



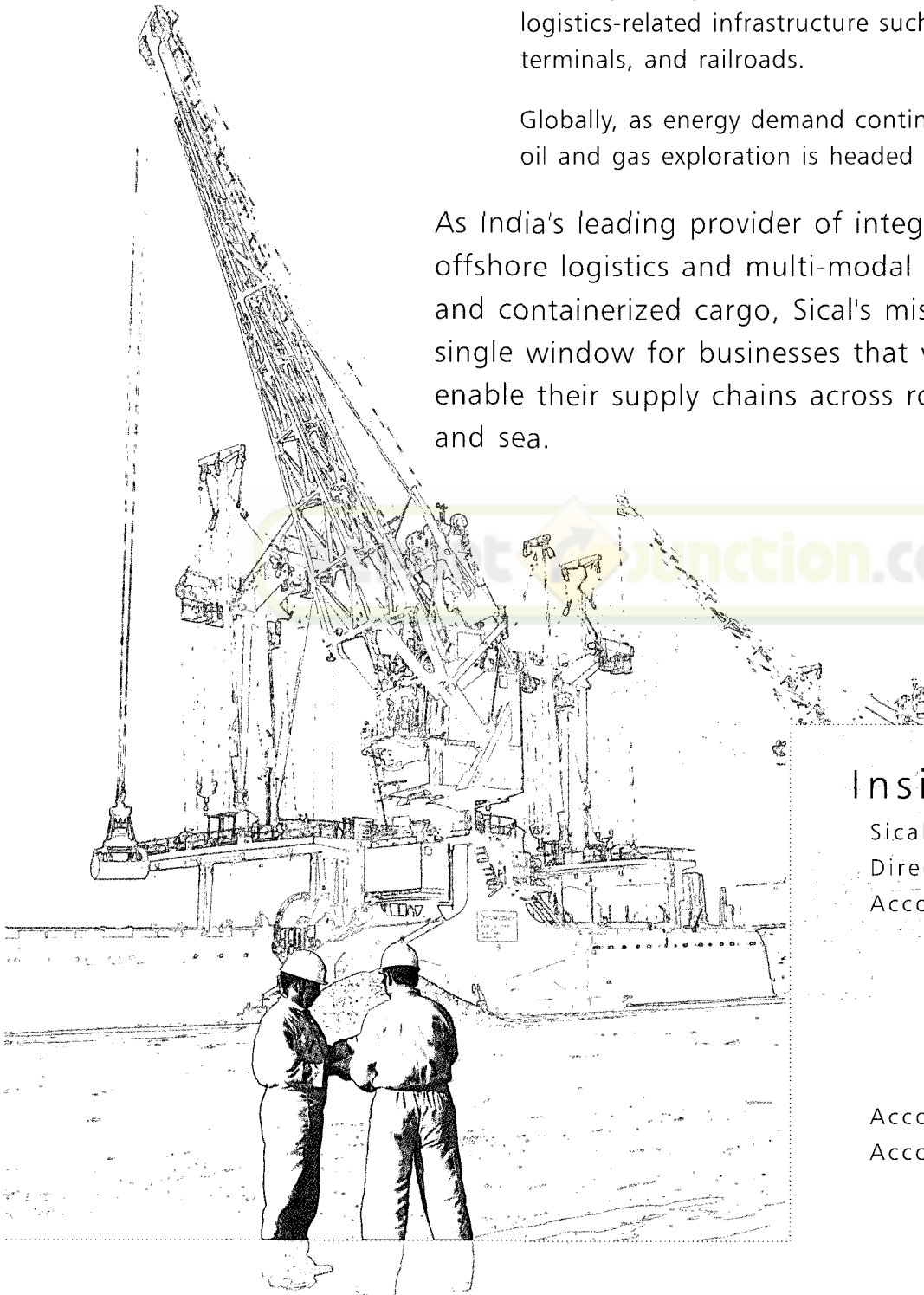
Sical Torino, our major acquisition of 2006-07, services offshore oil-rigs in the harsh North Sea deepwaters.

Sical's business proposition is largely founded on two key trends:

India's economy and exim trade are among the world's fastest growing, with large investments being made in logistics-related infrastructure such as ports, highways, terminals, and railroads.

Globally, as energy demand continues to outstrip supply, oil and gas exploration is headed deep offshore.

As India's leading provider of integrated solutions for offshore logistics and multi-modal logistics for bulk and containerized cargo, Sical's mission is to be the single window for businesses that wish to seamlessly enable their supply chains across road, rail, port, and sea.



Inside

Sical overview	1
Directors' report	17
Accounts—Sical Logistics	
Balance sheet	42
P&L account	43
Schedules	44
Notes	62
Cash flow statement	76
Accounts—consolidated	81
Accounts—subsidiaries	113

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The cover of this report features the *Sical Torino*, our major acquisition of 2006-07. The 73.4 m long, 3570 tonne, DP2 and FFI capable, latest generation MK2 class platform supply vessel services deepwater offshore rigs in the North Sea for global oil companies. In deepwater capability, class, and sophistication, the *Sical Torino* has few rivals across the world; it has no rivals among Indian-owned vessels.

The *Torino* symbolizes the new Sical: proud, bold, focused, and best-in-class.

The year 2006-07 was a watershed. It was the year when we took the big critical steps of the multi-dimensional change strategy that we had outlined in 2005-06.

We confirmed our focus on our core business of logistics by some non-core exits.

We convinced international strategic funds to invest in our vision.

We have in place professional managers of outstanding caliber to take our vision forward.

We structured our board, organization, and operations to ensure a governance model where ownership and management worked together, free of conflict but mindful of the best interests of all stakeholders.

All change, more so if it happens across several dimensions, involves

sacrifice and pain. So it has been with Sical: our strategy of focusing

exclusively on the core business of integrated multi-modal logistics, while being growth-oriented, has created some earnings-related turbulence. We expect the growth pangs to continue into the next few quarters.

I am grateful to all members of the Sical family—shareholders, employees, customers, partners—for their trust, patience, and encouragement. In the coming years, our mission is to not only consolidate our leadership position in Indian multi-modal logistics, but also seize the opportunities in global offshore logistics and value-added third party (3PL) and fourth party (4PL) logistics. Together we will build the Sical of tomorrow.

Ashwin C Muthiah
CHAIRMAN

Business highlights

Our strategy of making logistics as our core focus gained rapid ground with the successful divestment of many non-core businesses, such as the refractories division, sold for Rs 407.9 million; the oil palm division, sold for Rs 293.7 million; and the agri-bioproducs division, sold for Rs 68 million.

We raised USD 75 million (Rs 3.30 billion) in foreign currency convertible bonds (FCCB); the FCCBs are listed on the Singapore Exchange.

IDFC Private Equity, the largest private equity investor in India's infrastructure and logistics sectors, invested USD 26 million (Rs 1.16 billion) for 14.82% stake in Sical via a preferential allotment of equity shares at Rs 222 per share. The investment will be used to retire high cost borrowings and meet working capital requirements.

We allotted 2.05 million equity shares on a preferential basis each to Credit Suisse Singapore and Macquarie Bank at Rs 250 per share. This investment will fund Sical's equity participation in infrastructure projects such as the Ennore iron ore terminal and the rail and road terminals at Nagpur.

We acquired Singapore-based Bergen Offshore Logistics Pte Ltd, a provider of specialized logistics for offshore oil and gas exploration.

Bergen Offshore took delivery of the *Sical Torino*, a latest generation specialty 470 MK2 class platform supply vessel (PSV), for USD 31.3 million; the *Torino* currently services deepwater oil rigs in the North Sea.

We recruited personnel at various levels, including the following key managers:

K Sridhar, CEO–Bulk Logistics; his earlier experience includes FedEx, DHL, and ITW Signode.

S Bhaskar, CFO, joined us from Hindustan Lever; earlier experience included Marico and Shaw Wallace.

LR Sridhar, CEO–Container Logistics; Mr Sridhar has earlier worked with TNT, Skypak, and Overnite Express.

PG Thyagarajan, MD–Sical Multimodal and Rail Transport Ltd; Mr Thyagarajan, who has spent 18 years in Indian Railways, joined us from Container Corporation of India, where he was director of international operations.

We reconstituted the Sical Board with Ashwin C Muthiah as Chairman; Luis Miranda, President and CEO of IDFC Private Equity, as IDFC Private Equity's nominee director; and Karthik Menon as the promoters' nominee director.

To segregate the services-oriented and the infrastructure-oriented businesses, we created a wholly owned subsidiary with a dedicated team, Sical Infra Assets Ltd, to house Sical's ownership in infrastructure-oriented and asset-intensive businesses.

For the rail terminal Project at MIHAN, a special purpose vehicle, Nagpur Sical Gupta Logistics Ltd, a special purpose vehicle, was formed with Sical as the lead consortium partner with 51 % stake.

For the road terminal at MIHAN, a special purpose vehicle, Nagpur Sical Gupta Road Terminal Ltd, was formed with Sical as the lead consortium partner with 51% stake; the state-run MADC owns 26% of equity for contributing land towards the project.

Key financials

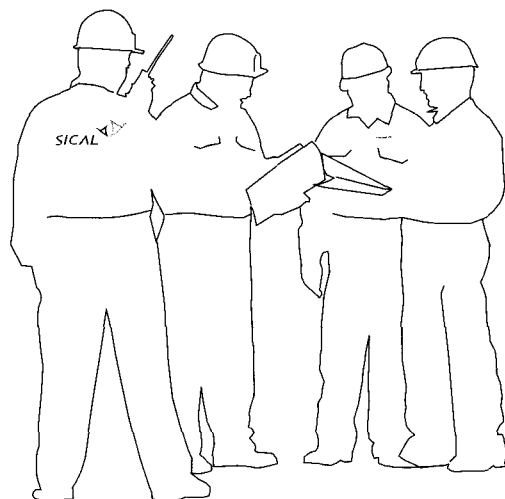
(consolidated, in Rs million)

2007

Revenues	10580.00	9929.76
EBITDA	888.92	1304.19
Interest	211.08	280.22
Depreciation	235.34	185.26
Provision for tax	101.18	151.14

Profit after tax before exceptional items	341.32	687.57
Exceptional items	108.99	-
Profit after tax after exceptional items	450.30	687.57
Prior period adjustments	0.07	(114.09)
Net profit	450.38	573.47

Equity share capital	301.90	301.90
Reserves and surplus	3219.64	3052.19
Net worth	3473.70	3260.89
Gross fixed assets	4619.35	3500.99
Net fixed assets	4157.09	3015.02



Quick information

Primary business

Integrated solutions for offshore logistics and multi-modal logistics for bulk and containerized cargo.

Incorporation

May 1955

Initial public offering

March 1981

Total revenue (consolidated)

Rs 10.58 billion

Net profit (consolidated)

Rs 450.30 million

Shares issued*

30.2 million

Listing

Bombay Stock Exchange

National Stock Exchange of India

*as on 31 March 2007

Principal office

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Chennai 600001

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Fax: +91.44.25224202

Email: investorrelations@sical.com

Registered office

Adyar House

Chennai 600085

Web site

www.sical.com

Bankers

Allahabad Bank

American Express Bank

Axis Bank | Bank of India

Centurion Bank | HDFC

HDFC Bank | IDFC

Federal Bank | Indian Bank

State Bank of India

State Bank of Mauritius

UTI | Vijaya Bank | Yes Bank

Company Secretary

S Sathiyarayanan

Auditors

CNGSN & Associates

Chartered Accountants

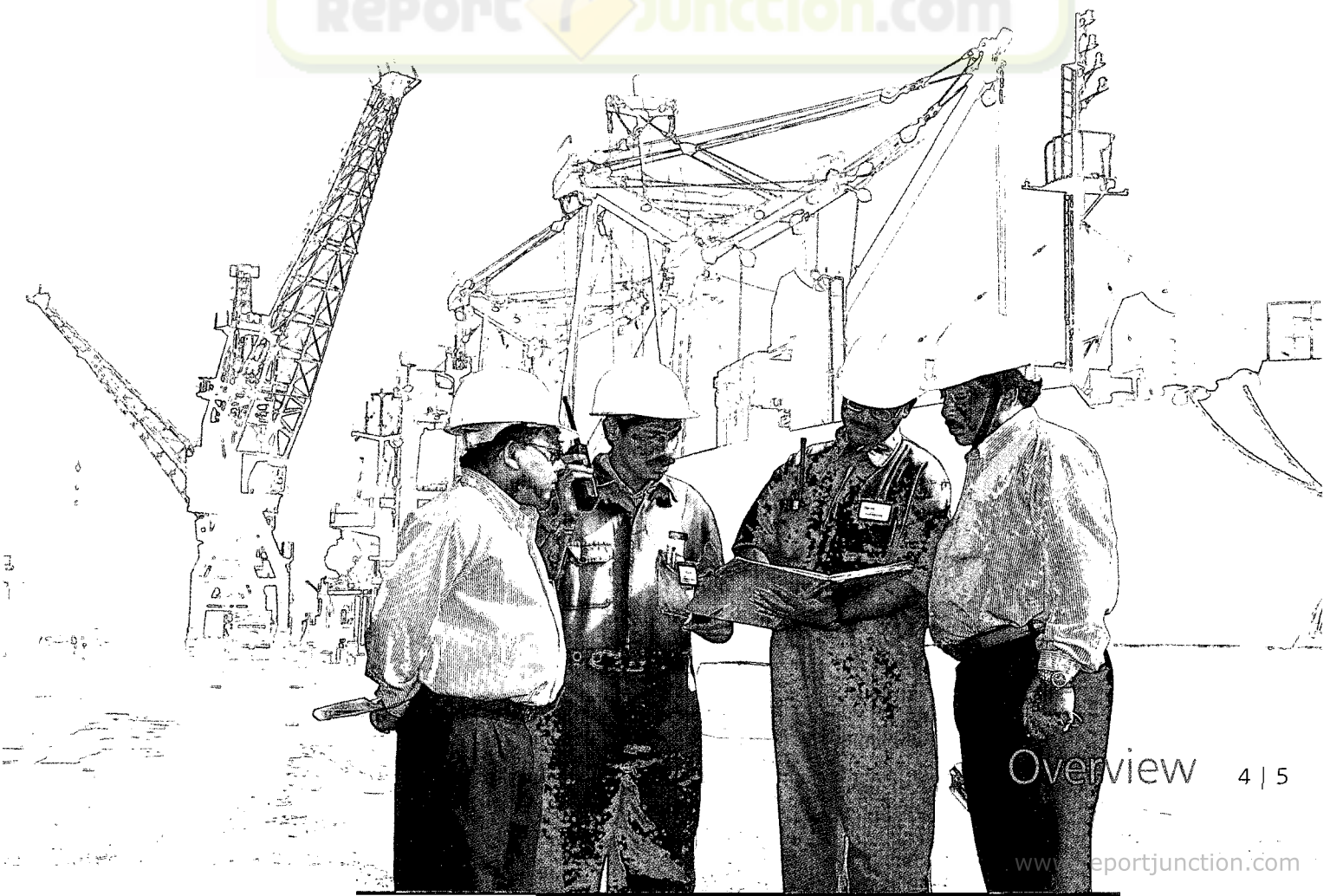
20, Raja Street, T Nagar

Chennai 600017

Board

Ashwin C Muthiah	Chairman
Karthik Menon	Nominee director
Luis Miranda	Nominee director-IDFC PE
M Ajaykumar	Independent director
Dhananjay N Mungale	Independent director
HR Srinivasan	Independent director
Mano Vikrant Singh	Independent director

Report  junction.com



Business snapshot

Sical is India's leading provider of integrated solutions for offshore logistics and multi-modal logistics for bulk and containerized cargo. Our services consist of:

Bulk logistics

to manage the movement, at port and in land, of dry and liquid bulk cargo such as coal, coke, iron ore, cereals, petroleum, chemicals, and edible oil. Port services include stevedoring, shipping agency and custom house agency at the major Indian ports, namely, Tuticorin, Visakhapatnam, Goa, Mangalore, Kandla. Inland operations include 3000 trucks and a network of 100-plus covered warehouses across India.

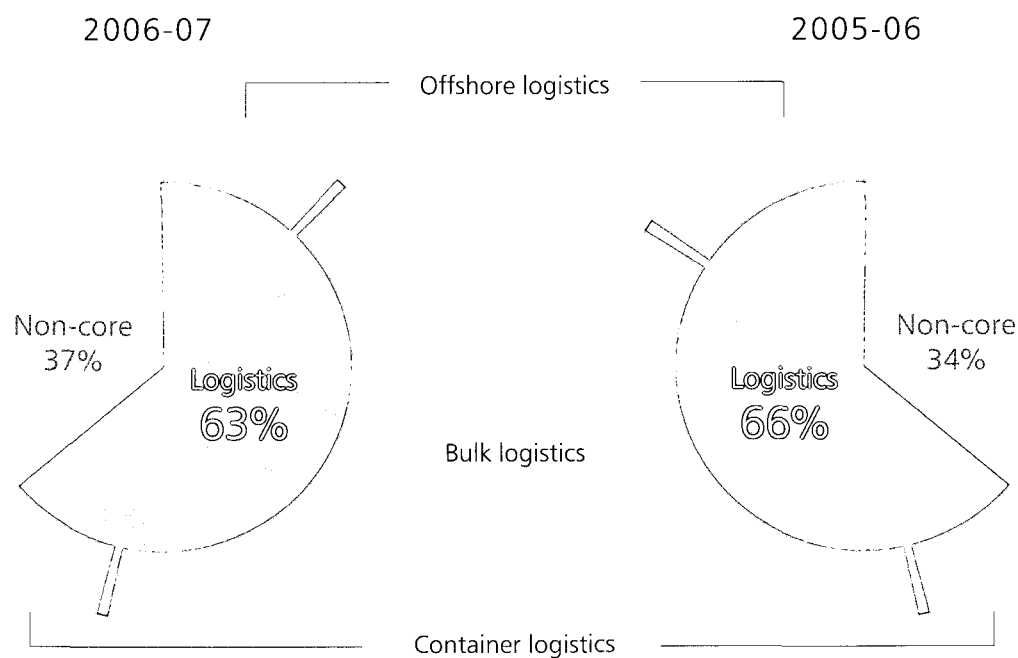
Container logistics

to manage shipping containers as they are moved in and between container terminals, container freight stations and inland container depots.

Our JV with Port Authority of Singapore, PSA Sical, manages the container terminal at Tuticorin; Sical Distriparks Ltd, a subsidiary, owns and operates a 55 acre container freight station at Tuticorin. Other CFSs/ICDs are at Chennai, Visakhapatnam, Tuticorin and Ennore.

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Revenue mix



Offshore logistics

to service the offshore drills and rigs of oil and energy exploration companies.

Sical operates and maintains 17 "Samudrika" offshore supply vessels for ONGC, India's leading oil exploration company, off the Mumbai coast.

Our latest generation MK2 class PSV, Sical Torino, services deepwater rigs in the North Sea.

Non-core businesses

Building Materials: Marketing of standard steel tubes, precision tubes and closed tubes, and other building materials such as PVC pipes, household cables, floor tiles.

Manufacturing: Drums | Coffee plantation
Specialty chemicals

Services: Cars and commercial vehicles dealership | Property development | Travel agency | Hydraulic control systems and components | Harbor craft maintenance
Windmill generation

Report



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Products we move

Ores

Iron ore and pellets
Manganese
Chrome

Steel

HR coils
CR coils
Slabs
Billets
Plates

Metals

Copper anode
Aluminium ingots

Containers

20'-40' open top
ISO tanks

Packaged goods

Fertilizer
Cement
Sugar
Food
FMCG
Consumer electronics
Computers
Tubes

Dry bulk

Coal
Coke
Limestone
Sulfur/rock phosphate
Urea
DAP
MOP

Liquid bulk

Diesel
Petrol
LAB
Benzene
Ethanol
Furnace oil
Ammonia

Over-dimensional cargo

Plant and machinery
Heavy duty handling equipment
Project cargo
Transformers
Generators

Gases

LPG
Chlorine
Oxygen

Delivery infrastructure

Container logistics

CONTAINER TERMINALS
at Tuticorin and Chennai*
in JV with PSA Corporation,
Singapore. 1800 ground slots,
6,500 TEU-capacity,
84 reefer points at
Tuticorin container terminal.

Pan-India CONTAINER
TRAIN OPERATIONS*
on strategic corridors for
exim and domestic cargo.

Offshore logistics

Sical Torino, our 73.4 m long,
3570 ton latest-generation
470 MK2 class PLATFORM
SUPPLY VESSEL services
deepwater offshore oil rigs in
the North Sea; DP2 and
FiFi capable.

Management of 17 of ONGC's
OSVs that carry logistics
supplies for offshore oil
exploration rigs and platforms.

