

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
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

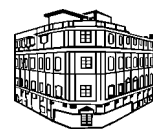
The National Stock Exchange of India Ltd
Exchange Plaza Bandra Kurla Complex
Bandra (East) Mumbai - 400 051

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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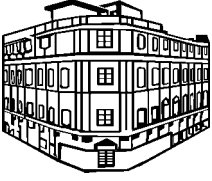
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OPERATING RESULTS AT A GLANCE

(Rs. in Lakhs)

	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Sales & Other Income	122150.65	109060.73	112354.47	124678.18	219181.40
Profit Before Depreciation, Interest, Tax & prior period adjustments	9101.23	8542.66	8599.55	8814.15	11603.91
Interest	4356.87	6359.69	6909.90	7011.59	6920.38
Profit before Depreciation and Tax	4744.36	2182.97	1689.65	1802.56	4683.53
Depreciation	1281.14	1620.45	1466.28	1229.31	1380.11
Provision for Taxation	349.80	(374.89)	(75.53)	364.45	1151.70
Profit after Tax	3113.42	937.41	298.90	208.80	2151.72
Transfer to:					
Capital Redemption Reserve	-	145.00	--	--	200.00
Contingency Reserve	-	--	--	--	--
Debenture Redemption Reserve	-	--	--	--	680.00
General Reserve	-	--	--	--	200.00
Networth	20777.50	17683.17	16910.10	16842.43	19315.55



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 **Fiftieth** Annual General Meeting of the shareholders of SOUTH INDIA CORPORATION (AGENCIES) LTD will be held on Wednesday, the 28th September, 2005 at 3.00 p.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, 2005 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.S.Chandra Das**, who retires by rotation and being eligible, offers himself for re-election.
 - b. To appoint a Director in the place of **Shri.Dhananjay N Mungale**, who retires by rotation and being eligible, offers himself for re-election.
 - c. To appoint a Director in the place of **Shri.S.Vasudevan**, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and fix their remuneration. **M/s. C N G S N & 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 a Special Resolution.

RESOLVED THAT pursuant to the Articles of Association of the Company and Sec.309 (4) and other applicable provisions, if any, of the Companies Act, 1956 or any amendments to be carried out in the Companies Act, and subject to approval of the Central Government of India, and such other statutory authorities, if any, the commission at a rate not exceeding 1% (one percent) on the net profits of the Company be paid to Shri.Ashwin C Muthiah, Deputy Chairman, who is not in the wholetime employment of the Company, for each of the five financial years commencing from 1.4.2005 to 31.3.2010 or as long as he holds office as Director and or Deputy Chairman of the Company whichever is earlier and such profits are to be calculated in the manner prescribed under Sec.198 and other applicable provisions, if any, of the Companies Act, 1956 or any amendments to be carried out in the Companies Act.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to compute the aforesaid commission for each and every financial year and disburse the same to Shri Ashwin C Muthiah, Deputy Chairman of the Company and the Board of Directors further be and are hereby authorised to take all steps, deeds, matters and things as may be considered necessary to give effect to this resolution.

By Order of the Board

S. SIVARAMAN

General Manager (Legal) &
Company Secretary

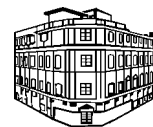
Dated : 28th June, 2005
Registered Office:
"Adyar House"
Chennai - 600 085.

NOTES:

1. **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.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.4 of the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 16th September, 2005 to Wednesday, the 28th September, 2005 (both days inclusive).
4. 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 same at the entrance of the hall for attending the meeting.

5. 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.
6. 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 1998 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.



7. 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.**

8. Shareholders are requested to notify immediately any change in their address to the Company/ Share Transfer Agents/ Depository participants.

9. The Company's equity shares are listed at Mumbai (BSE), and National (NSE) Stock Exchanges and the listing fees for the year 2005-06 have been paid in time.

10. 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.

(a) Shri.S.Chandra Das, B.A., Hons in Economics is aged about 63 years and has varied experience in educational, commercial and business lines for more than 33 years. He is a resident of Singapore. He was a Director on the Board of the erstwhile MAC Agro Industries Limited which got amalgamated with the Company.

Directorship held in

SICAL CWT Distriparks Ltd.
National Trust Housing Finance Ltd.
SDB-CISCO (India) Ltd.
PSA SICAL Terminals Limited

(b). Shri.Dhananjay N Mungale, B.Com., A.C.A., L.L.B., aged about 52 years is having wide experience in International Finance, Capital Markets and Merchant Banking. He worked in various senior positions in Bank of America, London, Bank of America, India, Colour Chem Limited, DSP Financial Consultants. He was a Director on the Board of the erstwhile MAC Agro Industries Limited which got amalgamated with the Company.

Directorship held in

Inestor Advisories Pvt. Ltd
Mentor Technologies Pvt.Ltd
Zest Pharmaceuticals Pvt. Ltd
Mahindra & Mahindra Financial Services Ltd.
Chowgule Steamships Limited
Indoco Remedies Limited
Camlin Ltd
Caprihans India Limited (IDBI Nominee)
Indo Count Industries Limited (IDBI Nominee)
Tamilnadu Petroproducts Limited
LIC Housing Finance Limited
I2IT Private Limited

Audit Committee Chairmanship held in

Camlin Limited
Indoco Remedies Limited

Audit Committee Membership held in

Mahindra & Mahindra Financial Services Limited
Chowgule Steamships Limited
LIC Housing Finance Limited
Indo Count Industries Limited (IDBI Nominee)

(c) Shri..S.Vasudevan, aged about 50 years is a graduate in Commerce from Loyola College. He is a Chartered Accountant by profession. He had wide experience in finance, capital markets, merchant banking and foreign exchange. He held several senior positions in SPIC Group of Companies. He has also worked as Head-Property Development in Chemplast and Sanmar Properties Limited and was Managing Director in MAC Property Development Limited, and to his credit, he has developed commercial projects measuring over 2.5 lac sq.ft. and up-market residential complex measuring about 40,000 sq.ft. in 1996-97. Recently, he has developed residential complex measuring 60,000 sq.ft. near Guindy, Chennai. He has been working with SICAL as Managing Director. He has vast experience in corporate and overall business management. He holds non-executive Directorship in SPIC/SICAL Group Companies.

Directorship held in

MAC Towns Limited
SDB CISCO (India) Limited (Alternate Director to Shri S Chandra Das)
SICAL CWT Distriparks Limited
Mitsuba Sical India Limited (Alternate Director to Shri Ashwin C Muthiah)
Wilson Overseas Trading Private Limited
Sical Logistics 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:

The shareholders are aware, the involvement and contribution of Shri.Ashwin C Muthiah in the Company as Deputy Chairman is commendable and is being paid a commission @ 1% of the net profits of the Company every year from 2000-2001 to 2004-2005.

Considering the growth of the Company in terms of turnover and profits in the past and also the valuable contribution of Shri.Ashwin C Muthiah, the Board of Directors at their meeting held on 28.6.2005 has recommended that he may be paid commission at the same percentage (@1%) of the net profits of the Company calculated on the profits of the Company for each of the five financial year commencing from 1.4.2005 to 31.3.2010. It is also reported that Shri.Ashwin C Muthiah, NRI will be paid commission

on the above terms subject to necessary approvals to be obtained from Government of India.

The Board of Directors recommended the resolution as set out in the notice for shareholders approval.

Memorandum of Interest

None of the Directors except Shri Ashwin C Muthiah, Dr A C Muthiah and Shri.Jawahar Vadivelu is deemed to be interested in the resolution.

By Order of the Board

S. SIVARAMAN

General Manager (Legal) &
Company Secretary

Dated : 28th June, 2005
Registered Office:
"Adyar House"
Chennai - 600 085.

DIRECTORS REPORT

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005.

Your Company has celebrated its Golden Jubilee on 6.5.2005. Your Company has come a long way from its humble beginning as a shipping agency to a multifaceted business entity encompassing Logistics, Marketing, Manufacturing, Agrochemicals and Engineering businesses. Each of these business portfolios has grown over the years and has made a mark in their respective areas. The Board of Directors and Management take this Golden Jubilee Year as an opportunity to rededicate themselves to be dynamic and competitive to the business environment while maintaining high standards of business ethics set by our Founder Chairman, Dr.M.A.Chidambaram.

The Board of Directors present their Fiftieth Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2005 are summarised below :

	(Rs. in crores)	
	Year ended 31 st March, 2005	Year ended 31 st March, 2004
Sales & Other Income	1221.51	1090.10
Profit before interest, depreciation and tax	100.76	85.70
Interest	43.57	63.59
Cash Profit	57.19	22.11
Depreciation	12.81	16.20
Profit before tax	44.38	5.91
Provision for tax	3.36	(4.27)
Tax relating to prior years	0.14	0.52
Prior period adjustments	2.86	(0.29)
Extra ordinary item	6.89	-
Net Profit	31.13	9.95
Earnings per share (EPS) in Rs.	10.15	2.45
Book value per share	71.68	60.49

DIVIDEND

Although the performance of the Company was good, dividend on the preference and equity shares for the financial year 2004-2005 could not be considered in view of a case pending before the Debt Recovery Tribunal, Mumbai on an application preferred by Unit Trust of India.

The Company has taken necessary legal action to obtain judicial clearance for the payment of dividend already declared for the financial year 2001-2002 in the Annual General Meeting held on 23.12.2002.

PERFORMANCE OF THE COMPANY

The performance of your Company for 2004-2005 has been excellent. The turnover has increased from Rs.1090.10 crores to Rs.1221.51 crores and the Company earned an operating profit before interest and depreciation of Rs.100.76 crores. The PAT at Rs.31.13 crores has been the highest ever for your Company. This achievement is a fitting tribute to the Golden Jubilee year.

LOGISTICS GROUP

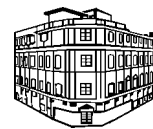
Your Company has created a range of Logistics and Supply chain management solutions in the area of port handling, trucking, warehousing, customs house agency, shipping agency and container logistics. These tailor made solutions benefit the productivity and efficiency of the entire value chain for the customers by improved services, reduced costs and higher profits.

New business lines have been captured in Stevedoring and Trucking Division. Sales and services income for 2004-2005 has increased by 17% from Rs. 759.12 crores in the previous year to Rs. 886.62 crores.

Handling of coal and coke continued to be a major contributor to volumes. Handling of iron ore and iron ore pellets has increased significantly and has resulted in over all increase in volume of cargo handled through the ports. At Ennore Port, under the BOT contract of TNEB for handling of coal, your Company handled a volume of 7.78 million MTs of coal during the year under review.

Trucking and Warehousing

Despite continued severe competition from unorganized players, the Division could sustain its business and grow in new areas. The Trucking Division won the prestigious contract for movement of petroleum products for Shell India during the course of the year. This contract has been performed successfully adhering to a very strict international standard of Shell on Safety, Health and Environment. In the years to come, the volume of business in this contract is expected to take a quantum jump. The movement of iron ore, iron ore pellets and steel products would be one of the long term sustaining business area for the Trucking Division.



Ship Agency Division

This Division has maintained its performance as in the previous year. The business development visit undertaken by the senior management team to Europe, renewed the over-five decades-of relationship we have enjoyed with European owners especially, Greek Owners. The visit resulted in generation of new business for the Ship Agency Division. As a Company with own branches in all major ports and significant minor ports of the country, this division continues to enjoy patronage from large chartering and ship owning houses of international repute.

Clearing and Forwarding Division

This Division undertakes clearance of goods through Customs for both imports and exports. Like in the earlier years, the business has been steady and good. Quite a few new clients, from the IT industry, have been added during the year under review.

Container Logistics

The strategic alliance partnership contract with CWC to operate and manage the container freight stations at Tuticorin and Vizag and Inland Container Depot (ICD) at Surajpur (Noida) saw its full year of operations during 2004-2005. The growth in CFS - Tuticorin has been very steady and by the end of the year we have achieved a peak of 1800 TEU's in a month giving us the second position amongst all CFS at Tuticorin. While others have been functioning in Tuticorin for decades, we could reach this second position within 18 months of our operation. At Vizag, despite severe competition, we continue to maintain the premier position in handling volumes. At Surajpur, the movement of containers by road was given a big thrust and it has grown from a mere 50 units in April 2004 to 400 units per month by the end of the year. With steady improvement in volumes, Surajpur is expected to break-even during the year 2005-06.

ONGC Contract

The ONGC contract continue to contribute significantly in terms of gross income and margins. Our team of experienced and dedicated operating and technical personnel have ensured that the down time for the OSV's of ONGC is kept minimal. The stay at shore has been reduced considerably resulting in higher operating hours for the client. Our own OSV Sagar Sevak has been deployed prudently during the year to maximize the earnings.

BUILDING MATERIALS

This division has performed well in 2004-2005 and clocked a turnover of Rs.153.93 crores (Rs.144 crores) with a net profit of Rs.3.69 crores which is over 10% of the net profits in 2003-2004. This division has recorded the highest sale of 1412 tonnes of Tata Tubes during the year under review

and added new products to its basket of trading.

MANUFACTURING GROUP

Refractories

The year 2004-2005 was good for refractories due to upsurge in steel and allied sectors doing extremely well. During the year, this division has made a turnover of Rs.24.27 crores as against Rs.17.87 crores in the previous year. This division has earned an operating profit of Rs.1.49 crores as against Rs.0.25 crores in the previous year.

Auto Components

This division has carved a niche in the auto electrical segments within the auto components industries. This division has obtained prestigious QS 9000 and ISO 14001 certificates. This division continues to maintain Zero parts per million defects with Ford, Fiat, Maruti Udyog and Tata Motors. The operating cost of this division is constantly reviewed and reduced by the use of value engineering, re-engineering through Kaizen process and better inventory control measures. This division has reported a turnover of Rs.27.56 crores as against Rs.22.21 crores in the previous year and earned a profit of Rs.2.53 crores as against Rs.1.51 crores in the last year.

Flexible Shaft and Drums

This division has done well during the year under review and registered a turnover of Rs.23.96 crores with a net profit of Rs.1.12 crores.

Oil Palm

This division has registered an all time record of expanding oil palm plantation in 815.25 hectares. The year 2004-2005 was good for the prices of Crude Palm oil and Palm Kernel oil. During the year under review, this division has made a turnover of Rs.16.92 crores and posted Rs.4.42 crores as profits. To speed up the operations in the mill and to reduce manpower costs, Tippler system and Cage Transfer system alongwith Fruit Bunch Elevator were installed during the year under review.

Cytozyme

During the year 2004-2005, this division has introduced a new product by name, "WANIS", an organic fungicide. This division has done a turnover of Rs.4.18 crores and earned a net profit of Rs.2.05 crores as against Rs.3.87 crores and Rs.2.07 crores respectively in 2003-2004.

Speciality Chemicals

This division is the first in the country to manufacture "Generox", a chlorine-di-oxide-generating unit and it has also developed "Khlorox", a chemical required for the generating units. During the year, this division added 10 new chemicals to its product range which have yielded

additional revenue of Rs.59.55 lacs. This division has obtained ISO:9001:2000 UKAS accreditations from BSI Management Systems. During the year under review, the turnover and profits were Rs.2.87 crores and Rs.1.01 crores against Rs. 2.13 crores and Rs.1.19 crores respectively during 2003-2004.

Plantation

The Sakleshpur estates located at Karnataka produced 141 MTs of Robusta and 45 MTs of Arabica during the year under review. The cultivable land area increased to 853 acres in 2004-2005 as against 824 acres of land in the previous year. Due to spiralling of coffee prices, the prospects for 2005-2006 are bright.

SERVICES

Vehicles & Spares

During the year under review, this division sold 866 Tata Trucks as against 972 Trucks in the previous year. There was a drop in the sale of Lancer cars due to non-introduction of new variants from the Lancer stable and as a result only 68 Lancer cars were sold. The discontinuance of Opel dealership has enabled us to reduce the loss during the year 2004-2005. The workshop facilities at Luz and Ambattur were closed due to unremunerative and cost control reasons. This division has reported a net loss of Rs.72.13 lacs for 2004-2005 as against a net loss of Rs.123 lacs for 2003-2004 on a turnover of Rs.77.74 crores for 2004-2005 and Rs.74.12 crores for 2003-2004. Various measures such as improvising service levels at workshop, control of expenses, taken in the current year to tone up the operating results of the Company will definitely result in profits for 2005-2006.

Goodwill Travels

This division refurbished the office to give a new look at a cost of Rs.4.21 lacs. Due to mushrooming of travel agencies and cut in the commission on bookings of air tickets made by various Airlines, this division earned a net profit of Rs.25.67 lacs on the gross income of Rs.2.01 crores for 2004-2005 as compared to Rs.34.44 lacs on the gross income of Rs.2.92 crores in 2003-2004. Efforts are on to add new commercial accounts to off-set the decrease in ticketing and sales.

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 481 ships and 294298 TEUs as against 499 ships and 234929 TEUs respectively in the previous year. This Company has performed well with a turnover of Rs.63.07 crores and earned a PBT of Rs.22.34 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, 2004, as the performance of this Company was commendable.

MITSUBA SICAL INDIA LIMITED

During the year under review, this Company which is into auto components, namely, wiper motors, wiper assembly, starter motors and fan assembly has registered a turnover of Rs.59.85 crores and earned a net profit of Rs.2.93 crores for the year ended 31st December, 2004, in its second year of operations.

SICAL - CWT DISTRI PARKS LIMITED

During the year under review, SICAL CWT Distriparks Limited, a Joint Venture in collaboration with CWT Distribution Limited, Singapore in which your Company holds 39% of the share capital, had handled 33,352 TEU's registering an increase of 17% over the previous year. The turnover of the Company registered an increase of 49% and there was an increase of 900% in PAT during the year 2004-05. The Company has achieved an all-time high of handling 4627 TEU's during March'05, reportedly the highest volume handled by any CFS in a month at Chennai. With long term tie up with leading shipping liners, SICAL CWT is poised for rapid growth and would continue to be the market leader in the CFS industry in future. The investments made in the equity capital of this Company would start yielding returns from 2005-2006.

DIRECTORS

Mr.S.Chandra Das, Mr.Dhananjay N Mungale and Mr.S.Vasudevan, Directors retire by rotation, at this Annual General Meeting and being eligible, offer themselves for re-election.

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, 2005 amounted to Rs.56.30 lacs in 258 accounts out of which 67 accounts amounting to Rs.12.09 lacs have since been renewed/refunded during the current year.

DEMATERIALIZATION OF EQUITY SHARES

2,26,91,446 equity shares representing 82.41% on its paid up share capital stand dematerialised upto 31.3.2005. 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 judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 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.

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. The Board is of the view that any shortfall in the market prices of long term investments is not necessary as the prices may not be true reflection of its networth and hence, in the considered view of the Board of Directors, provision of Rs.6.73 crores as shortfall between

the book value and market value is not necessary.

- The special task force committee constituted to address certain old debts and advances aggregating to Rs.37.92 crores as at 31st March, 2004, has taken effective steps and recovered Rs.6.50 crores during the year 2004-2005 and the balance of debts aggregating to Rs.5.05 crores has been written off in the books; the balance of advances covered under court cases and arbitration stand reduced to Rs.26.37 crores as at 31.3.2005.
- The management is of the opinion that in view of restructuring of its subsidiary Company to deal in estates and properties, various amounts due from the subsidiary Company will be either refunded by the subsidiary or restructured by way of (a).transfer of its investments to the holding Company and (b).sale of other assets which would generate sufficient monies to reduce the substantial portion of loan from its original level of Rs.76.36 crores in the coming years.

SUBSIDIARY COMPANIES :

SOUTH INDIA HOUSE INVESTMENTS LTD

South India House Investments Limited, a wholly owned subsidiary of your Company has made a profit of Rs.1.45 crores during the year (unaudited).

The accounts for 15 months period ended 30.6.2004 is attached pursuant to Section 212 of the Companies Act and this Company has earned a profit of Rs.186.02 lacs (audited) during the year 2003-2004.

As reported in the last year, the Company has delisted its Non-Banking Financial Company (NBFC) status under RBI Guidelines and the accounting year of the Company has been changed as July to June every year.

SICAL LOGISTICS LIMITED

Pursuant to the special resolution passed by the shareholders at the Annual General Meeting held on 27.9.2004, your Company has made investments of Rs.5 lacs in Sical Logistics Limited, which has become a wholly owned subsidiary of your Company.

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.

Place : Chennai
Date : 28th June, 2005

For and on behalf of the Board
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 : NIL

B. TECHNOLOGY ABSORPTION : NIL

C. FOREIGN EXCHANGE, EARNINGS AND OUTGO

Total Foreign Exchange : Earned : Rs. 287.81 Lakhs

Used : Rs. 2531.09 Lakhs

FORM "A"

DISCLOSURE OF PARTICULARS WITH REFERENCE TO CONSERVATION OF ENERGY

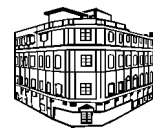
Sl.No.	PARTICULARS	REFRACTORIES	STONEWARE
1.	Power & Fuel Consumption		
a.	Purchased units (kwh.)	1929849	1125203
	Total Amount (Rs)	8725652	5115134
	Rate per unit (Rs./kwh)	4.52	4.55
b.	Own Generation (Thro' Generator)		
	Unit/kwh produced	22850	46788
	Unit per liter of Diesel oil	2.20	2.25
	Through Steam turbine/Generator (unit)	Nil	Nil
	Cost per Unit (Rs.)	12.76	11.03
2	Coal used in gas producer/DD Kiln/Firewood used in Ring Chamber Kiln		
	Tonnes	3930.800	10396.500
	Total Cost (Rs.)	10549351.64	10558145.86
	Average Rate/M.T.	2684.00	1015.55
3	Furnace Oil used in S.C., H.T. Kiln & Tunnel Kiln		
	Quantity in Ltrs.	816157	Nil
	Total amount (Rs.)	9864274.19	Nil
	Average Rate/Ltr.	12.09	Nil
	CONSUMPTION PER UNIT PRODUCTION		
1.	Produced (in M.T.)	(Gross)	32965.892
		(Net)	24680.845
	Self Grog Production (in MT)		5523.661
	Electricity (kwh/Tonne of Units output)		64.00
2.	Refractory produced thro' Gas producer(M.T.)/SW		
	Pipes produced thro' Firewood (MT)	(Gross)	22445.012
		(Net)	15775.833
	Self Grog Production (in MT)		5210.94
	Coal/Firewood (Kgs/Tonne of Output) in kgs		187.00
3.	Produced thro'S.C.Kiln,High Temp.and Tunnel Kiln (MT)	(Gross)	10520.880
		(Net)	8860.744
	Self Grog Production (in MT)		312.721
	Furnace Oil (Ltr/M.T. of output) Ltrs.		89.00

FORM "B"

REFRACTORIES

RESEARCH AND DEVELOPMENT (R&D)

1. Specific area in which R & D is carried out by the Company.
 - a. Cold Face Insulation for all industries.
 - b. Coke Oven Battery fire Bricks
 - c. Process developed for producing low porosity High Alumina Clay Grog
 - d. Low cost good quality binder clay (Karai Clay) for refractory manufacture.
2. Benefits derived as a result of the above R & D : Nil
3. Future Plan of Action :
 - a) Development of Blast Furnace Refractories
 - b) Development of low porosity AP Bricks and process development for the same.
 - c) Development of Mullite Bricks for Glass Plants
 - d) Development of alternative fuel for coal.
4. Expenditure on R & D. : NIL



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

BUSINESS REVIEW

- Fiscal year 2004-2005 has been one of the significant years in the history of the Company, since it has just completed its Golden Jubilee. The performance for 2004-2005 and the Management's perspective about future are detailed below :

INDUSTRY STRUCTURE AND OPERATIONS

- The Company is actually involved in the development of infrastructure industry through its presence in providing logistics services to its various clients including TNEB, ONGC, KPCL and CWC.
- The Company could perform better in all its logistics segments even though new entrants from unorganized sector moved into various lines of logistics business, like stevedoring, trucking and warehousing operations during the year under review.
- The Company performed well in respect of ONGC contract and received appreciation in the maintenance of 15 off shore vessels (OSVs).
- The refractories division clocked a turnover of Rs.24.27 crores and earned an operating profit of Rs.1.50 crores after a gap of 7 years due to steel and allied infrastructure sectors are doing extremely well.
- Due to several brands hitting the market in the passenger car segment, the sale of Lancer cars were affected.
- The Company could swap high cost loans with low interest costs and reduce interest burden.

RISKS AND CONCERNS

- In logistics, the Company proposes to meet the challenges through increased volume of cargoes being discharged at every port to counter entry barriers in the unorganized sector. The logistics services encompassing stevedoring, trucking, handling, transport & warehousing, clearing and forwarding

businesses would be strengthened further to address competition. The cost reduction initiatives are further intensified with the sourcing of value based logistics. With the flood-gates likely to be opened for retail trading for FDI investments in the country, it is a growing concern which would tell upon margins and profitability in various trading segments of the Company.

CHALLENGES

- Unhealthy competition from the unorganized sector is the major threat to the Company in logistics and other business activities which would become difficult to tackle in future.

OUTLOOK

- The Company's outlook for the next financial year will be assessed as follows :
 - ◆ Handling of bulk volume of cargoes at ports
 - ◆ Reduction in interest costs which is still continued to be a burden on the borrowings and pruning of unremunerative / unrelated divisions / services.
 - ◆ The Company is expected to perform better due to increased sales and services with cost control initiatives being strictly followed.

INTERNAL CONTROL SYSTEM

In the last quarter of this fiscal, the Enterprise Resource Planning (ERP) - SAP was introduced and the same is being extended to all the divisions of the Company. The satisfactory working of all the internal control systems, procedures are constantly evaluated and upgraded by the Management Assurance Group (MAG). The audits are conducted to review the adequacy and effectiveness of internal controls and suggest improvement for strengthening the checks and balances. Audit plans and review of the audits are carried out by the Audit Committee headed by Mr.Dhananjay N Mungale. With the introduction of ERP authorisation profile across all functions, the Company is confident of ensuring data security and control.

FINANCIAL PERFORMANCE

- The segmentwise performance of the Company for the year 2004-2005 is given hereunder :

Rs. in lacs

Business Segments	Logistics	Trading Building Material	Other operations	Eliminations	Consolidated Total
REVENUE					
External Sales	88434.16	15385.46	17663.86		121483.48
Inter Segment Sales	10.60	7.94	277.24	(295.78)	-
Total Revenue	88444.76	15393.40	17941.10	(295.78)	121483.48
RESULT					
Segment Result	7426.27	500.46	179.55		8106.28
Unallocated Corporate Expenses					455.83
Operating profit					7650.46
Interest expense					4520.11
Interest/Dividend income					619.06
Income Taxes					349.80
Profit from ordinary activities					3399.61
Extraordinary Income					-
Net Profit					3399.61

The segment result is Rs.81.06 crores as compared to Rs.72.58 crores in the previous year and this is due to increase in the operations of the Company and reduction in interest rates. The net profits as shown above is after considering interest expense and taxes which is at Rs.45.20 crores as compared to Rs.65.28 crores during the previous year.

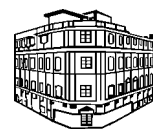
HUMAN RESOURCE DEVELOPMENT

The Company is conscious on the development of the staff and workmen employed at various locations. During the year under review Professional Development Programme (PDP) was conducted for senior management cadre employees and employees at junior level are continuously developed to enhance their knowledge, skills and attitudes through a variety of trainings, interventions, specifically aimed at an individuals need and job requirement.

As a part of commitment towards employees welfare and their families, developmental programmes and cultural programmes were conducted during the year. In commemoration of Golden Jubilee, special awards were also given to all the employees of the Company.

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, laws, 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 (2004-2005)

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 2004-2005 and the last Annual General Meeting (AGM) held on 27.09.2004 is as follows :

3. Number of Board of Directors meetings and the dates on which held during the financial year 2004-2005.

I Quarter (April-June 2004)	II Quarter (July-September 2004)	III Quarter (October-December 2004)	IV Quarter (January- March 2005)
28-6-2004	31-7-2004	21-10-2004	27-01-2005

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)	3	Yes	Chairman – 8 Vice Chairman – 2 Director – 2	1	-
Shri. Ashwin C Muthiah	Deputy Chairman (Promoter non-executive Director)	4	Yes	Chairman – 4 Vice Chairman – 4 Director – 3	3	1
Shri. S Chandra Das	Non-executive & independent Director	-	-	Director – 4	-	-
Shri. R Muthu	Non-executive & independent Director	3	Yes	Chairman – 3 MD – 1 Director – 1	-	-
Shri. Dhananjay N Mungale	Non-executive & independent Director	3	Yes	Director – 12	4	2
Shri. Jawahar Vadivelu	Non-executive & independent Director	4	Yes	Chairman – 2 Director – 3	-	-
Shri. V R Mehta Nominee - UTI	Non-executive & independent Director	3	-	Director – 8	4	2
Shri. B Ravindranath Nominee - IDBI	Non-executive & independent Director	2	-	Director – 3	-	-
Shri. M Guruvayurappan Nominee – ICICI Bank Limited	Non-executive & independent Director	4	Yes	Director – 2	-	-
Shri. S Vasudevan Managing Director	Executive Director	4	Yes	Director – 6	-	-
Shri. R Ramakumar Director & Chief Operating Officer-Logistics	Executive Director	3	Yes	MD – 1 Director – 4	-	-

Regarding disclosure of all pecuniary relationship/transactions of the non-executive Directors vis-à-vis the Company, as per Clause 49(l)(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 and reconstituted on 25th June, 2004 comprises as on 31.3.2005 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 2004-2005 i.e. on 28-6-2004, 31-07-2004, 21-10-2004 and 27-1-2005

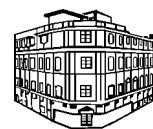
Attendance of Directors at the Audit Committee Meetings held during 2004-2005

Directors Name	Category of Membership	Attendance Particulars			
		28-06-2004	31-07-2004	21-10-2004	27-01-2005
Shri. Dhananjay N Mungale	Chairman of the Committee	✓	✓	✗	✓
Shri. S. Chandra Das	Member	✗	✗	✗	✗
Shri. Ashwin C Muthiah	Member	✓	✓	✓	✓
Shri B. Ravindranth	Member	✓	✗	✗	✓
Shri S. Vasudevan	Member	✓	✓	✓	✓

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 31.3.2005

(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 – Logistics	6.72	3.02	4.18*

**relates to financial year 2003-2004, but paid during 2004-2005*

For the financial year 2004-2005, the sitting fee of Rs 5000/- per meeting was paid to the non-executive Directors for all the Board/Committee meetings attended by them upto October 2004 and the sitting fee was revised to Rs 10,000/- per meeting with effect from 21-10-2004. 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 12-03-2004, 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 Exchange Board of India or investors associations.

During the year 125 letters/complaints were received and all the complaints were replied/disposed off. As on 31.03.2005, 187 valid transfer documents involving 23,331 equity shares were under process and approved on 31.03.2005.

7. Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code a 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 Chandras 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 (CDSL) 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 CDSL.

10. General Body Meetings

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

Year	Date & Time of AGM	Venue of AGM held
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
2003-2004	27 th September, 2004 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. Postal Ballot

(i) As per section 192(A) of the Companies Act, 1956, the approval of the shareholders through Postal Ballot dated 31.7.2004 to hive off Tamil Nadu Electricity Board (TNEB) Coal handling contract at Ennore Port, Chennai, was obtained and the same was confirmed in the Annual General Meeting held on 27.9.2004. The details of the votes received are :

(a) 1,90,08,545 shares representing 99.95% of the total votes received in favour of the resolution.

(b) 9,764 shares representing 0.03% of the total votes received against the resolution.

The Postal Ballot was conducted by the Practising Company Secretary, Mr.R.Kannan and Mr.S.Vasudevan, Managing Director and Mr.S.Sivaraman, General Manager (Legal) & Company Secretary, acted as nominated representatives for conducting the entire process of the Postal Ballot.

(ii) No special resolution on matters requiring Postal Ballot are placed for shareholders approval/confirmation at the forthcoming Annual General Meeting.

12. Disclosures

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

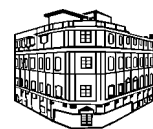
- (i) There are no materially significant transactions with the related party viz., Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- (ii) There are no pecuniary relationships or transactions with Non-executive 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.

13. 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 posted on the website of the Company and also notified to the Stock Exchanges as required under the Listing Agreement.



The Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report, Cash Flow Statements, Quarterly and Half Yearly Financial Statements, Corporate Governance Report, Shareholding Pattern, etc., 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.

14. General shareholders information

(i) Annual General Meeting

Date and time : 28th September, 2005 at 3.00 p.m.
 Venue : "Rajah Annamalai Hall", Esplanade,
 (Near High Court), Chennai 600 108.

(ii) Financial Calendar (2005-2006)

a.	Results for the quarter ending June 30, 2005	<i>Last week of July, 2005</i>
b.	Results for the quarter ending September 30, 2005	<i>Last week of October, 2005</i>
c.	Results for the quarter ending December 31, 2005	<i>Last week of January, 2006</i>
d.	Results for the quarter ending March 31, 2006	<i>Audited Results before last week of June , 2006</i>
e.	Annual General Meeting	Tentative – <i>by second/Third week of September, 2006</i>

(iii) Book Closure Date

From Friday, the 16th September, 2005 to Wednesday, the 28th September, 2005 (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 :	SIC (Agencies)	South India Corp.	INE 075 B 01012
Stock Code/Series:	20086	SICAL EQ/TT	

(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 2004	22.00	16.75	19.37
May 2004	23.50	11.35	17.42
June 2004	15.50	11.50	13.50
July 2004	22.95	13.00	17.97
August 2004	18.45	15.10	16.80
September 2004	45.00	17.00	31.00
October 2004	45.00	36.10	40.55
November 2004	50.20	38.90	44.55
December 2004	83.20	49.65	66.42
January 2005	83.00	62.10	72.55
February 2005	101.05	74.00	87.52
March 2005	119.25	87.00	103.12

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 10 days from the date of receipt and within 15 days for requests received in physical form.

viii. **Distribution of shareholding as on 31.3.2005**

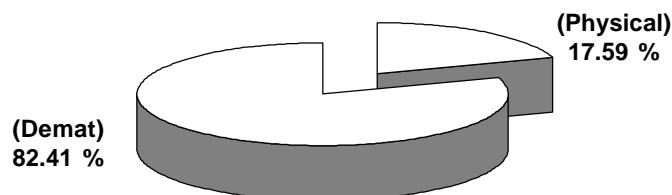
Number of shares Category	No. of shares	% to total	No. of Shareholders	% to Total
Upto 500	2245458	8.16	44301	96.41
501 - 1000	668860	2.42	912	1.99
1001 - 2000	502592	1.85	345	0.75
2001 - 3000	366900	1.33	141	0.31
3001 - 4000	148978	0.54	41	0.09
4001 - 5000	200671	0.73	43	0.10
5001 - 10000	531330	1.92	70	0.16
10001 & above	22868240	83.05	89	0.19
Total	27533029	100.00	45942	100.00

ix. **Shareholding Pattern as on 31.3.2005**

Category	No. of shares	%
Corporate Bodies	21331786	77.47
Mutual Funds/Trusts	3392	0.02
Nationalised Banks	216936	0.80
Financial Institutions	430428	1.56
Non-resident Individuals	48050	0.17
General Public	5502437	19.98
Total	27533029	100.00

x. **Dematerialisation of Shares**

2,26,91,446 equity shares, representing 82.41 % of the paid-up share capital, have been dematerialised upto 31.3.2005. Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. 28.08.2000 as per SEBI's orders dated 29.05.2000.

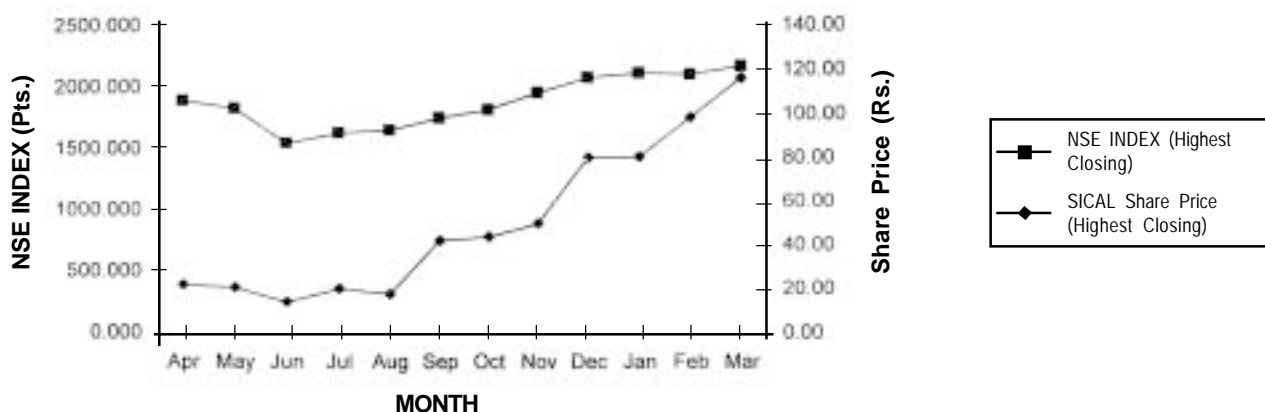




xi. Nomination of Physical Shares

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

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

Puzhal, Chennai 600 066

Speciality Chemicals

Thirubuvanai, Pondicherry.

Refractories

(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.
Telephone : 044-25229341 (16 Lines)
Fax : 044-25224202
Email : sicaedp@md2.vsnl.net.in

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 SOUTH INDIA CORPORATION (AGENCIES) LIMITED

We have examined the compliance of conditions of Corporate Governance by South India Corporation (Agencies) Limited for the year ended 31st March, 2005 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

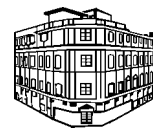
As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the confirmation given by the Registrar and Transfer Agent of the Company, as on 31st March, 2005, there was no investor grievances, remaining unattended.

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

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

C N GANGADARAN
Partner

Place : Chennai
Date : 28th June, 2005



AUDITORS' REPORT

Auditor's 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 of March, 2005 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
- iii. The Balance Sheet, the Profit & 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 & 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;
- v. On the basis of written representations received from the directors, as on 31st March, 2005, and taken on

record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2005 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 441 A 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.673.16 lakhs vide Note No.7 (b) of schedule 22B.**
 - II. Advances and monies covered by court cases/ arbitration aggregating Rs.2636.50 lakhs referred to in Note No.8 (a) of schedule 22B.**
 - III. Dues by subsidiary Rs.7636.80 lakhs, the realisability of which depends on the ultimate disposal of the investments held by that Company vide Note No.8 (b) of schedule 22B.**

Ultimate shortfall, if any, on disposal of these assets and investments and settlement of these 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 of March, 2005;
 - 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, 2005

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 program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
c) During the year the Company has not disposed off substantial part of the fixed assets and the going concern status of the Company is not affected.
2. a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.
3. In our opinion, the Company has neither granted nor taken any loans, secured or unsecured from/to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As such the clauses iii(b), iii(c) and iii(d) of paragraph 4 of the Order, are not applicable.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control system 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 and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control.
5. a) In our opinion and according to the information and explanation given to us, we are of the opinion that the transaction that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under 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 explanation given to us, the Company has complied with directives issued by the Reserve Bank of India and the provisions of Sec.58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder 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 or Reserve bank of India or any court or any other tribunal 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, Service Tax and Wealth Tax have generally been regularly deposited with the appropriate authorities. However, there has been slight delays in some cases. 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 provision has been made for cess under Section 441A of Companies Act. The gratuity amounting to Rs. 28.36 lacs has not been deposited with appropriate authorities on time. Levy of Education Cess @2% on TDS was given assent to by the Parliament during Sep'04 has become effective from 1st April 2004 and hence the quantum of such education cess not collected & paid is not quantified.
b) As at 31st March, 2005 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	36.97	1986-1991	STAT
Sales Tax	595.42	1995-1997	Supreme Court
Sales Tax	159.63	1989-1994	CTO, Chennai

10. The Company has neither accumulated losses as at 31st March, 2005 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)
- 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.1842.85 lakhs for the period December 2002 to March 2005, is under DRT case. The Company has contested before DRT, Mumbai and also by a writ petition in Chennai High Court for which the High Court has ordered to repay the Principal in 5 equal instalments and recommended for waiver of penal interest & liquidated damages.
 - Interest dues on 12% Non-convertible Debenture is Rs.69.84 lakhs for the period from 31.12.04 to 31.03.05 (payable at quarterly / half yearly rests).
 - The Interest default with respect to financial institutions is Rs.365.20 lakhs for the quarter ended 31.12.04 & 31.03.05.
12. According to the information and explanation given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

Accordingly, clause 4(xiv) of Companies (Auditors Report) Order 2003 is not applicable.

- In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions to the extent of Rs.565 lakhs, has been invoked and an appeal has been filed challenging various issues generating from such invocation, and, an institution to which a guarantee of Rs.3200 lakhs is given has started the process of novation of this guarantee.
- In our opinion, the term loans have been applied for the purpose for which they were raised.
- According to the information and explanation 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.
- 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.
- On the basis of records and documents examined by us, there is a shortfall in the creation of security or charge to the extent Rs.2638 lakhs in respect of the debentures issued.
- The Company has not raised any money through public issue during the year.
- According to the information and explanation 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

Place : Chennai.
Date : 28th June, 2005

C.N. GANGADARAN
Partner

BALANCE SHEET AS AT 31st MARCH, 2005

				(Rs. In Lakhs)	
	Schedule	As at 31st March, 2005		As at 31st March, 2004	
I SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	1	5155.11		5155.11	
Advance towards Capital (Note 15)		1701.40		1701.40	
Reserves & Surplus	2	13921.03	20777.54	10826.66	17683.16
LOAN FUNDS					
Secured Loans	3	28806.97		29756.53	
Unsecured Loans	4	7921.36	36728.33	8698.83	38455.38
Total			<u>57505.87</u>		<u>56138.54</u>
II APPLICATION OF FUNDS					
FIXED ASSETS:					
Gross Block	5	27198.23		29230.79	
Less : Depreciation		8696.72		8324.73	
Net Block		18501.51		20906.06	
Capital Work-in-Progress at cost		1953.27	20454.78	1901.51	22807.57
INVESTMENTS	6		4095.01		4089.86
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	3479.19		3563.74	
Sundry Debtors	8	24162.05		25352.09	
Cash and Bank Balances	9	3438.74		3120.02	
Loans and Advances	10	35881.62		35054.68	
		<u>66961.60</u>		67090.52	
LESS: CURRENT LIABILITIES AND PROVISIONS	11	31696.64		35290.31	
NET CURRENT ASSETS			<u>35264.96</u>		31800.21
DEFERRED TAX					
Deferred Tax Assets		900.45		1045.25	
Deferred Tax Liabilities		(3427.33)	(2526.88)	(3788.57)	(2743.32)
MISCELLANEOUS EXPENDITURE					
(To the extent not written off)	12		218.00		184.19
Total			<u>57505.87</u>		<u>56138.53</u>

Schedules 1 to 12 and Notes in Schedule 22 form an integral part of this Balance Sheet and should be read in conjunction therewith.

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

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

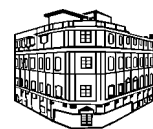
For M/s. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2005

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2005

				(Rs. In Lakhs)	
	Schedule	Year ended 31st March, 2005		Year ended 31st March, 2004	
INCOME					
Sales and Services	13	121376.41		108379.44	
Agricultural Income	14	107.07		103.86	
Other Income	15	<u>667.17</u>	122150.65	<u>577.43</u>	109060.73
EXPENDITURE					
Cost of Goods Sold	16		26496.34		24519.02
Cost of Services	17		79536.39		70542.29
Agricultural Expenses	18		46.68		167.71
Salaries, Wages and Other benefits	19		2085.76		2127.99
Manufacturing and other expenses	20		4562.04		3094.80
Interest & Financial Charges	21		4356.87		6359.69
Depreciation			1300.18		1639.79
Less : Transfer from Revaluation Reserve		<u>19.04</u>	1281.14	<u>19.34</u>	1620.45
Miscellaneous Expenditure written off			47.12		70.30
			<u>118412.34</u>		<u>108502.25</u>
Less : Expenditure capitalised/Self consumption			<u>11.10</u>		<u>32.68</u>
			<u>118401.24</u>		<u>108469.57</u>
PROFIT BEFORE TAXATION			3749.41		591.16
Less : Provision for					
- Current Tax			552.15		16.72
- Deferred Tax			(216.44)		(443.92)
- Tax relating to prior years			<u>14.09</u>		<u>52.31</u>
			<u>349.80</u>		<u>(374.89)</u>
PROFIT AFTER TAXATION			3399.61		966.05
Prior Period Adjustments			(286.20)		(28.64)
Balance brought forward from Previous year			1117.05		324.64
			<u>4230.46</u>		<u>1262.05</u>
APPROPRIATION					
Capital Redemption Reserve			-		145.00
Balance carried to Balance Sheet			4230.46		1117.05
			<u>4230.46</u>		<u>1262.05</u>
Earning Per Share (Basic & Diluted) (In Rs. Ps.)			10.15		2.45

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, 2005

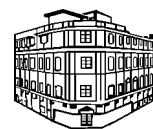
DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

SCHEDULES

	As at 31st March, 2005		(Rs. In Lakhs) As at 31st March, 2004	
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	1.80	2755.11	1.81	2755.11
2,40,00,000 (2,40,00,000) Preference Shares of Rs 10/- each		2400.00		2400.00
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		5155.11
Notes:				
14% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002				1000.00
14% 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 is redeemable at par at the expiry of 5 years from the date of allotment				500.00



(Rs. In Lakhs)

As at
31st March, 2005

As at
31st March, 2004

SCHEDULE 2

RESERVES AND SURPLUS

CAPITAL RESERVE

As per last Balance Sheet	1093.31		1093.31
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CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	1000.00		855.00
Add: Transfer from Profit & Loss account	-	1000.00	145.00
	<hr/>		<hr/>
			1000.00

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	843.57		862.91
Less: Transfer to Profit & Loss Account	(19.04)	824.53	(19.34)
	<hr/>		<hr/>
			843.57

INVESTMENT ALLOWANCE RESERVE

As per last Balance Sheet			41.77
Less: Transfer to General Reserve		-	(41.77)
			<hr/>
			-

GENERAL RESERVE

As per last Balance Sheet	1755.15		1713.38
Add: Transfer from Investment Allowance	-		41.77
	<hr/>		<hr/>
	1755.15		1755.15

PROFIT AND LOSS ACCOUNT

Surplus from Profit and Loss Account	4230.46		1117.05
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	<hr/>		<hr/>
	13921.03		10826.66

	As at 31st March, 2005	(Rs. In Lakhs) As at 31st March, 2004
SCHEDULE 3		
SECURED LOANS		
NON-CONVERTIBLE DEBENTURES	7766.02	8149.03
LOANS FROM BANKERS		
Working capital facilities	7813.70	10931.47
Term Loans	3373.48	865.80
LOANS FROM FINANCIAL INSTITUTIONS		
Term Loans	9018.74	9433.45
Interest accrued and due	449.84	70.81
LOANS AND ADVANCES FROM OTHERS		
Interest free Sales Tax Loan	41.17	65.59
Hire Purchase Loans	344.02	240.38
	<u>28806.97</u>	<u>29756.53</u>

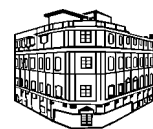
NOTES :

Non Convertible Debentures

- a) 15.25% Rs.4500 lacs 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.333 lacs redeemable during 2005-06 and 12% Rs.1000 lacs redeemable during 2007-08 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.
- b) A Debenture holder of Rs 4500 lakhs who has exercised the "Put Option" has filed a case before Debt Recovery Tribunal-1, Mumbai had restrained the Company from payment of dividend already declared in 2002 and also restrained the Company from receipt of retention money from TNEB. The Company has contested the case before DRT, Mumbai and also in the writ preferred by the Company before the Hon'ble High Court, Madras in April, 2005, the Hon'ble High Court, Madras ordered that :
- (1) The dues of Rs.4500 lacs to the debenture holder has to be paid in five quarterly equal instalments commencing from July 2005.
- (2) Waiver of Interest, Penal Interest and Liquidated Damages are to be settled with the debenture holder.
- c) Includes interest accrued and due Rs. 1,932.69 lakhs (Rs 1,681.70 lakhs).

Other Secured Loans

- a) Working Capital Facilities from Bankers are secured by hypothecation of stocks, book debts and other current assets, by 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, hypothecation of current assets, 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 and guarantee of a Director 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, 2005

As at
31st March, 2004

SCHEDULE 4

UNSECURED LOANS

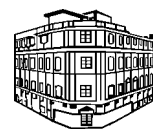
Fixed Deposits (From Directors Rs.364.53 lakhs (Rs 364.53 lakhs))	2368.01	2748.84
Short Term Loans and Advances		
From Banks		
Others	2200.00	2200.00
Interest accrued and due	54.25	169.23
Other Loans and Advances		
Advances from principals	104.39	249.36
Others	3194.71	3331.40
	<u>7921.36</u>	<u>8698.83</u>

NOTES

- a) Fixed Deposits includes Rs 2.04 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.20.50 lakhs (Rs.27.39 lakhs) secured by equitable mortgage of title deeds of employees' properties who have availed loans under the schemes.
 - iii) Rs.92.45 lakhs (Rs.93.09 lakhs) Interest Accrued and Due.

SCHEDULE 5
FIXED ASSETS
(Rs. In Lakhs)

	COST				DEPRECIATION				NET BLOCK	
	As at 01.04.04	Additions	Sales / Adjustments	As at 31.03.05	As at 01.04.04	For the Year	Withdrawn	Upto 31.03.05	As at 31.03.05	As at 31.03.04
Freshhold Land	1,286.62	7.52	24.04	1,270.10	-	-	-	-	1,270.10	1,286.62
Leasehold Land	43.94	-	43.12	0.82	3.87	-	3.86	0.01	0.81	40.07
Buildings	4,879.16	13.87	669.66	4,223.37	1,184.84	127.32	183.75	1,128.41	3,094.96	3,694.32
Leasehold Improvements	355.56	-	5.20	350.36	149.31	19.33	1.41	167.23	183.13	206.25
Plant & Machinery	8,800.07	196.43	1,559.05	7,437.45	3,001.01	449.97	556.21	2,894.77	4,542.68	5,799.06
Office Equipments	706.83	47.67	31.50	723.00	510.35	42.90	19.69	533.56	189.44	196.48
Furnitures & Fixtures	587.80	2.30	15.50	574.60	411.69	28.35	15.56	424.48	150.12	176.11
Ship	40.42	-	-	40.42	36.93	0.51	-	37.44	2.98	3.49
Trucks	2,189.67	230.24	82.00	2,337.91	1,829.48	77.24	77.93	1,828.79	509.12	360.19
Vehicles	481.96	39.50	92.08	429.38	286.89	47.11	69.78	264.22	165.14	195.07
Leased Machinery	56.97	-	-	56.97	51.95	0.52	-	52.47	4.50	5.02
Port Handling Equipment	9,801.79	-	47.94	9,753.85	858.41	506.93	-	1,365.34	8,388.51	8,943.38
Grand Total	29,230.79	537.53	2,570.09	27,198.23	8,324.73	1,300.18	928.19	8,696.72	18,501.51	20,906.06
Capital Work in Progress	1,901.51	81.93	30.17	1,953.27	-	-	-	-	1,953.27	1,901.51
Previous Year	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	



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.19.04 Lakhs (Rs.19.34 Lakhs) for the year on account of such revaluation has been charged against such revaluation reserve.

- B. Freehold land includes Rs.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) Buildings of Rs. 21.69 Lakhs to be registered in the name of the Company.
- (ii) Composite cost of Land and Buildings on freehold land Rs.478.75 Lakhs (Rs.505.59 Lakhs)
- (iii) 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. WDV of the Assets acquired under Hire Purchase agreement included under:

(Rs. In Lakhs)

Vehicles	109.99	(83.35)
Trucks	320.30	(136.77)

- 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.

SCHEDULE 6

INVESTMENTS

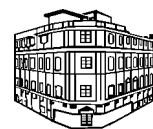
(Rs. In Lakhs)

PARTICULARS	No. of Shares / Debentures	Face Value per Share / Debenture	As at 31st March, 2005	As at 31st March 2004
TRADE INVESTMENT - AT COST				
In Ordinary Shares - Fully Paid				
Southern Petrochemical Industries Corporation Ltd (Quoted)	3019799	10	1230.31	1230.31
First Leasing Co. of India Ltd (Quoted)	2127079	10	411.70	411.70
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	65.05
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			0.80	0.65
Others - Fully Paid				
GIC Fortune 94	12626	7.92	1.00	1.00
TRADE INVESTMENT - AT FACE VALUE (BONUS SHARES)				
First Leasing Co. 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
Sical Logistics Ltd	50000	10	5.00	-
IN PARTNERSHIP FIRMS				
Tiger Agency			0.20	0.20
K.Paramasivam & Sons			0.05	0.05
			4095.01	4089.86

Additions / Deletions During the Year	No. of Shares / Debentures	31st March 2005	31st March 2004
Additions:			
Sical Logistics Ltd	50000	5.00	-
NSC Certificates	-	0.15	-
		5.15	-
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
		-	498.58

(Rs. in Lakhs)

	Cost / Book Value	Market Value
Quoted Investments	1644.67	1314.18
Unquoted Investments	2450.34	
	4094.01	



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, 2005	31st March, 2004

SCHEDULE 7

INVENTORIES

At lower of cost and net realisable value

Stores and Spares	140.50	181.16
Loose Tools	172.84	99.45
Raw Materials	333.47	558.72
Work-in-Process		
Manufacturing	496.02	475.00
Civil engineering contracts/Property Development	381.73	480.73
Ship Building	114.74	119.22
Fertiliser,Pestisides,Chemicals and Others	17.14	-
Goods in transit at Cost	368.27	266.39
Finished and Trading Stocks	1454.48	1383.07
	3479.19	3563.74

(Rs. In Lakhs)
As at
31st March, 2004

As at
31st March, 2005

SCHEDULE 8
SUNDRY DEBTORS

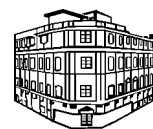
Unsecured

Debts outstanding for a period exceeding six months

Considered good	10848.47	13260.72
Considered doubtful	138.75	124.86
	10987.22	13385.58
Less: Provision for Doubtful Debts	138.75	124.86
	10848.47	13260.72
Other debts - Considered good	13313.58	12091.37
	24162.05	25352.09

SCHEDULE 9
CASH AND BANK BALANCES

Cash and Cheques on hand, Remittances in transit and in foreign currency	289.13	213.80
With Scheduled Banks		
On Current Accounts	1553.59	1187.98
On Deposit Accounts	116.36	132.64
On Margin Money Accounts	1439.94	1539.09
On Dividend Accounts	38.78	44.26
On Debenture Account	0.89	0.89
	3149.56	2904.86
With Non-Scheduled Bank		
Godavari Gramina Bank (Maximum amount outstanding Rs 136305.60 (Rs 136305.60))	0.05	1.36
	3438.74	3120.02



(Rs. In Lakhs)

As at
31st March, 2005

As at
31st March, 2004

SCHEDULE 10

LOANS AND ADVANCES

Advances to Subsidiaries		7636.80		7490.89
Advances to Partnership Firms	1818.96		1818.96	
Less: Due to Partnership Firms	3.70	1815.26	0.64	1818.32
Advances recoverable in cash or in kind or for value to be received considered good (Due from Directors Rs. Nil (Nil))	20496.75		19309.05	
Considered doubtful	9.90		9.90	
	20506.65		19318.95	
Less: Provision for doubtful advances	9.90	20496.75	9.90	19309.05
Advance payment of Income-Tax		4053.26		3692.54
Balance with Central Excise/Customs and Port Trust Authorities		429.13		1536.31
Deposits (includes deposits with Public Limited Companies Rs.136.12 lakhs (Rs.136.12 lakhs))		1450.42		1207.57
		35881.62		35054.68

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

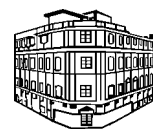
Acceptances	1920.34		3695.63	
Sundry Creditors (vide Note 19 of schedule 22B) #	27370.87		29308.27	
Unclaimed Dividend	38.78		44.26	
Unclaimed Debentures	0.89		0.89	
Interest accrued but not due on Loans	4.48	29335.36	273.98	33323.03
Dividend Payable		239.14		239.14
(# includes creditors for capital expenses Rs.415.03 (Rs.911.77 lacs))				

PROVISIONS:

Provision for Gratuity	176.98		126.40	
Provision for Taxation	1945.16		1601.74	
		2122.14		1728.14
		31696.64		35290.31

	As at 31st March, 2005	(Rs. In Lakhs) As at 31st March, 2004
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off)		
Payment made under Voluntary Retirement Scheme	104.43	23.52
Technical Knowhow	16.06	26.52
Expenditure on Aquaculture & Marine Activities	58.91	79.40
Interest Amortised	38.60	54.75
	<u>218.00</u>	<u>184.19</u>

	Year ended 31st March, 2005	Year ended 31st March, 2004
SCHEDULE 13		
SALES AND SERVICES		
SALES		
Manufactured Goods	9639.98	7957.90
Less: Excise Duty	1075.71	863.79
Net Sales	<u>8564.27</u>	<u>7094.11</u>
Traded Goods	21730.64	20095.39
Civil Engineering Contracts	72.20	281.07
Property Development	169.96	3011.83
Others - including by-products	201.91	60.54
SERVICES		
Transportation	17140.12	16454.58
Clearing & Handling Charges	1280.25	1036.11
Warehousing Rent, Freight, Stevedoring & Coal Handling	58760.96	54160.47
Workshop/Service Revenue	1647.90	2368.95
Boat /Ship Building charges	40.84	52.48
Offshore Earnings	10641.85	2679.63
Agency Fees	407.05	607.60
Commission	600.15	352.90
Windpower	118.31	123.78
(Tax Deducted at Source on the above - Rs.1312.87 lakhs (Rs774.88 lakhs))		
	<u>121376.41</u>	<u>108379.44</u>



(Rs. In Lakhs)

Year ended
31st March, 2005

Year ended
31st March, 2004

SCHEDULE 14

AGRICULTURAL INCOME

Coffee Sales	84.57	86.06
Sale of Minor Produce	7.00	5.23
Sale of Coffee Stumps	15.50	12.52
Other receipts	-	0.05
	<u>107.07</u>	<u>103.86</u>

SCHEDULE 15

OTHER INCOME

Dividend		
On Trade Investments (Tax Deducted at source Rs.Nil (Rs.0.08 lakhs)	455.82	460.95
Profit on sale of Investments	-	62.43
Rent including Lease Rent & Service charges	25.02	14.21
(Tax Deducted at Source Rs 11.25 lakhs (Rs 6.53 lakhs))		
Provision for expenses no longer required written back	63.74	-
Miscellaneous Income	122.59	39.84
	<u>667.17</u>	<u>577.43</u>

SCHEDULE 16

COST OF GOODS SOLD

Consumption of Raw Materials:			
Stock as on 1st April	571.21	606.92	
Add: Purchases	4986.01	4284.36	
	<u>5557.22</u>	4891.28	
Less: Stock as on 31st March	343.35	571.21	4320.07
	<u>5213.87</u>	<u>4320.07</u>	
Purchases less Turnover discounts - Trading stock	21327.48		19740.32
Increase/Decrease in Work-in-Process, Finished and Trading Stocks:			
Stock as on 1 st April			
Work-in-process	483.39	451.75	
Finished and Trading Stocks	1377.86	1868.13	
	<u>1861.25</u>	2319.88	
Less: Stock as on 31 st March			
Work-in-Process	496.02	483.39	
Finished and Trading Stocks	1410.24	1377.86	
	<u>1906.27</u>	<u>1861.25</u>	458.63
	<u>26496.34</u>	<u>24519.02</u>	

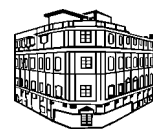
(Rs. In Lakhs)

Year ended
31st March, 2005Year ended
31st March, 2004**SCHEDULE 17****COST OF SERVICES**

Freight Paid		13200.21		13386.84
Port Charges		10626.27		10053.00
Handling and Transportation expenses		41745.53		38163.98
Warehousing expenses		2462.11		1085.03
Hire Charges		0.10		0.06
Workshop Expenses		186.41		211.37
Expenditure on Contracts		250.42		3762.60
Operation and Maintenance expenses				
Operation and Maintenance		10722.99		3621.07
Stores Consumed	457.09		377.56	
Less: Work in process	114.74	342.35	119.22	258.34
		79536.39		70542.29

SCHEDULE 18**AGRICULTURAL EXPENSES**

Stock as on 1st April				
Coffee	2.17		19.97	
Minor Produce	3.02	5.19	2.13	22.10
Salaries, Wages and Other benefits:				
Salaries, Wages and Bonus	47.97		50.81	
Contribution to PF & Other Funds	0.73		0.65	
Gratuity	1.24		63.81	
Workmen & Staff Welfare expenses	1.06	51.00	1.81	117.08
Consumption of Stores & Spares		21.67		20.43
Repairs & Maintenance				
Buildings	3.85		4.13	
Machinery & Vehicles	3.43		2.75	
Others	0.01	7.29	-	6.88
Electricity Charges		3.73		2.91
Insurance		0.16		0.10
Rates & Taxes		0.40		2.22
Administration expenses		0.67		0.39
Travelling & Conveyance		0.69		0.74
Printing & Stationery		0.12		0.05
		90.92		172.90
Less: Stock as on 31st March				
Coffee	42.00		2.17	
Minor Produce	2.24	44.24	3.02	5.19
		46.68		167.71



(Rs. In Lakhs)

Year ended
31st March, 2005

Year ended
31st March, 2004

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.23.01 lakhs (Rs.120.44 lakhs))	1613.38	1714.31
Contribution to Provident Fund	81.26	87.38
Contribution to Gratuity and Superannuation Fund	178.46	97.72
Welfare Expenses	212.66	228.58
	<u>2085.76</u>	<u>2127.99</u>

SCHEDULE 20

MANUFACTURING AND OTHER EXPENSES

Rent including Lease Rent	191.67	177.10
Rates, Taxes, Licence and Filing fees	168.07	115.53
Insurance	106.54	89.60
Power and Fuel	540.06	447.04
Repairs and Maintenance		
Plant & Machinery	97.89	225.03
Building	22.80	26.24
Vehicles	57.83	54.51
Others	180.05	152.75
Travelling and Conveyance	302.87	257.95
Directors' Sitting Fees	4.50	4.00
Payment to Auditors		
Audit	6.00	6.00
Tax Audit	3.00	3.00
Other Services	3.00	2.79
Expenses	0.17	0.10
Consumable Stores and Tools	181.74	143.12
Miscellaneous Expenses	1533.70	1294.41
Bad Debts written off (vide Note 9 of schedule 22B)	587.59	80.84
Less: Written off against Provision	81.85	18.40
Provisions for bad debts and advances	22.45	24.62
Exchange Fluctuation Difference	15.90	(69.62)
Assets discarded / written off	18.19	31.08
Loss on sale of assets	517.10	1.28
Rebates, Discount and Commission	10.75	11.65
Royalty, Knowhow and Service charges	28.77	27.77
Commission to Deputy Chairman	43.25	6.41
	<u>4562.04</u>	<u>3094.80</u>

	Year ended 31st March, 2005	(Rs. In Lakhs) Year ended 31st March, 2004
SCHEDULE 21		
INTEREST & FINANCIAL CHARGES		
On Fixed Loans	3210.70	5453.79
Others	<u>1309.41</u>	<u>1074.31</u>
	4520.11	6528.10
Less: Interest on Deposits	86.29	147.74
Interest from Others	<u>76.95</u>	<u>20.67</u>
(Tax Deducted at Source Rs 21.07 lakhs (Rs 62.31 lakhs))	163.24	168.41
	<u>4356.87</u>	<u>6359.69</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 & 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 in accordance with accounting standard 19 on Lease issued by the Institute of Chartered Accountants of India.

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 & 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 division 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 & Property Development division 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. Impairment of Assets

The Company recognises impairment of all assets other than the assets which are specifically excluded under Accounting Standard-28 on Impairment of Assets issued by the Institute of Chartered Accountants of India after comparing the asset's recoverable value with its carrying amount in the books. In case the carrying amount exceeds recoverable value, Impairment losses are provided for.

8. Excise Duty

- a) CENVAT credit on materials purchased for production are taken into account at the time of purchase and CENVAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are installed, to the credit of respective purchase and assets 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 Civil Engineering contracts is recognised on Percentage 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.
 - v. 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.
 - vi. Expenditure incurred on incomplete voyages and contracts are included under "Advances Recoverable".
- d) Warranty Liability on account of after-sales service is recognised for the best estimate of the cost of making good under the warranty of products sold before the Balance Sheet date in accordance with accounting standard 29 on Provisions, Contingent Liabilities and Contingent Assets issued by the Institute of Chartered Accountants of India.
- 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

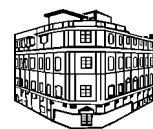
Foreign currency transactions are recorded in the books at the rates prevailing on the date of transaction. Current assets and liabilities wherever receivable or payable in foreign currencies are translated at exchange rates prevailing on the Balance sheet date and the loss or gain arising out of such 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. 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.
- b) Technical knowhow 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.

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 & Provisions

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

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 "Unallocated Corporate expenses".

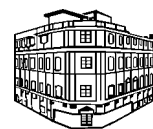
17. Deferred Taxes

- 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.736.62 Lakhs (Rs.964.47 Lakhs).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for 'nil.' (Rs.35.28 Lakhs).
3. In accordance with accounting standard 29, the following are considered as Contingent liabilities and Provisions:
 - a) Sales Tax and Income tax demands together with penalties under appeal amounts to Rs.355.03 lakhs (Rs.361.05 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) Excise demands under appeal Rs.17.13 Lakhs (Rs.17.13 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.7173.00 Lakhs (Rs.10320.00 Lakhs).
 - d) Guarantees given by bankers for Performance of Contracts & others Rs.7261.76 lakhs (Rs.6439.24 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.
- f) A sum of Rs.27.01 lakhs has been provided towards warranty claims on after sales service. It is expected that the majority of this expenditure will be incurred in the next financial year.
4. Letters of Credit outstanding for import of raw materials and machinery Rs.291.78 Lakhs (Rs.493.97 Lakhs).
5. The Aqua Culture and Marine activities of the company are restricted to leasing the land, Buildings & Machineries. The individual Quick Freezing Plant and a part of the 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.
6. Expenditure under various projects amounting to Rs.280.35 Lakhs (Rs.343.82 Lakhs) have been incurred and advances for acquisition of land amounting to Rs.301.33 Lakhs (Rs.273.60 Lakhs) have been made upto 31st March 2005 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 necessary for shortfall in market value of certain quoted investments ascertained on individual basis amounting to Rs.673.16 Lakhs (Rs.1003.83 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) Rs.2636.50 Lakhs (Rs.2713.66 Lakhs) covered by Court cases/under arbitration.
- (b) Advance to subsidiary amounting to Rs.7636.80 lakhs (Rs.7490.89 lakhs) is considered good and recoverable as the intrinsic value of the investments held by that Company are more than the values stated in the books of that Company.
- (c) Retention money retained as per terms of contracts Rs.9159.15 Lakhs (Rs.9194.46 Lakhs).
- (d) With regard to IMFS division which has been sold during the year 2001-02:
- (i) Rs.172.44 lakhs (Rs.172.44 lakhs) receivable from Sales Tax authorities on Sales Tax remitted 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.
- (e) A sum of Rs.1818.42 lakhs advanced to a partnership firm as a "Project Advance" towards structuring a line of business in the auto components sector which is expected to be completed during the financial year 2005-06.
9. In accordance with accounting standard 28 on 'Impairment of Assets', book debts considered as irrecoverable amounting to Rs.505.74 lakhs has been written off as Bad debts during the year.
10. Deposit with Bank in pursuance of Rule 3 A of the Companies (Acceptance of Deposit) Rules, 1975 included under fixed deposits with banks Rs.266.36 Lakhs (Rs. 101.00 Lakhs).
11. Balance with Central Excise Authorities includes unutilised Cenvat Credits of Rs.6.59 Lakhs (Rs.4.58 Lakhs).
12. The provision for Taxation includes Rs.1.80 Lakhs (Rs. 1.80 Lakhs) towards Wealth tax.
13. 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.
14. The balance retained in Debenture Redemption Reserve is adequate under Circular No. 9/2002 dated 18.4.2002 issued by Department of Company Affairs.
15. 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.



16. The payment of dividend declared for the year 2002 is subject to the receipt of requisite judicial clearance.
17. 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.
18. No provision has been made towards preference dividend.
19. Sundry Creditors include Rs.82.59 Lakhs (Rs. 59.45 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, Proseal Closure Ltd, Eagle Tyres, True Tread Tyres, South India Diesel Service, Sri Devi Pulverising Mill, Perfect Weighing System, Sri Venkateswara Minerals, Hyderabad Castings P Ltd., Pentagon Lubricants, Sunito Polymers P Ltd., M.M. Induction P Ltd., Omega Industrial Equipment, Chidambaram Polybags, Susic Heating Products, Bejon Engg & Co, Western Ceramic Materials, Western Calcination Zone, Rasi Electrodes Ltd., Triumph Traders, Expert Equipments.

20. a) **Managerial Remuneration**

(Rs. In Lakhs)

Particulars	2004-05	2003-04
Salaries & Allowances	28.54	25.71
Contribution to Provident and Others Funds	3.07	3.13
Perquisites	3.84	10.04
Terminal benefits	-	7.57
Total	35.45	46.45

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

(Rs. In Lakhs)

Particulars	2004-05	
Profit before taxation as per P&L a/c		3749.41
ADD:-		
i) Salary & Allowances to Directors	24.94	
ii) Remuneration paid to Chairman	3.60	
iii) Provident Fund contribution	3.07	
iv) Perquisites to Directors	3.84	
v) Directors Sitting Fees	4.50	
vi) Commission Payable to Deputy Chairman	43.24	
vii) Provision for Bad Debts	22.45	
viii) Loss on sale of assets(net)	517.10	
ix) Assets written off	18.19	
Sub-Total(A)		4390.34
LESS:-		
a) Provision for Wealth Tax	1.80	
b) Profit on sale of Investments	63.74	
Sub-Total(B)		65.54
Profit Computed u/s.349 of the Companies Act, 1956 (A)-(B)		4324.80
Commission payable to Deputy Chairman @ 1% of the above		43.25

- a) Managerial remuneration paid to MD & Other Directors Rs.35.45 lakhs
- b) Commission payable to Deputy Chairman @ 1% is Rs.43.25 lakhs

21. 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	2004-05	2003-04
Labour charges	156.23	244.48
Insurance	4.78	2.33
Consultancy charges	85.21	85.21
Other Expenses	190.78	188.00
Materials	51.84	77.33
Total	488.85	597.36

Advance received during the year in respect of the Property Development contracts is Rs.88.13 lakhs (Rs.29.09 lakhs) and revenue recognized for the year is Rs.169.96.lakhs (Rs.3011.83 lakhs).

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

(Rs.in Lakhs)

Particulars	2004-05	2003-04
Raw materials	1760.36	1506.04
Components and Spare parts	1415.78	2.30

- 22 (b) Expenditure in Foreign Currency during the Financial Year

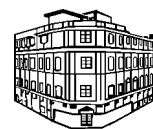
(Rs.in Lakhs)

Particulars	2004-05	2003-04
Travel	19.92	5.59
Membership and Subscription	0.18	0.78
Commission	--	5.25
Royalty	15.70	12.73
Interest	--	78.27
Other matters	2495.29	2444.20

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

	2004-05		2003-04	
	Percentage to Total Consumption	Value (Rs. in Lakhs)	Percentage to Total Consumption	Value (Rs. in Lakhs)
Imported	29.34	1707.13	34.15	1550.71
Indigenous	70.66	4111.78	65.85	2989.99
		5818.91		4540.70

- 22 (d) Amount remitted during the year in foreign currency on account of dividends - Nil. (Nil)



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

(Rs.in Lakhs)

Particulars	2004-05	2003-04
i) Export of goods calculated on F.O.B basis	--	--
ii) Other Income		
- Agency fees	281.16	365.40
- Commission	0.83	2.03
- Service Charges	5.82	10.10

23. Related Party disclosure

I. Related parties where control exists

a) **Subsidiary Companies :**

Sical Logistics Ltd.

South India House Investments Ltd.

b) **Others:**

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

b) **Key Management Personnel**

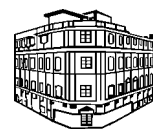
Shri. S. Vasudevan - Managing Director

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

23. iii. 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	-	-	36.99 (30.13)	-
Sale of Goods	-	-	(---)	-
Purchase of Fixed Assets	-	-		-
Sale of Fixed Assets				
Rendering of Services	-	-	125.67 (357.40)	-
Receiving of Services	1.20 (1.20)	-	94.80 (53.97)	-
Sale of Undertakings	-	-		-
Share of Profit / (Loss) of firms				
Dividend Income	-	-	412.75 (412.74)	-
Interest Income	-	-	-	-
Interest Expenses	-	- (141.40)	-	-
Commission Income (Guarantees)				
Guarantees and Collaterals	-	-	6052.00 (9100.00)	-
Managerial Remuneration	-	-	-	35.45 (46.45)
Loans and Advances	--	--	50.67 (-)	-
Loan Outstanding	7636.80 (7490.89)	-	-	-
Debtors	-	-	3.44 (9.20)	-
Creditors	-	-	22.33 (30.05)	-



24. Segment Information for the year ended 31st March 2005

Information about Primary Business Segments

(Rs in Lakhs)

Business Segments	Logistics	Trading - Building Materials	Other Operations	Eliminations	Consolidated Total
REVENUE					
External Sales	88434.16	15385.46	17663.86		121483.48
Inter Segment Sales	10.60	7.94	277.24	(295.78)	-
Total Revenue	88444.76	15393.40	17941.10	(295.78)	121483.48
RESULT					
Segment Result	7426.27	500.46	179.55		8106.28
Unallocated Corporate Expenses					455.83
Operating Profit					7650.46
Interest expense (gross)					4520.11
Interest / Dividend income					619.06
Income Taxes (net off def.tax)					349.80
Profit from Ordinary Activities					3399.61
Net Profit					3399.61
OTHER INFORMATION					
Segment Assets	39308.11	3483.23	14973.46		57764.81
Unallocated Corporate Assets					35226.29
Total Assets					92991.10
Segment Liabilities	19664.51	2110.59	9419.79		31194.89
Unallocated Corporate Liabilities					41018.65
Total Liabilities					72213.53
Capital Expenditure	309.12	14.98	295.36		619.46
Depreciation	762.60	20.87	497.67		1281.14
Non Cash Charges other than depreciation	47.00	9.02	1093.49		1149.51

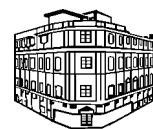
Information about Secondary Business Segments

(Rs in Lakhs)

	India	Outside India	Total
Revenue by Geographical Market	121195.67	287.81	121483.48
Segment Assets	57764.81	-	57764.81
Capital Expenditure	619.46	-	619.46

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, Vehicle Sales & Service, 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.

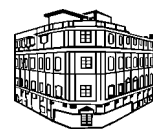


25 A) Sales Turnover - Finished Goods

Particulars	Units	2004 - 2005		2003 - 2004	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
Fire Bricks	Nos.	4277686.00	1719.09	3173781.00	1337.63
Refractory Bonding Materials	Bags	15644.00	38.78	8648.00	23.49
Stoneware Pipes	Nos.	1008664.00	467.56	793279.00	345.91
Steel Pipes	Mtrs.	5788042.30	9213.83	7159952.42	9138.68
P V C Pipes	Mtrs.	906139.43	488.38	1444473.12	587.57
Cables	Mtrs.	686295.97	477.16	932796.60	501.20
Wood Screws	Gross	4711.00	1.37	220384.00	50.02
Flexible Shaft Machine With Accessories	Nos.	1131.00	413.09	977.00	333.51
Speedo Meter Cables	Nos.	73650.00	7.13	55308.00	9.95
Remote Control Cables	Nos.	74837.00	3.20	264108.00	17.05
Barrels	Nos.	212966.00	1969.50	255041.00	1690.53
D C Motors for Industrial and Automotive Application	Nos.	141862.00	2756.24	113611.00	1907.12
Vehicles	Nos.	934.00	6351.73	932.00	5129.59
Hardware Materials	Kgs	15065539.40	4311.78	15493783.96	3411.95
Speciality Chemicals	M T	225.10	287.04	205.96	213.39
Cytozyme	Ltrs	130290.00	316.60	140000.00	339.41
Cytozyme Granules	M T	185.08	45.17	205.28	47.62
Wanis	Ltrs	29330.00	55.73	-	-
Coffee Uncured	M T	163.80	84.57	311.15	86.06
Crude Palm Oil	M T	3631.10	1384.15	3307.71	1145.63
Kernels	M T	-	-	232.12	27.85
Kernel Oil	M T	386.27	173.28	300.22	97.02
Kernel Cake	M T	622.46	23.10	590.84	24.10
Others	M T	-	1297.28	-	1265.11
Total			31885.76		27730.39

25 B) Raw Materials Consumed

Particulars	Units	2004 - 2005		2003 - 2004	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
Fire Clay	M T	37866.00	156.04	19278.00	57.87
Hard Burnt Bauxite	M T	7802.00	446.12	5457.00	378.74
Fire Clay Powder	M T	222.00	14.70	325.00	2.28
Kyanite Powder	M T	5706.00	88.17	946.00	12.93
Magnasite	M T	228.00	21.96	1211.00	91.01
Copper Wire	Kg's	1748.00	4.87	1434.00	7.34
PVC Compound	Kg's	3655.00	2.23	2875.00	1.61
High Tensile Wires	Kg's	35919.00	16.54	26965.00	9.50
High Tensile Strip	Kg's	41628.00	21.77	36191.00	16.60
Stampings	Kg's	7101.00	12.14	5307.00	8.09
Gears	No's	3625.00	7.08	3775.00	6.68
Bearings	No's	21215.00	10.69	19247.00	9.18
C R Coils	M T	4755.68	1291.23	4985.07	1118.26
Workshop Raw Materials, Components and Others	M T	-	1908.83	-	1561.16
Fresh Farm fruits	M T	20109.59	886.59	18060.55	721.26
Speciality Chemicals	M T	135.17	85.16	93.74	54.40
Cytozyme Liquid	Ltrs	2400.00	41.00	2043.00	35.61
Cytozyme Bulk Materials	M T	251.55	1.75	330.99	1.28
Wanis	Ltrs	21741.00	31.10	-	-
Others		-	165.90	-	226.27
Total			5213.87		4320.07

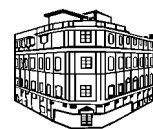


25 C) Opening and Closing Stock of Goods Purchased and Produced

Particulars	Units	Closing Stock		Opening Stock	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
Fire Bricks	M T	1027.64	63.05	442.33	38.54
Refractory Bonding Materials	M T	41.98	1.64	35.37	2.00
Stoneware Pipes	M T	866.73	26.66	149.08	4.31
Steel Pipes	Mtrs.	480249.05	650.08	479014.93	618.47
P V C Pipes	Mtrs.	77654.00	33.77	111085.25	39.80
Cables	Mtrs.	83311.55	49.71	42150.02	33.81
Wood Screws	Gross	4953.00	1.21	9665.00	2.49
Flexible Shaft Machine With Accessories	Nos.	29.00	12.35	34.00	12.25
Speedo Meter Cables	Nos.	20100.00	5.76	90650.00	17.19
Remote Control Cables	Nos.	17293.00	2.21	27130.00	2.96
Barrels	Nos.	395.00	3.67	2511.00	8.70
D C Motors for Industrial and Automotive Application	Nos.	299.00	3.29	238.00	3.95
Vehicles	Nos.	35.00	189.01	38.00	192.55
Hardware Materials	Kgs	246374.50	71.48	164419.00	41.25
Speciality Chemicals	Kgs	4536.00	3.18	8497.00	5.52
Cytozyme	Ltrs	2232.82	7.61	3085.82	1.01
Cytozyme Granules	M T	3480.00	0.02	60.00	0.09
Wanis	Ltrs	-	-	-	-
Coffee Uncured	M T	95.75	44.24	10.01	2.17
Black pepper	Kgs	3920.00	2.23	4200.00	3.02
Crude Palm Oil	M T	45.17	13.06	14.08	3.86
Kernels	M T	-	-	1.78	0.07
Palm Kernel Oil	M T	8.94	0.52	-	-
Palm Kernel Cake	M T	5.10	0.18	-	-
Others		229012.01	64.79	213269.51	50.42
Total			1249.72		1084.43

25 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)	30203.04 (17190.00)	-	-
Refractory Bonding Materials	Bags	0.00	0.00	812.355 (351.00)	-	-
Stoneware Pipes	M T	6600.00 (6600.00)	6600.00 (6600.00)	12319.24 (8992.50)	-	-
Steel Pipes	Mtrs.	-	-	-	(6925669.33)	(8476.65)
P V C Pipes	Mtrs.	-	-	-	(1433848.86)	(507.60)
Cables	Mtrs.	-	-	-	(915522.67)	(480.30)
Wood Screws	Gross	925,000.00 (925000.00)	600,000.00 (600000.00)	- (251301.00)	-	-
Flexible Shaft Machine With Accessories	Nos.	1331.00 (1331.00)	4000.00 (4000.00)	1126.00 (961.00)	-	-
Speciality Chemicals	TPA	300.00 (300.00)	300.00 (300.00)	221.10 (204.50)	-	-
Cytozyme	Ltrs	200000.00 (200000.00)	200000.00 (200000.00)	130490.00 (119625.00)	-	-
Cytozyme Granules	M T	200.00 (200.00)	200.00 (200.00)	188.50 (167.83)	-	-
Wanis	Ltrs	100000.00	100000.00	29330.00 (—)	-	-
Speedo Meter Cables	Nos.	400000.00 (400000.00)	456000.00 (456000.00)	3100.00 (20425.00)	-	-
Remote Control Cables	Nos.	360000.00 (360000.00)	90000.00 (90000.00)	65000.00 (236650.00)	-	-
Barrels	Nos.	0.00	167205.00 (167205.00)	210850.00 (254984.00)	-	-
D C Motors for Industrial and Automotive Application	Nos.	-	-	141923.00 (113583.00)	-	-
Hardware Materials	Kgs	-	-	-	15147494.90 (15437260.71)	4133.41 (3214.59)
Vehicles	Nos.	-	-	-	934.00 (939.00)	5689.29 (5491.63)
Vehicles Spares		-	-	-	-	1367.41 (1053.31)
Coffee uncured	M T	-	-	249.55 (230.00)	-	-
Palm Oil	M T	-	-	3662.19 (3307.71)	-	-



Class of Goods Manufactured and Purchased (Contd.)

Particulars	Units	Licenced Capacity	Installed Capacity	Actual Production	Purchase	Value Rs. Lakhs
Kernels	M T			- (232.12)	-	-
Kernel Cake	M T			627.71 (590.85)	-	-
Kernel Oil	M T			395.22 (300.22)	-	-
Other Items	M T	-	-	-	-	517.10 (512.18)

26. 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	46.81	13.89	60.70
3	VRS	166.48	(81.05)	85.43
4	Others	754.63	(77.64)	676.99
	Total	1045.25	(144.80)	900.45

26. b. Deferred tax liability arising out of timing difference relating to (Rs. in Lakhs)

S.No.	Particulars	Opening	Current Year Adjustments/ Additions	Closing
1	Depreciation	3505.46	139.75	3645.21
2	Others	283.11	(500.99)	(217.88)
	Total	3788.57	(361.25)	3427.33

27. Earnings per share

Particulars	2004-05	2003-04
Profit / (Loss) after tax as per Profit & Loss account & Preference Dividend as per Note No. 18 of Schedule 22 B (Rs.in Lakhs)	2802.00	675.00
No of Shares used in computing earnings per share	27533029	27533029
Earnings per Share – Basic and Diluted (In Rupees)	10.15	2.45
Face Value per share (in Rupees)	10.00	10.00

28. Figures in brackets relate to previous year.

29. **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	5			
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			6	0	9	3	3	2	0		
	Total Assets			6	0	9	3	3	2	0		
	Paid up Capital				5	1	5	5	1	1		
	Reserves and Surplus				1	3	9	2	1	0	2	
	Secured Loans				2	8	8	0	6	9	7	
	Unsecured Loans					7	9	2	1	3	5	
Application of Funds	Net Fixed Assets				2	0	4	5	4	7	8	
	Investments					4	0	9	5	0	1	
	Net Current Assets					3	5	2	6	4	9	5
	Miscellaneous Expenditure						2	1	7	9	9	
	Accumulated Losses									N	I	L
Performance of Company (Amount in Thousands)	Turnover				1	2	2	1	5	0	6	4
	Total Expenditure				1	1	8	4	0	1	2	4
	Profit / (Loss) Before Tax					3	7	4	9	4	0	+ -
	Profit / (Loss) After Tax					3	3	9	9	6	0	✓
	Earning per share (in Rupees)						1	0	.	1	5	✓
	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. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2005

DHANANJAY N MUNGALÉ
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2005

(Rs. in Lakhs)

	Current Year	Previous Year
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	3,749.41	591.16
Adjustments for :		
Depreciation	1,281.14	1,620.44
Miscellaneous Expenditure - written off	47.12	70.29
(Profit) / Loss on sale of investments (net)	-	(62.43)
(Profit) / Loss on sale of fixed assets (net)	517.10	1.28
Interest	4,356.87	6,359.69
Provision no longer required written back	(63.74)	-
Provision for Doubtful debts and advances	22.45	24.62
Bad debts written off	505.74	62.44
Exchange rate fluctuation	15.90	(69.62)
VRS Payment charged to salaries	52.70	120.44
Deposits written off	11.56	-
Assets written off	18.19	31.08
Payment under Technical Knowhow	-	(8.00)
Prior Period adjustments	13.80	(21.12)
Dividend income	(455.82)	(460.95)
Payment under Voluntary Retirement Scheme	(133.62)	(6.17)
Operating Profit before Working Capital Changes	<u>6,189.41</u>	<u>7,662.00</u>
	<u>9,938.82</u>	<u>8,253.16</u>
Adjustments for:		
Trade and other Receivables	(982.57)	6,671.35
Inventories	84.55	1,196.82
Trade Payable	<u>(2,549.45)</u>	<u>(4,825.24)</u>
	<u>(3,447.47)</u>	<u>3,042.93</u>
Cash Generated from Operations	6,491.35	11,296.09
Tax Refund	813.25	355.41
Net Cash from Operating activities	<u>7,304.60</u>	<u>11,651.50</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,086.03)	(1,697.26)
Investments made	(5.15)	-
Proceeds from Sale of Fixed Assets	1,106.62	1,948.30
Net Proceeds from Sale of Investments	-	561.01
Interest Received	142.17	149.34
Dividend Received	455.82	460.95
Advances to Subsidiary	(145.91)	245.80
Capital Subsidy received	-	-
Net Cash used in Investing Activities before Extraordinary items	<u>467.51</u>	<u>1,668.14</u>
Net Proceeds from Sale of undertaking	-	-
Net Cash from Investing Activities after Extraordinary items	<u>467.51</u>	<u>1,668.14</u>

(Rs. in Lakhs)

	Current Year	Previous Year
C CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	-	(145.00)
Proceeds received from Long Term Borrowings	2,265.35	767.66
Repayment of Long Term Borrowings	(4,963.08)	(6,548.58)
Repayment of Short Term Borrowings	-	(620.34)
Interest Paid	(4,755.67)	(6,909.19)
Unclaimed Dividend of earlier years	-	(14.36)
Net Cash used in Financing Activities	<u>(7,453.40)</u>	<u>(13,469.81)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	318.72	(150.17)
Cash and cash equivalents as at (opening) 1st April 2004	3,120.02	3,270.19
Cash and cash equivalents as at (closing) 31st March 2005	3,438.74	3,120.02

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, 2005

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

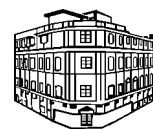
AUDITORS' REPORT

We have examined the above Cash Flow Statement of South India Corporation (Agencies) Limited for the year ended 31st March 2005. 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, 2005

C.N. GANGADARAN
Partner



STATEMENT OF PARTICULARS OF SUBSIDIARIES PURSUANT TO SECTION 212(5) OF THE COMPANIES ACT, 1956

I. SOUTH INDIA HOUSE INVESTMENTS LTD.,

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. (31.06.2004) and the end of the holding Company i.e. South India Corporation (Agencies) Ltd. financial year (31.03.2005) 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>NIL</p> <p>NIL</p> <p>Rs.2.98 crores</p> <p>Rs.2.26 crores</p>

II. SICAL LOGISTICS LIMITED

Company incorporated during the year with 50,000 equity shares of Rs.10 each held 100% by holding Company, South India Corporation (Agencies) Ltd.

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, 2005

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

**CONSOLIDATED FINANCIAL STATEMENTS
OF
SOUTH INDIA CORPORATION (AGENCIES) LTD.
2004 - 2005**



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, 2005 and the consolidated Profit and Loss Account for the year ended on that date and the consolidated 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 material respects, in accordance with an identified financial reporting framework and 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 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.12011.65 lacs as at 31.03.2005 and Group's share of total revenues of Rs.2937.76 lacs for the year ended 31st March, 2005. 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 subsidiaries for the year ended 31st March, 2005 are unaudited.

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.1468.49 lakhs vide Note No.7 (b) of schedule 22B.**
 - b. **Advances and monies and monies covered by court cases/arbitration aggregating Rs. 2636.50 lakhs referred to in Note No.8 (a) of schedule 22B.**
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 Subsidiaries and its Joint Ventures as at 31st March, 2005;
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 Subsidiaries and its Joint Ventures for the year ended 31st March, 2005; 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, 2005

C.N. GANGADARAN
Partner

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2005

		As at		(Rs. In Lakhs)	
	Schedule	31st March, 2005		As at 31st March, 2004	
I SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS:					
Capital	1	5155.11		5155.11	
Advance towards Capital (Note 15)		1716.40		1716.18	
Reserves & Surplus	2	<u>15462.32</u>	22333.83	<u>11614.32</u>	18485.61
LOAN FUNDS					
Secured Loans	3	30102.19		31514.62	
Unsecured Loans	4	<u>7941.11</u>	38043.30	<u>8718.28</u>	40232.90
Total			<u>60377.13</u>		<u>58718.51</u>
II APPLICATION OF FUNDS					
FIXED ASSETS:					
Gross Block	5	32087.76		33867.02	
Less : Depreciation		<u>10308.40</u>		<u>9565.94</u>	
Net Block		21779.36		24301.08	
Capital Work-in-Progress at cost		<u>2013.54</u>	23792.90	<u>1913.88</u>	26214.96
INVESTMENTS	6		3432.89		3440.59
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	4475.03		4533.76	
Sundry Debtors	8	25984.24		27167.05	
Cash and Bank Balances	9	4371.40		3344.10	
Loans and Advances	10	<u>33031.03</u>	32033.09	<u>32033.09</u>	67078.00
LESS: CURRENT LIABILITIES AND PROVISIONS	11	<u>32427.79</u>		35480.78	
NET CURRENT ASSETS			35433.91		31597.22
DEFERRED TAX					
Deferred Tax Assets		900.48		1045.26	
Deferred Tax Liabilities		<u>(3488.52)</u>	(2588.04)	<u>(3896.80)</u>	(2851.56)
MISCELLANEOUS EXPENDITURE					
(To the extent not written off)	12		305.47		317.30
Total			<u>60377.13</u>		<u>58718.51</u>

Schedules 1 to 12 and Notes in Schedule 22 form an integral part of this Balance Sheet and should be read in conjunction therewith

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

Dr. A.C. MUTHIAH
Chairman

ASHWIN. C. MUTHIAH
Deputy Chairman

S. VASUDEVAN
Managing Director

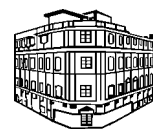
For M/s. CNGSN & Associates
Chartered Accountants

Place : Chennai
Date : 28th June, 2005

DHANANJAY N MUNGALE
Director

S. SIVARAMAN
Company Secretary

C.N. GANGADARAN
Partner

**CONSOLIDATED****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2005**

(Rs. In Lakhs)

	Schedule	Year ended	
		31st March, 2005	Year ended 31st March, 2004
INCOME			
Sales and Services	13	123963.36	110254.30
Agricultural Income	14	107.07	103.85
Other Income	15	768.75	312.99
		124839.18	110671.14
EXPENDITURE			
Cost of Goods Sold	16	26485.27	24487.33
Cost of Services	17	80301.27	70799.26
Agricultural Expenses	18	46.68	167.70
Salaries, Wages and Other benefits	19	2257.92	2329.23
Manufacturing and other expenses	20	4803.27	3288.63
Interest	21	4426.53	6532.00
Depreciation		1684.51	1949.36
Less: Transfer from Revaluation Reserve		19.04	19.34
Miscellaneous Expenditure written off		88.37	115.24
		120074.78	109649.41
Less: Expenditure capitalised/Self consumption		11.10	32.68
		120063.68	109616.73
PROFIT BEFORE TAXATION		4775.50	1054.41
Less : Provision for			
- Current Tax		629.89	78.77
- Deferred Tax		(219.56)	(365.80)
- Tax relating to prior years		14.08	82.26
		424.41	(204.77)
PROFIT AFTER TAXATION		4351.09	1259.18
Prior Period Adjustments		(286.20)	(28.64)
Balance brought forward from Previous year		1346.25	(80.07)
Accumulated Profit on initial adoption		48.35	450.83
		5459.49	1601.30
APPROPRIATION			
Capital Redemption Reserve		-	145.00
Proposed Dividend on Equity Shares		393.75	50.45
Tax On Proposed Dividend/Dividend paid		51.46	-
General Reserve		77.38	59.60
Balance carried to Balance Sheet		4936.90	1346.25
		-	-
		5459.49	1601.30
Earning Per Share (Basic & Diluted) (In Rs. Ps.)		13.61	3.51

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, 2005DHANANJAY N MUNGALE
DirectorS. SIVARAMAN
Company SecretaryC.N. GANGADARAN
Partner

SCHEDULES

	As at 31st March, 2005		(Rs. In Lakhs) As at 31st March, 2004	
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	1.80	2755.11	1.81	2755.11
2,40,00,000 (2,40,00,000) Preference Shares of Rs 10/- each		2400.00		2400.00

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

5155.11

Notes:

14% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002	1000000.00
14% Preference Shares of Rs.10 each is redeemable at par on or before 30th June, 2002	900000.00
9% Preference Shares of Rs.10 each allotted on 31.03.2001 is redeemable at par at the expiry of 5 years from the date of allotment	500000.00

CONSOLIDATED

(Rs. In Lakhs)

As at
31st March, 2005As at
31st March, 2004**SCHEDULE 2****RESERVES AND SURPLUS****CAPITAL RESERVE**

As per last Balance Sheet	1099.29		1099.29	
Less: JV pre-acquisition profit	9.32		8.37	
Add: Associate profit	483.81	1573.78	<u>286.29</u>	1377.21

CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	1000.00		855.00	
Add: Transfer from Profit & Loss Account	-	1000.00	<u>145.00</u>	1000.00

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	158.04		155.60	
	<u> </u>	2787.62	<u> </u>	2785.18

REVALUATION RESERVE

As per last Balance Sheet	843.55		862.90	
Less: Adjusted for Asset written off	(19.04)		(0.01)	
Less: Transfer to Profit & Loss Account	-	824.51	<u>(19.34)</u>	843.55

INVESTMENT ALLOWANCE RESERVE

As per last Balance Sheet			41.77	
Less: Transfer to General Reserve		-	<u>(41.77)</u>	-

GENERAL RESERVE

As per last Balance Sheet	1874.13		1713.38	
Add: Transfer from Revaluation /Mol fund	-		<u>41.77</u>	
	1874.13		1755.15	
Add: Transfer from Investment Allowance Reserve	77.38	1951.51	<u>118.98</u>	1874.13

PROFIT AND LOSS ACCOUNT

Surplus from Profit and Loss Account		4936.90		1346.25
		<u>15462.32</u>		<u>11614.32</u>

	As at 31st March, 2005	(Rs. In Lakhs) As at 31st March, 2004
SCHEDULE 3		
SECURED LOANS		
NON-CONVERTIBLE DEBENTURES	7766.03	8149.04
LOANS FROM BANKERS		
Working capital facilities	7813.69	10931.44
Term Loans	3373.48	865.80
LOANS FROM FINANCIAL INSTITUTIONS		
Term Loans	9018.74	9433.45
Interest accrued and due	449.84	70.81
LOANS AND ADVANCES FROM OTHERS		
Interest free Sales Tax Loan	41.17	65.59
Hire Purchase Loans	344.02	240.38
Share of Joint Ventures	1295.22	1758.11
	<u>30102.19</u>	<u>31514.62</u>

NOTES :

Non Convertible Debentures

- a) 15.25% Rs.4500 lacs 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.333 lacs redeemable during 2005-06 and 12% Rs.1000 lacs redeemable during 2007-08 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.
- b) A Debenture holder of Rs 4500 lakhs who has exercised the "Put Option" has filed a case before Debt Recovery Tribunal-1, Mumbai had restrained the Company from payment of dividend already declared in 2002 and also restrained the Company from receipt of retention money from TNEB. The Company has contested the case before DRT, Mumbai and also in the writ preferred by the Company before the Hon'ble High Court, Madras in April, 2005, the Hon'ble High Court, Madras ordered that:
- (1) The dues of Rs.4500 lacs to the debenture holder has to be paid in five quarterly equal instalments commencing from July 2005.
- (2) Waiver of Interest, Penal Interest and Liquidated Damages are to be settled with the debenture holder.
- c) Includes interest accrued and due Rs.1,932.69 lakhs (Rs 1,681.70 lakhs).

Other Secured Loans

- a) Working Capital Facilities from Bankers are secured by hypothecation of stocks, book debts and other current assets, by 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, hypothecation of current assets, 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 and guarantee of a Director 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.

CONSOLIDATED

(Rs. In Lakhs)

SCHEDULE 4**UNSECURED LOANS**

	As at 31st March, 2005	As at 31st March, 2004
Fixed Deposits	2368.01	2748.84
(From Directors Rs364.53 lakhs (Rs 364.53 lakhs))		
Short Term Loans and Advances		
Others	2200.00	2200.00
Interest accrued and due	54.25	169.23
Other Loans and Advances		
Advances from principals	104.39	249.36
Others	3194.71	3331.40
Share of Joint Ventures	19.75	19.45
	<u>7941.11</u>	<u>8718.28</u>

NOTES

- a) Fixed Deposits includes Rs 2.04 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.
- iii) Rs.20.50 lakhs (Rs.27.39 lakhs) secured by equitable mortgage of title deeds of employees' properties who have availed loans under the schemes.
- iv) Rs.92.45 lakhs (Rs.93.09 lakhs) Interest Accrued and Due.

**SCHEDULE 5
FIXED ASSETS**

(Rs. In Lakhs)

	COST				DEPRECIATION				NET BLOCK	
	As at 01.04.04	Additions	Sales / Adjustments	As at 31.03.05	As at 01.04.04	For the Year	Withdrawn	Upto 31.03.05	As at 31.03.05	As at 31.03.04
Freehold Land	1,289.95	7.52	24.04	1,273.43	-	-	-	-	1,273.43	1,289.95
Leasehold Land	43.94	-	43.12	0.82	3.87	-	3.86	0.01	0.81	37.43
Buildings	4,937.47	13.87	669.66	4,281.68	1,191.51	129.77	183.75	1,137.53	3,144.15	3,745.96
Leasehold Improvements	355.56	--	5.20	350.36	149.31	19.33	1.41	167.23	183.13	206.25
Plant & Machinery	8,800.07	196.43	1,559.05	7,437.45	3,001.01	449.97	556.21	2,894.77	4,542.68	5,799.06
Office Equipments	706.83	47.67	31.50	723.00	510.35	42.90	19.69	533.56	189.44	196.48
Furnitures & Fixtures	588.80	2.30	15.50	575.60	412.64	28.37	15.56	425.45	150.15	176.16
Ship	40.42	-	-	40.42	36.93	0.51	-	37.44	2.98	3.49
Trucks	2,189.67	230.24	82.00	2,337.91	1,829.48	77.24	77.93	1,828.79	509.12	360.19
Vehicles	481.96	39.50	92.08	429.38	286.89	47.11	69.78	264.22	165.16	195.07
Leased Machinery	56.97	-	-	56.97	51.95	0.52	-	52.47	4.50	5.02
Port Handling Equipment	9,801.79	-	47.94	9,753.85	858.41	506.93	-	1,365.34	8,388.51	8,943.38
Grand Total	29,293.43	537.53	2,570.09	27,260.87	8,332.35	1,302.65	928.19	8,706.81	18,554.06	20,958.44
Capital Work in Progress	1,901.53	81.93	30.17	1,953.29	-	-	-	-	1,953.29	1,901.53
Goodwill on investment in JV	365.88	-	(198.32)	564.20	-	-	-	-	564.20	365.88
Share in Joint Venture-Assets	4,207.70	-	(54.99)	4,262.69	1,233.59	381.86	13.86	1,601.59	2,661.10	2,976.75
Share in Joint Venture-CWIP	12.36	-	(47.89)	60.25	-	-	-	-	60.25	12.36
Current Year	35,780.90	619.46	2,299.06	34,101.30	9,565.94	1,684.51	942.05	10,308.40	23,792.90	26,214.96
Previous Year	32,259.75	2,365.58	(1,155.57)	35,780.90	7,337.39	1,987.45	(241.10)	9,565.94	26,214.96	

**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
		1064.79

The incremental depreciation of Rs.19.04 Lakhs (Rs.19.34 Lakhs) for the year on account of such revaluation has been charged against such revaluation reserve.

B Freehold land includes Rs.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) Buildings of Rs. 21.69 Lakhs to be registered in the name of the Company
- (ii) Composite cost of Land and Buildings on freehold land Rs.478.75 Lakhs (Rs.505.59 Lakhs)
- (iii) 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 WDV of the Assets acquired under Hire Purchase agreement included under:

	(Rs. In Lakhs)	
Vehicles	109.99	(83.35)
Trucks	32.03	(136.77)

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.

SCHEDULE 6
INVESTMENTS

(Rs. In Lakhs)

PARTICULARS	No. of Shares / Debentures	Face Value per Share / Debenture	As at 31st March, 2005	As at 31st March 2004
TRADE INVESTMENT - AT COST				
In Ordinary Shares - Fully Paid				
Southern Petrochemical Industries Corporation Ltd (Quoted)	3019799	10	1230.31	1230.31
First Leasing Co. of India Ltd (Quoted)	2127079	10	411.70	411.70
Coffee Products (India) Ltd	5000	10	5.00	5.00
SDB Cisco (India) Ltd	1359	100	139.16	82.64
Mitsuba Sical India Ltd	300000	10	65.05	65.05
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	1182.71
Trinity Auto Points P Ltd (Unquoted)	2000	10	2.00	2.00
Share of Joint Ventures				205.37
In Government Securities				
NSC certificates			0.80	0.66
Others - Fully Paid				
GIC Fortune 94	12626	7.92	1.00	1.00
TRADE INVESTMENT - AT FACE VALUE (BONUS SHARES)				
First Leasing Co. of India Ltd (Quoted)	26633	10	2.66	2.66
SDB Cisco (India) Ltd	3390	100	347.15	206.14
IN PARTNERSHIP FIRMS				
South India Investments & Associates			0.10	0.10
Tiger Agency			0.20	0.20
K.Paramasivam & Sons			0.05	0.05
			3432.89	3440.59

Additions / Deletions During the Year	No. of Shares / Debentures	31st March 2005	31st March 2004
Additions:			
Sical Logistics Ltd	50000	5.00	5.00
NSC Certificates	-	0.15	-
		5.15	5.00
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
		-	498.58

(Rs. in Lakhs)

	Cost / Book Value	Market Value
Quoted Investments	2827.38	1701.56
Unquoted Investments	605.51	
	3432.89	

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 K. Vaidyanathan	3000.00	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, 2005	As at 31st March, 2004
SCHEDULE 7		
INVENTORIES		
At lower of cost and net realisable value		
Stores and Spares	140.50	181.16
Loose Tools	172.84	99.45
Raw Materials	333.47	558.72
Work-in-Process		
Manufacturing	496.02	475.00
Civil engineering contracts/Property Development	381.73	480.73
Ship Building	114.74	119.22
Fertiliser,Pestisides,Chemicals and Others	17.14	-
Goods in transit at Cost	368.27	266.41
Finished and Trading Stocks	1454.48	1383.07
Investment -Trading		
Quoted	347.13	537.07
Unquoted	536.98	335.94
Share of Joint Ventures	111.73	96.99
	<u>4475.03</u>	<u>4533.76</u>

	As at 31st March, 2005	(Rs. In Lakhs) As at 31st March, 2004
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	12386.60	14810.65
Considered doubtful	138.75	124.86
	12525.35	14935.51
Less: Provision for Doubtful Debts	138.75	124.86
	12386.60	14810.65
Other debts - Considered good	13313.58	12093.43
Share of Joint Ventures	284.06	262.97
	25984.24	27167.05
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash and Cheques on hand, Remittances in transit and in foreign currency	289.14	213.81
With Scheduled Banks		
On Current Accounts	1560.20	1189.91
On Deposit Accounts	116.35	132.65
On Margin Money Accounts	1439.93	1539.09
On Dividend Accounts	38.78	44.26
On Debenture Account	0.89	0.89
	3156.16	2906.80
With Non-Scheduled Bank		
Godavari Gramina Bank (Maximum amount outstanding Rs.136305.60 (Rs. 136305.60))	0.05	1.36
Share of Joint Ventures	926.05	222.13
	4371.40	3344.10



CONSOLIDATED

(Rs. In Lakhs)

As at
31st March, 2005

As at
31st March, 2004

SCHEDULE 10

LOANS AND ADVANCES

Advances to Partnership Firms	2777.47	-	2478.81	-
Less: Due to Partnership Firms	3.70	2773.77	0.64	2478.17
	<hr/>		<hr/>	
Advances recoverable in cash or in kind or for value to be received considered good (Due from Directors Rs Nil (Nil) Considered doubtful	22702.73		21515.81	
	9.90		9.90	
	22712.63		21525.71	
Less: Provision for doubtful advances	9.90	22702.73	9.90	21515.81
	<hr/>		<hr/>	
Advance payment of Income-Tax		4061.24		3694.46
Balance with Central Excise/Customs and Port Trust Authorities		429.18		1536.36
Deposits (includes deposit with Public Limited Companies Rs136.12 lakhs (Rs 136.12 lakhs))		2950.42		2707.57
Share of Joint Ventures		113.69		100.72
		<hr/>		<hr/>
		33031.03		32033.09
		<hr/>		<hr/>

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

Acceptances	1920.34		3695.63	
Sundry Creditors #	27371.35		29308.86	
Unclaimed Dividend	38.78		44.26	
Unclaimed Debentures	0.89		0.89	
Interest accrued but not due on Loans	4.48	29335.84	273.98	33323.62
Dividend Payable		<hr/>	<hr/>	
Dividend Payable		239.14		239.14

(# includes creditors for capital expenses
Rs.415.03 (Rs.911.77 lacs))

PROVISIONS:

Provision for Gratuity	176.98		126.40	
Provision for Taxation	1960.14		1608.91	
	<hr/>	2137.12	<hr/>	1735.31
Share of Joint Ventures		715.69		182.71
		<hr/>		<hr/>
		32427.79		35480.78
		<hr/>		<hr/>

(Rs. In Lakhs)

As at
31st March, 2005

As at
31st March, 2004

SCHEDULE 12**MISCELLANEOUS EXPENDITURE**

(to the extent not written off)

Payment made under Voluntary Retirement Scheme	104.43	23.52
Technical Knowhow	16.06	26.52
Expenditure on Aquaculture & Marine Activities	58.91	79.40
Interest Amortised	38.59	54.75
Share of Joint Ventures	87.48	133.11
	<u>305.47</u>	<u>317.30</u>

Year ended
31st March, 2005

Year ended
31st March, 2004

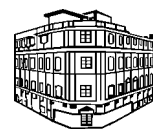
SCHEDULE 13**SALES AND SERVICES****SALES:**

Manufactured Goods	9639.98	7957.90
Less: Excise Duty	1075.71	863.78
Net Sales	<u>8564.27</u>	<u>7094.12</u>
Traded Goods	21730.64	20095.39
Civil Engineering Contracts	72.20	281.07
Property Development	169.96	3011.83
Others - including by-products	201.91	60.54

SERVICES:

Transportation	17140.12	16111.95
Clearing & Handling Charges	1280.25	1036.11
Warehousing Rent, Freight On Lorry, Stevedoring	58760.96	54160.47
Workshop/Service Revenue	1647.90	2368.95
Boat /Ship Building charges	40.84	52.48
Offshore Earnings	10641.85	2679.63
Agency Fees	407.04	607.60
Commission	600.16	352.91
Windpower	118.31	123.78
(Tax Deducted at Source on the above - Rs.1312.87 lakhs (Rs774.88 lakhs))		

Share of Joint Ventures	2586.95	2217.47
	<u>123963.36</u>	<u>110254.30</u>



CONSOLIDATED

(Rs. In Lakhs)

Year ended
31st March, 2005

Year ended
31st March, 2004

SCHEDULE 14

AGRICULTURAL INCOME

Coffee Sales	84.57	86.06
Sale of Minor Produce	7.00	5.22
Sale of Coffee Stumps	15.50	12.52
Other receipts	-	0.05
	<u>107.07</u>	<u>103.85</u>

SCHEDULE 15

OTHER INCOME

Dividend		
On Trade Investments (Tax Deducted at source Rs.Nil (Rs.0.08 lakhs)		
On Trade Investments	520.75	132.11
Profit on sale of Investments	-	62.43
Rent including Lease Rent & Service charges	28.62	18.73
(Tax Deducted at Source Rs 11.25 lakhs (Rs 6.53 lakhs))		
Provision for expenses no longer required written back	63.74	-
Miscellaneous Income	122.73	73.09
Share of Joint Ventures	32.91	26.63
	<u>768.75</u>	<u>312.99</u>

SCHEDULE 16

COST OF GOODS SOLD

Consumption of Raw Materials:			
Stock as on 1st April	571.21		606.92
Add: Purchases	4986.01		4250.60
	<u>5557.22</u>		<u>4857.52</u>
Less: Stock as on 31st March	343.35	5213.87	571.21
			<u>4286.31</u>
Purchases less Turnover discounts - Trading stock		21327.49	19740.33
Increase/Decrease in Work-in-Process, Finished and Trading Stocks:			
Stock as on 1st April			
Work-in-process	483.39		451.75
Finished and Trading Stocks	1377.87		1868.14
Investment Trading Stock	873.02		875.08
	<u>2734.28</u>		<u>3194.97</u>
Less: Stock as on 31st March			
Work-in-Process	496.02		-
Finished and Trading Stocks	1410.24		483.39
Investment Trading Stock	884.11		2250.89
	<u>2790.37</u>	(56.09)	<u>2734.28</u>
		<u>26485.27</u>	<u>24487.33</u>

	(Rs. In Lakhs)	
	Year ended 31st March, 2005	Year ended 31st March, 2004
SCHEDULE 17		
COST OF SERVICES		
Freight Paid	13200.22	13386.84
Port Charges	10626.28	10053.01
Handling and Transportation expenses	41745.53	38006.59
Warehousing expenses	2462.11	1085.03
Hire Charges	0.10	0.06
Workshop Expenses	186.41	26.13
Expenditure on Contracts	250.42	3762.60
Operation and Maintenance expenses		
Operation and Maintenance	10722.99	3621.08
Stores Consumed	457.09	377.56
Less: Work in process	114.74	119.22
Share of Joint Ventures	764.86	599.58
	<u>80301.27</u>	<u>70799.26</u>
SCHEDULE 18		
AGRICULTURAL EXPENSES		
Stock as on 1st April		
Coffee	2.17	19.97
Minor Produce	3.02	2.13
Salaries,Wages and Other benefits:		
Salaries,Wages and Bonus	47.97	50.81
Contribution to PF & Other Funds	0.73	0.65
Gratuity	1.24	63.81
Workmen & Staff Welfare expenses	1.06	1.81
Consumption of Stores & Spares	21.67	20.43
Repairs & Maintenance		
Buildings	3.85	4.13
Machinery & Vehicles	3.43	2.75
Others	0.01	6.88
Electricity Charges	3.73	2.91
Insurance	0.16	0.10
Rates & Taxes	0.40	2.22
Administration expenses	0.67	0.39
Travelling & Conveyance	0.69	0.74
Printing & Stationery	0.12	0.04
	<u>90.92</u>	<u>172.89</u>
Less: Stock as on 31st March		
Coffee	42.00	2.17
Minor Produce	2.24	3.02
	<u>46.68</u>	<u>167.70</u>



CONSOLIDATED

(Rs. In Lakhs)

Year ended
31st March, 2005

Year ended
31st March, 2004

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.23.01 lakhs (Rs.120.44 lakhs))	1613.38	1748.07
Contribution to Provident Fund	81.26	87.38
Contribution to Gratuity and Superannuation Fund	178.46	97.72
Welfare Expenses	213.07	228.87
Share of Joint Ventures	171.75	167.19
	<u>2257.92</u>	<u>2329.23</u>

SCHEDULE 20

MANUFACTURING AND OTHER EXPENSES

Rent including Lease Rent	191.67	177.10
Rates, Taxes, Licence and Filing fees	169.62	118.38
Insurance	106.54	89.60
Power and Fuel	540.51	448.36
Repairs and Maintenance		
Plant & Machinery	97.89	225.06
Building	23.85	27.45
Vehicles	57.83	54.51
Others	180.06	152.75
	<u>359.63</u>	<u>459.77</u>
Travelling and Conveyance	302.87	257.95
Directors' Sitting Fees	4.50	4.00
Payment to Auditors		
Audit	6.23	6.22
Tax Audit	3.00	3.00
Other Services	3.06	2.84
Expenses	0.17	0.09
	<u>12.46</u>	<u>12.15</u>
Consumable Stores and Tools	181.74	143.12
Miscellaneous Expenses	1539.15	1297.45
Bad Debts written off	587.59	80.84
Less: Written off against Provision	81.85	18.40
	<u>22.45</u>	<u>24.62</u>
Provisions for bad debts and advances	22.45	24.62
Exchange Difference	15.90	(69.62)
Assets discarded / written off	18.19	31.08
Loss on sale of assets	517.09	1.28
Rebates, Discount and Commission	10.75	11.65
Royalty, Knowhow and Service charges	28.77	27.77
Commission to Deputy Chairman	43.25	6.41
Share of Joint Ventures	232.44	185.12
	<u>4803.27</u>	<u>3288.63</u>

	Year ended 31st March, 2005	(Rs. In Lakhs) Year ended 31st March, 2004
SCHEDULE 21		
INTEREST		
On Fixed Loans	3210.70	5453.79
Others	1309.41	1074.32
	4520.11	6528.11
Less: Interest on Deposits	86.29	147.74
Interest from Others	161.42	106.44
(Tax Deducted at Source Rs.22.16 lakhs (Rs.23.28 lakhs))	247.71	254.18
Share of Joint Ventures	154.13	258.07
	4426.53	6532.00

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 Subsidiaries Sical Logistics Limited and 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 accounting standard 23 (in respect of Investments in Associates) and as per accounting standard 27 (in respect of Joint Ventures).

Interests in Joint Ventures

Name	Percentage of ownership interest as at 31 st March 2005	Country of Incorporation
1) SDB Cisco (India) Limited	38%	India

On adoption of AS-23, investments in associates 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 network.

Interests in Joint Ventures

Name	Percentage of ownership interest as at 31 st March 2005	Country of Incorporation	Finalcial Statement drawn up to
1) PSA Sical Terminals Limited	37.50%	India	31-12-04
2) Sical CWT Distriparks Limited	39.51%	India	31-03-05



CONSOLIDATED

The financial statements of the Joint Ventures are drawn up to 31st December 2004.

Joint Venture disclosures (Rs. in Lakhs)

a)	Income	
	i) Sales & Service	2586.95
	ii) Other Income	32.91
b)	Expenditure	
	i) Total Expenditure	1746.31
	ii) Profit before Tax	873.55
	iii) Provision for taxation	66.80
	iv) Profit after tax	806.75

1. Fixed Assets

Buildings of Cables Division and freehold land, plant & machinery and electrical installations of the Refractories 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 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.

2. 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.

3. Depreciation

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

- 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.
- Assets of Building Materials division at written down value method and assets of vehicle sales at straight line method.
- Assets of Manufacturing division at straight line method, except assets of Pipes & Cables division, which are at written down value method.
- Assets of Agri division at Straight Line method.
- Assets of Engineering division at written down value method and assets of Civil and Property development at straight line method.
- 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.
- Depreciation on certain premises is provided on composite cost where it is not possible to segregate the land cost.
- Depreciation on leased assets is provided on straight line method over the primary period of lease.
- Improvements on leasehold premises are depreciated over the tenure of lease.
- Assets costing less than Rs.5000 are fully depreciated.
- In respect of the Subsidiary, Depreciation is provided on WDV basis at the rate prescribed in Schedule XIV of the Companies Act, 1956.
- 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 lives 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. Impairment of Assets

The Company recognises impairment of all assets other than the assets which are specifically excluded under accounting standard 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India after comparing the asset's recoverable value with its carrying amount in the books. In case the carrying amount exceeds recoverable value, Impairment losses are provided for.

8. 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.

9. 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.

10. 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 Civil Engineering contracts is recognised on Percentage 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.
 - v. 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.

- vi. Expenditure incurred on incomplete voyages and contracts are included under "Advances Recoverable".
- d) Warranty Liability on account of after-sales service is recognised for the best estimate of the cost of making good under the warranty of products sold before the Balance Sheet date in accordance with Accounting Standard-29 on Provisions, Contingent Liabilities and Contingent Assets issued by the Institute of Chartered Accountants of India.
- 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.

11. 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.

12. 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. 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.

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.
- b) Technical knowhow 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 the 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) 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 & Provisions

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

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 "Unallocated 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.736.62 Lakhs (Rs.964.47 Lakhs).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for nil. (Rs.35.28 Lakhs).
3. In accordance with accounting standard 29, the following are considered as Contingent liabilities and Provisions:
 - a) Sales Tax and Income tax demands together with penalties under appeal amounts to Rs.355.03 lakhs (Rs.361.05Lakhs.). 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) Excise demands under appeal Rs.17.13 Lakhs(Rs.17.13 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.7173.00 Lakhs (Rs.10320.00 Lakhs).
 - d) Guarantees given by bankers for Performance of Contracts & others Rs.7261.76 lakhs (Rs.6439.24 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.
 - f) A sum of Rs.27.01 lakhs has been provided towards warranty claims on after sales service. It is expected that the majority of this expenditure will be incurred in the next financial year.
4. Letters of Credit outstanding for import of raw materials and machinery Rs.291.78 Lakhs (Rs. 493.97 Lakhs).
5. The Aqua Culture and Marine activities of the company are restricted to leasing the land, Buildings & Machineries. The individual Quick Freezing Plant and a part of the 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.
6. Expenditure under various projects amounting to Rs.280.35 Lakhs (Rs. 343.82 Lakhs) have been incurred and advances for acquisition of land amounting to Rs.301.33 Lakhs(Rs. 273.60 Lakhs) have been made upto 31st March 2005 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 necessary for shortfall in market value of certain quoted investments ascertained on individual basis amounting to Rs.1468.49 Lakhs (Rs. 2029.07 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) Rs.2636.50 Lakhs (Rs. 2713.66 Lakhs) covered by Court cases/under arbitration.
 - (b) Retention money retained as per terms of contracts Rs.9159.15 Lakhs (Rs. 9194.46 Lakhs).
 - (c) With regard to IMFS division which has been sold during the year 2001-02
 - (i) Rs.172.44 lakhs (Rs.172.44) lakhs receivable from Sales Tax authorities on Sales Tax remitted both by the Company and its custom
 - (i) Rs.172.44 lakhs (Rs.172.44 lakhs) receivable from Sales Tax authorities on Sales Tax remitted 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.
 - (d) A sum of Rs.1818.42 lakhs advanced to a partnership firm as a "Project Advance" towards structuring a line of business in the auto components sector which is expected to be completed during the financial year 2005-06.



9. **Related Party disclosure**

I. **Related parties where control exists**

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

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.

c) **Related Party transactions**

(Rs. in Lakhs)

PARTICULARS	CONTROL EXISTS	OTHER RELATED PARTIES	
		Associates/Joint Venture Companies/ Partnership Firms	Key Management Personnel
Purchase of Goods		36.99(30.13)	-
Sale of Goods		(--)	
Purchase of Fixed Assets			
Sale of Fixed Assets			
Rendering of Services		125.67(357.40)	
Receiving of Services		94.80(53.97)	
Sale of Undertakings			
Share of Profit / (Loss) of firms			
Dividend Income		412.74(412.74)	
Interest Income		84.47(85.77)	
Interest Expenses	(141.40)		
Commission Income (Guarantees)		(--)	
Guarantees and Collaterals		6052.00 (8665.00)	
Managerial Remuneration			35.45(46.45)
Loans and Advances		958.51(659.85)	
Loan Outstanding			
Debtors		3.44 (9.20)	
Creditors		22.33 (30.05)	

10. Segment Information for the year ended 31st March 2005

Information about Primary Business Segments

(Rs in Crores)

Business Segments	Logistics	Trading-Building Materials	Other Operations	Eliminations	Consolidated Total
REVENUE					
External Sales	884.34	153.85	202.51		1240.70
Inter Segment Sales	0.10	0.08	4.42	(4.60)	-
Total Revenue	884.44	153.93	206.93	(4.60)	1240.70
RESULT					
Segment Result	74.26	5.01	11.01		90.28
Unallocated Corporate Expenses					3.45
Operating Profit					86.83
Interest expense					46.74
Interest / Dividend income					7.66
Income Taxes					4.24
Profit from Ordinary Activities					43.51
Extraordinary Income					-
Net Profit					43.51

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	46.81	13.89	60.70
3	VRS	166.48	(81.05)	85.43
4	Others	754.64	(77.62)	677.02
	Total	1045.26	144.78	900.48

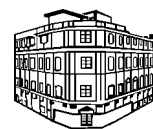
b. Deferred tax liability arising out of timing difference relating to

S.No.	Particulars	Opening	Current Year Adjustments/ Additions	Closing
1	Depreciation	3505.43	139.75	3645.21
2	Others	283.11	(501.00)	(217.89)
3	Add:Share from Joint Venture	108.26	(47.03)	61.23
	Total	3896.80	(408.28)	3488.52

12. Earnings per share

Particulars	31.3.2005	31.3.2004
Profit / (Loss) after tax as per Consolidated Profit & Loss account & Preference Dividend (Rs.in Lakhs)	4067.00	1288.00
No of Shares used in computing earnings per share	27533029	27533029
Earnings per Share – Basic and Diluted (In Rupees)	13.61	3.51
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 2005

(Rs. in Lakhs)

	Current Year	Previous Year
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	4,775.50	1,054.41
Adjustments for :		
Depreciation	1,665.46	1,930.02
Miscellaneous Expenditure - written off	88.38	115.24
(Profit) / Loss on sale of investments (net)	-	(62.43)
(Profit) / Loss on sale of fixed assets (net)	516.53	2.26
Interest	4,385.53	6,492.97
Provision no longer required written back	(63.74)	
Provision for Doubtful debts and advances	22.45	24.62
Bad debts written off	506.12	62.44
Exchange rate fluctuation	15.81	(69.54)
VRS Payment charged to salaries	54.96	123.73
Share of Loss / (Profit) from Partnership firm	1.32	(33.25)
Deposits written off	11.56	31.08
Assets written off	18.19	(21.12)
Prior Period adjustments	13.80	(132.11)
Dividend income	(127.00)	(8.00)
Payment under Voluntary Retirement Scheme	(133.62)	(6.17)
Operating Profit before Working Capital Changes	<u>11,751.27</u>	<u>9,504.16</u>
Adjustments for changes in Working Capital:		
Trade and other Receivables	(1,293.80)	6,782.36
Inventories	58.75	1,189.25
Trade Payable	(2,482.34)	(4,776.12)
Cash Generated from Operations	<u>8,033.88</u>	<u>12,699.64</u>
Tax Refund	744.33	302.09
Net Cash from Operating activities	<u>8,778.20</u>	<u>13,001.73</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,179.47)	(1,728.94)
Investments made	(5.15)	(2.02)
Proceeds from Sale of Fixed Assets	1,107.19	1,949.50
Net Proceeds from Sale of Investments	-	561.01
Interest Received	244	167.40
Dividend Received	127.00	132.11
Capital Received	5.00	-
Net Cash used in Investing Activities before Extraordinary items	<u>298.73</u>	<u>1,079.06</u>
Net Cash from Investing Activities after Extraordinary items	<u>298.73</u>	<u>1,079.06</u>

	Current Year	Previous Year
C CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	-	(145.00)
Proceeds received from Long Term Borrowings	2,265.35	767.66
Repayment of Long Term Borrowings	(5,413.13)	(6,954.11)
Repayment of Short Term Borrowings	-	(620.32)
Interest Paid	(4,901.86)	(7,153.19)
Dividend paid (Inclusive of Dividend Tax)	-	(50.45)
Unclaimed Dividend of earlier years	-	(14.36)
Net Cash used in Financing Activities	(8,049.64)	(14,169.77)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,027.30	(88.98)
Cash and cash equivalents as at (opening) 1st April 2004	3,344.10	3,271.17
Cash and Cash equivalents on initial adoption of Joint Ventures	-	161.90
Cash and cash equivalents as at (closing) 31st March 2005	4,371.40	3,344.10

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, 2005

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 2005. 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, 2005

C.N. GANGADARAN
Partner

SOUTH INDIA HOUSE INVESTMENTS LIMITED
CHENNAI

BOARD OF DIRECTORS

SHRI S VASUDEVAN
Managing Director

SHRI V THULASI DOSS
Director

SHRI AR CHIDAMBARAM
Director

COMPANY SECRETARY

SHRI G R KANNAN

AUDITORS

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

REGISTERED OFFICE

"SOUTH INDIA HOUSE"
New No 73 Armenian Street
Chennai 600 001

BANKERS

INDIAN BANK
ICICI BANK LTD

Report of the Directors to the shareholders of South India House Investments Limited on the Accounts for the 15 months period ended 30th June, 2004.

Your Directors present their Report to the Shareholders on the Accounts for the 15 months period ended 30th June, 2004.

The Company has earned a profit of Rs.186.02 lakhs for the 15 months period ended 30th June, 2004.

In order to reclassify the NBFC status of the Company and as a prelude, the main object clauses were amended to enable the Company to enter into real-estate business, vide resolutions passed in the Extraordinary General Meeting held on 4th November, 2004.

Directors

Shri.V.Thulasi Doss, Director, retires by rotation at this Annual General Meeting under Section 256 of the Companies Act, 1956 and is being eligible, offers himself for re-election.

Auditors

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

Statutory Information

Information under Section 217(1)(e) of the Companies Act, 1956 with regard to Technology absorption and Conservation of energy are not applicable, as the Company is not a manufacturing unit. The Company has no foreign exchange earnings and outgo.

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.

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.

Audit Committee

The Audit Committee has been reconstituted on 15.5.2003, comprising of Shri.S.Vasudevan, Managing Director, Shri. V.Thulasi Doss and Shri.A.R.Chidambaram, Directors as its members. The role, functions and powers of the committee are being exercised in accordance with the Companies Act, 1956. Shri.S.Vasudevan is the Chairman of the Committee. The Committee met two times during the financial year 2003-2004, i.e., on 23rd June, 2003 and 23rd October, 2003.

Regarding Auditors qualification, the Directors state as follows:

The Investments in 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 was considered necessary.

Public Deposits

The Company has not accepted any deposit from the public during the 15 months period ended 30th June 2004.

Employees

Your Directors wish to place on record, their appreciation of the efficient and loyal services rendered by the employees at all levels throughout the Company.

Acknowledgement

Your Directors wish to thank the Company's Bankers for their valued support and co-operation extended to the Company.

By Order of the Board

For South India House Investments Limited

S Vasudevan
Managing Director

A R Chidambaram
Director

Place : Chennai

Date : 22nd November, 2004

SOUTH INDIA HOUSE INVESTMENTS LTD

AUDITORS REPORT

Auditor's Report to the Members of **M/s South India House Investments Ltd.**

We have audited the attached Balance Sheet of M/s South India House Investments Ltd., as on 30th June, 2004 and also the Profit and Loss Account for the period ended on that date annexed thereto. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 and the Profit and Loss account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet 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 30th June, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 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 441 A of the Companies Act, 1956 as the notification regarding rate and mode of payment has not been received.

vii. The following are carried over at book value:

- a) Investment in quoted shares, whose market value is lower by Rs.988.29 lakhs vide note no.6 of schedule 8 B.

Ultimate shortfall, if any, on disposal of these investments 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 30th June, 2004, and
 - b) In the case of Profit and Loss account of the profit for the period ended on that date.

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

C N GANGADARAN

Place : Chennai Partner
Date : 22nd November, 2004 Membership No. 11205

Annexure to the Auditors Report.

1. a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
- b) Fixed assets have been physically verified by the management at reasonable intervals during the year, 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 physical verification.
- A) The Company has not disposed off substantial part of the fixed assets during the period and therefore going concern status has not been affected.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the records of the Company and information and explanations given to us, the Company has neither taken nor granted any loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Act
(Based on the above para, matters referred in clause iii (b), iii (c), iii (d) of paragraph 4 of Companies (Auditors Report) Order 2003 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 fixed assets and inventories and for the sale of inventories. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control.
5. a) According to the information and explanations given to us, we are of the opinion that the Company has entered the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- b) Based on the management representation and according to the information and explanation given to us, there were no transaction that were made in pursuance of contract or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of each party during the period.
6. The Company has not accepted any deposits from the public. Accordingly, clause 4(vi) of Companies (Auditors Report) Order 2003 is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209 (1) (d) of the Companies Act 1956.
9. A) According to the records of the Company and information and explanations given to us, undisputed statutory dues including Provident Fund, Investors Education Protection Fund, Employee's State Insurance Fund, Income Tax, Sales Tax, Wealth Tax, Excise Duty and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases, except cess under Section 44 A of the Companies Act, 1956.
- B) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Excise Duty, Customs Duty, Wealth Tax and Cess, which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the Company are less than fifty percent of its net-worth. The Company has not incurred cash losses during the financial period covered in our audit and the immediately preceding financial period.
11. The Company has neither taken any loan from a bank or financial institution nor issued any debentures. Accordingly, clause 4(xi) of Companies (Auditors Report) Order 2003 is not applicable.
12. As explained to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund or nidhi, mutual benefit fund or society. Accordingly, clause 4(xiii) of Companies (Auditors Report) Order 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of the transactions and contracts in shares, securities etc., and also timely entries have been made. All the shares, securities etc., are held by the Company in its own name except two cases vide Note 5(d) and 5(e) for which action is being taken by the Company.
15. According to the information and explanations given to us we are of the opinion that the Company has not given guarantee for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loan during the period and does not have any outstanding balance at the beginning of the period. Accordingly, clause 4(xvi) of Companies (Auditors Report) Order 2003 is not applicable.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not raised any funds on short-term or long-term basis. Long-term funds have not been used for Short term purposes. However, as regards short-term funds, we state that, prima-facie, an amount of Rs.1064.25 lakhs has been utilized for Long-term purposes.
18. During the period the Company has not made preferential allotment of shares to the parties covered in the register under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of Companies (Auditors Report) Order 2003 is not applicable.
20. The Company has not raised money by way of any public issue during the period and hence the question of disclosure and verification of end use of such money does not arise.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

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

C N GANGADARAN

Partner

Place : Chennai

Date : 22nd November, 2004

Membership No. 11205

SOUTH INDIA HOUSE INVESTMENTS LTD

BALANCE SHEET AS AT 30th JUNE, 2004

	Schedule	As at 30 th June, 2004		As at 31 st March, 2003	
		Rs.	P.	Rs.	P.
LIABILITIES					
SHARE CAPITAL	1	100000000.00		100000000.00	
RESERVES & SURPLUS					
Capital Reserve		598200.00		598200.00	
UNSECURED LOANS					
Advance from holding company		438600000.00		438600000.00	
Interest accrued and due		128419183.00		128419183.00	
CURRENT LIABILITIES & PROVISIONS					
A. Current Liabilities	2	182261496.80		206703796.05	
B. Provisions:					
Provision for taxation		821025.00		339157.00	
		<u>850699904.80</u>		<u>874660336.05</u>	

Place : Chennai
Date : 22nd November, 2004

G.R. KANNAN
Secretary

S. VASUDEVAN
Managing Director

	Schedule	As at 30 th June, 2004		As at 31 st March, 2003	
		Rs.	P.	Rs.	P.
ASSETS					
FIXED ASSETS					
Gross Block	3	6266327.81			
Less: Depreciation		1090193.73			
Net Block		<u> </u>		5176134.08	5362738.26
INVESTMENTS					
Government Securities	4		1000.00		1000.00
Investment in Shares			139008462.90		288181742.90
Capital investment in partnership firm			10000.00		10000.00
CURRENT ASSETS, LOANS & ADVANCES					
a. Current Assets					
Stock in Trade	5		87302025.50		87507748.90
Sundry debtors	5A		155242911.10		5618975.90
Cash on Hand			1437.35		3157.35
Rent Receivable			228500.00		109500.00
Bank balance	6		250514.82		95302.90
b. Loans & Advances					
	7		438613252.00		447296767.29
c. Deferred Tax Assets					
			2861.58		2,861.58
PROFIT & LOSS ACCOUNT					
			24862805.47		40470540.97
			<u>850699904.80</u>		<u>874660336.05</u>

As per our annexed Report of even date

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

A R CHIDAMBARAM
Director

C N GANGADARAN
Partner

SOUTH INDIA HOUSE INVESTMENTS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th June, 2004

PARTICULARS	Period ended 30 th June, 2004 (15 MONTHS)		Year ended 31 st March, 2003 (12 MONTHS)	
	Rs.	P.	Rs.	P.
To Opening stock	87507748.90		95196498.40	
“ Purchases		-	200.00	
“ Establishment expenses	368888.00		238680.00	
“ Licences & Filing Fees	4500.00		11750.00	
“ Internal audit fees .		-	4800.00	
“ Audit fees				
Audit	27000.00			
Other service	6750.00	33750.00	25000.00	
“ Printing and Stationery		-	1498.50	
“ Staff Welfare Expenses	39563.00		10944.00	
“ Travelling & Conveyance	225.00		819.50	
“ Interest	6616.00		-	
“ Miscellaneous Expenses		-	-	
“ Bank Charges	7928.00		6030.00	
“ Urban Land Tax	12635.00			
“ Property Tax	263538.00		116563.00	
“ Legal Fees		-	10224.00	
“ Service Tax on Audit Fees	400.00		-	
“ Depreciation	322341.21		265005.74	
“ Share of Loss in Partnership firm		-	4325054.00	
“ Building Maintenance	139545.70		363716.00	
“ Generator Maintenance	3000.00		-	
“ Telephone Charges		-	2940.00	
“ Electricity Charges	177787.00		10211.00	
“ Provision for Taxation	764675.00		282807.00	
“ Net Profit for the year	18602870.50		3340630.53	
	108256011.31		104213371.67	
To Balance Brought Down	40470540.97		43814033.08	
To Short Provision for Income Tax	2995135.00		-	
	43465675.97		43814033.08	

Place : Chennai
Date : 22nd November, 2004

G.R. KANNAN
Secretary

S. VASUDEVAN
Managing Director

PARTICULARS	Period ended 30 th June, 2004 (15 MONTHS)		Year ended 31 st March, 2003 (12 MONTHS)	
	Rs.	P.	Rs.	P.
By Sales		-		1661.40
“ Closing Stock	87302025.50			87507748.90
“ Dividend received	6551416.00			8044208.37
“ Interest received	10551370.14			8053153.00
“ Rent received	307500.00			168000.00
“ Guest House Income	249311.10			438600.00
“ Share of Profit from Partnership firm	3294388.57			-
	108256011.31			104213371.67
By Balance c/f to Balance Sheet	24862805.47			40470540.97
By Deferred Tax Asset		-		2861.58
By Net Profit for the year	18602870.50			3340630.53
	43465675.97			43814033.08

As per our annexed Report of even date

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

A R CHIDAMBARAM
Director

C N GANGADARAN
Partner

SOUTH INDIA HOUSE INVESTMENTS LTD

Period ended
30th June, 2004
(15 MONTHS)
 Rs. P.

Year ended
 31st March, 2003
 (12 MONTHS)
 Rs. P.

SCHEDULE - 1

SHARE CAPITAL

AUTHORISED

10000000 Equity shares of Rs 10 /- each **100000000.00** 100000000.00

ISSUED , SUBSCRIBED AND PAID UP 10000000
 Equity Shares of Rs.10/- each (All the above shares
 are held by South India Corporation (Agencies) Ltd.,
 the holding Company)

100000000.00

100000000.00

100000000.00

100000000.00

SCHEDULE - 2

SUNDRY CREDITORS

Liability for expenses	47481.00	47377.50
TDS on Interest payable	3486.00	6239.00
South India Corporation (Agencies) Ltd	182194480.80	206650179.55
Crescent Agencies	10000.00	-
Income Tax Payable	6049.00	-
	<u>182261496.80</u>	<u>206703796.05</u>

SCHEDULE - 3

FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.3.2003	Additions	Deletions	As on 30.6.2004	As on 31.3.2003	For the Year	Deletions	As on 30.6.2004	As on 30.6.2004	As on 31.3.2003
Land	332771.50	-	-	332771.50	-	-	-	-	332771.50	332771.50
Buildings 5%	5697819.28	135737.03	-	5833556.31	673640.89	321032.31	-	994673.20	4838883.11	5024178.39
Furniture & Fixtures 18.10%	100000.00	-	-	100000.00	94211.63	1308.90	-	95520.53	4479.47	5788.37
Grand Total	6130590.78	135737.03	-	6266327.81	767852.52	322341.21	-	1090193.73	5176134.09	5362738.26
Previous year	6074406.78	56184.00	-	6130590.78	502846.78	265005.74	-	767852.52	5362738.26	5571560.00

SCHEDULE - 4

INVESTMENTS

Name of the Body Corporate	Total No of shares	Face value	Book value
1. IN GOVERNMENT SECURITIES:			
National Savings Certificate			1000.00
			<u>1000.00</u>
2. IN SHARES:			
(a) NON - TRADE (QUOTED)			
Southern Petrochemical Industries Corporation Ltd.	2099600	20996000.00	118271262.90
(Market value Rs. 19442296)		(A)	<u>118271262.90</u>
(b) NON - TRADE (UNQUOTED)			
ACT Automobiles (P) Ltd.	20000	200000.00	200000.00
Sical CWT Distriparks Ltd.	610000	20435000.00	20537200.00
		(B)	<u>20737200.00</u>
TOTAL INVESTMENT IN SHARES	=>	[(A)+(B)]	139008462.90

Particulars of Partners, Total Capital Contribution & Share of each partner

Name of the Firm	Name of the Partners	Capital Contribution (in Rs.)	Share of Profit
South India Investments & Associates	South India House Investment Ltd.,	10000.00	50.00%
	Dr. A C Muthiah	10000.00	50.00%

SOUTH INDIA HOUSE INVESTMENTS LTD

SCHEDULE - 5
STOCK - IN - TRADE

	PARTICULARS	No. of Shares	Rate of Shares Rs.	Quoted Shares Rs.	Unquoted Shares Rs.	Market Value Rs.	Least of Cost or Market Value Rs.
1	Vam Holdings Ltd	280			14101.50		
2	Synthetics & Chemicals Ltd.	1125	2.15	2418.75		2418.75	2418.75
3	Lotus Mills Ltd	50				-	
4	EIH Ltd (540 Shares + 820)	1360	242.10	13670.50	3206.00	329256.00	13670.50
5	Mysore Chrome Tanning Ltd	319			3507.50		
6	Mandya National Paper Mills ltd	698					
7	Anuh Pharma Ltd.	4000	699.75	20025.00		2799000.00	20025.00
8	Southern Brick Works Ltd	100			10050.00		
9	Tube Agencies (P) Ltd	250			2512.50		
10	API Ltd	42623			42623.00		
11	Armenian Investments Ltd	9300				-	
12	Elliot Investments Ltd	12900				-	
13	Harrington Investments Ltd	3900					
14	Everest Investments Ltd	10000					
15	Ripon Investments Ltd	3900					
16	Sydenham Investments Ltd	10000					
17	First Leasing Co. of India Ltd MCC Finance Ltd.	2102625	22.49	32613850.65		47288036.25	32613850.65
18	(erstwhile Excel Finance Ltd)	3800					
19	SDB Ltd (300+Bonus 450)	750			30000.00		
20	IDBI	9900	37.55	163350.00		371745.00	163350.00
21	Sai Agencies	70350			70350.00		
22	Mercantile Housing	4559890			52706526.00		
23	Travancore Rayon Ltd	310			310.00		
24	Super Sales Agencies	200	34.00	650.00		6800.00	650.00
25	Premier Automobiles Ltd	66	11.12	326.70		733.92	326.70
26	Indo-Germa products Ltd	3300			16038.00		
27	Pondy Spinners Ltd	50000			265000.00		
28	National Rayon Corporation Ltd.	110	18.10	269.50		1991.00	269.50
29	Lakshmi Shanmuga Spinning Mills Ltd.	50			50.00		
30	Birla Yamaha Ltd	300	11.10	4110.00		3330.00	3330.00
31	Hindustan Lever Ltd	2320	129.70	50576.00		300904.00	50576.00
32	G. V. Films Ltd	400	2.65	2800.00		1060.00	1060.00
33	Shree Cements Ltd	720	157.05	24228.00		113076.00	24228.00

PARTICULARS	No. of Shares	Rate of Shares Rs.	Quoted Shares Rs.	Unquoted Shares Rs.	Market Value Rs.	Least of Cost or Market Value Rs.
33 Jenson & Nicholson (India) Ltd	2790	3.87	4603.50		10797.30	4603.50
34 Shaw Wallace Co. Ltd	3200	69.70	71200.00		223040.00	71200.00
35 Mysore Cements Ltd	700	8.31	4620.00		5817.00	4620.00
36 Saurashtra Chemicals Ltd	9000	11.70	72000.00		105300.00	72000.00
37 Balaji Steels Ltd	300			38197.00		
38 Corn Ind & Gen Enterprises Ltd	159211			159211.00		
39 MAC Packaging Ltd	220012					
40 India Radiators Ltd	47118			47118.00		
41 Profad Ltd	100150			100150.00		
42 Sri Balaji Leasing services Ltd	541			52826.50		
43 Tuticorin Alkali Chemicals Ltd	5	4.37	11.75		21.85	11.75
44 Tamilnadu Petroproducts Ltd	12800	19.05	206080.00		243840.00	206080.00
45 SPEL Semiconductors Ltd.	100	5.60	555.00		560.00	555.00
46 Henkel SPIC Ltd.	2500	16.85	72500.00		42125.00	42125.00
47 Manali Petro Chemicals Ltd.	11400	3.75	25080		42750	25080
48 Lakshmi Finance & Ind. Corpn. Ltd	675	11.00	6785.00		7425	6785.00
49 Sri Karpagambal Mills Ltd	2500			21950.00		
50 Mysore Kirloskar Ltd	8090			113825.00		
51 Samtel Color	100	42.70	2105		4270	2105
52 TT Ltd.	800	7.68	9650		6144	6144
53 Hindustan Lever Ltd-Bonus Debentures @ Rs. 6/Debenture	2199	2320				
54 Tata Iron & Steel Co Ltd	3600	305.60	215172.15		672014.40	215172.15
55 Bank of India	139	47.25	40680.00		170100.00	40680.00
56 Premier Instruments & Controls Ltd.	20	397.25	13357.00		55217.75	13357.00
57 Proactive Decisions Ltd				200.00		
			33640674.50	53697752.00	52807773.22	33604273.50

	Book Value	Market Value	Closing Stock
Value of quoted shares	33640674.50	52807773.22	33604273.50
Value of Un-quoted shares	53697752.00	--	53697752.00
	87302025.50		

SOUTH INDIA HOUSE INVESTMENTS LTD

	As at 30 th June, 2004	As at 31 st March, 2003
	Rs. P.	Rs. P.

SCHEDULE - 5 A

SUNDRY DEBTORS

Unsecured-considered good over six months	154993600.00	5180000.00
considered good less than six months	249311.10	438975.90

155242911.10

5618975.90

SCHEDULE - 6

BANK BALANCE

Indian Bank - Muthialpet	18466.65	18766.65
Indian Bank - MGT	116318.12	57436.25
IOB A/c No. 19	105765.00	-
IOB A/c No. 20	5115.05	-
ICICI Bank	4850.00	19100.00
	<u>250514.82</u>	<u>95302.90</u>

SCHEDULE - 7

LOANS & ADVANCES

Prepaid Expenses	-	8166.00
Advance to partnership firm	67928341.71	74164129.00
Advances recoverable in cash & in kind or value to be received, considered good	220487268.60	219627268.60
Advance payment of Income Tax	70103.69	3369665.69
IT Recoverable	122158.00	122158.00
MES Deposit	5380.00	5380.00
ICD-Sical Ships Ltd.	15000000.00	15000000.00
	<u>438613252.00</u>	<u>447296767.29</u>

SCHEDULE 8

A. SIGNIFICANT ACCOUNTING POLICIES

- a) **METHOD OF ACCOUNTING**
The accounts are being prepared on historical cost basis.
- b) **FIXED ASSETS**
Fixed Assets are stated at cost less depreciation
- c) **DEPRECIATION**
Depreciation is provided on WDV basis at the rate prescribed in Schedule XIV of the Companies Act, 1956.
- d) **INVESTMENTS**
Long term investments are valued at cost.
- e) **REVENUE RECOGNITION**
Income and expenditure are recognised on accrual basis. Dividends are accounted as and when received.
- f) **RETIREMENT BENEFITS**
The retirement benefit on only one employee is provided by the parent Company from where he has been deputed.
- g) **DEFERRED TAX**
 - (i) Deferred Tax is recognised for all the timing differences.
 - (ii) Deferred Tax Asset is recognised to the extent of Deferred Tax Liability

B. NOTES ON ACCOUNTS

- 1) Claims against the Company not acknowledged as debts - Nil.
- 2) Contingent Liability - Nil.
- 3) Provision for Income Tax has been made under MAT.
- 4) No provision for outstanding Loans and Advances & debtors, as required by NBFC norms, is considered necessary by the management in view of the negotiation for recovery in progress.
- 5) Quoted Investments include:
 - a) 16,17,100 shares of SPIC Ltd., pledged as collateral security for the availment of term loan and leasing finance facility by a group Company.
 - b) 21,02,625 Equity Shares of First Leasing Company of India have been pledged/deposited with UTI Bank as Collateral Security on behalf of a Group Company.
 - c) 45,59,890 unquoted shares of Mercantile Housing Finance Ltd. (renamed as National Trust Housing Finance Ltd.) have been pledged/ deposited with UTI Bank as Collateral Security on behalf of a Group Company.
 - d) 700 Quoted Equity Shares of Mysore Cements Ltd. held, are not in the name of the Company, for which action is being taken, for transferring the same in the name of the Company.
 - e) 300 unquoted Shares of Balaji Steels Limited are not in the name of the Company for which action is being taken.
- 6) No provision is considered for shortfall in market value of certain quoted investments ascertained on individual basis aggregating to Rs.988.29 Lacs., which is considered temporary in nature.
- 7) The Company has transferred shares to the extent of Rs.149375000 during the year and the proceeds thereof are yet to be received.
- 8) The Operations during the year has resulted in a deferred tax liability of Rs.0.34 Lacs. Even though the Company is entitled to a Brought Forward Loss of Rs.4.04 Crores, the deferred tax asset on account of the same is recognised to the extent of the deferred tax liability as a matter of prudence.

SOUTH INDIA HOUSE INVESTMENTS LTD

9) RELATED PARTY DISCLOSURE:

Related party Disclosures for the year ended 31st March' 2004

LIST OF RELATED PARTIES :

- a) Holding Company:
South India Corporation (Agencies) Ltd.
- b) Partnership Firm:
South India Investments & Associates
- c) Key Management Personnel
S Vasudevan
A R Chidambaram

Related Party Transactions	Holding	Partnership Firm	Key Management personnel
Sale of Goods			
Purchase of Goods			
Sale of Fixed Assets			
Purchase of Fixed Assets	135737.03		
Sale of Investments			
Investments Made			
Sale of Undertakings			
Share of Profit / (Loss) of firms		3294388.57	
Rendering of Services	150000.00		
Receiving of Services			
Dividend Income			
Interest Income		10551370.14	
Interest Expenses			
Commission Income (Guarantees)			
Guarantees and Collaterals			
Managerial Remuneration			
Loans and Advances		67928341.71	
Loan Outstanding	749213663.80		
Closing Balance - Debits	-	-	
Closing Balance - Credits	-	-	

10) Previous year figures have been re-grouped wherever necessary and are not comparable as the current period figures are for a period of 15 Months.

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

G.R. KANNAN
Secretary

S. VASUDEVAN
Managing Director

A.R. CHIDAMBARAM
Director

C N GANGADARAN
Partner

Balance Sheet Abstract and Company's general business profile

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

G.R. KANNAN
Secretary

S. VASUDEVAN
Managing Director

A.R. CHIDAMBARAM
Director

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

Place : Chennai
Date : 22nd November, 2004

C N GANGADARAN
Partner

SICAL LOGISTICS LIMITED
CHENNAI

BOARD OF DIRECTORS

SHRI S VASUDEVAN
Director

SHRI R RAMAKUMAR
Director

SHRI R MUTHU
Director

AUDITORS

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

REGISTERED OFFICE

"SOUTH INDIA HOUSE"
New No 73 Armenian Street
Chennai 600 001

SICAL LOGISTICS LIMITED

Report of the Directors to the shareholders on the Accounts for the Period ended 31ST March, 2005.

Your Directors present their Report together with the Audited Accounts for the period ended 31ST March, 2005.

The Company is yet to commence its operations and your Directors are looking forward operation feasibility and expect to commence the business activities at the earliest.

All the Directors of the Company shall vacate their office at the ensuing Annual General Meeting as per Section 256 of the Companies Act 1956, since the ensuing Annual General Meeting is the First Annual General Meeting of the Company and the Directors are eligible for re-appointment. The retiring Directors have also given their consent to act as Directors, if elected.

STATUTORY INFORMATION

- a) The requirement under section 217(1)(e) of the Companies Act, 1956 with regard to Technology Absorption and Conservation of Energy are not applicable as the Company is not a manufacturing unit. The Company has no foreign exchange earnings and outgo.
- b) The Company has no employee in the category specified under Section 217(2-A) of the Companies Act, 1956.
- c) 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.

AUDITORS

The Statutory Auditors M/s CNGSN & Associates, Chartered Accountant, T Nagar, Chennai - 600 017, are retiring at this Annual General Meeting and are eligible for re-appointment for the current year.

By Order of the Board

S Vasudevan
Director

R Muthu
Director

Place : Chennai
Date : 27th June, 2005

Auditor's Report to the Members of **SICAL LOGISTICS LIMITED**

We have audited the attached Balance Sheet of SICAL LOGISTICS LIMITED as at 31st March 2005. As the Company has not commenced operations, no profit and loss account has been prepared. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 purpose of our audit;

- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet dealt with by this report are in agreement with the books of accounts;
- iv) In our opinion, the Balance Sheet dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub section (1) of the Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said balance sheet 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 in the case of the Balance Sheet, of the affairs of the Company as at 31st March, 2005.

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

Place : Chennai
Date : 27th June, 2005

C N Gangadaran
Partner
Memb. No. 11205

BALANCE SHEET AS AT 31st MARCH, 2005

Liabilities	As at 31 st March, 2005 Rs. P.	Assets	As at 31 st March, 2005 Rs. P.
SHARE CAPITAL		CURRENT ASSETS	
AUTHORISED :		Cash & Bank Balances	500000
50000 Equity Shares of Rs. 10/- each	500000		
ISSUED, SUBSCRIBED & PAID UP			
50000 Equity Shares of Rs. 10/- each	500000		
	500000		500000

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

C N Gangadaran
Partner
Memb. No. 11205

R. Muthu
Director

R. Ramakumar
Director

S. Vasudevan
Director

Place : Chennai
Date : 27th June, 2005