

Sical

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Redefining Port Based Bulk Logistics

**South India Corporation (Agencies) Limited**  
**46<sup>TH</sup> ANNUAL REPORT 2000 - 2001**



*Mr. P. Baskaradoss I.A.S., Chairman, Chennai Port Trust, inaugurating the state-of the art Cranes at New Port, Ennore, Chennai, in the presence of Dr. A.C. Muthiah, Chairman, SICAL and Mr. M.V. Reddy, the then Chief Commissioner of Customs and Central Excise, Chennai.*



*Mr. Tony Adam, Managing Director, addressing the gathering at the "Touch Down" Function of 'the 2000 Tonne per hour capacity Cranes' brought in by SICAL for the TNEB Ennore Project.*

**SOUTH INDIA CORPORATION (AGENCIES) LIMITED**

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

Principal Office : "South India House", No.73, Armenian Street, Chennai - 600 001

**NOTICE**

To

**All Shareholders**

NOTICE is hereby given that the forty sixth Annual General Meeting of the shareholders of SOUTH INDIA CORPORATION (AGENCIES) LTD will be held on Thursday, the 27th September 2001 at 10.00 a.m. at "Kamaraj Arangam", New No.492 (old No.574-A), Anna Salai, Teynampet, Chennai 600 006 to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2001 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors, thereon.
2. (a) To declare the payment of dividend on redeemable cumulative preference shares issued on private placement basis.  
(b) To declare a dividend on equity shares of the Company.
3. To elect Directors :
  - (a) To appoint a Director in the place of Mr. R. Ravindran, who retires by rotation and being eligible, offers himself for re-election.
  - (b) To appoint a Director in the place of Mr. Dhananjay Narendra Mungale, who retires by rotation and being eligible, offers himself for re-election.
  - (c) To appoint a Director in the place of Mr. S. Chandra Das, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and fix their remuneration. M/s. Fraser & Ross, Chartered Accountants, the retiring auditors are eligible for re-appointment.

**SPECIAL BUSINESS**

5. 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 the Articles of Association of the Company and Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the Central Government and such other Statutory Authorities, if any, consent of the Company be and is hereby accorded for the payment of remuneration of Rs.2.50 lakhs (Rupees two lakhs and fifty thousand only) on quarterly basis aggregating Rs.10 lakhs (Rupees ten lakhs only) per annum to Dr. A.C. Muthiah, Chairman, who is not in the wholetime employment of the Company, for five financial years commencing from 1-4-2001 to 31-3-2006 or as long as he holds office as Director and / or Chairman of the Company for the services rendered / to be rendered to the Company by him.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to disburse the above remuneration to

Dr. A.C. Muthiah, Chairman of the Company and further authorised to take all steps, deeds, matters and things as may be considered necessary to give effect to this resolution".

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

**ORDINARY RESOLUTION**

RESOLVED THAT Dr. A.M.Swaminathan I.A.S (Retd.), who was appointed as an Additional Director of the Company by the Board of Directors 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 Director of the Company.

7. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

**ORDINARY RESOLUTION**

RESOLVED THAT pursuant to the 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 following divisions:

- (a) Sugar Division located at Mundiambakkam, near Villupuram;
- (b) Distillery Division (including Furfural) located at Mundiambakkam and Vazhudareddy, near Villupuram; and,
- (c) Aquaculture Division (including Individual Quick Freezing Plant and Hatcheries) located at Pattinamarudur & Tharuvaikulam near Tuticorin; Chinnamedu, near Mayiladuthurai; and Kovalam near Chennai;

including the assets and liabilities together with the use 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) be and is hereby authorised to complete the transfer of the said divisions 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 above divisions shall be based upon such valuation certificates and subject to clearance/release from mortgage/charges if any created on the assets of the aforesaid divisions 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 above divisions 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.



8. 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) for directly or indirectly, providing of guarantees in connection with a loan(s) made by any other person to, or to any other person by the following bodies corporate, not exceeding the amounts shown against each body corporate, over and above the existing investments, loans, guarantees or security already made or given by the Company.

Name of the Body Corporate	Guarantees (Rs. in Crores)
Sical Yamatake Limited	2.25
SDB CISCO (India) Limited	1.45
South India Travels Private Limited	5.00

FURTHER RESOLVED 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.

9. 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 the Memorandum and Articles of Association of the Company and subject 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) which the Board have or may hereafter constitute to exercise powers of the Board including the power conferred by this resolution), for directly or indirectly making of investments by way of subscription, purchase or otherwise in the shares/securities in the following bodies corporate, not exceeding the amounts shown against each bodies corporate over and above the existing investments, loans, guarantees and securities already made or given by the Company.

Name of the Body Corporate	Shares/Securities in Rs.
Southern Agrifurane Industries Ltd.	10,00,000
South India Sugars Ltd.	10,00,000
Coffee Day Private Ltd.	5,00,000
Sampigehutty Estate Private Ltd.	5,00,000
Rajagiri & Sankan Estates Private Ltd.	5,00,000
Any Other Bodies Corporate	15,00,000

FURTHER RESOLVED 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.

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

#### SPECIAL RESOLUTION

RESOLVED THAT subject to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any of the Companies Act, 1956, (Act) read with Schedule XIII to the Act as amended upto date and in partial modification of the resolution dealing with the remuneration of Mr.S.Vasudevan, Director-Commercial of the Company passed at the Annual General Meeting held on 24.8.2000, the Company hereby approve the revised terms of remuneration payable to the Director-Commercial with effect from 01.07.2001 for the residual period of his current term of office as determined by the Board of Directors on the following terms and conditions set out below.

Salary : Rs.45,000 p.m.  
(Rupees forty five thousand only)

Commission or  
Special Allowance : Not exceeding annual salary

Perquisites : Shall be restricted to an amount equal to the annual salary

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to increase, decrease, alter or vary the terms of the remuneration in such manner so as not to exceed the limits specified above and as stated in Schedule XIII of the Act or any amendments thereto, and the minimum remuneration payable in case of inadequate profit/loss shall be restricted to the limits prescribed in Part II of Schedule XIII of the Act.

By Order of the Board

Dated the 30th July, 2001

S. SIVARAMAN

Registered Office:

Company Secretary

"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 REGISTERED OFFICE/PRINCIPAL OFFICE OF THE COMPANY NOT LATER THAN FORTYEIGHT 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. 5 to 10 of the notice is annexed hereto.
- 2(a) The Companies Act, 1956 has been recently amended incorporating a new section 192A which provides passing of certain resolutions only by postal ballot in case of listed Companies and the proposal as contained in item nos. 7 & 8 shall attract the provisions of the same. The shareholders are hereby informed that a separate notice along with necessary enclosures are being sent to them to exercise their votes by postal ballot for the above referred items.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 12th September 2001 to Thursday, the 27th September 2001 (both days inclusive).
4. The members are requested to immediately intimate any change in the address to the Company.
5. 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.
6. Dividend upon its declaration at the Meeting, will be paid to those members whose names appear in the Register of Members of the Company as on 27th September 2001.
7. The Company has already transferred, all unclaimed dividend declared upto the financial year ended on 31st March 1994 to the General Revenue Account of the Central government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend, should apply to claim the same from the Registrar of Companies, Shastri Bhavan, # 26, Haddows Road, Chennai- 600 006.
8. 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 1995 or any subsequent financial years are requested to make their claim to the Principal Office of the Company at "South India House" No.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.

9. Members are hereby informed that the Company has its own In-house Registry and handles share transfers, transmission etc., and therefore the shareholders are requested to send their share certificates for transfer to the Secretarial Department, South India Corporation (Agencies) Limited, "South India House", No.73, Armenian Street, Chennai – 600 001, and also correspond with the Company for any of their problems/requests.
10. DEMAT of shares has become compulsory with effect from 28th August 2000 as per SEBI's guidelines and hence the shareholders are requested to lodge their share certificates through their Depository Participants (DPs) to DEMAT the shares. The Company has appointed Cameo Corporate Services Limited, "Subramanian Building", 5th Floor, No.1, Club House Road, Chennai – 600 002 as DEMAT AGENTS and the shareholders are also requested to correspond either to the principal office at "South India House, No.73, Armenian Street, Chennai – 600001 or to the DEMAT AGENTS for their queries.

#### 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.5

Dr.A.C.Muthiah, an eminent industrialist, is the promoter-Chairman of the Company since April 1981. Over the years the Company has benefited through his valuable advice and there has been a greater involvement since early this year with Dr.A.C.Muthiah being keenly involved in the financial restructuring of the Company including strategic hive-off plans. Considering the significant contribution made by Dr.A.C.Muthiah, the Board of Directors at their meeting held on 30th July, 2001 have recommended a remuneration of Rs.2.5 lakhs payable on quarterly basis aggregating Rs.10 lakhs per annum for a period of five years beginning 01.04.2001. A resolution to this effect is given in the notice for the shareholders' approval.

##### Memorandum of Interest

Except Dr.A.C.Muthiah, Mr.Ashwin C Muthiah and Mr.Jawahar Vadivelu, none of the other Directors is deemed to be interested or concerned in the resolution.

##### Item No. 6

The Industrial Development Bank of India (IDBI) has nominated Dr. A.M. Swaminathan I.A.S., (Retd.) on the Board as per the terms of the loan agreement dated 25th January 2001 entered into with them by the Company. The Board of Directors at their meeting held on 9th February 2001 have appointed him as an additional director. He holds office as Director only upto the date of this Annual General Meeting and as per Section 257 of the Companies Act, 1956, a notice has been received from a shareholder signifying his interest to propose him as Director along with a deposit of Rs.500/- (refundable, if elected). The

Board of Directors recommend his appointment for the approval of the shareholders.

Pursuant to Article 106(3) of the Articles of Association of the Company, Dr.A.M.Swaminathan, IAS (Retd.) being Nominee Director of IDBI, shall not retire by rotation.

##### Memorandum of Interest

Except Dr.A.M.Swaminathan, IAS (Retd.), none of the Directors may be deemed to be interested or concerned in the resolution.

##### Item No.7

Consequent to the amalgamation of MAC Agro Industries Limited with South India Corporation (Agencies) Limited (SICAL) in April 1998, the Sugar, Distillery and Aquaculture business became an integral part of Sical's business profile. At the time of the merger, the Sugar and Distillery divisions were under performing with the Sugar Division registering an abysmal recovery of 7.74%. As far as the Aquaculture business was concerned, it was affected by a viral disease which was an epidemic spread all along the Indian coastal lines. When these divisions came into the fold of Sical, several strategies were put in place and a complete re-look was done so as to enhance the value of these businesses.

As far as the Sugar division is concerned, several measures such as introduction of a 5th mill, change in varieties of cane, and retrofitting of the plant, resulted in substantial improvements in the recovery rate leading to an all time high recovery for the current season at 10.1% average. It was the depressing prices that led to the division incurring losses though on a lower scale than before. In the current year however, it is expected that the losses will come down to almost a tenth of what it was last year and efforts are on to ensure this.

The Distillery division has been performing to its capacity due to substantial improvements carried out in the plant. The book value of the assets of the Sugar and Distillery divisions is approximately Rs.24 crores and Rs.20 crores respectively.

As regards Aquaculture activities, the erstwhile MAC Agro Industries Limited had set-up an integrated marine export division covering processing of fish and prawn procured from the sea, besides prawns grown at the Company's own aqua farms situated at Tuticorin and Chinnamedu. The total investments in the project amounted to Rs.24 crores approximately, and the fortunes of this industry was affected by a viral disease which was epidemic and most of the Companies have ceased to be in operations, although the business is being carried by some small time operators in the unorganised sector. Hence, the Company plans to exit from the Aquaculture business seeing no immediate or medium term potential.

In 1998, when the merger was contemplated, it was felt that the addition of these divisions would enable the Company to be more diversified and the Company was looking confidently into the Sugar business as a potential area given the prices ruling then. However, introduction of a 22 MW bagasse fired co-generation plant at an investment of Rs. 75 crores would have given an impetus to the division. Considering the alternate opportunities available to the Company for investment in other areas, such as logistics, the investment in this plant had to be reconsidered.

During this period, Sical's core business of Logistics began to grow substantially and volumes virtually doubled and so too profits in the last three years. With the future for logistics looking extremely good, it was decided as part of a restructuring plan to concentrate on our areas of core competence, viz. Logistics. It was felt therefore that having improved the working of these divisions, which in today's scenario do not fit into the Company's long term growth objectives, the best decision would be to hive off these divisions and use the realisable funds for swapping of some of the Company's high cost debts as well as putting more money into the logistics business.

Discussions are already underway with potential buyers for both the Sugar and the Distillery divisions, and pending a final decision on the same, the Company proposes to transfer these businesses into one or more subsidiaries of the Company, after compliance with the various provisions of the Companies Act and other statutes, so as to ensure the operations continue as well as the services of the employees are not affected. This will also enable the Company to induct suitable partners who may add value to these businesses through introduction of new technology, marketing, depending upon commercial viability.

The Board is satisfied that it would be in order to transfer the divisions referred to in the item No.7 of the notice seeking postal ballot. It is proposed to transfer these business divisions into one or more subsidiary Companies to be formed for the purpose. The Company expects to realise a sale consideration of not less than Rs.40 crores for the Sugar division and Rs.35 crores for the Distillery division bringing substantial additional gains in terms of capital profits. Regarding Aquaculture, the Company would strive hard to get the best sale consideration, given the adverse market conditions for this line of business activity. The modus operandi of the transfer and other formalities would be decided by the Board of Directors accordingly. The Board of Directors recommend the item No.7 of the notice to seek postal ballot in terms of new Sec.192A of the Companies Act, 1956 to implement the proposed transfer of the divisions.

According to Sec.293(1)(a) read alongwith new Sec.192A of the Companies Act, 1956, the 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.

#### Memorandum of Interest

The Directors may be deemed to be interested or concerned in the resolution set out at item No.7 of the notice to the extent of the shares held by them in the Company.

#### Item No. 8

The Company has provided certain corporate guarantees on behalf of Sical Yamatake Limited, SDB CISCO (India) Limited and South India Travels Private Limited as given in the resolution.

The shareholders are requested to ratify the action taken by the Company to validate the guarantees executed through postal ballot.

#### Memorandum of Interest

Shri. Ashwin C. Muthiah, Shri. S. Chandra Das and Shri. S. Vasudevan, who are the directors of SDB CISCO (India) Limited and Shri. Ashwin C. Muthiah who is also a Director of Sical Yamatake Limited, are interested in respect of guarantees given. None of the other Directors is deemed to be interested or concerned in the resolution.

#### Item No. 9

In the event, the proposal as referred in item No. 7 is being implemented, the transfer of Sugar, Distillery and Aquaculture divisions to the subsidiaries could provide a structure that would enable the Company ultimately dispose off the divisions. In order to make investments in the Companies already incorporated or to be incorporated for the purpose, the Board recommend the proposal of investments as contained in item No.9 of the notice for the approval of the shareholders and the proposed investments will be made out of internal accruals.

#### Memorandum of Interest

None of the Directors may be deemed to be interested or concerned in the resolution.

#### Item No. 10

Mr. S. Vasudevan, B.Com, ACA., was appointed as Director-Commercial by the shareholders of the Company at the Annual General Meeting held on 01.09.99 and his term of employment was modified for a period of 3 years from 01.07.2000 as per the Annual General Meeting resolution dated 24.08.2000. Based on the performance and after taking into consideration of all the relevant factors, including the increase in the duties and responsibilities, the Board of Directors at its meeting held on 30.07.2001 have recommended an increase in his remuneration as mentioned in the notice for approval of the shareholders.

#### Memorandum of Interest

None of the Directors except Mr.S.Vasudevan may be deemed to be interested or concerned in the resolution.

By Order of the Board

Dated the 30th July, 2001  
Registered Office  
"Adyar House"  
Chennai - 600 085.

S. SIVARAMAN  
Company Secretary

**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 NARENDRA MUNGALÉ**

*Director*

**Shri JAWAHAR VADIVÉLU**

*Director*

**Dr. A.M. SWAMINATHAN**

*Director - IDBI Nominee*

**Shri TONY ADAM**

*Managing Director*

**Shri R. RAVINDRAN**

*Finance Director*

**Shri S. VASUDEVAN**

*Director - Commercial*

**COMPANY SECRETARY**

**Shri S. SIVARAMAN**

**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**

**BANK MUSCAT S.A.O.G.**

**CENTURION BANK LTD**

**CORPORATION BANK**

**GLOBAL TRUST BANK LTD**

**HDFC BANK LTD**

**IDBI BANK LTD**

**INDIAN BANK**

**STATE BANK OF INDIA**

**STATE BANK OF MAURITIUS LTD**

**THE FEDERAL BANK LTD**

**THE KARNATAKA BANK LTD**

**THE KARUR VYSYA BANK LTD**

**UCO BANK**

**UTI BANK LTD**

**REGISTERED OFFICE**

**"Adyar House", Chennai 600 085**

**PRINCIPAL OFFICE**

**"South India House"**

**No. 73, Armenian Street, Chennai 600 001.**

**Telephone : 5229341 (16 Lines)**

**Fax : 044 - 5224202**

**Email : sicaedp@md2.vsnl.net.in**

**Website : www.sical.com**

## OPERATING RESULTS AT A GLANCE

(Rs. in Lakhs)

	2000-2001	1999-2000	1998-99	1997-98	1996-97
Sales & Other Income	2,19,195.88	1,93,946.48	1,79,286.99	79,478.62	46,202.32
Profit Before Depreciation, Interest and Tax	11,603.91	10,545.02	9,632.47	6,170.24	4,925.44
Interest	6,920.38	5,775.27	5,367.27	2,828.03	2,450.25
Profit before Depreciation and Tax	4,683.53	4,769.75	4,265.20	3,342.21	2,475.19
Depreciation	1,380.11	1,448.90	1,173.10	1,008.46	846.21
Provision for Taxation	1,151.70	960.14	689.62	814.10	223.77
Profit after Tax	2,151.72	2,360.71	2,402.48	1,519.65	1,405.21
Transfer to :					
Capital Redemption Reserve	200.00	23.50	-	-	-
Contingency Reserve	-	150.00	150.00	-	165.00
Debenture Redemption Reserve	680.00	471.00	481.33	302.00	-
General Reserve	200.00	289.71	500.00	500.00	500.00
Networth	19,315.55	19,033.48	18,375.93	12,829.84	13,648.29



## DIRECTORS' REPORT

### REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2001.

The Board of Directors of your Company have great pleasure in presenting the forty sixth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2001.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March 2001 are summarised below:

	(Rs. in Crores)	
	Year ended 31 <sup>st</sup> March, 2001	Year ended 31 <sup>st</sup> March, 2000
Sales & Other Income	2191.96	1939.47
Profit before interest, depreciation and tax	116.04	105.45
Interest	69.20	57.75
Cash Profit	46.84	47.70
Depreciation	13.80	14.49
Profit before tax	33.04	33.21
Provision for tax	10.35	9.49
Tax relating to prior year	1.17	0.11
Net Profit	21.52	23.61
Earnings per share (EPS)(in Rs.)	6.04	6.66
Book value per share (in Rs.)	59.58	56.74

### DIVIDEND

The Board of Directors, recommend a dividend of 15% on the Equity Share Capital of the Company and Preference dividend at agreed rates on the Preference Shares issued on private placement basis.

### PREFERENCE SHARES

During the year under review, 14% Redeemable Preference Shares for Rs.5 crores issued in favour of Global Trust Bank were redeemed.

### PERFORMANCE OF THE COMPANY

The year 2000-2001 saw the Company breach the Rs.2000 crore turnover mark touching Rs.2192 crores, which is a notable achievement. Barring a couple of divisions, the overall performance was good. The logistics group continued to be the star performer setting several new landmarks during the year. Due to sluggish market conditions, the sugar and refractory divisions continued to post losses which pulled down an otherwise impressive performance.

### LOGISTICS GROUP

As stated above, this group's performance for the year was the best ever in the history of the Company. The turnover was up from Rs.1220 crores in 1999-2000 to Rs.1363 crores in 2000-2001 with a steep improvement in profits.

Some of the highlights/achievements of this division are given below :

- Handled 30 million MT's of cargo during the year. This in all probability would be the largest volume of bulk cargo handled by any service provider in the Asian Continent.
- New cargoes handled at Vizag & Goa touched 1.6 million and 1.8 million tonnes respectively – another new high.
- Though in the new TNEB contract, we lost out in the load ports we bagged the Tuticorin Port giving us control over the discharge ports.
- Won a three year contract for handling and delivery of thermal coal from Karnataka Power Corporation Limited, which is a very prestigious contract and extends our reach in the power sector.
- Two state-of-the art cranes for Ennore Port have arrived and will be commissioned shortly. These will be one of the most sophisticated bulk handling cranes to operate in India. Supplied by Samsung of South Korea, these cranes brought in by your Company for the TNEB contract will, when in operation, discharge 40000 MT's. of coal a day.
- Discharged 1.04 million MT's of TNEB coal at Chennai Port during December, 2000 an all time record for bulk cargo at any Indian Port.
- Loaded 6.27 lakh MT's of coal during November, 2000 at Paradip Port, again a record which will stand for quite a while to come.
- On 3.9.2000, discharged 70400 MT's. of coal in a day at Chennai Port which is 15% higher than the existing record incidentally set by SICAL a couple of years ago.

The Logistics group has set itself on a mission of excellence to continuously innovate and improve volumes in handling to bring about savings to its clients as well as higher earnings to the Company. This year's performance is testimony to the hard work put in.

During the year, the Company set up a business development cell to pursue few projects of high volume and value. This cell also handles the projects being implemented through JVs.

The trucking and warehousing division also put up a very good show despite sluggish conditions prevailing and performances exceeded the targeted norms.

### MARKETING GROUP

#### Building Materials

Through a consolidation of the branch network and a cost prune-down, the building material division logged a turnover of Rs.165 crores and achieved an improvement in profit. Despite recessionary trends prevailing in all sectors, this division continues to maintain performance and retains its position as the single largest distributor for TISCO products in the country having achieved a record sale of 21000 MT's of TATA pipes for the year.

### **Vehicles & Spares**

This division was hit by falling demand in the premium car segment. In the current year the focus is now on servicing where returns are fairly good and consistent and should bounce back with good results.

### **AGRO GROUP**

#### **Sugar**

After the merger of MAC Agro Industries Ltd. with SICAL in 1998, a lot of steps were initiated to get the sugar division back in shape. These included (a) change in cane varieties (b) de-trashing of cane (c) introduction of the 5<sup>th</sup> mill (d) phased retrofitting of the aged plant including improvement in thermal efficiency by modifying the boilers (e) reduction in work force by over 40%. The Company would derive the benefits of these improvements in 2001-2002 and it is expected that the losses will come down to almost a tenth of what it was last year. It is a matter of pride to note that the Company was able to achieve an all time high recovery of 11.3% during March, 2001 and an average recovery of 10.1% for the season.

The quantity of cane crushed and sugar produced was 665877 MT's and 62462 MT's respectively. The average yield of sugarcane per hectare was 85.467 MT's as against 60.047 MT's in 1999-2000. Due to sugar prices remaining depressed, this division continued to post losses. However post budget, the prices of sugar have hardened and the Company is confident of a much improved performance in the year 2001-2002. During the year 15209 MT's of sugar was exported to Colombo & Indonesia and exports in the current year also continue.

#### **IMFS**

The Distillery division's operations as well as bottling at the IMFS plant have shown remarkable improvement during the year with 18.07 lakh cases being bottled against 13.67 lakh cases in the previous year. The Company launched its own brands and the response has been encouraging.

#### **Oil Palm**

During the year under review, the Palm Oil mill at Elluru has crushed 23115 MT's of Fresh Fruit Bunches (FFB) and produced 4506 MT's of crude palm oil. Due to lower import duty, this division's earnings had come down. With duty being raised from 25% to 75% in the Union Budget 2001, we are confident of higher revenues during the current year as prices of crude palm oil increased in the current year.

### **MANUFACTURING GROUP**

#### **Refractories**

This division continued to perform poorly and incurred losses. Several cost cutting measures including a further reduction in labour costs and better product mix, has brought some improvement in the performance for May and June, 2001 and the Company is hopeful of pruning down the losses considerably in the current year.

The Flexible Shafts and Barrel divisions continued to perform in line with expectations and earned reasonably good profits.

### **Auto Components**

In accordance with the decisions taken at the last AGM held on 24.8.2000, the Company transferred a part of the auto components business to a newly formed entity, "MITSUBA SICAL INDIA LTD", in which the Company continues to hold a 40% stake while Mitsuba Corporation, Japan, holding the balance 60%. The auto components business to manufacture engine cooling modules in technical collaboration with Johnson Electric Automotive Inc., of Hongkong continues to be with the Company at a new premises at Maraimalai Nagar.

### **ENGINEERING GROUP**

The Boat Building division has done very well for the year and has built 2 nos hopper barges for a value of Rs.4 crores for Mumbai Port Trust during the year under review. Other orders include 2 nos. 32 Ton Bollard Pull tugs for Chennai Port, 3 nos. passenger-cum-cargo vessels for Andaman & Nicobar administration and 3 nos. mooring launches which are to be delivered during the course of the year.

### **OTHER INTERESTS**

#### **SICAL COECLERICI LOGISTICS LIMITED**

This Company was formed to offer off-shore transshipment logistics services in India through tailor-made solutions. This JV Company bagged its first contract for transshipment of 4 million MT's of inbound cargo for Ispat Industries Ltd. near New Mumbai. A self propelled craned barge of 11000 MT's capacity would tranship cargo from gearless cape/Panamax vessels and this barge has been ordered and is currently under construction at a yard in China. The Company is also in advanced stages of discussions with other steel majors.

#### **SICAL CWT DISTRIIPARKS LIMITED**

SICAL CWT Distriparks Limited a Joint Venture with CWT Distribution Limited, Singapore, wherein your Company has 27% stake in the equity has performed creditably during the current financial year by wiping off the accumulated losses. It has enhanced its market share from 10.1% in the previous year to 14.5% in the current year and had handled an all time high of 2043 TEUs in the month of March 2001. The current year 2001-2002 will be much better with higher retained earnings.

#### **PSA SICAL TERMINALS LIMITED**

This Company which is managing the terminal operations at Tuticorin, has recorded an impressive growth in throughput of 150804 TEUs from 445 ships in 2000-2001 as against 39405 TEUs from 107 ships in 1999-2000. The performance has been creditable and the Company declared an interim dividend of 10% in only its 2<sup>nd</sup> year of operations.

### **CORPORATE GOVERNANCE**

Your Company has been practising "Code of Corporate Governance" over the years and a report on Corporate Governance would form part of the Annual Report for 2001-2002.