Fees	4.00	4.25
Payment to Auditors		
Audit	6.22	6.20
Tax Audit	3.00	3.00
Other Services	2.84	12.75
Expenses	0.09	0.30
Cost Audit Fees	-	0.23
Consumable Stores and Tools	143.12	195.32
Miscellaneous Expenses	1297.45	1749.75
Bad Debts written off	80.84	94.90
Less: Written off against Provision	18.40	-
Provisions for bad debts and advances	24.62	10.62
Exchange Difference	(69.62)	78.41
Assets discarded / written off	31.08	21.66
Loss on sale of assets	1.28	452.63
Rebates, Discount and Commission	11.65	17.26
Royalty, Knowhow and Service charges	27.77	21.42
Commission to Deputy Chairman	6.41	-
Share of Loss from Partnership Firm	-	43.25
Share of Joint Ventures	185.12	-
	<u>3288.63</u>	<u>4250.87</u>

	Year ended 31st March, 2003	(Rs. In Lakhs) Year ended 31st March, 2002
SCHEDULE 21		
INTEREST		
On Fixed Loans	5453.79	5772.31
Others	1074.32	1573.15
	6528.11	7345.46
Less: Interest on Deposits	147.74	246.03
Interest from Others (Tax Deducted at Source Rs 23.28 lakhs (Rs 19.07 lakhs))	106.44	270.06
Share of Joint Ventures	254.18	516.09
	258.07	-
	6532.00	6829.37

SCHEDULE 22

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The consolidated financial statements relate to South India Corporation (Agencies) Limited and its wholly owned Subsidiary South India House Investments Limited. These consolidated financial statements have been prepared under historical cost convention (except revaluation of certain Fixed Assets as stated in (3) below) and applicable Mandatory Accounting Standards.

2. Basis of Consolidation

The financial statements are consolidated in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard – 21, as per AS-23 (in respect of Investments in Associates)and as per Accounting Standard-27 (in respect of Joint Ventures). As this is the first year of adoption of AS-23 & AS-27, figures for the previous year have not been presented in respect of Associates and Joint Ventures.

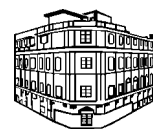
Interests In Joint Ventures

Name	Percentage of ownership interest as at 31 st March 2004	Country of Incorporation
1) SDB Cisco (India) Limited	38%	India

Investments in associates were reported as long term investments as on 31.03.03 and stated at cost. On adoption of AS-23 during this year, these investments have been accounted for using the Equity method whereby the investment is initially recorded at cost and is adjusted thereafter for appreciation in the value of networth. The financial statement of the Associate was drawn up to 31.03.03.

Interests In Joint Ventures

Name	Percentage of ownership interest as at 31 st March 2004	Country of Incorporation
1) PSA Sical Terminals Limited	37.50%	India
2) Sical CWT Distriparks Limited	38.90%	India



CONSOLIDATED

The financial statements of the Joint Ventures are drawn up to 31st December 2003.

Joint Venture disclosures		(Rs. in Lakhs)
a)	Income	
	i) Sales & Service	1876.17
	ii) Other Income	26.63
b)	Expenditure	
	i) Total Expenditure	1561.92
	ii) Profit before Tax	340.88
	iii) Provision for taxation	133.56
	iv) Profit after tax	207.32

3. Fixed Assets

Buildings of Cables Division and freehold land, plant and machinery and electrical installations of the Refractories Division were revalued on 31st March, 1989 and 31st March, 1994, 31st March, 1995 respectively. Accordingly, those assets are stated at revalued amounts. The resultant increase on revaluation was credited to Revaluation Reserve. The incremental annual differential depreciation on account of such revaluation is charged against the Reserve. Other assets including the additions subsequent to revaluation are shown at cost which includes capitalisation of pre-operative expenses and net of CENVAT credit availed wherever applicable.

With regard to assets acquired under hire purchase, the cost of the assets is capitalised while the annual charges are charged to revenue. Leasehold Land is capitalised and the amount is not amortised except the Leasehold Land of Refractories Division which is amortised over the period of lease.

4. Borrowing Cost

Borrowing costs are capitalised as part of qualifying fixed assets when 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 logistics division at written down value method except assets of transportation and warehousing at straight line method. Port handling equipments are written off over the period of BOT Scheme.
- b) Assets of Building Materials division at written down value method and assets of vehicle sales at straight line method.
- c) Assets of Manufacturing division at straight line method, except assets of Pipes & Cables division, which are at written down value method.
- d) Assets of Agri division at Straight Line method.
- e) Assets of Engineering division at written down value method and assets of Civil and Property development at straight line method.
- f) 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.
- g) Depreciation on certain premises is provided on composite cost where it is not possible to segregate the land cost.
- h) Depreciation on leased assets is provided on straight line method over the primary period of lease.
- i) Improvements on leasehold premises are depreciated over the tenure of lease.
- j) Assets costing less than Rs.5000 are fully depreciated.
- k) In respect of the Subsidiary, Depreciation is provided on WDV basis at the rate prescribed in Schedule XIV of the Companies Act, 1956.
- l) In respect of one of the Joint Ventures, Depreciation on fixed assets other than Freehold land are depreciated on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. and in respect of another, depreciation is provided on straight-line basis from the month of acquisition/installation so as to write off the cost of the assets over their estimated useful life as below:-

Category of Assets	Estimated useful life (in years)
Building	10 and 29
Plant & Machinery	9 to 21
Furniture and fixtures	10
Computers	6
Office Equipment	10
Vehicles	10

6. Investments (Long Term)

Investments in shares and debentures 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.

Investments in Partnership Firms are stated at cost. The Profit or Loss is recognised as and when the firms' accounts are finalised.

7. Inventories

- a) Raw Material, 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 net realisable 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 realisable value.
- d) In respect of Civil Engineering contracts, the expenses incurred on "Ongoing projects" for which progress bills are yet to be raised, have been valued at cost. The general basis of cost is the cost of supply, consumables, labour, salaries and wages and site management expenses.
- e) Work-in-process on ship building contracts reflects proportionate value of inputs and expenses yet to be billed.
- f) In respect of Property Development Division, land held as stock is valued at cost. Projects in progress classified under work-in-process relates to expenditure accumulated in respect of projects.
- g) Loose Tools are valued after writing off certain percentage on cost.

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 accounts. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured. The unutilised CENVAT credit is carried forward in the books.
- b) Excise duty payable on manufactured goods held in the factories is included in valuation of such stocks.

9. Revenue Recognition

- a) Revenue is recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.
- b) Sales: Sales are net of discount and sales tax and are recognised at the points of despatch of goods.
- c) Service Income
 - i. Net earnings on voyage / contracts on completion.
 - ii. Other services on completion of services and billed.
 - iii. Income from boat building is recognised as and when they are ready for delivery.
 - iv. Income from ship building is recognised on the basis of "stage of completion" reached, as evaluated by the management, at the end of each accounting period
 - v. Income from Civil Engineering contracts is recognised on Progress Completion method. Additional claims (including for escalation), which in the opinion of the Management are recoverable on the contract are also recognised as and when the claims are lodged.
 - vi. Income from property Development, in respect of contract entered up to 31.03.03 revenue is recognised on completed contract method. In respect of contracts entered after 31.03.03 revenue is recognised on percentage of completion method as per the Accounting Standard-7 issued by The Institute of Chartered Accountants of India. The company determines the stage of completion of the contract by considering



the proportion that contract cost incurred for the work performed up to the reporting date bear to the estimated total contract cost.

- vii. Expenditure incurred on incomplete voyages and contracts are included under "Advances Recoverable".
- d) Warranty Liability on account of after-sales service is accounted on accrual basis to the extent ascertained.
- e) Coal handling charges up to January 2001 is net of shortage cover retained by Tamil Nadu Electricity Board. Additional claim, if any, that may be determined on the closure of the contract will be recognised when the claim is made.

10. Foreign Currency Transactions

Foreign currency transactions are recorded in the books at the 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. Exchange loss relating to term liabilities other than those obtained for acquisition of fixed assets is recognised as expenses in the profit and loss account.

11. Retirement Benefits

Contribution to Provident Fund and family Pension Fund are remitted to Employees Provident Fund Scheme run by the government and to the Provident Fund Trust. The Company has an arrangement with Life Insurance Corporation of India to administer the Superannuation and Gratuity Scheme for all eligible employees of the Company except for employees of certain divisions. In respect of employees not covered by the above schemes provision has been made on actuarial valuation. The contribution payable as determined based on actuarial valuation carried out by Life Insurance Corporation of India is debited to the Profit and Loss Account. Provision for leave encashment benefit on retirement has been ascertained on actuarial basis and provided for.

12. Research and Development

The recurring expenditure on Research and Development is charged to revenue.

13. Miscellaneous Expenditure

- a) Payment of compensation to employees who have retired under Voluntary Retirement Scheme is amortised prorata over a period of 36 months commencing with the date of payment. Payment of compensation in the current year has been fully charged to the revenue itself as per the Accounting Standard-26 issued by The Institute of Chartered Accountants of India.
- b) Technical know how fee is written off over the period of agreement from the year of absorption.
- c) Product development cost is amortised over a period of three years from the year of commercial production.
- d) Expenditure on Aqua culture and Marine activities upto 31st March 1999 has been deferred to be written off over a period of 10 years in view of the ban imposed by Hon'ble Supreme Court of India.
- e) Interest charges upto 31st March 1999 on project loans of Oil Palm Division of the erstwhile amalgamating company is being amortised over a period of 10 years.
- f) Placement charges / issue expenses incurred for non-convertible debentures are written off in equal instalments over the period of debentures.
- g) In respect of one of the Joint Venture, Preliminary expenses, Share Issue expenses and Pre-operative expenses are written off over a period of 8 years commencing from the first full year of commercial Operations-1st April 1998 and in respect of other Expenditure on account of front-end royalty is amortised over a period of 10 years and other deferred expenditure is amortised over a period of 2 to 5 years.

14. Subsidy

Lumpsum capital subsidies not relating to any specific fixed asset received from State Governments for setting up new projects are accounted as Capital Reserve.

15. Contingent Liabilities

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.

16. Segment Reporting

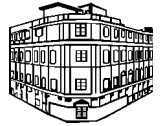
The accounting policies adopted for Segment reporting are in line with the accounting standard-17. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocated Corporate expenses".

17. Deferred Taxes

- a. Current Tax is determined in accordance with the Income tax Act, 1961.
- b. Deferred tax is recognised for all the timing differences. Deferred tax assets are recognised when considered prudent.

B NOTES ON ACCOUNTS

1. Claims against the Company not acknowledged as debts Rs.964.47 Lakhs (Rs.367.39 Lakhs).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 35.28 lakhs (Rs. 42.37 Lakhs).
3. **Contingent Liabilities**
 - a) Sales Tax and Income tax demands together with penalties under appeal amounts to Rs.361.05 Lakhs (Rs.661.23 Lakhs.). This excludes claim for waiver of interest on excess deferral of Sales Tax availed in earlier years by IMFS Division, which has been sold during the earlier year, amounting to Rs. 437 lakhs (Rs. 437 Lakhs) which was dismissed by the Hon'ble High Court at Madras is under appeal in Supreme Court. In the opinion of the management the claim will be upheld by the Court and hence no provision is considered necessary. As against this, the Company has paid Rs.166 lakhs which is kept under advances.
 - b) For Excise demands under appeal Rs.17.13 Lakhs (Rs.18.34 lakhs) against which a pre-deposit of Rs.3.00 lakhs has been made..
 - c) Guarantees given by the Company for loans taken by other bodies corporate Rs.10320.00 Lakhs (Rs.13390 Lakhs).
 - d) Guarantees given by bankers for Performance of Contracts & others Rs.6439.24 lakhs (Rs.8610.03 lakhs).
 - e) Consequent to the Honourable Supreme Court of India having upheld the validity of the Cesses and Other Taxes on Minerals (Validation) Act, 1992, the Tamilnadu Government has raised a demand aggregating Rs 34.51 Lakhs (Rs. 34.51 Lakhs) towards royalty for mining clay for Refractory for earlier years, the collection of which has been stayed by the Honorable High Court of Madras. No provision is presently considered necessary as the Company hopes that it will succeed in its appeal.
4. Letters of Credit outstanding for import of raw materials and machinery Rs.493.97 Lakhs (Rs. 225.24 Lakhs).
5. The Aqua Culture and Marine activities were discontinued in an earlier year due to the ban imposed by the Hon'ble Supreme Court of India. The individually Quick Freezing Plant and a part machinery at Kovalam were sold in the year 2001-02 in respect of which the company is in the process of obtaining the release of charges. The remaining assets of the said division represents land and building and part of plant and Machinery which were given on lease.
6. Expenditure under various projects amounting to Rs.343.82 Lakhs (Rs. 1075.79 Lakhs) have been incurred and advances for acquisition of land amounting to Rs.273.60 Lakhs (Rs. 296.88 Lakhs) have been made upto 31st March 2004 under Property development operations.
7. **Investments**
 - (a) Investments held in the name of the Companies amalgamated in earlier years are still in the process of being transferred in the name of the company.
 - (b) No provision is considered for shortfall in market value of certain quoted investments ascertained on individual basis aggregating Rs.2029.07 lakhs (Rs.2227.74 Lakhs) significant portion of which relate to companies promoted by the Company, which is considered temporary in nature.
8. Sundry Debtors, Loans and Advances and Deposits include certain overdue and unconfirmed balances. Some of the accounts are under reconciliation. These include:
 - (a) Advance to partnership firm represents amount advanced in earlier years inclusive of interest of Rs.1818.42 Lakhs (Rs. 1818.42 Lakhs) for projects considered to be good and recoverable.
 - (b) Rs.2713.66 Lakhs (Rs. 2683.11 Lakhs) covered by Court cases/under arbitration
 - (c) Rs.1077.72 Lakhs (Rs. 1093.70 Lakhs) outstanding for more than three years which are recoverable in due course
 - (d) Retention money retained as per terms in contracts Rs.9194.46 Lakhs (Rs. 9080.41 Lakhs).
 - (f) With regard to IMFS division which has been sold during the year 2001-02:
 - (i) Rs.172.44 (Rs.172.44) lakhs receivable from Sales Tax authorities on Sales Tax r-emitted both by the Company and its customer relating to the sales made in earlier years. A writ has been filed before the High Court of Madras, claiming the amount remitted in excess.
 - (ii) The company has succeeded in the appeal preferred against Commissioner, Central Excise Department. Excise duty of a sum of Rs.105.62 lakhs (Rs.105.62 lakhs) is likely to be recovered.



9. Related Party disclosure

I. Related parties where control exists

Pearl Berth (Chennai) Ltd (ceased to exist w.e.f 31.3.2004)
 Ranford Investments Ltd.
 Darnolly Investments Ltd.

II. Other related parties with whom trade transactions have taken place during the year

a) Associates and Joint Ventures

Associates

SDB Cisco (India) Ltd.

Joint Ventures

Sical CWT Distriparks Ltd.

PSA Sical Terminals Ltd

Partnership firms

Tiger Agency

K. Paramasivan & Sons

South India Investments and Associates

b) Key Management Personnel

Shri S. Vasudevan Managing Director in South India Corporation (Agencies) Limited

Shri R.Ramakumar Director & COO (Logistics) in South India Corporation (Agencies) Limited.

Related Party transactions

(Rs. in Lakhs)

PARTICULARS	CONTROL EXISTS	OTHER RELATED PARTIES	
		Associates/Joint Venture Companies/ Partnership Firms	Key Management Personnel
Purchase of Goods		30.13(19.83)	-
Sale of Goods		(1.15)	
Purchase of Fixed Assets			
Sale of Fixed Assets			
Rendering of Services		357.40(47.13)	
Receiving of Services		53.97(70.29)	
Sale of Undertakings			
Share of Profit / (Loss) of firms	Profit 33.25 (Loss 43.25)		
Dividend Income		412.74(281.25)	
Interest Income		85.77(80.53)	
Interest Expenses	141.40(127.35)		
Commission Income (Guarantees)		(2.18)	
Guarantees and Collaterals		8665.00 (11235.00)	
Managerial Remuneration			46.45(53.67)
Loans and Advances		659.85(741.64)	
Loan Outstanding			
Debtors		9.20 (26.67)	
Creditors		30.05 (22.91)	

10. Segment Information for the year ended 31st March 2004

Information about Primary Business Segments

(Rs in Crores)

Business Segments	Logistics	Trading-Building Materials	Other Operations	Eliminations	Consolidated Total
REVENUE					
External Sales	753.57	144.25	205.76		1103.58
Inter Segment Sales	0.21	0.12	5.04	(5.37)	-
Total Revenue	753.78	144.37	210.80	(5.37)	1103.58
RESULT					
Segment Result	63.16	4.88	9.58		77.62
Unallocated Corporate Expenses					3.06
Operating Profit					74.56
Interest expense					67.86
Interest / Dividend income					3.86
Income Taxes					(2.04)
Profit from Ordinary Activities					12.59
Extraordinary Income					-
Net Profit					12.59

11 a. Deferred tax Asset arising out of timing difference relating to (Rs. in lakhs)

S.No.	Particulars	Opening	Current Year Adjustments/ Additions	Closing
1	Exchange difference	77.33	—	77.33
2	Provision for Bad Debts	45.36	1.45	46.81
3	VRS	18.25	148.23	166.48
4	Others	642.88	111.76	754.64
	Total	783.82	261.44	1045.26

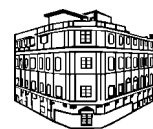
b. Deferred tax liability arising out of timing difference relating to

S.No.	Particulars	Opening	Current Year Adjustments/ Additions	Closing
1	Depreciation	3687.92	(182.49)	3505.43
2	Others	283.11	--	283.11
3	Add:Share from Joint Venture		108.26	108.26
	Total	3971.03	(74.23)	3896.80

12. Earnings per share

Particulars	31.3.2003	31.3.2002
Profit / (Loss) after tax as per Consolidated Profit & loss Account & Preference dividend as per Note No. 17 of Schedule 22 B of Sical (Rs.in Lakhs)	968.00	12.00
No of Shares used in computing earnings per share	27533029	27533029
Earnings per Share – Basic and Diluted (In Rupees)	3.51	0.04
Face Value per share (in Rupees)	10	10

13. Figures in brackets relate to previous year.



CONSOLIDATED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2003

(Rs. in Lakhs)

	Current Year	Previous Year
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,448.16	316.53
Adjustments for :		
Depreciation	1,930.02	1,468.93
Miscellaneous Expenditure - written off	115.24	69.49
(Profit) / Loss on sale of investments (net)	(62.43)	-
(Profit) / Loss on sale of fixed assets (net)	2.26	452.63
Interest	6,492.97	6,829.37
Provision for Doubtful debts and advances	24.62	10.62
Bad debts written off	62.44	94.90
Exchange rate fluctuation	(69.54)	78.41
VRS Payment charged to salaries	123.73	138.00
Share of Loss / (Profit) from Partnership firm	(33.25)	43.25
Assets written off	31.08	21.66
Prior Period adjustments	(21.12)	(56.92)
Dividend income	(132.11)	(418.37)
Payment under Technical Knowhow	(8.00)	
Payment under Voluntary Retirement Scheme	(6.17)	(9.60)
Operating Profit before Working Capital Changes	<u>9,897.91</u>	<u>8,722.37</u>
Adjustments for changes in Working Capital:		
Trade and other Receivables	6,782.36	(5,924.27)
Inventories	1,189.25	2,043.64
Trade Payable	(4,776.12)	9.87
Cash Generated from Operations	<u>13,093.39</u>	<u>(3,870.76)</u>
Tax Refund	302.09	401.79
Net Cash from Operating activities	<u>13,395.48</u>	<u>5,569.93</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,728.94)	(1,513.30)
Investments made	(2.02)	(3.01)
Proceeds from Sale of Fixed Assets	1,949.50	2,123.91
Net Proceeds from Sale of Investments	561.01	-
Interest Received	167.40	416.49
Dividend Received	132.11	412.40
Capital Subsidy received	-	20.00
Net Cash used in Investing Activities before Extraordinary items	<u>1,079.06</u>	<u>1,456.49</u>
Net Cash from Investing Activities after Extraordinary items	<u>1,079.06</u>	<u>1,456.49</u>

	Current Year	Previous Year
C CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	(145.00)	(100.00)
Proceeds received from Long Term Borrowings	767.66	4,344.05
Repayment of Long Term Borrowings	(6,954.11)	(4,482.17)
Proceeds received from Short Term Borrowings	-	1,600.00
Repayment of Short Term Borrowings	(620.32)	(529.66)
Interest Paid	(7,153.19)	(7,828.53)
Dividend paid (Inclusive of Dividend Tax)	(444.20)	-
Unclaimed Dividend of earlier years	(14.36)	(2.32)
Net Cash used in Financing Activities	<u>(14,563.52)</u>	<u>(6,998.63)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(88.98)	27.79
Cash and cash equivalents as at (opening) 1st April 2003	3,271.17	3,243.38
Cash and Cash equivalents on initial adoption of Joint Ventures	161.90	
Cash and cash equivalents as at (closing) 31st March 2004	3,344.10	3,271.17

NOTE: In view of the adoption of Accounting Standard - 27 - Financial Reporting of Interests in Joint Ventures during the year. The figures of the current year are not comparable to those of the previous year.

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

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

Place : Chennai
Date : 28th June, 2004

DHANANJAY N MUNGALÉ
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

AUDITORS' REPORT

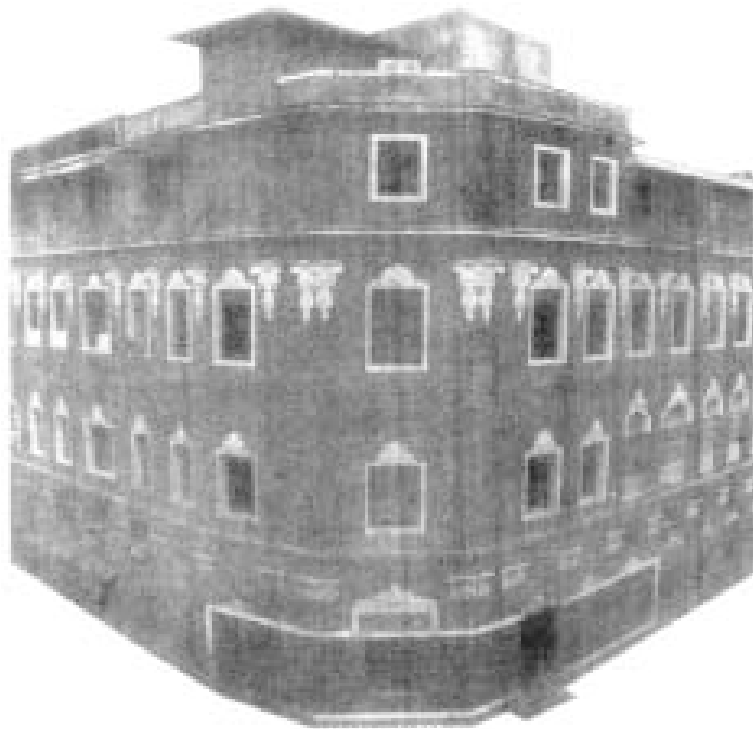
We have examined the above Cash Flow Statement of South India Corporation (Agencies) Limited for the year ended 31st March 2004. The statement has been prepared by the Company in accordance with the requirements of the listing agreement clause 32 with Stock Exchanges and is based on and is in agreement 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 **M/s CNGSN & Associates**
Chartered Accountants

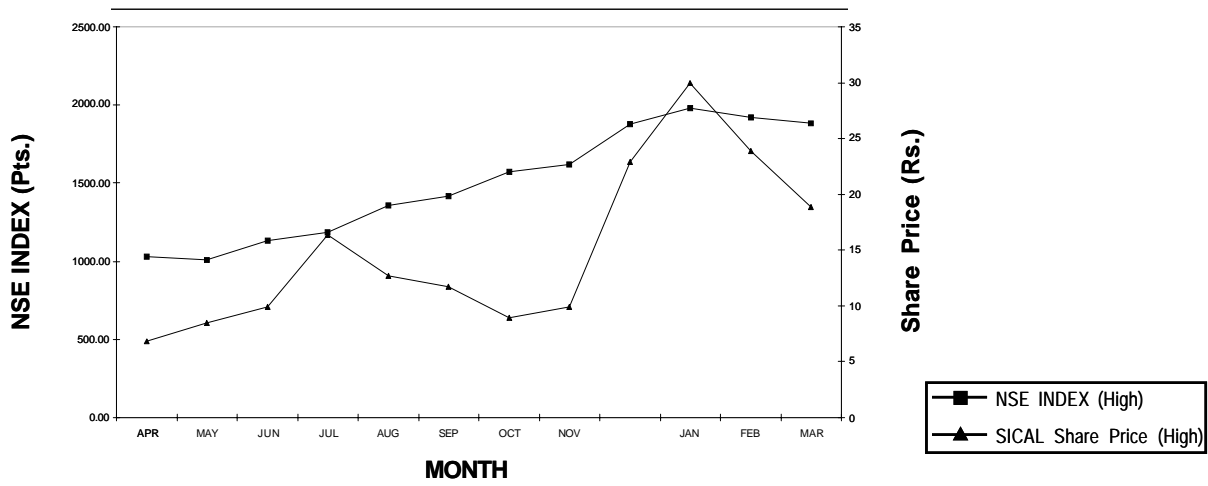
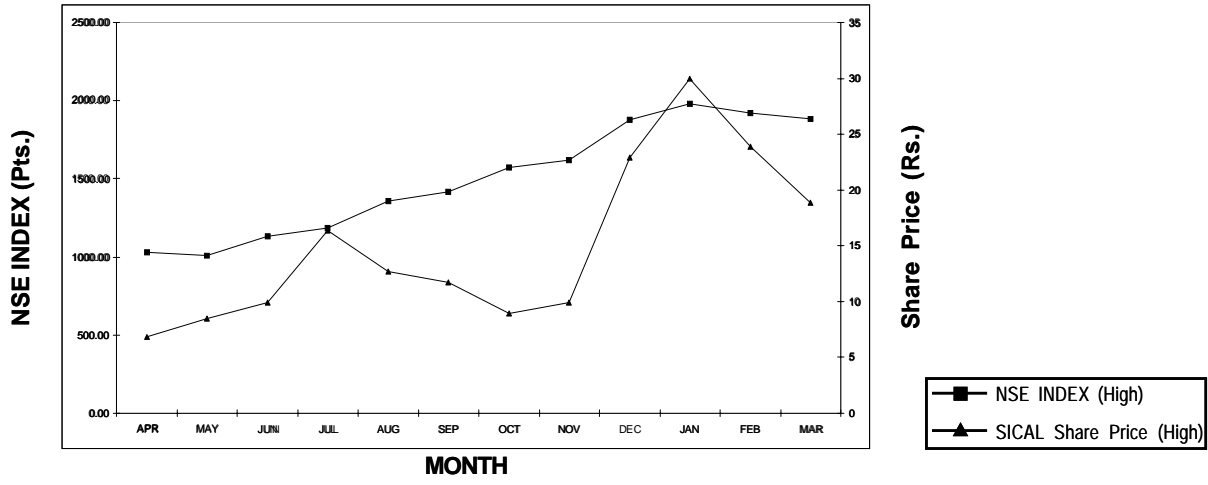
Place : Chennai
Date : 28th June, 2004

C.N. GANGADARAN
Partner

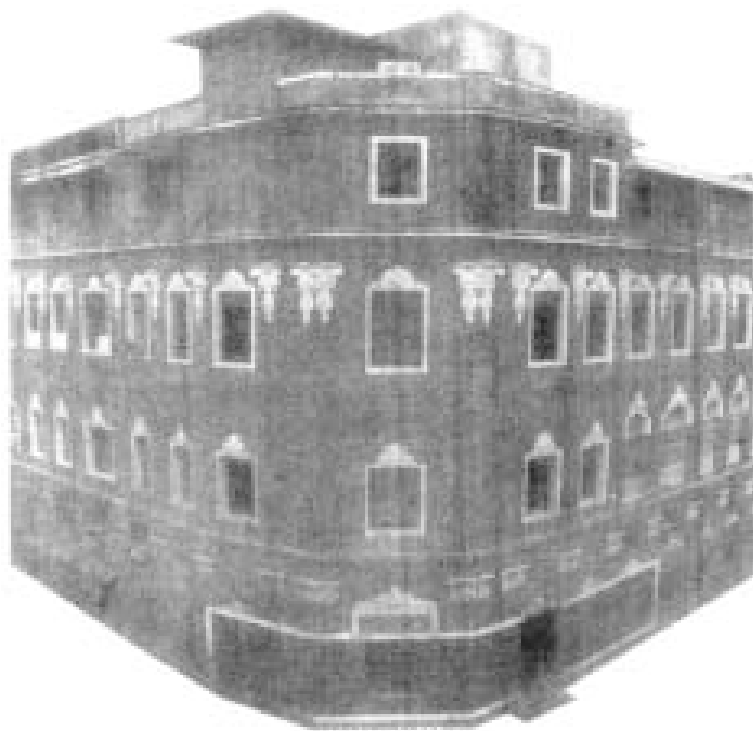
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(AGENCIES) LIMITED**

