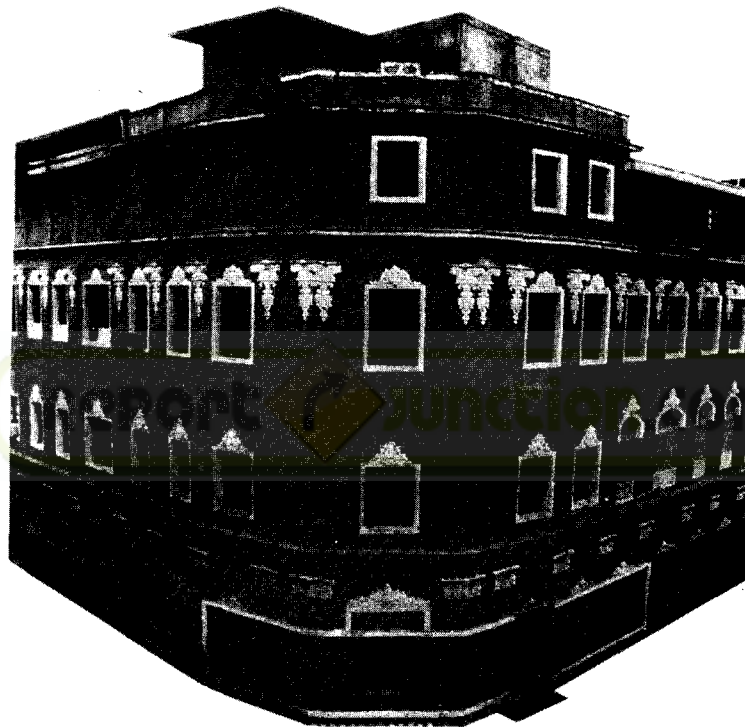
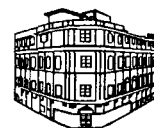


49th Annual Report 2003-2004



SOUTH INDIA CORPORATION (AGENCIES) LIMITED

**BOARD OF DIRECTORS**

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

AUDITORS

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

REGISTERED OFFICE

"Adyar House", Chennai - 600 085

PRINCIPAL OFFICE

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

BANKERS

ALLAHABAD BANK

BANK OF INDIA

CANARA BANK

CENTURION BANK LTD

HDFC BANK LTD

ICICI BANK LTD

IDBI BANK LTD

INDIAN BANK

STATE BANK OF INDIA

STATE BANK OF MAURITIUS LTD

THE FEDERAL BANK LTD

UTI BANK LTD

EQUITY SHARES LISTED WITH

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

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

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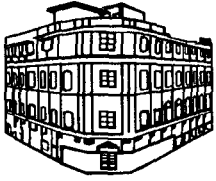
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OPERATING RESULTS AT A GLANCE

(Rs. in Lakhs)

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



SOUTH INDIA CORPORATION (AGENCIES) LIMITED

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

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

NOTICE

To

All Shareholders

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

ORDINARY BUSINESS

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

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

SPECIAL BUSINESS

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

ORDINARY RESOLUTION

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

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

ORDINARY RESOLUTION

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

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

ORDINARY RESOLUTION

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

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



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

SPECIAL RESOLUTION

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

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

By Order of the Board,

S. SIVARAMAN

General Manager (Legal) &
Company Secretary

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

NOTES:

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 Nos. 4 to 7 of the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 16th September, 2004 to Monday the 27th September, 2004 (both days inclusive).
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 attendance slip 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 1997 or any subsequent financial years are requested to make their claim to the Principal Office of the Company at "South India House" 73, Armenian Street, Chennai 600 001. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as stated above, no claim shall lie in respect thereof.
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 2004-05 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 R Muthu, aged about 56 years did his Diploma in Business Management in S.W. London College, U K and is a non-executive Director of the Company. He is on the Board of associates and other Companies. He is the Honorary Counsel of Switzerland, Tamil Nadu. He brings with him rich experience in corporate affairs and management.

Directorship

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

Committee Membership

Shareholders' / Investors' Grievance
and Share & Debenture Committee and
Remuneration Committee of South
India Corporation (Agencies) Limited – Chairman

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

Directorship

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

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

Directorship

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

Committee Membership

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

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

Meta Strips Ltd. and

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

Committee Membership

Management Committee & Audit

Committee of South India

Corporation (Agencies) Limited - Member

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

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

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

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

Item No.4 :

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

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

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

Memorandum of Interest

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

Item No. 5 :

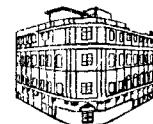
In terms of loan agreement entered into by the Company with ICICI Bank Ltd, the Bank nominated Shri. M.Guruvayurappan, as its Nominee Director and he has been inducted as an additional Director by the Board of Directors of the Company at their meeting held on 29.03.2004 in terms of Section 260 of the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

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

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

Memorandum of Interest

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

**Item No 6:**

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

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

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

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

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

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

Memorandum of Interest

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

Item No 7 :

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

Memorandum of Interest

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

By Order of the Board

S. SIVARAMAN

General Manager (Legal) &
Company Secretary

Dated : 31st July, 2004
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 2004.

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

FINANCIAL RESULTS

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

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

DIVIDEND

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

PERFORMANCE OF THE COMPANY

LOGISTICS GROUP

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

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

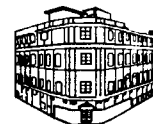
The coal handling contract of TNEB at Chennai Port was replaced with Ennore Port contract for 20 years under BOOT and in this contract your Company handled 24 million MT of coal as against 21 million MT during the previous year. Your Company won five awards and commendations from port authorities for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

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

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

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

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



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

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

BUILDING MATERIALS

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

MANUFACTURING GROUP

Refractories

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

Auto Components

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

Flexible Shaft and Drums

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

Oil Palm

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

Cytozyme

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

Speciality Chemicals

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

Plantation

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

SERVICES

Vehicles & Spares

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