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South India Corporation (Agencies) Limited

FORTY THIRD ANNUAL REPORT 1997-98

Dr. M.A. CHIDAMBARAM
Chairman Emeritus

BOARD OF DIRECTORS

Dr. A.C. MUTHIAH
Chairman

Shri ASHWIN C. MUTHIAH

Deputy Chairman

Shri R. MUTHU
Director

Shri JAWAHAR VADIVELU
Director

Shri TONY ADAM
Managing Director

Shri R. RAVINDRAN
Director - Finance

Shri R. VAIDYANATHAN
Director - Shipping

Shri S. KRISHNASWAMY
Director - Marketing

Shri V.K. GOPALAKRISHNAN
Director - Refractories

Shri S. PICHIAIAH
Director - Manufacturing

COMPANY SECRETARY

Shri R. GANESAN

AUDITORS

M/s. FRASER & ROSS.
Chartered Accountants
4-A, Kences Towers, North Usman Road,
T. Nagar, Chennai 600 017

BANKERS

ALLAHABAD BANK
BANK OF INDIA
CENTURION BANK LTD.
IDBI BANK LTD.
INDIAN BANK
STANDARD CHARTERED BANK
STATE BANK OF INDIA
STATE BANK OF MAURITIUS LTD.
THE FEDERAL BANK LTD.
TIMES BANK LTD.

REGISTERED OFFICE

Adyar House, Chennai 600 085

PRINCIPAL OFFICE

"South India House"
Nos. 36-40, Armenian Street
Chennai 600 001
Telephone : 5229341 (16 Lines)
Telegrams : GOODWILL
Telex : 041-8310, 6353 & 6265
Post Box No. : 113
Fax : 044-5220764 / 2258 /
4202 / 4363



SOUTH INDIA CORPORATION (AGENCIES) LIMITED

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

Principal Office : "South India House", 36-40, Armenian Street, Chennai - 600 001.

NOTICE

TO ALL SHAREHOLDERS :

NOTICE is hereby given that the 43rd Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 5th August 1998 at 11.00 A.M. at Kamaraj Memorial Hall, 575, Anna Salai, Teynampet, Chennai 600 006, to transact the following Business :

A G E N D A

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors.
2. a) To declare Dividend of 14% on the Redeemable Preference Shares;
b) To declare Dividend on the Equity Shares of the Company:
3. To appoint a Director in the place of Shri R. Muthu, who retires by rotation at this Annual General Meeting as per Section 256 of the Companies Act, 1956 and being eligible offers himself for re-election.
4. To appoint a Director in the place of Shri S. Krishnaswami, who retires by rotation at this Annual General Meeting as per Section 256 of the Companies Act, 1956 and being eligible offers himself for re-election.
5. To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, M/s. Fraser & Ross, Chartered Accountants are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit to pass the following Resolution as an Ordinary Resolution for which a Notice has been received from a Member.

"RESOLVED THAT Shri Jawahar Vadivelu be and is hereby appointed a Director of the Company."
7. To consider and if thought fit to pass the following Resolution as an Ordinary Resolution for which a Notice has been received from a Member.

"RESOLVED THAT Shri S. Pichaiah be and is hereby appointed a Director of the Company."

SPECIAL RESOLUTION

8. To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 269, 198, 309, and other applicable provisions if any of the Companies Act 1956, Shri S. Pichaiah, be and is hereby appointed as Wholetime Director in the capacity as Director (Manufacturing) of the Company from 27th November 1997 to 12th October 2000 on the terms of remuneration not exceeding the ceilings laid down in the said provisions of the Companies Act, 1956, read with the Schedule XIII of the Companies Act, 1956.

Term : from 27th November 1997 to 12th October 2000

Salary : Rs.35,000/- per month

Commission or Special Allowance : Not exceeding the annual salary per annum

Perquisites shall be allowed in addition to both salary and commission. However it shall be restricted to an amount equal to the annual salary.

Total package p.a. : Subject to the ceilings prescribed under Sections 198 & 309 of the Companies Act, 1956 read with the Schedule XIII of the Companies Act, 1956 as amended from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to increase, reduce, alter or vary the terms of remuneration from time to time in such manner so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956".

MINIMUM REMUNERATION

In the event of loss, absence or inadequacy of profits in any financial year during the tenure of Shri S. Pichaiah,

the remuneration as aforesaid shall be the minimum remuneration payable to him. However any excess, over the limits on minimum remuneration prescribed under the Companies Act, 1956 shall become payable to Shri S. Pichaiah with the approval of the Central Government if necessary.

ORDINARY RESOLUTION

9. To consider and if thought fit to pass with or without modification(s) the following Resolution as Ordinary Resolution:

RESOLVED THAT notwithstanding the limits laid down in the provisions of Section 372 of the Companies Act, 1956, and subject to the approval of the Central Government and such other authorities wherever required, approval of the Company be and is hereby accorded to the Board of Directors of the Company to subscribe for or invest in the Equity Shares of the proposed Joint Venture Company in the associate sector to be promoted by the Company jointly with PSA India Pte. Ltd., Singapore, and Nur Investment and Trading Pte. Ltd., Singapore, to the extent of Rs. 18.50 Crores for carrying on the business of Port operation and other allied activities, notwithstanding that such investments together with the Company's existing investments in all other bodies corporate shall exceed any or all the percentages prescribed under Section 372 of the Companies Act, 1956.

RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorised to apply for and to obtain necessary approval from Central Government and such other authorities as may be required from time to time, for making investments in the proposed Joint Venture Company as aforesaid and to settle all or any matter arising out of or incidental to the proposed investments and 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.

RESOLVED FURTHER THAT subject to the approval of the Central Government and such other authorities, the Board of Directors of the Company be and are hereby severally authorised and empowered to make investments in the Share Capital of the proposed Joint Venture Company in such manner suitable and mutually applicable and acceptable and in terms of the proposed Joint Venture Agreement entered into/to be entered by the Company in this behalf.

10. To consider and if thought fit to pass with or without modification(s) the following Resolution as Ordinary Resolution:

RESOLVED THAT notwithstanding the limits laid down in the provisions of Section 372 of the Companies Act, 1956, and subject to the approval of the Central Government and such other authorities wherever required, approval of the Company be and is hereby accorded to the Board of Directors of the Company to subscribe for or invest in the Equity Shares of the proposed Joint Venture Company in the associate sector to be promoted by the Company jointly with UT Automotive INC., Michigan, USA, to the extent of Rs. 4 Crores for carrying on the business of manufacturing engine cooling modules for Cars, notwithstanding that such investments together with the Company's existing investments in all other bodies corporate shall exceed any or all the percentages prescribed under Section 372 of the Companies Act, 1956.

RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorised to apply for and to obtain necessary approval from Central Government and such other authorities as may be required from time to time, for making investments in the proposed Joint Venture Company as aforesaid and to settle all or any matter arising out of or incidental to the proposed investments and 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.

RESOLVED FURTHER THAT subject to the approval of the Central Government and such other authorities, the Board of Directors of the Company be and are hereby severally authorised and empowered to make investments in the Share Capital of the proposed Joint Venture Company in such manner suitable and mutually applicable and acceptable and in terms of the proposed Joint Venture Agreement entered into/to be entered by the Company in this behalf.

By Order of the Board

Chennai
29th June 1998

R. GANESAN
Company Secretary

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 Registered Office/Principal Office of the Company not later than forty eight hours before the time fixed for holding the Meeting and in default, the instrument of Proxy shall not be treated as valid.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No.7 to 10 of the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 4th August 1998 to Wednesday, the 5th August 1998 (Both days inclusive).
4. The Members are requested to immediately intimate any change in the address to the Company's Principal Office at 36-40, Armenian Street, Chennai 600 001.
5. The Members/Proxies should bring the attendance slip sent 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.
6. Members are requested to quote their Folio Number in all their correspondence.
7. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Principal Office of the Company at 36-40, Armenian Street, Chennai 600 001, during office hours on all working days except Saturdays and holidays between 10 A.M. to 1 P.M. upto the date of Annual General Meeting.
8. Pursuant to Section 205-A (5) of the Companies Act, 1965, the unclaimed dividend for the period ended 31st March 1994, have been transferred to the General Revenue Account of the Central Government.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****FOR ITEM NOS. 6 & 7**

Shri Jawahar Vadivelu and Shri S. Pichaiah were co-opted as Additional Directors on 25th September 1997 and 24th November 1997 respectively and they hold Office till the ensuing Annual General Meeting. In accordance with Section 260 of the Companies Act, 1956 they vacate their office at the ensuing Annual General Meeting. Separate Notices have been received from two different members of the Company pursuant to Section 257 of the Companies Act, 1956, along with deposit of Rs.500/- each duly notifying their intention to propose the appointments of Shri Jawahar Vadivelu and Shri S. Pichaiah as Directors of the Company. They have also indicated their willingness to be Directors on the Board, if appointed. Accordingly, Resolutions are set out in Item Nos. 6 & 7 for consideration and approval of the Members.

MEMORANDUM OF INTEREST :

Except Shri Jawahar Vadivelu and Shri S. Pichaiah, none of the Directors is interested in these Resolutions.

FOR ITEM NO. 8

Shri S. Pichaiah was co-opted as Additional Director on 24th November 1997, by the Board of Directors of the

Company and he holds office till the ensuing Annual General Meeting. A Notice from a Shareholder has been received with a deposit of Rs.500/-, proposing his appointment as Director of the Company. At the Meeting of the Board of Directors held on 24th November 1997, Shri S. Pichaiah was appointed as Wholetime Director of the Company in the capacity as Director (Manufacturing). Shri S. Pichaiah is having rich experience and vast knowledge in industrial manufacturing areas and hence it was recommended by the Board of Directors to appoint him as Wholetime Director in the capacity as Director (Manufacturing) of the Company. The remuneration in accordance with the Schedule XIII Part II of the Companies Act, 1956, payable to him and his tenure of office are also set out in the Resolution specified in Item No.8. The Board of Directors recommend the same for the consideration and approval of the Shareholders of the Company.

Statement dated 23rd December 1997 under Section 302 (7) of the Companies Act, 1956 with regard to the appointment of Shri S. Pichaiah as Director (Manufacturing) has already been sent to all the Shareholders.

MEMORANDUM OF INTEREST :

Except Shri S. Pichaiah, none of the Directors is interested in this Resolution.

ITEM NO. 9

The Company has proposed to enter into Joint Venture Agreement with PSA India Pte. Ltd., Singapore, and Nur Investment and Trading Pte. Ltd. Singapore, for carrying on the business of Port Clearing operations and other allied activities. The Company is taking adequate steps to incorporate the said new Joint Venture Company shortly. The Company's contributions/investments in the said Joint Venture Company amount to Rs. 18.50 Crores. The proposed investments of the Company as stated above require approval of the members of the Company and Central Government, since it exceeds the ceiling laid down under Section 372 of the Companies act 1956. The Board of Directors recommend and seek the approval of the members for the aforesaid investments in the proposed Joint Venture Company. Hence the Resolution in Item No.9 is set out for consideration and approval of the members of the Company which is subject to the approval of the Central Government.

MEMORANDUM OF INTEREST:

None of the Directors is interested or concerned in this Resolution.

ITEM NO. 10

The Company has proposed to enter into Joint Venture Agreement with UT Automotive INC., Michigan, USA, for carrying on the business of manufacturing of engine

cooling modules for Cars. The Company is taking adequate steps to incorporate the said new Joint Venture Company shortly. The Company's contributions/investments in the said Joint Venture Company amount to Rs. 4 Crores. The proposed investments of the Company as stated above require approval of the members of the Company and Central Government, since it exceeds the ceiling laid down under Section 372 of the Companies Act, 1956. The Board of Directors recommend and seek the approval of the members for the aforesaid investments in the proposed Joint Venture Company. Hence the Resolution in Item No.10 is set out for consideration and approval of the members of the Company which is subject to the approval of the Central Government.

MEMORANDUM OF INTEREST:

None of the Directors is interested or concerned in this Resolution.

By order of the Board

Chennai
29th June 1998

R. GANESAN
Company Secretary

REGISTERED OFFICE:
"Adyar House",
Chennai - 600 085

PRINCIPAL OFFICE:
"South India House",
36-40, Armenian Street,
Chennai - 600 001

MISSION

Corporate Excellence
through

- Quality
- Competitive cost
- Professionalism
- Concern for employees,
customers and shareholders
- Value-based management

VISION

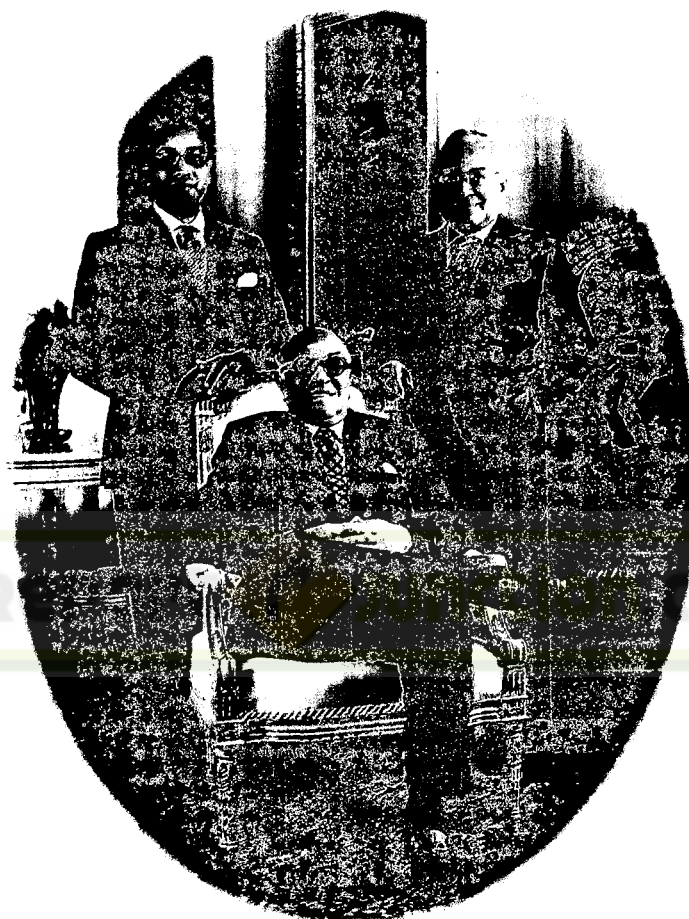
- To be one of the largest
organisations in India in port
upgradation and allied
logistics, with focus on bulk
handling.
- Sustain steady growth in all
other areas.

OPERATING RESULTS AT A GLANCE

(Rs. in Lakhs)

	1997-98	1996-97	1995-96	1994-95	1993-94
Sales & Other Income	79,617.19	46,202.32	13,827.10	7,209.11	4,170.73
Gross Profit	6,308.81	4,925.44	2,012.23	893.92	828.29
Interest	2,966.60	2,450.25	1,234.53	295.58	368.96
Profit before Depreciation	3,342.21	2,475.19	777.70	598.34	459.33
Depreciation	1,008.46	846.21	126.33	128.46	57.98
Provision for Taxation	814.10	223.77	108.89	200.00	167.00
Profit after Tax	1,519.65	1,405.21	542.48	269.88	234.35
Transfer to:					
Capital Redemption Reserve	0.00	0.00	200.00	0.00	0.00
Contingency Reserve	0.00	165.00	0.00	0.00	0.00
Debenture Redemption Reserve	302.00	0.00	0.00	0.00	23.40
General Reserve	500.00	500.00	66.00	150.00	150.00
Networth	12,829.84*	13,648.29	8,720.85	3,240.93	2,971.22

* After conversion of Preference Shares into Equity.



Sitting – Dr. M A Chidambaram, Chairman Emeritus

Right – Dr. A C Muthiah, Chairman

Left – Shri Ashwin C Muthiah, Deputy Chairman

FROM THE DESK OF THE DEPUTY CHAIRMAN

Dear Shareholder,

It is with a sense of pride that I send out this message to you on completion of yet another successful year at SICAL.

As you know, the re-structuring exercise that was on in the group culminated in the merger of ACT India and MIPL with SICAL. The year 1997-98 was really the first full year of operations in the merged SICAL and has propelled your Company to the forefront in the logistics arena. SICAL has consolidated itself into three main business groups viz **Logistics, Marketing and Manufacturing**. Logistics will however, be the main focal point around which the Company's future business strategies will evolve.

With this as a backdrop, I would now wish to inform you about the developments at SICAL. As you will know, the last year was a very difficult year for the entire country with a severe recessionary trend affecting every sector of the economy. Serious concerns have been expressed from every corner, viz Business and Governmental. However, little has been done and even the current year as it stands today offers no solace to the business-environment. International agencies have downgraded India's rating for several reasons. It is in this scenario that SICAL's noteworthy performance has to be viewed. While most companies have reported depressing results, SICAL's turnover has spurted to Rs.796 crores and PBT has grown to Rs.23.34 crores and the PAT to Rs.15.19 crores.

I am proud to state that my idea of the merger has worked wonders for the Company, as we were during the