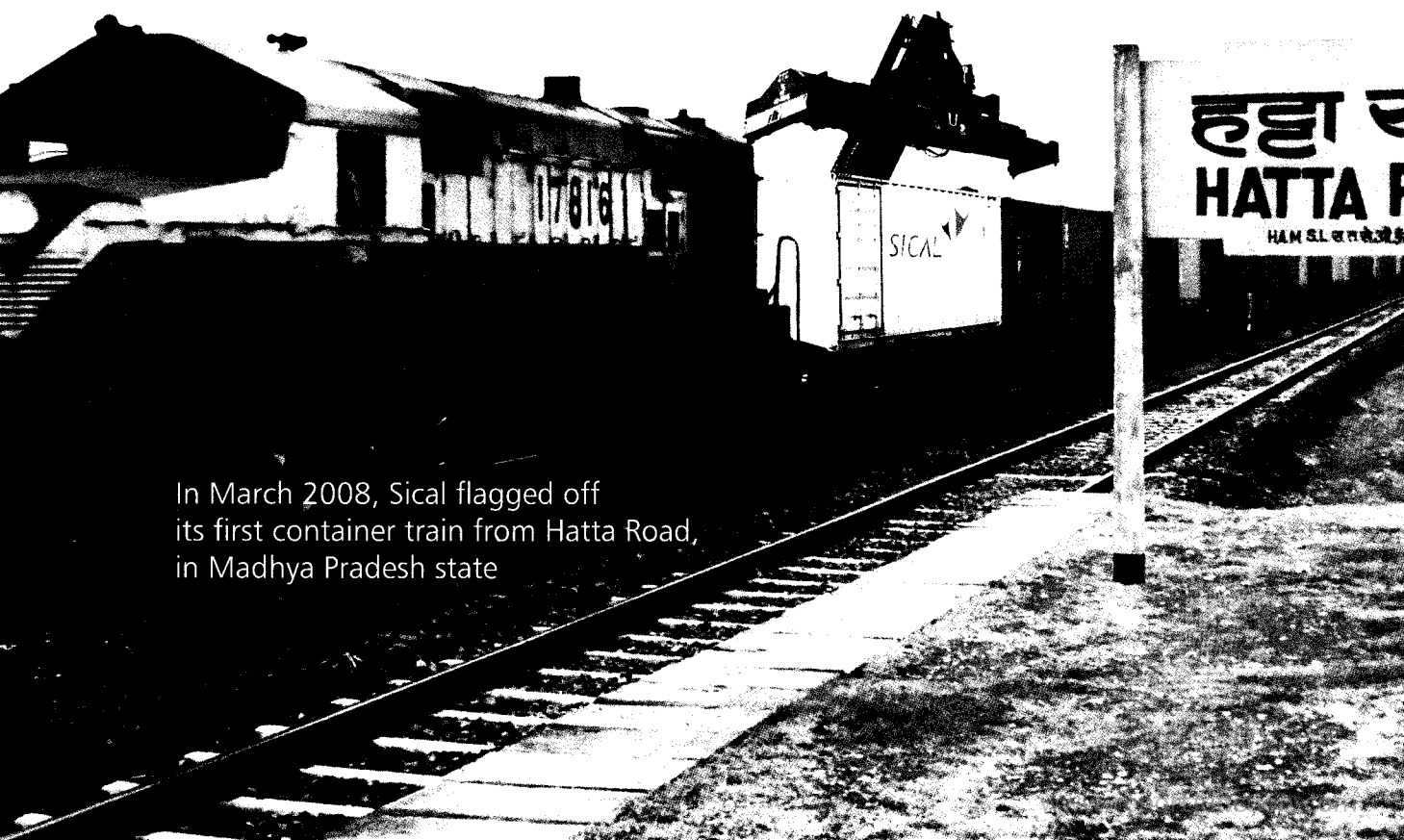


Annual Report 2007-08

SICAL

Report  Junction.com



In March 2008, Sical flagged off its first container train from Hatta Road, in Madhya Pradesh state

India's leading provider of integrated solutions for offshore logistics and multimodal logistics for bulk and containerized cargo, Sical is the single window for businesses that seek a seamless supply chain across road, rail, port, and sea.

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In 2007-08, we moved nearly 570,000 TEUs of container cargo and 26 million tonnes of bulk cargo—more than any other third party logistics provider in South Asia.



From the chair



On the cover you see a picture of our container train passing the railway station at Hatta Road. Ridden with snakes and scorpions, it's a desolate village in the impoverished Balagahat district of Madhya Pradesh state, a place most of us would have never heard of, let alone set foot in.

For Sical, however, Hatta Road represents a significant milestone.

On 6 March 2008, we ran our first container train shipping copper concentrate for our customer, Hindustan Copper, to their smelter in Khetri, Rajasthan state.

Container train operations are a critical component of Sical's mission for leadership in end-to-end integrated logistics for bulk and containerised cargo.

Taken with Sical's current strengths in port logistics and trucking, and our planned pan-India hub-and-spoke network that will connect inland container depots with the rail and road terminals at the MIHAN logistics hub in Nagpur city, the addition of container train operations creates for our customers a seamless supply chain across sea, port, rail, and road.

If 2006-07 was the year when we laid our foundations for multi-dimensional change, 2007-08 will be seen as the year when the superstructure began taking shape.

In January 2008, the demerger of Sicagen India from Sical Logistics was approved, effective 1 October 2006, by the High Court of Madras. Under the Scheme of Arrangement, each Sical Logistics shareholder has received one fully paid-up share of Sicagen for every Sical share held as of 1 March 2008, the record date.

Sicagen's creation is part of a comprehensive strategy, set in motion by us in 2005-06, to unlock shareholder value and get each business to focus on its key area of interest. Sical will now be able to focus exclusively on multimodal integrated logistics; I'm sure Sicagen will blaze new trails in trading and marketing services for construction-related industrial and retail infrastructure.

The recent fiscals have seen some earnings-related turbulence. The pain is unavoidable given our ambitious growth strategy of looking beyond the short term and investing only in asset-intensive businesses that will create large, sustainable revenue streams for many years.

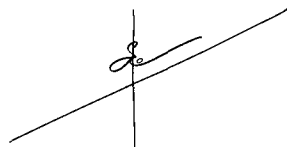
The 12 million TPA Ennore iron ore terminal project achieved financial closure of INR 3.4 billion.

Work was initiated on the INR 1.19 billion road terminal with the ground breaking ceremony at MIHAN, Nagpur.

The USD 24.92 million acquisition of the latest-generation cutter section dredger, the *Sical Portofino*, expanded our offshore logistics portfolio; it marks Sical's entry into the fast-growing market for deep dredgers in China.

In business, growth is predicated on capital, human resources, motivation, and leadership. We are fortunate that Sical's business and operational leadership is in the capable hands of Sudhir Rangnekar, Managing Director and Group CEO, and his excellent management team of seasoned industry professionals.

As we look forward to creating a strong foundation for strong value-led growth at Sical, we are grateful to all members of the Sical family—shareholders, customers, employees, business partners—for their trust, patience, and unstinting support to the Sical vision.



Ashwin Muthiah
CHAIRMAN

Business highlights

- April 2007 Sale of refractory business.
- August 2007 Sudhir Rangnekar, previously Director, Shipping Corporation of India, appointed Sical's Managing Director and Group CEO.
- August 2007 Complete exit—land, building, assets—from the auto components business.
- August 2007 USD 24.92 million acquisition of cutter suction dredger, the *Sical Portofino*, currently operational in China.
- November 2007 Old Lane Mauritius invests USD 26 million in compulsorily convertible debentures of Sical Infra Assets Ltd, Sical's holding subsidiary for infrastructure-heavy businesses and projects.
- January 2008 Demerger of Sicagen India from Sical Logistics approved, effective 1 October 2006, by the High Court of Madras.
- February 2008 Ground breaking at the site for the road terminal in the Multimodal International Hub Airport at Nagpur (MIHAN)
- March 2008 Sical's first container train flagged off at Hatta Road station in Madhya Pradesh state.
- March 2008 INR 3.4 billion financial closure for greenfield iron ore terminal at Ennore port.

Key financials

(consolidated, in INR million)

Year to 31 March	2008	2007
Revenue	7204.45	10652.99
Profit before interest, depreciation, tax	907.12	759.99
Less: Interest	203.25	211.08
Less: Depreciation	277.54	235.34
Less (add): Tax	(8.82)	57.35
Add: Exceptional items	107.25	194.09
Add (less): Prior period adjustments	(7.24)	0.07
Net profit	502.09	450.38
Equity share capital	395.39	301.90
Reserves and surplus	2748.83	3219.64
Net worth	3106.88	3473.70
Gross fixed assets	7468.62	4619.35
Net fixed assets	6733.52	4157.09

Because of the demerger of Sicagen India Ltd, effective October 2006, the figures for 2007-08 are not comparable with figures from the previous years.

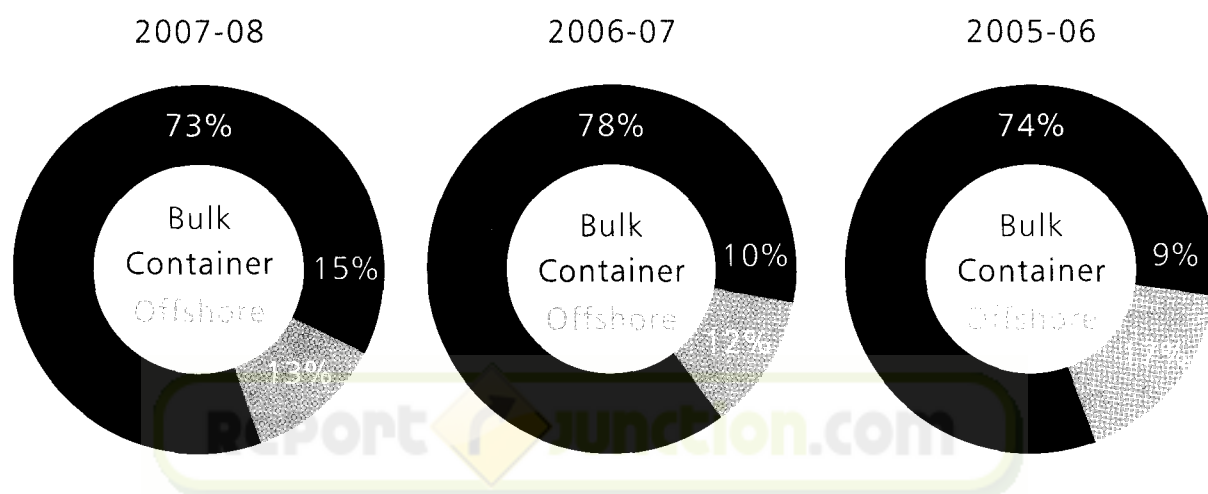
(stand-alone, in INR million)

Year to 31 March	2008	2007	2006	2005	2004
Sales and other income	5709.61	9979.70	9692.20	12215.07	10906.07
Profit before interest, depreciation, tax	422.84	487.99	1189.95	938.74	857.13
Interest	132.14	175.50	265.34	435.69	635.97
Depreciation	123.03	138.29	137.82	128.11	162.05
Tax	(40.20)	42.21	135.84	34.98	(37.49)
Exceptional items	154.83	194.09	Nil	Nil	Nil
Net profit	362.58	326.16	536.86	311.34	93.74
Transfer to:					
Capital Redemption Reserve	Nil	Nil	240.00	Nil	14.50
Net worth	2708.15	3215.45	3144.64	2077.75	1768.32

Discussion of financials

Year to 31 March	2008	2007	Change	Comment
Operating income	7116.20	10580.00	-33%	Owing to demerger of non-core businesses to a separate company, Sicagen India Ltd, effected in 2007-08.
Other income	88.20	73.00	+21%	Dividend income from treasury investments.
Expenditure	6297.40	9893.0	-36%	Corresponding decrease resulting from Sicagen demerger.
Interest	203.20	211.11	-4%	Treasury income and reduced debt base.
Depreciation	277.50	235.30	+18%	Increase in asset base.
Tax	-8.80	57.40	-115%	Reversal of deferred tax liability owing to Sicagen demerger.
Exceptional items	107.25	194.09	-45%	2007-08 represents major exits/sales from non-core businesses, FY08 includes non-cash gain on forex.
Equity capital	395.40	301.90	+31%	Placement of shares with strategic institutional investors.
Fixed assets—gross block	7468.62	4619.35	+62%	Increase in asset base, in subsidiaries and goodwill from Sicagen demerger.
Investments	1734.87	973.28	+78%	Funds raised for projects parked for the short term in safe optimal-return investments.
Stock-in-trade	74.17	373.90	-80%	Owing to demerger and exit from manufacturing.
Debtors	2194.09	2702.40	-19%	Owing to Sicagen demerger.
Cash, bank balances	1982.14	2164.95	-8%	Part of the equity raised held in form of fixed deposits to fund future project requirements.
Loans and advances	2819.22	4745.09	-41%	Owing to demerger and consequent transfer of advances to Sicagen.

Logistics revenue mix



Customer profile

	2007-08	2006-07
Percentage of revenue from top customer	24%	21%
Percentage of revenue from top 5 customers	45%	44%
Percentage of revenue from top 10 customers	58%	51%
No. of customers that account for more than 10% of total revenue	2	2
No. of customers that account for over INR 10 mn revenue	47	49
No. of customers that account for over INR 50 mn revenue	20	11
No. of customers that account for over INR 100 mn revenue	12	7

Overview

Quick information

Name of company	Sical Logistics Limited
Incorporation	May 1955
Initial public offering	1981
Primary business	Integrated solutions for offshore logistics and multi-modal logistics for bulk and containerized cargo
Total revenue (consolidated)	INR 7.20 billion
Net profit (consolidated)	INR 502.09 million
Shares issued (as on 31 March 2008)	39.52 million
Listing	Bombay Stock Exchange National Stock Exchange of India

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Centurion Bank
HDFC
HDFC Bank
IDFC
Indian Bank
Federal Bank
State Bank of India
Vijaya Bank
Yes Bank

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