

# **SICAL**

A COFFEE DAY COMPANY

**PORT | RAIL | ROAD | CFS | MINING**



**LEAN. FAST. AGILE**

**ANNUAL REPORT  
2015-16**

**SICAL LOGISTICS LTD.**

*India's Leading Integrated Logistics Solution Provider*

To be the most Reliable, Trusted and Preferred logistics partner across Business, providing Cost Effective, Innovative and Best-Fit solutions for customers, ultimately enhancing value for all its Stakeholders.

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Disclaimer: The information and opinions contained in this document do not constitute an offer to buy any of Sical's securities, businesses, products, or services. The document might contain forward-looking statements qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit', and 'anticipates', that we believe to be true at the time of the preparation of the document. The actual events may differ from those anticipated in these statements because of risk and uncertainty of the validity of our assumptions. Sical does not take on any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

QUICK INFORMATION

Board

R Ram Mohan	Chairman
Kush Desai	Joint Managing Director
Sunil Sudhakarrao Deshmukh	Director
Shweta Shetty	Director
HR Srinivasan	Independent Director
H Rathnakar Hegde	Independent Director
S. Ravinarayanan	Independent Director
Sudhir Kamath	Independent Director

REGISTERED OFFICE

South India House  
73 Armenian Street  
Chennai 600001  
Voice: +91 44 66157016  
Fax: +91 44 66157017  
Email: secl@sical.com  
Web: www.sical.in

BANKERS

Bank of Baroda  
Canara Bank  
IDBI Bank  
IFCI  
IIFCL  
IndusInd Bank  
Karur Vysya Bank  
ING Vysya Bank  
(Now Kotak Mahindra Bank)  
RBL Bank  
The South Indian Bank  
UCO Bank  
United Bank of India  
YES Bank

AUDITORS

CNGSN & Associates LLP  
Chartered Accountants  
20 Raja Street T Nagar  
Chennai 600017

COMPANY SECRETARY

V Radhakrishnan

BUSINESS SNAPSHOT

Port Operations

Handling of dry and liquid bulk cargo at various ports. Services include customs house agency, shipping agency and stevedoring.

Container Terminals

Handling of containers at Tuticorin container terminal in association with PSA International Pte Ltd.

CFS/ICD

Container freight stations at Chennai and Tuticorin and ICD at Melpakkam

Trucking and Warehousing

Bulk (dry and liquid), project, ODC, fertilizer, metals and packaged goods transported across India.

Bulk Terminals

Exclusive berth, namely, Jawahar Dock 5 at Chennai port to handle large vessels.  
Iron ore terminal at Ennore Port.  
Deep draft berth for handling iron ore at New Mangalore Port.

Container Trains

Pan-India container rail operations  
Being operated on pan-India basis for the movement of edible oil, glasses, pipes, scraps, cereals, granite, marbles, tiles and copper concentrates.

Mining Operations

Surface mining  
Bulk handling solutions at mines

Integrated Logistics

End to end integrated logistics solutions for bulk and containerized cargo

OVERVIEW

BUSINESS STRUCTURE

16%		Promoters
53%		Co-promoters
31%		Public



Sical Logistics

Port operations,  
Trucking and  
Warehousing

- > **Sical Iron Ore Terminal (Mangalore) | 100%**  
Iron ore terminal at Mangalore port
- > **Bergen Offshore Logistics | 100%**  
Offshore logistics
  - > **Norsea Global Offshore | 100%**  
Offshore logistics
- > **Sical Adams Offshore | 100%**  
Offshore logistics
- > **Sical Iron Ore Terminal | 63%**  
Iron ore terminal at Ennore
- > **Sical Infra Assets | 53.60%**  
SPV for asset-intensive businesses
  - > **Sical Multimodal and Rail Transport | 100%**  
Pan-India container train operations and CFS/ICD
    - > **Sical Sattva Rail Terminals | 50%**  
Container terminal operations in JV with Sattva
- > **Sical Saumya Mining | 65%**  
Overburden removal at mines
- > **PSA Sical | 37.50%**  
Container terminal in JV with PSA International Pte. Ltd. at Tuticorin

# END-TO-END INTEGRATED MULTIMODAL DELIVERY

## Container Cargo

Sea



Port/terminal

**CONTAINER TERMINAL** at Tuticorin in JV with PSA International Pte. Ltd., Singapore.



ICD/CFS



**CONTAINER FREIGHT STATIONS** at Chennai, and Tuticorin, Value added services such as bagging, palletizing, strapping, and shrink packing.

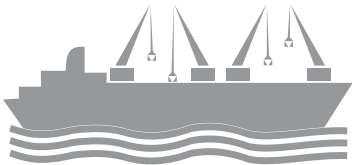
Multimodal  
transportation

Pan-India **CONTAINER TRAIN** operations with multiple rakes carrying exim and domestic cargo on the strategic north-south, east-north and east-west corridors.



customers

## Bulk Cargo



**SHIP AGENCY** at all major and intermediate ports in India.



**STEVEDORING, CUSTOMS CLEARING** at Chennai, Tuticorin, Visakhapatnam, Kandla, Haldia, Paradip, Goa, Mangalore.

**IRON ORE TERMINALS** at Ennore and Mangalore.  
**COAL TERMINAL** at Ennore port.

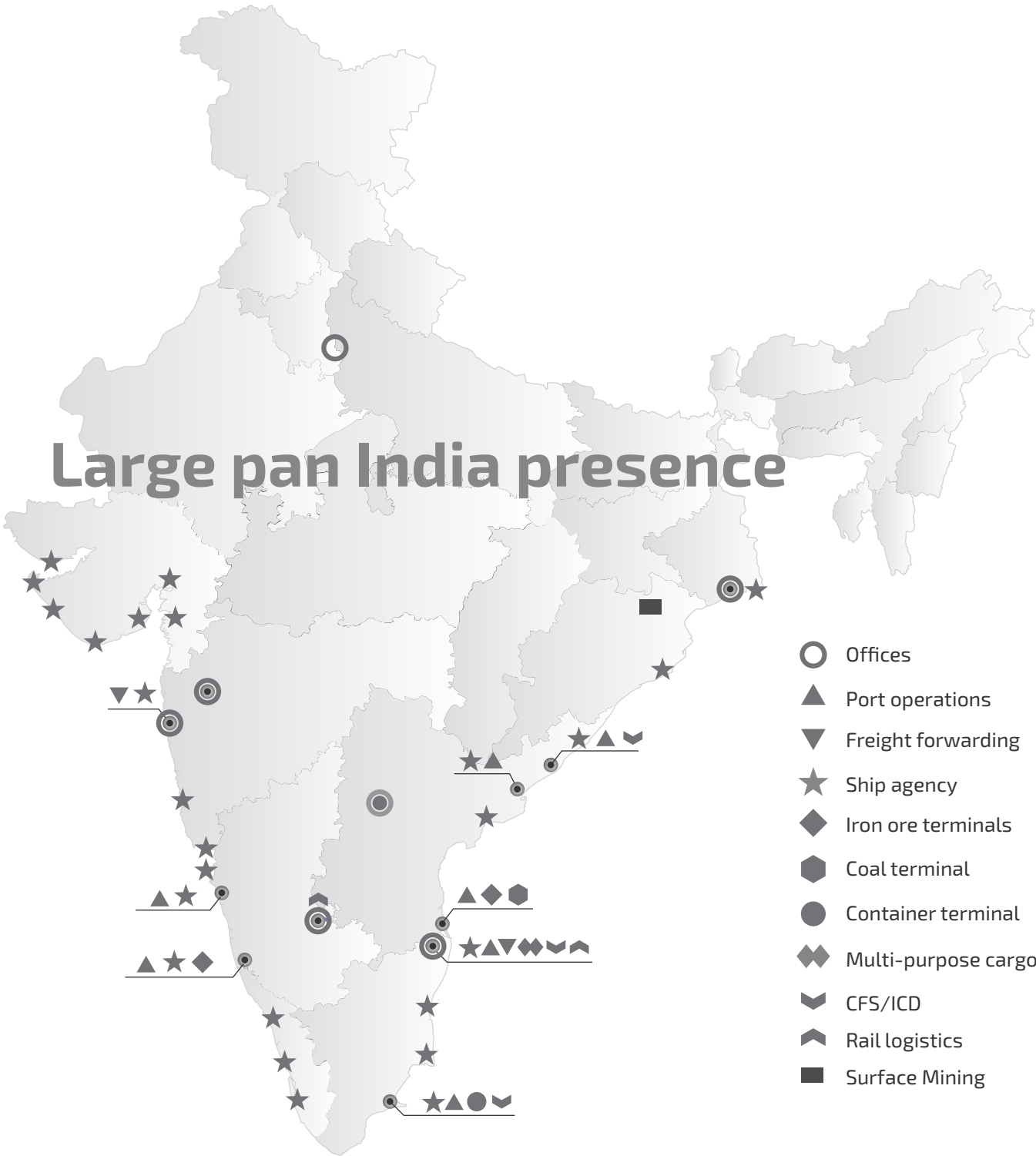


Pan-India **TRUCKING FLEET** with GSM/GPS systems for real-time tracking of high value cargo



customers

DELIVERY NETWORK



PRODUCTS WE MOVE

<b>Ores</b> Iron ore and pellets Manganese Chrome	<b>Containers</b> 20'-40' open top ISO tanks	<b>Dry bulk</b> Coal Coke Dolomite Limestone Sulfur/rock phosphate Urea DAP MOP	<b>Over-dimensional cargo</b> Plant and machinery Heavy duty handling equipment Project cargo Transformers Generators
<b>Steel</b> HR coils CR coils Slabs Billets Plates	<b>Packaged goods</b> Fertilizer Cement Sugar Food FMCG Consumer Electronics Computers Tubes Paper Reel and Bundles	<b>Liquid bulk</b> Diesel Petrol LAB Benzene Ethanol Furnace oil Ammonia	<b>Gases</b> LPG Chlorine Oxygen
<b>Metals</b> Copper anode Aluminium ingots			

KEY CUSTOMERS

Andhra Pradesh Paper Mills Adani Enterprises Asahi India Glass Asias Freight Forwarders A to Z Logistics AM Transport Balaji Mines BEML Bharat Heavy Electricals Bhatia International Empee Sugars and Chemicals Engineers India Emami Biotech Ford India Grasim Industries Greenstar Fertilizers Limited Gupta Coal (India)	Gokul Refoils & Solvent Gopalpur Port Limited GTL Infrastructure Hemang Resources Ltd Hindustan Copper Hindalco Industries Hindustan Aeronautics India Cements Ispat Industries JSW Steel Krishak Bharat Co-Operative Mahanadi Coal Field Limited Manali Petrochemical Maersk Line India Mother Diary NYK Lines Phulchand Exports Pepsico India	Precious Carrying Corporation Rajshree Cements Rashtriya Ispat Nigam Saint Gobain Glass India Shell India Seaways Shipping Shriniwasa Roadways South Eastern Carriers Steel Authority Of India Sterlite Industries (India) Shayam Metaliks Sree Rengaraj Ispat Industries Pvt Ltd Surya Global Steel Tubes Ltd. Tamilnadu News Print & Papers Tamilnadu Petroproducts Tamilnadu Electricity Board Ultra Tech Cements
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The above list is neither complete nor exhaustive; its purpose is merely to showcase Sical's customer engagements.

Customer profile

	Fy16	Fy15	Fy14	Fy13	Fy12
Percentage of revenue from no 1 customers	36%	52%	58%	45%	44%
Percentage of revenue from top 5 customers	72%	80%	79%	69%	70%
Percentage of revenue from top 10 customers	87%	88%	85%	76%	79%
No of customers that account for more than 10% of total revenue	2	2	2	2	2
No of customers that account for over INR 100 lakhs annual revenue	30	31	37	43	47
No of customers that account for over INR 500 lakhs annual revenue	11	12	13	13	12
No of customers that account for over INR 1,000 lakhs annual revenue	9	7	3	5	7



KEY FINANCIALS

10 Year Financial (consolidated)

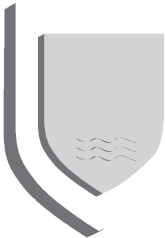
[Rs. In lakhs]

Year to 31 March	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenue	85,072	86,806	88,300	77,620	79118	80348	72673	68282	72045	107819
EBIDTA	12,329	12,473	12,748	10,862	9235	3206	3817	9854	9071	8889
Equity Share Capital	5,562	5,562	5,562	5,562	5,562	3954	3954	3954	3954	3019
Net Worth	45,670	44,242	43,836	43,404	41779	40508	31392	28573	31043	35122
Current Assets	48,871	36,506	34,999	35,196	32138	46130	59073	67386	70696	99863
Cash and Bank Balance	10,843	10,622	9,991	12,317	7813	19443	8610	18290	19821	21649
Net Working Capital	11,668	2,678	2,688	2,189	6492	2631	17924	30482	20908	49786

VOLUMES MIX

Particulars	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Container (20-foot equivalents TEUs)	653,223	631,001	649,697	628,625	585,638	587,154	592,000	570,000	570,000	429,911
Bulk (Million tonnes)	34	33	25	21	29	27	26	26	26	22

RECOGNITION



- Highest tonnage handled by Stevedore during 2014-15 by Chennai Port Trust
- Highest Tonnage of Cargo Handled Including Thermal Coal as Stevedore during the 2014-15 at VOC Port, Tuticorin.
- Maximum number of bulk carriers handled at Kamarajar Port during the year 2014- 15
- First prize for Emergency Response Drill as also for successful completion of 10 years of business from SHELL India Markets Private Limited
- 2nd runnerup in Haulier League Prize by Shell India
- Best performance award for the year 2013-2014 from Chennai Port Trust for higher tonnage handled by a Stevedore and for record loading of Cargos on to vessel in a single day on two occasions.
- Best Transporter for 2013-14 and 2014-2015 award from Tata Chemicals Limited for Haldia operations by trucking division
- Tamil Chamber of Commerce EXIM achievement award - "Stevedore of the Year" for consecutive 3 years 2011, 2012 & 2013
- "Master Haulier" award for the third consecutive year -2013 by Shell India Markets Limited
- South East Conclave award for "Best CFS of the year" 2012
- Mahindra Transport Excellence Award 2012 - Certificate of Excellence under the Fleet Owner category from Southern Zone.
- "Stevedore of the year 2011 – 2012" award from Ennore Port Limited
- Chamber of Commerce EXIM achievement award for Best Stevedore & Best CFS - 2011
- South East Conclave awards for Best Logistics Company of the year - 2010

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**Annual report 2015-16  
DIRECTORS' REPORT**

DIRECTORS' REPORT

Your Directors are pleased to present this Sixty First Annual Report of your company and the audited financial statements for the year ended 31 st March, 2016.

FINANCIAL REVIEW

The stand-alone financial results for the year ended 31 st March, 2016 are summarised below.

[Rs. In lakhs]		
Year ended 31 March	2016	2015
Sales and other income	64520	63954
Profit before interest, depreciation and tax	13214	11248
Interest	7412	6442
Cash profit	5802	4806
Depreciation	2724	2250
Profit before tax	3078	2556
Provision for tax	1230	(163)
Net profit	1848	2719
Earnings per share (EPS) in Rs. (after exceptional items)	3.32	4.89

DIVIDEND

No dividend is proposed as it has been decided to conserve the resources for the ongoing projects of the company as well as the subsidiaries.

RESERVES

Debenture redemption reserve of Rs.5 crores has been created in accordance with the provisions of Rule 18[7] of the Companies [Share Capital and Debenture] Rules, 2014.

FRESH ISSUE OF SHARES / DEBENTURES

The Company has not issued any shares / securities which are convertible into equity shares during the financial year 2015-16.

FIXED DEPOSITS

The Company has not invited any deposits from public. There are no matured and unclaimed deposits as on 31 st March, 2016.

UNCLAIMED DIVIDENDS

Pursuant to the provisions of Section 205A of the Companies Act, 1956 any dividend amount which remains unpaid or unclaimed for a period of 7 years will have to be transferred to the Investor Education and Protection Fund of the Central Government. The Company does not have any amount lying under unclaimed dividend as on 31 st March, 2016 and hence the said provisions are not applicable.

PERFORMANCE

The company's revenues for financial year 2015-16 was Rs.64520 lakhs as against Rs.63954 lakhs in the previous fiscal while Profit After Tax was Rs.1848 lakhs as against Rs.2719 lakhs in the previous year. The reduction in Profit After Tax was mainly on account of higher tax expenses. However, the Profit before interest, depreciation and tax for the year 2015-16 was Rs.13214 lakhs as compared to Rs.11248 lakhs in the previous fiscal. The overall improvement of 18% is due to Company's focus on new business segments with higher margins, better asset utilisation and control on operating costs.

The performance of various divisions of the company during the year under review is summarised below:

INTEGRATED LOGISTICS

The prestigious contract for movement of coal from Mahanadhi Coal Fields in Odisha to the power plant of NLC at Tuticorin through road-rail- sea movement has commenced its operations during the year under review and have handled 575904 tonnes . The washery operations are expected to commence during the first half of the current financial year.

DIRECTORS' REPORT

SURFACE MINING OF COAL AND OVERBURDEN REMOVAL CONTRACTS

The Companies operation of surface mining of coal and transportation at Bharatpur and Lajkura mines got strengthened during the financial year. Further, the Company commenced the operation of removal and transportation of overburden at Samaleshwari mines during the year. All these mines are situated at Odisha and during the year Company has handled 13.07 million metric tonnes of coal and 4.84 million cubic meters of overburden. One more contract for removal of overburden at Lajkura mines is expected to commence operations during the second half of FY 2016-17. This activity is carried out in a joint venture with Saumya Mining Limited.

PORT HANDLING

During the year under review, this division performed stevedoring activities at the Ports of Chennai, Tuticorin, Mangalore and Ennore handling coal for TNEB at Ennore and Tuticorin and limestone, dolomite and other products at Chennai and Mangalore and has handled 20.61 million MTs of cargo as against 26.33 million MTs in the previous fiscal. There is a conscious focus to improve the volumes at various ports.

ROAD LOGISTICS

The Road Logistics division extends movement of cargo through trucks and has a clientele base of petroleum, construction, steel, fertiliser and chemical. This division also provides services for the integrated logistics sector for movement of coal, removal of overburden at coal fields – surface mining and copper concentrates.

RETAIL SUPPLY CHAIN SOLUTIONS

The Retail Supply Chain Solutions division comprises of cold chain, warehousing and dry logistics. The cold chain segment operates with a combination of owned and hired refrigerated vehicles from 17 distribution centres across the country. The Warehousing division consists of 20 hubs with 2,40,000 sq. ft. Area catering mainly to food industries. The operation of these divisions is backed by technology including GPS based tracking.

CUSTOMS HOUSE AGENCY, SHIP AGENCY & GOODWILL TRAVELS DIVISION

Custom house agency is engaged in providing services as an agency for clearing and forwarding goods through customs meant for imports / exports. This division handled 16.25 million MTs of bulk cargo and 4355 TEUs of containerised cargo during the financial year 2015-16.

Shipping division facilitates and ensues quick turnaround of the ships at berths at all major ports. This division handled 77 vessels across various ports during the year under review.

Goodwill travels division is engaged in booking rail and airline ticketing apart from booking worldwide hotels and conducting tour packages, car rentals, online visas and travel insurances. This division also operates as an authorised dealer for full fledged money changing business.

SUBSIDIARIES AND JOINT VENTURES

As on 31st March, 2016, the Company has the following subsidiaries and joint venture companies

Subsidiaries

1. Sical Iron Ore Terminals Limited
2. Sical Multimodal and Rail Transport Limited
3. Sical Infra Assets Limited
4. Sical Iron Ore Terminal [Mangalore] Limited
5. Sical Adams Offshore Limited
6. Norsesea Offshore India Limited
7. Bergen Offshore Logistics Pte Ltd [Overseas subsidiary]
8. Norsesea Global Offshore Pte Ltd [subsidiary of Bergen Offshore Logistics Pte Ltd]

Joint Ventures

1. PSA Sical Terminals Limited ( a JV between PSA Singapore and Sical)
2. Sical Sattva Rail Terminals Private Limited [a JV between Sical Multimodal and Rail Transport Limited and Sattva Logistics Private Limited]
3. Sical Saumya Mining Limited ( a JV between Sical and Saumya Mining Ltd.)



## DIRECTORS' REPORT

### PERFORMANCE / DETAILS OF SUBSIDIARIES / JOINT VENTURES

The performance on the Company's key subsidiaries and joint ventures are furnished in the succeeding paragraphs.

#### 1. Sical Iron Ore Terminals Ltd

The Company has completed the construction activities for an iron ore terminal at the Kamarajar Port [erstwhile Ennore Port] in 2010 but however could not commence its commercial operations due to the prevailing ban on the export of iron ore from out of the Karnataka Region. In order to utilize the idle terminal, the company has made constant requests to the Kamarajar Port and Ministry of Shipping to allow handling of alternate cargoes in the terminal. Kamarajar Port has now decided to modify the existing terminal also to handle coal and has invited bids for the purpose. It is expected that a decision on this terminal will be in place during the course of the current financial year.

#### 2. Sical Infra Assets Limited and Sical Multimodal and Rail Transport Limited

Sical Infra Assets Limited was formed for owning and housing infrastructure companies under its fold. The company's subsidiary, Sical Multimodal and Rail Transport Limited operates container rail as well as two Container Freight Stations (CFS). CFS business is continuing its operations at Chennai and Tuticorin. The total volume handled during 2015-16 was 117065 TEUs. Chennai CFS ended the year on a good note by garnering highest volume and becoming number one CFS. Container Rail business operates own rakes pan India under category 1 licence. The Company handled 21686 TEUs during the year on multiple sectors. The company also handled export cargo during the year in its pursuit to engage in the EXIM business. The project activities relating to development of its own rail terminals ICD/CFS at Chennai and Bangalore are in progress. The Company has a JV with 50% stake in Sical Sattva Rail Terminals Private Limited which operates the Melpakkam terminal. Efforts are on to establish a CFS facility at Vizag on leased land and is expected to be functional during the current financial year. Own rail terminals at Chennai and Bengaluru are imperative for the turnaround of this division. The performance of the rail division has been hit due to higher haulage charges payable to Railways.

#### 3. Sical Iron Ore Terminal [Mangalore] Limited

A concession agreement was entered with New Mangalore port in 2009 for setting up of mechanised iron ore terminal and operation and maintenance at the Mangalore Port. Since there remains a ban on the movement and export of iron ore from out of Karnataka region, required cargo cannot be generated and hence approached the Port authorities for allowing to handle multi purpose cargoes in the berth to be constructed. Since this was not agreed to, the Company was left with no choice but to issue a termination notice on force majeure condition and the New Mangalore Port authorities have referred the matter to arbitration and arbitral proceedings are in progress.

#### 4. Sical Adams Offshore Limited

This company was formed with an intent to venture into offshore segment. The Company will commence operations as and when offshore contracts are bagged.

#### 5. Norsesea Offshore India Limited

This company owns and operates a cutter suction dredger Sical Portofino carrying dredging activities for various ports. Currently the dredger is in operation at Gopalpur Port in Odisha. The revenue earned during the financial year under review was Rs.412 lakhs as compared to the previous year of Rs.442 lakhs.

#### 6. Sical Saumya Mining Limited

This subsidiary was formed in association with Saumya Mining Limited for the purpose of executing the overburden removal contract awarded by the Mahanadhi Coal Fields, Odisha for the operations at coal mines located at Samaleshwari and Lajkura to handle 37 and 53 million CBM in 3 and 5 years respectively. The activities at Samaleshwari has begun and the revenue earned during the financial year under review was Rs.2973 lakhs

#### 7. Bergen Offshore Logistics Pte Ltd and Norsesea Global Offshore Private Limited

The overseas subsidiary of the Company Bergen Offshore Logistics Private Limited and the wholly owned subsidiary of Bergen viz. Norsesea Global Offshore Private Limited have their offices in Singapore. These companies are for providing support services for offshore activities.

## DIRECTORS' REPORT

### 8. PSASical Terminals Limited

This is a joint venture company with Ports of Singapore Authority in which Sical has a shareholding of 37.5%. This company operates a container terminal at Tuticorin Port and has handled 510118 TEUs during the year under review and earned a revenue of Rs.152.52 crores with a Profit of Rs.2.68 crores. The challenge faced by this Company has been the royalty payable being higher than the tariff allowed to be charged, which was disputed and the Company has received a favourable arbitral award, where royalty model would change into revenue share model, which is in accordance with 2013 guidelines of Ministry of Shipping. The said Arbitral Award was challenged before the District Court by Tuticorin Port and the District Court has upheld the Arbitral Award in favour of the Company. Now the said District Court Order has been challenged by Tuticorin Port before the High Court of Madras at Madurai Bench and the same is pending hearing.

### SUBSIDIARY COMPANIES FINANCIAL STATEMENTS

As per Section 129[3] of the Companies Act, 2013 read with Rule 5 of the Companies [Accounts] Rules, 2014, the Company has prepared consolidated financial statement and the same is being laid before the members for their approval at the ensuing Annual General Meeting. Also a separate statement containing the salient features of the financial statement of the subsidiaries and joint ventures in Form AOC-1 is attached along with the financial statements.

### AWARDS AND ACCOLADES

During the year under review the following awards were received by the company:

- highest tonnage handled by Stevedore during 2014-15 by Chennai Port Trust
- highest Tonnage of Cargo Handled Including Thermal Coal as Stevedore during the 2014-15 at VOC Port, Tuticorin.
- maximum number of bulk carriers handled at Kamarajar Port during the year 2014- 15
- first prize for Emergency Response Drill as also for successful completion of 10 years of business from SHELL India Markets Private Limited

### DIRECTORS

The Company has 08 [eight] directors consisting of 04 [four] Independent Directors 03 [three] non-executive director [including 1 woman director] and 01 [one] executive director

### INDEPENDENT DIRECTORS

In terms of the definition of Independence of Directors as prescribed under erstwhile Clause 49 of the Listing Agreement and Regulation 17 of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 and Section 149[6] of the Companies Act, 2013 and based on the confirmation / disclosures received from the Directors, the following Non-Executive Directors are Independent Directors as on 31st March, 2016

1. Mr. H.R. Srinivasan
2. Mr. H. Rathnakar Hegde
3. Mr. S. Ravinarayanan
4. Mr. Sudhir V Kamath

### WHOLE-TIME DIRECTOR

Mr. Kush S Desai was appointed Joint Managing Director w.e.f. 04 th May, 2015.

### CHAIRMAN OF THE BOARD

Mr. R. Ram Mohan was appointed Chairman of the Board w.e.f. 04 th May, 2015 and moved from the position of Managing Director to Chairman.

### NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

The following directors are considered to be non-independent non-executive directors

1. Mr. Sunil Deshmukh
2. Ms. Shweta Shetty [Woman Director]

### APPOINTMENT / RESIGNATION OF DIRECTORS

There were no appointment / resignation took place during the year under review.

DIRECTORS' REPORT

DIRECTOR RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013, Mr. R. Ram Mohan being longest in the office shall retire at the ensuing AGM and being eligible for re-appoint, offers himself for re-appointment.

NUMBER OF THE MEETINGS OF THE BOARD

The Board met 13 times during the financial year 2015-16. Detailed information on the meetings of the Board are included in the report on Corporate Governance which forms part of the Directors Report. Additionally several committee meetings were held including Audit Committee which met 05 [five] times during the year.

COMMITTEES OF THE BOARD

The Company has several committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has the following committees of the Board

- Audit Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Risk Mitigation Committee
- Management Committee

The details with respect to the composition, powers, roles, terms of reference of relevant committees are given in detail in the Report on Corporate Governance which forms part of the Directors Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 of the Companies At, 2013 read with Companies [Corporate Social Responsibility Policy] Rules, 2014, the Company has established a Corporate Social Responsibility [CSR] Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities form part of this Report as Annexure – 1.

PERFORMANCE EVALUATION OF THE BOARD

In accordance with Section 178 of the Companies Act, 2013 and Regulation 17 of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [earlier Clause 49 [IV] of the Listing Agreement], the Company has laid down a Nomination and Remuneration Policy. Further to this, the manner in which formal annual evaluation of the directors, the Board and Board level committees were devised by the Committee. Accordingly, the evaluation of the performance of the members of the Board, Board level committee and the Board as a whole were carried out at the meeting of the independent directors and the board of the directors on 18 th January, 2016 for the FY 2015-16.

CORPORATE GOVERNANCE

The Company is committed to achieve the highest standards of Corporate Governance and strives to comply with the requirements as set by the Regulators / applicable laws.

A separate section providing a Report on the Corporate Governance as stipulated under Regulation 34 [3] and Schedule V [c] of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 is attached as an Annexure to this report. The said report on corporate governance also contains certain disclosures required under the Companies Act, 2013.

A certificate from the Statutory Auditors M/s. CNGSN and Associates LLP, Chartered Accountants conforming compliance to the conditions of Corporate Governance as stipulated under Regulation 34[3] of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 is annexed to the said Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report pursuant to Schedule V [B] of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 is furnished as an Annexure to this report.

VIGIL MECHANISM

The Company has implemented a Vigil Mechanism / Whistle Blower Policy pursuant to which Whistle Blowers are allowed to raise concerns relating to Reportable Matters [as defined in the Policy]. Further the policy encourages whistle blowers to bring the genuine concerns or grievances and provides for adequate safeguards against victimisation of Whistle Blower who avail of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional circumstances. The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time. None of the

DIRECTORS' REPORT

whistle blowers were denied access to the Audit Committee of the Board of Directors. The details of Vigil Mechanism / Whistle Blower Policy are available on the website of the Company www.sical.com.

RISK MANAGEMENT POLICY

The Board has implemented the risk management policy for effective management of risks that are envisaged on the conduct of business wherein all material risks faced by the company are identified and assessed and evolves assessment of controls and policies and put in place procedure for monitoring, mitigating and reporting risk on a periodic basis.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were in the ordinary course of business of the Company and were on arm's length basis. There were no materially significant related party transactions entered into by the Company with the Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. The details of related party transactions in Form AOC-2 is furnished as Annexure-2 to this Report.

Considering the nature of the industry in which the Company operates, related party transactions are in the ordinary course of business on an arm's length basis. All such related party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval for normal transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive in nature as well for the normal transactions which can not be foreseen and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on Material Related Party Transactions and also on dealing with the Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company and the link for the same is http://www.sical.com/policy.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Corporate guarantees were provided to banks / financial institutions for the financial facilities availed by the company's subsidiaries after obtaining due approval from the shareholders through postal ballot wherever such transactions are considered to be material related party transactions.

S. No.	Name of the Bank / Financial Institution	Name of the Corporate Body on whose behalf guarantee has been given	Relationship	Purpose	Amount in Rs. Crores	Date of Execution
1	IFCI Limited	Sical Multimodal and Rail Transport Limited	Step-down subsidiary	For credit facilities provided to the subsidiary	100.00	03.09.2015
2	Bank of Baroda	Sical Multimodal and Rail Transport Limited	Step-down subsidiary	For credit facilities provided to the subsidiary	147.49	18.11.2015
3	RBL Bank Limited	Sical Saumya Mining Limited	Subsidiary	For credit facilities provided to the subsidiary	40.00	25.01.2016

The Company subscribed for 25,00,000 equity shares of Rs.10 each in its wholly owned subsidiary M/s. Sical Iron Ore Terminal [Mangalore] Limited and 6500 equity shares of Rs.10/= each in the newly incorporated Sical Saumya Mining Limited during the year under review.

The following are the closing balances to the amounts extended as Loans / Advances to subsidiaries as per Section 186 of the Companies Act, 2013.

Name of the Body Corporate	Amount in Rs. Crores	Nature of the Body Corporate
Sical Iron Ore Terminals Limited	352	Subsidiary
Sical Iron Ore Terminal [Mangalore] Limited	1	Subsidiary
Bergen Offshore Logistics Pte Ltd	137	Overseas subsidiary
Sical Saumya Mining Limited	51	Subsidiary
<b>TOTAL</b>	<b>541</b>	