

SICAL LOGISTICS LIMITED

Annual Report – 2021-22

QUICK INFORMATION

Board [suspended w.e.f. 10th March, 2021]

T. Subramanian	Managing Director
S. Rajappan	Executive Director
Krish Narayanan	Independent Director
G. Swaminathan	Independent Director
V. Neelaveni	Independent Director

Interim Resolution Professional [w.e.f 10th March 2021 to 2nd June 2021]

Mr. S. Lakshmisubramanian

IP Registration no. IBBI/IPA-003/IP-N00232/2019-2020/12697

Resolution Professional [w.e.f. 02nd June, 2021]

Sripatham Venkatasubramanian Ramkumar

IP Registration no. IBBI/IPA-001/IP-P00015/2016-17/10039

Chief Financial Officer

T. Subramanian

Company Secretary

V Radhakrishnan

REGISTERED OFFICE

South India House
 73 Armenian Street
 Chennai 600001
 Voice: +91 44 66157071
 Fax: +91 44 66157017
 Email: secl@sical.com
 Web: www.sical.in

BANKERS

Axis Bank
 Bank of Baroda
 Canara Bank
 Corporation Bank
 DCB Bank
 IDFC First Bank
 IndusInd Bank
 Kotak Mahindra Bank
 RBL Bank
 South Indian Bank
 Standard Chartered Bank
 YES Bank

AUDITORS

SRSV & Associates
 Chartered Accountants
 "Anmol Palani", Level-2, C-4, III Floor,
 No.88, G.N.Chetty Road, T.Nagar,
 Chennai 600 017

SECRETARIAL AUDITOR

KRA & Associates
 Firm of Company Secretaries
 NO.6A, NEW COLONY
 10TH STREET,
 ADAMBAKKAM
 CHENNAI 600088

DEBENTURE TRUSTEES

IDBI TRUSTEESHIP SERVICES LIMITED
 ASIAN BUILDING, GROUND FLOOR
 17, R. KAMANI MARG
 BALLARD ESTATE
 MUMBAI 400001

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, Vizag and Tuticorin and ICD at Melpakkam

Road Logistics

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

Retail Supply Chain Solutions

Cold chain, warehousing and dry logistics across hospitality, pharma and FMCG industries

Bulk Terminals

Coal berth at Kamarajar Port
Coal Cum Iron ore terminal at Kamarajar 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
Mine developing and operating

Integrated Logistics

End to end integrated logistics solutions for bulk and containerized cargo

BUSINESS STRUCTURE

16% | Promoters
84% | 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
- **Sickal Connect | 100%**
Offshore logistics
- **Sical Supply Chain Solutions | 100%**
Offshore logistics
- **Sical Mining | 100%**
Mining Development and Operation
- **Sical Washeries | 100%**
Coal Washeries
- **Sical Iron Ore Terminal | 63%**
Iron ore terminal also to handle coal 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 Bangalore Logistics Park | 100%**
ICD operations at Bengaluru
- **Sical Saumya Mining | 65%**
Overburden removal at mines
- **Sical Logixpress | 60%**
Express Logistics
- **Patchems | 97.5%**
Integrated Supply Chain
- **Develecto Mining | 51%**
Mining Development and Operation
- **PSA Sical | 37.50%**
Container terminal in JV with PSA International Pte. Ltd. at Tuticorin

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Directors' Report

BOARD'S REPORT

Dear Members,

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 ("IBC/Code"), the Corporate Insolvency Resolution Process ("CIRP") of SICAL LOGISTICS LIMITED ("the Company") was initiated by an application filed before the Honourable National Company Law Tribunal ["NCLT"], Chennai Bench by an operational creditor and the same was admitted by the Hon'ble NCLT and ordered initiating Corporate Insolvency Resolution Process ("CIRP") and appointed Mr. S. Lakshmisubramanian (IBBI Registration no. IBBI/IPA-003/IP-N00232/2019-2020/12697) as Interim Resolution Professional ("IRP"), to manage the affairs of the Company vide Order No. CP No. IBA/73/2020 dated 10th March 2021. Pursuant to this, based on the application made by Committee of Creditors of the Company, the Hon'ble NCLT has ordered appointment of Mr. Sripatham Venkatasubramanian Ramkumar (IBBI Registration No. IBBI/IPA-001/IP-P00015/2016-17/10039) as Resolution Professional ("RP") of the Company in disposing of IA no. IA/54/CHE/2021 in IBA/73/2020 on 2nd June 2021. Upon appointment of the IRP / RP the powers of the Board remain suspended and the same vests with the RP.

The RP has invited Expression of Interest on 03rd July, 2021 from the prospective Resolution Applicants and received resolution plans by 29th October, 2021. In the meeting of Committee of Creditors ["CoC"] held on 18th November, 2021, it was decided to obtain fresh resolution plans and accordingly the RP has published fresh EOI with the timelines for submission of Resolution Plans on 08th January, 2022. In the meantime, the RP also invited bids for sale of stake held by Sical Logistics Limited in two of the subsidiaries viz. Sical Infra Assets Limited and Patchems Private Limited for which on-line bidding process has been completed. However, pursuing the same has been deferred as per the decision of the CoC. Further to this, re-bidding was invited and Under Sub-Section (4) of Section 30 of THE INSOLVENCY AND BANKRUPTCY CODE, 2016, the Resolution Professional sought the approval of Committee of Creditors on the compliant resolution plans received from the resolution applicants. The e-voting window was kept open from 10:00 AM on 28th February 2022 to 7:30 PM on 18th March 2022. The resolution plan submitted by the Resolution applicant, Pristine Malwa Logistics Park Private Limited has been voted in favour by CoC with 77.55% voting share. Other resolution plans which were put up for voting did not receive the requisite voting of 66% in favour from the CoC. Accordingly, filed an application with the Hon'ble NCLT, Chennai Bench on 26th March 2022 for the approval of the CoC approved resolution plan for Sical Logistics Ltd. This has been done by the Resolution Professional after receipt of performance security furnished by the successful resolution applicant, Pristine Malwa Logistics Park Private Limited vide Bank Guarantees dated 24th March 2022. Subsequent to this, the Honourable NCLT Chennai Bench had after various hearings, have reserved the Orders on 11th November, 2022.

In the hearing held on December 8, 2022, the Hon'ble National Company Law Tribunal, Chennai Bench has orally pronounced that the resolution plan submitted by Pristine Malwa Logistics Park Private Limited under Section 31 of the Insolvency Bankruptcy Code, 2016 stands approved. However, we have not received a copy of this order till date. On receipt of the NCLT order, the following shall be in force:

- 1) A Monitoring Committee shall be constituted and be in operation from the NCLT Approval Date and the implementation of the Resolution Plan till the Effective date will be supervised by the Monitoring Committee. On effective date, the Resolution Applicant shall form the new Board of Directors for the Company and the role of the Monitoring Committee shall end.
- 2) All powers vested with the RP shall now vest with the Monitoring Committee.

The Resolution Professional (Sripatham Venkatasubramanian Ramkumar) shall be a member of this Monitoring Committee which shall also include 2 representatives from the successful resolution applicant and 2 representatives from the assenting financial creditors

The audited financial results have been prepared on a going concern basis for the financial year 2021-22.

With this background, RP and the Board take pleasure in presenting the report on business and operations of your Company along with the audited statement of Standalone and Consolidated accounts for the year ended 31st March, 2022.

FINANCIAL REVIEW

The stand-alone financial results for the year ended 31st March, 2022 are summarised below.

[₹ In lakhs]

Year ended 31 March	2022	2021
Sales and other income	22053	37891
Profit/Loss before interest, depreciation and tax	-5459	-2844
Interest	275	11773
Cash Profit / Loss	-5734	-14616
Depreciation	5794	6562
Profit / Loss before tax	-11528	-21178
Exceptional Items	-12828	-93789
Provision for tax	-	-
Net profit / Loss	-24356	-114967
Earnings per share [EPS] in Rs. [after exceptional items]	-41.62	-196.46

IMPACT ON PERFORMANCE

Pursuant to the initiation of Corporate Insolvency Resolution Process by the order of the Honourable NCLT Chennai Bench dated 10th March, 2021, the company has not ventured into any new business areas and could only continue the existing business. The TANGEDCO BOT contract at Kamarajar Port for handling coal concluded during February, 2022. Apart from this, the Company could operate mining activities at Amlohri during the year under review. Few operations were carried out in trucking, warehousing, vending logistics, cold chain division and dredging.

DIVIDEND

Since the Company has made negative profits and as the company is undergoing the CIRP, no dividend is recommended for the financial year 2021-22.

RESERVES

Debenture redemption reserve of Rs.25 crores equivalent to 25% of the debenture issue has already been created until the financial year 2017-18 in accordance with the provisions of Rule 18[7] of the Companies [Share Capital and Debenture] Rules, 2014 and hence no fresh amount has been transferred to the Debenture Redemption Reserve for the financial year 2021-22.

IMPAIRMENT OF INVESTMENT AND ADVANCES TO SUBSIDIARIES

Exceptional Items to the extent of Rs.12828 lakhs relates to the provision created against the investment made and loans and advances extended to the subsidiary Sical Logixpress Private Limited being Rs.3733 lakhs, Rs.1580 lakhs towards loans and advances for buyback of shares in Sical Iron Ore Terminals Limited, Rs.1515 lakhs towards C Form refund receivable pending with suppliers and Rs.6000 lakhs towards provision for doubtful debt on receivables from a major customer in integrated logistics division which have been impaired in the financials for the year 2021-22.

CHANGES IN AUTHORISED SHARE CAPITAL

There has been no change in the authorised share capital of the Company during the year under review.

FRESH ISSUE OF SHARES / DEBENTURES

The Company has not issued any equity shares / securities which are convertible into equity shares or Non-convertible debentures during the financial year 2021-22.

FIXED DEPOSITS

The Company has not invited any deposits from the public. There are no unclaimed deposits which were matured as on 31st March, 2022.

UNCLAIMED DIVIDENDS

Pursuant to the provisions of the Companies Act 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 31st March, 2022 and hence the said provisions are not applicable. Under the circumstances, the Company could not identify the shareholders whose name remains on the unclaimed dividend account over a period of 7 years for transferring such shares to the IEPF account of the Central Government.

PERFORMANCE

The company's revenues for the financial year 2021-22 stood at Rs.22053 lakh as against Rs.37891 lakh in the previous year which is lower by 42%. The performance of all the divisions were impacted due to the CIRP process and paucity of adequate working capital.

SUBSIDIARIES

The Kamarajar Port Limited issued termination notice for the licence provided to Sical Iron Ore Terminals Limited due to non-completion of the project resulting in financial default in response to YES Bank Limited's notice to Kamarajar Port Limited as per the Financial Documents and hence the project activities which were hampered due to non disbursement of further amounts by the lenders resulting in delay in completing the project activities, could not be continued further. Pursuant to this, on an application by one of the operational creditors of Sical Iron Ore Terminals Limited before the Honourable NCLT, Chennai Bench, the application was admitted and the company was ordered for initiation of Corporate Insolvency Resolution Process on 01st March, 2022.

The business activities of the subsidiary M/s. Sical Multimodal and Rail Transport Limited continued with the handling of containers and Container Freight Stations located at Chennai, Vizag and Tuticorin and leasing of railway rakes.

Further lack of infusement of capital required for the MDO contracts for the West Bengal Power Development Corporation Limited for the Tara mines has resulted in termination of the coal agreement and that for Damodar Valley Corporation for the TUBED mines, the mining activities have commenced. The said termination notice issued by West Bengal Power Development Corporation Limited is being challenged by way of an application filed in Hon'ble NCLT, Chennai Bench.

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 placed 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.

DIRECTORS

Since the powers of the Board remain suspended upon initiation of the CIRP, the powers of the Board and Committees vest with the Interim Resolution Professional / Resolution Professional w.e.f. 10th March, 2021.

APPOINTMENT / RESIGNATION OF DIRECTORS AND KMPs

On account of the prevailing CIRP, the Board remains suspended and hence there has been no resignation or appointment during the financial year under review.

NUMBER OF THE MEETINGS OF THE BOARD

With the initiation of CIRP, the powers of the Board vests with the Resolution Professional and the Resolution Professional

held 5 meetings during the year and the same is furnished in the report on Corporate Governance which forms part of the Directors Report.

COMMITTEES OF THE BOARD

The Company has the following committees of the Board

- Audit Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee

The powers of the Board remain suspended on account of the commencement of CIRP vide order of the Hon'ble NCLT, Chennai Bench effective 10th March, 2021 and such powers vest with the IRP/RP.

The details with respect to the composition, powers, roles, terms of reference of relevant mandatory 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 Act, 2013 read with Companies [Corporate Social Responsibility Policy] Rules, 2014, the Company has established a Corporate Social Responsibility [CSR] Committee. Since the Company has incurred significant losses during the previous two years and in view of the commencement of CIRP, no contributions have been made towards CSR activity during the previous year under review.

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 is to be carried out for the Board and Board level committees were devised by the Committee. Due to the CIRP initiation and suspension of the powers of the Board, the performance evaluation for the financial year 2021-22 was not carried out.

CORPORATE GOVERNANCE

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. SRSV & Associates, 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 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 whistle blowers were denied access to the Audit Committee of the Board of Directors / IRP / RP. The details of Vigil

Mechanism / Whistle Blower Policy are available on the website of the Company www.sical.in. Due to the suspension of the Board, such processes could not be carried out during the year under review.

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 such related party transactions forms part of the standalone and consolidated financials which can be referred to.

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.in/policy>.

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

Corporate guarantees were provided to banks / financial institutions / Port authorities for the financial facilities availed by the company's subsidiaries / due performance of contracts by the subsidiaries, after obtaining due approval from the shareholders through postal ballot wherever such transactions are considered to be material related party transactions. Considering the financial crunch faced by the Company, no loans / guarantees were given or any investments made to any other companies during the financial year 2021-22. The details of the related party transactions that took place during the year 2021-22 is furnished as Annexure-1.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has laid down set of standards, processes and structure which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively. The statutory auditors M/s. SRSV & Associates have provided their report on the internal financial control as part of their audit report.

[a] Statutory Auditor

M/s. SRSV & Associates, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. In this connection, the approval of the shareholders at the ensuing AGM the appointment of SRSV & Associates, Chartered Accountants with Firm Registration No.: 0150415 as the Statutory Auditors of the Company for the current financial year 2022-23 at the same remuneration as is paid for the previous financial year, is being recommended.

[b] Secretarial Auditor and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, KRA & Associates, Chennai was appointed the Secretarial Auditor for the financial year 2021-22. The report of the Secretarial Auditor for the FY 2021-22 is annexed to this report as Annexure – 2. As required by Regulation 24A of the SEBI [LODR] Regulations, 2015, the Secretarial Audit Reports of KRA & Associates for the material subsidiaries viz. Sical Infra Assets Limited and Sical Multimodal and Rail Transport Limited are also annexed to Annexure – 2.