Sical Logistics Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**Sical Logistics is a post-insolvency turnaround play currently undergoing a "shrinking perimeter" transition following the divestment of non-core mining subsidiaries.**	☐Neutral
2	***Consolidated revenue collapsed by 43.61% YoY to 221.09 Cr, driven by the loss of operational scale and the deconsolidation of legacy business units.***	☐Negative
3	***Operating margins remain deeply negative, with the company reporting a 68 Cr operating loss before being cushioned by non-recurring items.***	☐Negative
4	***Bottom-line performance is poor with a net loss of 28 Cr; reported profits are entirely dependent on 37 Cr in exceptional gains and provision reversals.***	☐Negative
5	***The balance sheet is burdened by high-cost promoter debt at 12.5% interest, which is significantly more expensive than the 8% restructured bank debt.***	☐Negative
6	***Liquidity is severely constrained as Cash Flow from Operations (CFO) of 8 Cr is insufficient to cover annual finance costs of 39 Cr.***	☐Negative
7	***Capital allocation is value-destructive with a negative ROCE of -3.00% and capex spending reaching 200% of CFO despite the lack of operational returns.***	☐Negative
8	***Earnings quality is low, characterized by a reliance on 14.39 Cr in onerous contract reversals and the impairment of 83% of gross receivables (214.30 Cr).***	☐Negative
9	***Governance risks are elevated due to 34.51% of revenue involving Related Party Transactions, only 33% board independence, and repeated regulatory fines.***	☐Negative
10	***Material litigation risk persists as RBL Bank's appeal against the NCLT settlement threatens to reverse debt haircuts and force a second insolvency.***	☐Negative
11	**The outlook depends on resolving the DLI legal dispute and integrating into the Pristine rail network to scale the Integrated Warehousing segment.**	☐Neutral
12	***Investment View: AVOID; monitor the RBL Bank litigation outcome and the reduction of finance costs below 8% of revenue as key recovery signals.***	☐Negative

1. BUSINESS OVERVIEW (In Bullet Points)

- **Strategic Realignment:** Sical is being structurally repositioned as the South Indian anchor for the **Pristine Group's** rail-infrastructure ecosystem, shifting from a generalist logistics provider to a rail-centric integrated player.
- **Business Segments:** The company operates primarily in **Integrated Logistics Services** (76.94% of revenue) and **Integrated Warehousing** (23.06% of revenue), with additional legacy interests in port handling, mining, and trucking.

- **Revenue Drivers:** Performance is heavily dependent on two material subsidiaries: **Sical Infra Assets** and **Sical Multimodal and Rail Transport**, which serve as the primary operational engines.
- **Cost Drivers:** Major costs include **Cost of Services** (70.83% of revenue), dominated by operation, maintenance, handling, and transportation, alongside significant **Finance Costs** (17.72% of revenue) and **Depreciation** (21.86% of revenue).
- **Subsidiary Rationalization:** Executed a tactical exit from non-core mining by deconsolidating **Develecto Mining Limited (DML)**, reducing its stake from 51% to 2% to insulate the balance sheet from legacy liabilities.
- **Capacity & Expansion:** Current focus is on **operational stabilization** and sweating legacy port and rail assets under new promoter SOPs rather than aggressive new capex.
- **Geographical Presence:** Strong focus on leveraging the parent's expertise to capture the shift toward containerization specifically in the South Indian market.
- **Segment Performance: Integrated Logistics** saw a 51.77% revenue drop due to post-CIRP scale reduction, while **Integrated Warehousing** grew to □50.98 Cr.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management has shifted tone from "survival mode" in FY23 to "stabilization mode" in FY24, focusing on the first full year under Pristine Group management post-NCLT resolution.
- The primary strategy involves leveraging the parent company's rail expertise to capture B2B/B2C shifts and the increasing trend of containerization in South India.
- A significant strategic overhang exists due to a pending legal dispute in the Delhi High Court regarding the acquisition of **DLI Entities** (Distribution Logistics Infrastructure), creating uncertainty for the long-term national vision.
- Management is prioritizing **internal financial controls** and "strengthening the framework," suggesting the business is still in a cleanup phase rather than an aggressive growth phase.
- There is a visible focus on "seamless multimodal solutions," though administrative friction from post-insolvency cleanup remains a hurdle.
- Explicit growth and margin guidance are absent, which management attributes to the post-turnaround nature of the firm and the need for operational stabilization.
- The competitive strategy relies on integrating Sical's South Indian port/rail access into the Pristine Group's broader national grid.
- Management highlights the "immense change" in the logistics industry and aims to use operational leverage to improve efficiency at legacy terminals.
- **Management Tone Verdict:** The tone is cautiously professional and focused on compliance recovery. While the strategic intent to integrate into a larger rail ecosystem is clear, the presence of late filing fines, MPS delays, and board churn indicates that the corporate administration is still struggling to keep pace with the operational turnaround. The management appears transparent about legacy hurdles but lacks the aggressive forward-looking guidance typically seen in stabilized entities.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (Crores)

Line Item	Mar 2024	Mar 2023
Sales -	221.00	392.00
Sales Growth %	-44.00	12.00
Expenses -	204.00	365.00
Material Cost % -	0.00	0.00
Raw material cost	0.00	0.00
Change in inventory	0.00	0.00
Manufacturing Cost %	72.00	82.00
Employee Cost %	11.00	6.00
Other Cost %	10.00	5.00
Operating Profit	17.00	28.00
OPM %	8.00	7.00
Other Income -	47.00	-780.00
Exceptional items	37.00	-785.00
Other income normal	10.00	4.00
Interest	39.00	19.00
Depreciation	48.00	56.00
Profit before tax	-24.00	-828.00
Tax %	19.00	1.00
Net Profit -	-28.00	-834.00
Profit from Associates	0.00	0.00
Minority share	0.00	0.00
Exceptional items AT	40.00	-745.00
Profit excl Excep	-68.00	-89.00
Profit for PE	-68.00	-89.00
Profit for EPS	-28.00	-834.00
Profit Growth %	24.00	33.00
EPS in Rs	-1.35	-39.94
Dividend Payout %	0.00	0.00

Balance Sheet (Crores)

Line Item	Mar 2024	Mar 2023
Equity Capital	65.00	65.00
Reserves	-37.00	-12.00
Borrowings -	507.00	483.00
Long term Borrowings	312.00	340.00
Short term Borrowings	185.00	130.00
Lease Liabilities	10.00	11.00
Other Borrowings	0.00	2.00
Other Liabilities -	232.00	256.00
Non controlling int	127.00	109.00
Trade Payables	42.00	66.00
Advance from Customers	2.00	0.00
Other liability items	61.00	81.00
Total Liabilities	768.00	793.00
Fixed Assets -	557.00	605.00
Land	402.87	401.56
Building	103.29	103.11
Plant Machinery	259.88	263.99
Ships Vessels	0.00	0.00
Equipments	27.84	27.71
Computers	0.00	0.00
Furniture n fittings	12.87	12.10
Vehicles	227.93	262.25
Intangible Assets	25.08	24.96
Other fixed assets	2.42	2.39
Gross Block	1,062.18	1,098.07
Accumulated Depreciation	504.90	492.71
CWIP	10.00	0.00
Investments	1.00	1.00
Other Assets -	199.00	187.00
Inventories	2.00	2.00
Trade receivables -	44.00	55.00
Receivables over 6m	11.00	173.00
Receivables under 6m	33.00	94.00
Prov for Doubtful	0.00	-213.00
Cash Equivalents	119.00	82.00
Loans n Advances	-46.00	-1.00

Line Item	Mar 2024	Mar 2023
Other asset items	80.00	49.00
Total Assets	768.00	793.00

Cash Flow Statement (₹Crores)

Line Item	Mar 2024	Mar 2023
Cash from Operating Activity -	8.00	7.00
Profit from operations	14.00	18.00
Receivables	8.00	-16.00
Inventory	0.00	0.00
Payables	-24.00	-132.00
Loans Advances	0.00	0.00
Other WC items	6.00	133.00
Working capital changes	-10.00	-14.00
Direct taxes	4.00	3.00
Cash from Investing Activity -	-7.00	70.00
Fixed assets purchased	-16.00	-11.00
Fixed assets sold	12.00	40.00
Investments sold	0.00	0.00
Interest received	4.00	4.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	0.00
Inter corporate deposits	2.00	0.00
Other investing items	-10.00	37.00
Cash from Financing Activity -	25.00	-23.00
Proceeds from shares	0.00	65.00
Proceeds from borrowings	98.00	19.00
Repayment of borrowings	-30.00	-96.00
Interest paid fin	-43.00	-10.00
Financial liabilities	-1.00	-2.00
Other financing items	0.00	0.00
Net Cash Flow	25.00	53.00
Free Cash Flow	4.00	35.00
CFO/OP	26.00	14.00

Key Ratios (□Crores)

Line Item	Mar 2024	Mar 2023
Debtor Days	73.00	51.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	73.00	51.00
Working Capital Days	-297.00	-135.00
ROCE %	-3.00	-3.00

3.2 Financial Analysis Summary

- **Revenue** from operations experienced a sharp 43.61% YoY decline to **□221.00 Cr** from **□392.00 Cr**, primarily due to the derecognition of several subsidiaries and joint ventures (SIOTL, Sical Connect, etc.) as part of the NCLT Resolution Plan, which significantly reduced the consolidated perimeter.
- The **Integrated Logistics Services** segment, constituting 76.94% of turnover, saw a 51.77% revenue drop to **□170.11 Cr**, signaling a loss of operational scale post-CIRP, while **Integrated Warehousing** grew to **□50.98 Cr**, yet this was insufficient to prevent an **Operating Profit** decline to **□17.00 Cr** from **□28.00 Cr**.
- **Finance Cost** surged by 102.27% to **□39.18 Cr** despite debt restructuring, driven by 8% p.a. interest on deferred creditor payouts and new 12.5% p.a. high-cost borrowings from related parties (**Pristine Malwa**), contributing to a **Net Profit** loss of **□28.00 Cr** and a negative **ROCE** of **-3.00%**.
- **Net Profit** was heavily supported by an **Exceptional Item** gain of **□37.00 Cr**, which included a **□14.39 Cr** reversal of provisions for "Onerous Contracts," masking an underlying **Profit excl Excep** loss of **□68.00 Cr** and resulting in a weak **CFO** of only **□8.00 Cr**.
- **Trade Receivables** (Net) of **□44.00 Cr** hide a massive legacy of uncollected dues, with **Gross Trade Receivables** at **□258.36 Cr**, of which 82.95% (**□214.30 Cr**) are credit-impaired and fully provided for, leading to a stagnant **CFO** and an elongated **Cash Conversion Cycle** of **73 days**.
- **Total Debt** increased to **□507.00 Cr** from **□483.00 Cr** as the company relied on **□98.00 Cr** in **Proceeds from borrowings** to manage liquidity, while **Cash and Cash Equivalents** of **□119.00 Cr** remain largely restricted, with significant portions earmarked for creditor disbursement under the NCLT order.
- **Fixed Assets** (Net Block) decreased to **□557.00 Cr** from **□605.00 Cr** due to **Depreciation** of **□48.00 Cr** and limited **Capex** of **□16.00 Cr**, while the company generated **□12.00 Cr** from **Fixed assets sold** to support a meager **Free Cash Flow** of **□4.00 Cr**.
- **Working Capital Days** deteriorated significantly to **-297 days** from **-135 days**, as **Trade Payables** were reduced to **□42.00 Cr** through settlement haircuts, while **Other liability items** of **□61.00 Cr** continue to weigh on the **Balance Sheet**.
- **Other Income** increased to **□10.00 Cr**, but the overall quality of earnings remains poor as **CFO/OP** stands at **26.00%** and the company remains dependent on inter-corporate deposits from the promoter group at **12.5% interest** to fund operations.
- **Other Assets** analysis reveals that **Capital Advances** of **□17.48 Cr** are 100% provided for, indicating that historical expansion projects have been completely abandoned or are non-recoverable.
- **Other Expenses** include high "Legal, Professional and Consultancy" fees due to ongoing implementation of the resolution plan and litigation with dissenting creditors like RBL Bank, which offsets the 50.63% drop in total service costs.

- The company faces significant litigation risk as RBL Bank has appealed the NCLT disbursement manner, creating uncertainty around the finality of the debt settlement and potential future **Cash Flow** outflows not currently reflected in **Provisions**.
- **Overall Synthesis:** Sical Logistics is currently a shrinking entity undergoing a volatile post-bankruptcy transition, characterized by a 44% collapse in **Revenue** following subsidiary divestments, a reliance on high-cost promoter debt to sustain a bloated **Balance Sheet**, and a bottom line entirely dependent on non-recurring **Exceptional Items** rather than core operational **CFO** health.

3.3 Contingent Liabilities & Commitments

- **Pre-CIRP Litigations/Tax Dues:** □0.00 Cr. All pending litigations and statutory dues (Income Tax, GST, etc.) relating to the period before 11-Jan-2023 are deemed extinguished as per the NCLT order.
- **RBL Bank Litigation:** The primary contingent risk is the ongoing legal challenge by RBL Bank regarding the resolution plan's implementation. If the appeal succeeds, it could potentially alter cash outflow requirements and reverse debt haircuts.
- **Capital Commitments:** □0.00 Cr. No major growth projects are currently committed.
- **Bank Guarantees:** Not explicitly disclosed in the Annual Report.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; □28 Cr loss vs □8 Cr CFO due to non-cash exceptional gains.	□	PAT: -□28 Cr; CFO: □8 Cr	Non-cash depreciation (□48 Cr) and exceptional gains (□38 Cr) create divergence between reported loss and cash flow.
2	Receivables & channel-stuffing signal	Revenue ↓ — high collection risk; gross receivables □258 Cr exceed annual revenue of □221 Cr.	□	Gross Receivables: □258.36 Cr; Revenue: □221.09 Cr	83% of receivables are credit-impaired (>3 years old); legacy dues from pre-CIRP period remain uncollected.
3	Revenue timing	Revenue ↓ — lack of backlog; unbilled revenue dropped from □11.8 Cr to zero in FY24.	□	Contract Assets: □0.00 Cr (FY24) vs □11.81 Cr (FY23)	Note 1.7: Revenue recognized at "point in time"; absence of contract liabilities suggests no long-term advance-based contracts.
4	Revenue from related parties %	Neutral — operational independence; revenue is primarily from third-party logistics and warehousing services.	□	Integrated Logistics: □170.11 Cr; Warehousing: □50.98 Cr	Note 42: Revenue is segment-driven; RPTs are primarily financial (loans) rather than operational revenue streams.
5	Inventory vs revenue growth	Neutral — service sector model; inventory remains negligible at □2 Cr against □221 Cr revenue.	□	Inventory: □2 Cr; Sales: □221 Cr	Logistics sector focus results in minimal inventory holding; no significant build-up relative to revenue decline.
6	Inventory valuation method change	Neutral — no policy shift; consistent application of lower of cost or net realizable value.	□	Inventory: □2 Cr	No changes in valuation methods reported in accounting policies; inventory is not a material P&L driver.
7	Exceptional items in operating profit	Profit ↑ — non-recurring boost; □37 Cr exceptional gain masks a □68 Cr loss before exceptions.	□	Exceptional Items: □37 Cr (FY24) vs -□785 Cr (FY23)	Note 15: Includes □14.39 Cr reversal of provision for onerous contracts, providing a one-time non-operational boost to PAT.
8	Depreciation rate vs useful life policy	Profit ↓ — high fixed cost; depreciation of □48 Cr represents 22% of total revenue.	□	Depreciation: □48.32 Cr; Revenue: □221.09 Cr	Note 24: High depreciation relative to reduced revenue scale post-divestment of subsidiaries impacts operational margins.
9	Provision reversals boosting PAT	Profit ↑ — non-cash gain; □14.39 Cr onerous contract provision reversal directly increases reported profit.	□	Exceptional Items: □38.06 Cr	Note 15: Reversal of legacy provisions masks the underlying operational loss of the restructured entity.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↓ — tax leakage; 19% effective tax rate despite reporting a pre-tax loss.	□	PBT: -□24 Cr; Tax: □4 Cr (Cash Tax)	Note 5.0: Discrepancy arises from non-deductible expenses and lack of deferred tax benefit on current year losses.
11	CWIP age and stalling projects	Profit ↓ — capital impairment; □10 Cr new CWIP while legacy capital advances are 100% provided.	□	CWIP: □10 Cr; Capital Advance Provision: □17.48 Cr	Note 4: 100% allowance for credit loss on capital advances indicates historical project failures or abandonments.
12	Deferred tax asset recognition adequacy	Profit ↓ — conservative outlook; company refused to recognize DTA on □52 Cr of losses.	□	DTA on losses: □0.00 Cr recognized	Note 5.0: Management deems future taxable profits not "probable," reflecting a realistic

#	Check	Impact	Status	Evidence	Notes Detail
					but negative view on near-term recovery.
13	RPT quantum and trend	Profit ↓ — high interest cost; new related party loans taken at 12.5% interest rate.	☐	Loans from Holding Co: ☐47.30 Cr; Interest: 12.5%	Note 11.1(i): Reliance on high-cost promoter funding suggests weak standalone credit access post-NCLT resolution.
14	Dividend paid vs FCF adequacy	Neutral — liquidity preservation; zero dividends paid as company remains in a loss-making position.	☐	Dividend Payout: 0%; FCF: ☐4 Cr	Cash is strictly monitored by the Resolution Professional and earmarked for creditor settlements under the NCLT plan.
15	Auditor Confirmation Gaps	Neutral — reconciliation risk; lack of balance confirmations from most financial creditors.	☐	Emphasis of Matter	Auditor notes balances are based on RP claims, posing a risk of future reconciliation adjustments.
16	Gearing Risk	Profit ↓ — capital erosion; gearing ratio increased from 70% to 71% despite debt haircuts.	☐	Gearing: 71%	New related party debt is offsetting the benefits of the NCLT-mandated debt reduction.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit opinion type:** Unqualified. * **KAM 1: Resolution Plan Implementation:** The auditor flagged significant judgment in determining the carrying amounts of liabilities and the appropriateness of derecognition following the NCLT order. Management's estimates regarding the extinguishment of legacy debts are critical to the "clean slate" balance sheet. * **KAM 2: Contingent Liabilities & Litigation:** High degree of inherent uncertainty regarding the disposal of pre-CIRP litigations. While management considers them extinguished, the auditor notes a lack of judicial precedents, creating a risk of future reversals if challenged. * **Emphasis of Matter:** The auditor explicitly stated that **confirmation of balances is not available from most financial creditors**. Balances are based on claims admitted by the Resolution Professional, posing a reconciliation risk during final settlement. * **Auditor Change:** M/s SRSV & Associates were re-appointed at the 68th AGM (Sep 2023) for a 3-year term. * **Auditor Fees:** Total consolidated fees: 0.33 Cr. 24% of the fee is for "tax audit and other certifications."

B. Related Party Transactions | Party | Relationship | Nature | Amount (☐Cr) | Concern | |:---|:---|:---|---:|:---| | ***Pristine Malwa Logistics Park*** | Holding Company | Loans Taken | 47.30 Cr | High-cost liquidity (12.5% interest). | | ***Ambey Mining*** | Promoter Group | Loans Taken | 29.00 Cr | Dependency on promoter group for survival. | | ***Pristine Malwa Logistics Park*** | Holding Company | Interest Paid | 2.75 Cr | Cash leakage to promoter via high-interest debt. | | **Sical Multimodal Rail & Transport** | Indirect Subsidiary | Loan Given | 2.00 Cr | Downstream funding to support operations. |

- **RPT Risk:** RPT volume (☐76.30 Cr) constitutes 34.51% of Revenue and 953.75% of CFO, indicating **Extreme Risk**.
- **Verdict:** The company has transitioned to a "Promoter Lifeline" model. The 12.5% interest rate is aggressive for a distressed entity, effectively transferring value from the company to the promoter group.

C. Shareholding * **Promoters:** 95.00% (as of Mar 2024). * **Public:** 4.98%. * **Pledged Shares:** 0.00%. * **Overhang:** Promoters must reduce holding to 75% by Aug 2024 to meet MPS norms; fines have already been levied for delays.

D. Board Composition + KMP Compensation * **Total Directors:** 6. * **Independent %:** 33.33% (Non-compliant with Reg 17, which requires 50% as the Chairperson was not independent post-resignation). * **Women**

Directors: 1 (Anuradha Mukhedkar - Resigned Apr 2024). * **KMP Compensation:** * Seshadri Rajappan (WTD): □0.51 Cr (3.00% of EBITDA). * Vinay Kumar Pabba (ID): □0.18 Cr (1.06% of EBITDA). * **Analysis:** Compensation is fixed with no variable component during this loss-making period. There is a transparency gap as CFO and CS remuneration is not explicitly broken out.

F. Capital Allocation & Capex | Action | FY Current (□Cr) | FY Prior (□Cr) | % of CFO | Signal | |:---|---:|---:|---:|:---| | ***Capex*** | 16.00 Cr | 11.00 Cr | 200.00% | □| | **Asset Sales** | 12.00 Cr | 40.00 Cr | 150.00% | **Positive** | | ***Net Debt Change*** | 68.00 Cr | -77.00 Cr | 850.00% | □| | ***Interest Payments*** | 43.00 Cr | 10.00 Cr | 537.50% | □|

- **CAPEX Analytical Notes:**
    - **CFO Coverage of Capex** is only **0.50**, meaning the company cannot self-fund maintenance.
    - **Nature of Capex:** Primarily maintenance; **10.00 Cr of new CWIP** suggests minor terminal upgrades.
    - **Deployment Efficiency:** Revenue fell 44% while Capex rose 45% YoY, signaling a severe mismatch.
    - **Verdict:** Value-destroying; borrowing at 12.5% to service interest and maintenance capex with negative ROCE.

H. Risks * ***Litigation (RBL Bank)***: RBL Bank challenged the resolution plan. **Impact:** Potential reversal of debt haircuts and a severe liquidity crunch. (Severity: □High) * ***Promoter Dependency***: Reliance on 12.5% ICDs from Pristine Malwa. **Impact:** High interest burden (□39 Cr) eats 17% of Revenue. (Severity: □High) * ***Public Shareholding***: Public float at 5% vs 25% mandate. **Impact:** Risk of delisting or further SEBI penalties. (Severity: □Medium) * ***Asset Impairment***: 83% of gross receivables are credit impaired. **Impact:** Zero recovery of □214 Cr legacy dues. (Severity: □Medium) * ***Segment Concentration***: 77% of revenue from Integrated Logistics. **Impact:** High sensitivity to port/rail volumes; 44% revenue drop shows volatility. (Severity: □High)

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	2	→	Revenue down 44%; loss of scale post-subsidiary divestment.	Shrinking operational footprint with high sensitivity to volatile logistics volumes.
Financial Health	1	↓	D/E 0.71x (distorted); CFO □8 Cr < Interest □39 Cr.	Inability to service debt from operations; reliant on high-cost promoter lifelines.
Earnings Quality	1	↓	Exceptional gains □37 Cr mask □68 Cr operating loss; CFO < PAT.	Bottom line is entirely driven by non-recurring provision reversals and accounting adjustments.
Management & Governance	2	↓	33% Independent Board; late filing fines; 34% RPT revenue.	Administrative fragility and high-cost RPTs outweigh the "clean slate" benefits of NCLT.
Capital Allocation & Earnings Visibility	1	→	ROCE -3.00%; Capex 200% of CFO; DLI dispute.	Value-destructive reinvestment at rates higher than returns with blocked growth catalysts.

BUSINESS POSITIVES (for this company this year) * □**Debt Haircut Implementation:** Successfully derecognized legacy liabilities, resulting in a "cleaner" balance sheet, though litigation remains. * □**Non-Core Exit:** Deconsolidated Develecto Mining Limited, reducing exposure to non-core mining liabilities. * □**Asset Monetization:** Generated □**12.00 Cr** from fixed asset sales to support liquidity during the transition. * □ **Warehousing Growth:** The Integrated Warehousing segment grew to □**50.98 Cr**, showing some resilience amidst the broader logistics collapse. * □**Conservative Tax Treatment:** Refused to recognize □**52.07 Cr** in Deferred Tax Assets, reflecting a realistic view of near-term profitability.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Revenue Collapse:** Consolidated revenue fell **43.61%** to **□221.09 Cr** due to subsidiary divestments and loss of operational scale. * □**High-Cost RPT Debt:** Borrowing from promoters at **12.5% interest**, significantly higher than the **8%** restructured bank debt. * □**Litigation Overhang:** RBL Bank's appeal against the NCLT disbursement threatens the finality of the debt settlement. * □**Poor Earnings Quality:** Reported profit is supported by a **□14.39 Cr** reversal of onerous contract provisions; core operations remain deeply loss-making. * □**Collection Failure: 82.95%** of gross receivables (**□214.30 Cr**) are credit-impaired, indicating zero recovery of legacy dues. * □**Compliance Lapses:** Paid **□5.78 Lakhs** in fines for late filings and faced penalties for failing to meet Minimum Public Shareholding (MPS) norms.

OVERALL SCORECARD SUMMARY Sical Logistics is in a precarious post-restructuring phase where the "clean slate" provided by NCLT is being eroded by operational shrinkage and high-cost internal debt. The company's financial strength is weak, as it cannot cover its interest obligations (□39 Cr) through its meager CFO (□8 Cr), necessitating a total reliance on the promoter. Governance is a concern due to board instability, non-compliance with independence norms, and administrative delays. Consequently, the business is on a **deteriorating trajectory** as the cost of capital (12.5%) far exceeds its negative return on capital (-3.00%).

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion issued (p.116).
2	Promoter pledge = 0?	□	No pledges disclosed in AR or Screener.
3	KMP pay < 5% of PAT?	□	PAT is negative; KMP pay is □0.69 Cr+ while loss is □28 Cr.
4	RPT quantum < 5% of revenue?	□	RPT loans/interest = 34.51% of revenue.
5	Board > 50% independent?	□	Only 33.33% independent (2 of 6).
6	At least 1 woman director?	□	Resigned in April 2024; vacant at reporting date.
7	No statutory dues outstanding?	□	Pre-CIRP dues extinguished by NCLT.
8	No fraud reported?	□	No fraud reported by auditors.
9	Audit trail enabled?	□	Confirmed by auditors in report.
10	Frequent Auditor change	□	SRSV & Associates re-appointed for 3 years.
Final line: "Total: 5/10 □— Governance Rating: 2"			

Part C: Investor Verdict

THESIS: Sical is a distressed logistics turnaround play whose recovery is stalled by high-cost promoter funding and significant legal challenges to its NCLT resolution.

OVERALL STANCE: AVOID

RATIONALE: The company is currently value-destructive, with interest costs and depreciation dwarfing operational cash flows, while the RBL Bank litigation poses a binary risk to the balance sheet. RE-EVALUATE WHEN: Consolidated EBITDA > Finance Costs for two consecutive quarters AND RBL Bank litigation is resolved in the company's favor. BULL CASE: Successful resolution of the DLI dispute and integration into Pristine's rail network triples container volumes, leading to EBITDA of >₹100 Cr. BEAR CASE: RBL Bank appeal succeeds, reversing debt haircuts and forcing a second insolvency or massive equity dilution. KEY MONITORABLE: Finance Cost as % of Revenue: Current 17.7% → Watch Threshold < 8%.

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7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Revenue Scale	₹392 Cr (12% growth)	₹221 Cr (44% collapse)	The company is aggressively shrinking its operational perimeter through the derecognition and divestment of subsidiaries.
Finance Cost Structure	₹10 Cr (Restructured debt)	₹39 Cr (102% surge)	The transition to high-cost 12.5% promoter debt is cannibalizing the benefits of the NCLT-mandated debt haircut.
Earnings Quality	₹792.7 Cr Exceptional Loss	₹37 Cr Exceptional Gain	Reported figures remain artificial, shifting from "big bath" impairments to non-cash provision reversals that mask deep operational losses.
Capital Allocation	Asset cleanup; ₹37 Cr CWIP write-off	Value-destructive; Capex at 200% of CFO	The company is now borrowing at high interest rates to fund maintenance capex that its core operations cannot self-sustain.
Management Tone	Survival mode; professionalizing board	Stabilization mode; regulatory friction	Administrative fragility is increasing as the company faces fines for late filings and fails to meet board independence and public float norms.
Working Capital	Net Receivables ₹55 Cr	Net Receivables ₹44 Cr	While net figures appear lower, the underlying collection efficiency has stalled as the perimeter of active operations narrows.

7.2 Persistent Patterns

- **Negative ROCE:** The company has maintained a **-3% ROCE across both periods**, indicating a structural inability to generate returns above its cost of capital.
- **Toxic Asset Quality:** Gross receivables remain dominated by legacy dues, with **credit impairment staying consistently high (79.5% to 83%)**, signaling zero recovery potential.
- **Litigation Overhang:** The **legal challenge by RBL Bank** against the NCLT resolution plan persists in both years, posing a binary risk to the finality of the debt settlement.
- **Promoter Dependency:** The business has transitioned from bank-led distress to a **total reliance on promoter lifelines (Pristine Group)** for both working capital and survival.
- **Cash Flow Inadequacy:** In both years, **CFO remains insufficient to cover interest obligations**, necessitating further borrowing to service existing debt.
- **Governance Lapses:** Recurring issues with **subsidiary compliance and board composition** suggest that corporate administration is struggling to keep pace with the operational restructuring.

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