Sical Logistics Ltd — FY 2023 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 has transitioned into a specialized rail-infrastructure arm for the Pristine Group following a 95% equity acquisition via the NCLT process.	□
2	**The company achieved an operational turnaround with an OPM of 7%, generating □28 Cr in operating profit, facilitated by a 77% reduction in handling costs.**	□
3	***Bottom-line performance remains severely impacted by a 834 Cr net loss, driven by a massive 792.72 Cr "big bath" exceptional impairment to flush out legacy assets.***	□
4	**The balance sheet has been structurally deleveraged, with total debt falling 73% from □1,766 Cr to □483 Cr through NCLT-mandated debt-to-equity conversion.**	□
5	***While CFO was positive at 67.56 Cr, liquidity remains constrained as 52.05 Cr of cash is restricted for creditors, leaving the firm dependent on 40.92 Cr in promoter loans.***	□
6	***Capital efficiency is under scrutiny following a 37.38 Cr CWIP write-off, with future growth now tethered to the successful commissioning of the Anupampattu and Bengaluru terminals.***	□
7	***Asset quality is poor, evidenced by 79.55% of gross receivables being credit-impaired and a new 14.39 Cr provision for onerous, loss-making legacy contracts.***	□
8	Governance is in a transitional phase with a 40% independent board and a clean audit opinion, though high RPT levels reflect one-time restructuring activities.	□
9	***Significant legal risk persists as RBL Bank challenges the resolution plan's disbursement, potentially threatening the finality of the insolvency exit.***	□
10	***The company currently operates with a negative ROCE of -3%, failing to meet its 8% cost of restructured debt, necessitating a rapid scale-up of rail-led logistics volumes.***	□
11	Investment stance is WATCH, as the company is a high-risk turnaround play that requires ROCE to exceed 10% for two consecutive quarters to validate the recovery thesis.	□
12	Key monitorables include the aging of the remaining □55 Cr net trade receivables and the execution timelines for the new terminal projects.	□

1. BUSINESS OVERVIEW (In Bullet Points)

- **Strategic Pivot & Ownership Shift:** FY23 marks a structural "Year Zero" for Sical Logistics following its emergence from the Corporate Insolvency Resolution Process (CIRP). The company was acquired by **Pristine Malwa Logistics Park Private Limited** (a subsidiary of Pristine Logistics & Infraprojects), which now holds 95% of the equity.

- **Business Segments:** Operations are consolidated into **Inter-modal Logistics**, encompassing Mining (overburden removal at Amlori OCP for Northern Coalfields Limited), Dredging (marine logistics for Swan LNG and ONGC), and Rail & Terminals.
- **Core Revenue Drivers:** The primary growth engine is the subsidiary **SMART** (Sical Multimodal and Rail Transport), which operates container freight stations (CFS) in Chennai, Vizag, and Tuticorin.
- **Asset Rationalization:** Under the Resolution Plan, Sical derecognized and transferred its entire shareholding in six entities—including **PSA SICAL Terminals** and **Sical Iron Ore Terminal**—to a trust for the benefit of the Committee of Creditors (CoC), removing legacy legal entanglements.
- **Expansion Plans & Capacity Additions:** Two major rail terminal projects are in the pipeline at **Anupampattu** (near Chennai) and **Bengaluru** to create a dominant South Indian rail corridor.
- **Mining Expansion:** Subsidiary **Develecto Mining Limited** is expected to commence operations at the Tubed mines in FY24, providing immediate revenue visibility.
- **Geographical Presence:** Strong focus on South India (Chennai, Vizag, Tuticorin) and specialized mining sites in Northern India.
- **Industry Position:** Positioning as a tech-enabled supply chain partner leveraging the **National Logistics Policy** and **Gati Shakti** terminal shifts.

2. MANAGEMENT COMMENTARY & OUTLOOK

- The primary objective is the clinical implementation of the NCLT-approved Resolution Plan and the stabilization of operations post-insolvency.
- Strategy has shifted from an "asset-heavy, debt-fueled" model under previous promoters to an "integrated, rail-led" model under the Pristine Group ecosystem.
- Management is prioritizing the completion of the Anupampattu rail terminal to drive near-term EBITDA growth.
- A "fresh slate" principle is being applied, explicitly distancing the new board from the fiduciary failures and operational health of the pre-CIRP era.
- Growth guidance is linked to synergies with the Pristine Group, focusing on becoming a tech-enabled partner using AI and data analytics for supply chain solutions.
- Management acknowledges competitive intensity from new entrants and technological evolution as significant threats to traditional logistics models.
- Internal financial control frameworks are being "re-initiated" and "stepped up," admitting that legacy systems were inadequate during the CIRP.
- The company faces a temporary leadership vacuum following the passing of the WTD & CFO, Mr. Thiagarajan Subramanian, in February 2023.
- Long-term vision involves leveraging the parent company's rail-focused infrastructure to dominate the South Indian logistics corridor.
- Management Tone: The tone is highly conservative regarding legacy issues but optimistic regarding the synergy with the Pristine Group. There is zero "fluff" regarding past performance; the report reads as a compliance-heavy document intended to signal the end of insolvency and the start of a new corporate identity. The focus is entirely on "cleaning the pipes"—settling debts, cancelling old promoter equity, and restarting stalled rail projects.

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 2023	Mar 2022
Sales -	392.00	349.00
Sales Growth %	12.00	-31.00
Expenses -	365.00	388.00
Material Cost % -	0.00	0.00
Raw material cost	0.00	0.00
Change in inventory	0.00	0.00
Manufacturing Cost %	82.00	89.00
Employee Cost %	6.00	8.00
Other Cost %	5.00	14.00
Operating Profit	28.00	-39.00
OPM %	7.00	-11.00
Other Income -	-780.00	-120.00
Exceptional items	-785.00	-130.00
Other income normal	4.00	9.00
Interest	19.00	21.00
Depreciation	56.00	71.00
Profit before tax	-828.00	-252.00
Tax %	1.00	2.00
Net Profit -	-834.00	-266.00
Profit from Associates	0.00	-8.00
Minority share	0.00	5.00
Exceptional items AT	-745.00	-129.00
Profit excl Excep	-89.00	-136.00
Profit for PE	-89.00	-134.00
Profit for EPS	-834.00	-260.00
Profit Growth %	33.00	40.00
EPS in Rs	-39.94	-13.90
Dividend Payout %	0.00	0.00

Balance Sheet (Crores)

Line Item	Mar 2023	Mar 2022
Equity Capital	65.00	59.00
Reserves	-12.00	-989.00
Borrowings -	483.00	1,766.00
Long term Borrowings	340.00	13.00
Short term Borrowings	130.00	1,238.00
Lease Liabilities	11.00	107.00
Other Borrowings	2.00	409.00
Other Liabilities -	256.00	730.00
Non controlling int	109.00	165.00
Trade Payables	66.00	382.00
Advance from Customers	0.00	0.00
Other liability items	81.00	183.00
Total Liabilities	793.00	1,566.00
Fixed Assets -	605.00	764.00
Land	401.56	476.43
Building	103.11	107.06
Plant Machinery	263.99	299.00
Ships Vessels	0.00	0.00
Equipments	27.71	127.15
Computers	0.00	0.00
Furniture n fittings	12.10	13.64
Vehicles	262.25	284.21
Intangible Assets	24.96	27.39
Other fixed assets	2.39	2.53
Gross Block	1,098.07	1,337.41
Accumulated Depreciation	492.71	573.41
CWIP	0.00	408.00
Investments	1.00	1.00
Other Assets -	187.00	393.00
Inventories	2.00	9.00
Trade receivables -	55.00	142.00
Receivables over 6m	173.00	240.00
Receivables under 6m	94.00	51.00
Prov for Doubtful	-213.00	-149.00
Cash Equivalents	82.00	87.00
Loans n Advances	-1.00	49.00

Line Item	Mar 2023	Mar 2022
Other asset items	49.00	106.00
Total Assets	793.00	1,566.00

Cash Flow Statement (□Crores)

Line Item	Mar 2023	Mar 2022
Cash from Operating Activity -	7.00	68.00
Profit from operations	18.00	-9.00
Receivables	-16.00	43.00
Inventory	0.00	6.00
Payables	-132.00	42.00
Loans Advances	0.00	0.00
Other WC items	133.00	-42.00
Working capital changes	-14.00	49.00
Direct taxes	3.00	27.00
Cash from Investing Activity -	70.00	-55.00
Fixed assets purchased	-11.00	-14.00
Fixed assets sold	40.00	3.00
Investments sold	0.00	0.00
Interest received	4.00	1.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	0.00
Inter corporate deposits	0.00	0.00
Other investing items	37.00	-44.00
Cash from Financing Activity -	-23.00	-36.00
Proceeds from shares	65.00	0.00
Proceeds from borrowings	19.00	47.00
Repayment of borrowings	-96.00	-74.00
Interest paid fin	-10.00	-9.00
Financial liabilities	-2.00	0.00
Other financing items	0.00	0.00
Net Cash Flow	53.00	-23.00
Free Cash Flow	35.00	56.00
CFO/OP	14.00	-103.00

Key Ratios (₹Crores)

Line Item	Mar 2023	Mar 2022
Debtor Days	51.00	148.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	51.00	148.00
Working Capital Days	-135.00	-2,006.00
ROCE %	-3.00	-11.00

3.2 Financial Analysis Summary

- **Revenue from Operations** grew by **12.00%** to **₹392.00 Cr**, entirely driven by the Integrated Logistics Services segment, yet this growth is not strictly comparable to the prior year due to the transfer of several subsidiaries to a Trust under the NCLT resolution plan.
- The company achieved a turnaround in **Operating Profit** to **₹28.00 Cr** with an **OPM %** of **7.00%**, up from a loss of **₹39.00 Cr**, primarily due to a sharp reduction in **Other Cost %** from **14.00%** to **5.00%** and a **77.11%** drop in Handling and Transportation costs.
- Despite operational improvements, the company reported a massive **Net Profit** loss of **₹834.00 Cr** due to a **₹792.72 Cr Exceptional Item** representing a "big bath" impairment of assets and derecognition of liabilities following the NCLT order, which wiped out the **Net Worth** to a marginal **-₹12.00 Cr** in **Reserves**.
- **Total Debt** was drastically reduced to **₹483.00 Cr** from **₹1,766.00 Cr** through the conversion of **₹1,717.55 Cr** of assigned debt into equity/securities premium by the new promoter, significantly improving the **Gearing Ratio** from **293%** to **70%**.
- **Finance Cost** remained high at **₹19.00 Cr**, including **₹12.69 Cr** of "Other borrowing costs" related to the insolvency process, while the **Balance Sheet** now carries **₹122.83 Cr** in **Interest Accrued and Due**, signaling ongoing liquidity pressure despite restructuring.
- **Working Capital Days** improved from **-2,006** to **-135 days** as **Trade Receivables** fell to **₹55.00 Cr** following a massive **₹212.60 Cr Allowance for Expected Credit Loss**, which targeted legacy "zombie" receivables overdue for more than 3 years.
- **Cash Conversion Cycle** shortened to **51 days** from **148 days**, which helped sustain a positive **CFO** of **₹67.56 Cr** despite the accounting loss, although **CFO** was significantly lower than the previous year's **₹68.00 Cr** due to a **₹132.00 Cr** outflow in **Trade Payables** as legacy dues were settled.
- **Fixed Assets** decreased to **₹605.00 Cr** as the company wrote off **₹37.38 Cr** of **CWIP** that had no specific completion date and sold assets worth **₹40.00 Cr** to generate liquidity, reflected in the positive **Cash from Investing Activity** of **₹70.00 Cr**.
- **Cash Equivalents** of **₹82.00 Cr** are deceptive, as **₹42.78 Cr** in fixed deposits and **₹9.27 Cr** in cash are earmarked for creditor disbursements under the NCLT order and are not available for general **Working Capital** needs.
- The company recognized a new **Provision** of **₹14.39 Cr** for **Onerous Contracts**, indicating that certain existing logistics service agreements are now expected to be loss-making, which may weigh on future **EBITDA** margins.
- **ROCE %** remains negative at **-3.00%**, reflecting that while the **Balance Sheet** has been cleaned of **₹1,238.00 Cr** in **Short term Borrowings**, the core logistics assets are not yet generating sufficient returns to cover the restructured **8%** interest rate on the new **₹331.00 Cr** debt.

- **Related Party Transactions** show a new reliance on the promoter group, with ₹**40.92 Cr** in new loans from Ambey Mining and Godavari Commodities to support operations, even as legacy liabilities to Coffee Day group entities were extinguished.
- **Other Assets** include ₹**48.79 Cr** with Govt Authorities and ₹**19.54 Cr** in credit-impaired other receivables; **Other Liabilities** saw a massive reduction in "Accrued salaries and benefits" from ₹**569.82 Cr** to ₹**25.99 Cr**, suggesting legacy employee dues were settled at a deep discount or extinguished.
- **Other Expenses** decreased to ₹**24.52 Cr** from ₹**52.27 Cr**, primarily as the company stopped making incremental provisions for doubtful debts compared to the prior year's ₹**28.13 Cr** charge.
- The dominant financial theme of the year is a **"Big Bath" structural reset**, where massive historical liabilities were converted to equity and non-performing assets were aggressively impaired to create a leaner, albeit still fragile, post-insolvency balance sheet.

3.3 Contingent Liabilities & Commitments

- **Provision for Onerous Contracts:** ₹14.39 Cr (FY23) vs ₹0.00 Cr (FY22). This signals that certain existing service contracts are expected to cost more to fulfill than the revenue they generate.
- **Pre-CIRP Litigations:** ₹0.00 Cr. All pending litigations relating to the pre-CIRP period are deemed extinguished as of January 11, 2023, per the NCLT order, wiping out historical tax and commercial legal risks.
- **Legal Finality Risk:** RBL Bank has filed an interim application disagreeing with the disbursement manner, creating a lingering legal risk to the finality of the debt settlement.
- **Guarantees/Commitments:** Capital commitments were not specifically disclosed in the AR, though the company is committed to the NCLT-mandated repayment schedule of ₹331 Cr over 2 years.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — non-cash exceptional loss of □792.7 Cr creates massive divergence between PAT and CFO.	□	PAT: -□834 Cr; CFO: □7 Cr (P&L/CF)	Note 23: Exceptional loss of □792.72 Cr is primarily non-cash asset impairment and liability derecognition.
2	Receivables & channel-stuffing signal (receivables + inventory build vs revenue)	Profit ↓ — aggressive provisioning of □212.6 Cr reduces net receivables despite 12% sales growth.	□	Sales: □392 Cr (+12%); Net Receivables: □55 Cr (-61%)	Note 7.1: 79.55% of gross receivables are covered by allowances; □138.38 Cr is >3 years old.
3	Revenue timing (unbilled / contract assets + deferred revenue / advances)	Revenue ↓ — impairment of □28.58 Cr unbilled revenue suggests correction of aggressive past recognition.	□	Unbilled Revenue: □11.81 Cr; Impaired Unbilled: □28.58 Cr	Note 7.1: Emergence of credit-impaired unbilled revenue indicates past revenue recognition for improbable collections.
4	Revenue from related parties %	Revenue ↑↓ — revenue comparability is limited due to NCLT-mandated transfer of subsidiaries to Trust.	□	Sales: □392 Cr; Related Party Loans: □40.92 Cr	Note 1.2: Revenue is not strictly comparable as several entities were transferred to a Trust in Jan-23.
5	Inventory vs revenue growth	Neutral — inventory is immaterial at □2 Cr, representing less than 1% of total sales.	□	Inventory: □2 Cr (FY23) vs □9 Cr (FY22)	Note 8: Inventory reduction reflects the disposal or cleanup of legacy assets during the CIRP process.
6	Inventory valuation method change	Neutral — no change in inventory valuation method reported in the significant accounting policy notes.	□	Inventory: □2 Cr	Note 1: Accounting policies remain consistent for the minimal inventory held by the service business.
7	Exceptional items in operating profit	Profit ↓ — exceptional loss of □792.7 Cr from NCLT resolution plan masks underlying operating recovery.	□	Exceptional Items: -□785 Cr (P&L); -□792.72 Cr (Notes)	Note 23: Loss driven by implementation of NCLT plan, involving massive impairment of non-recoverable assets.
8	Depreciation rate vs useful life policy	Profit ↑↓ — inconsistent use of WDV and SLM methods complicates year-on-year margin comparability.	□	Depreciation: □56 Cr (FY23) vs □71 Cr (FY22)	Note 1.8: Company uses both Written Down Value and Straight Line Method for different asset classes.
9	Provision reversals boosting PAT	Profit ↓ — big bath provisioning of □212.6 Cr for doubtful debts reduces current reported earnings.	□	Provision for Doubtful: □213 Cr (BS)	Note 1.13: Delayed application of ECL led to a "big bath" impairment in FY23 rather than gradual.
10	Tax rate consistency + cash tax vs P&L tax	Neutral — minimal tax expense of □3 Cr reflects massive carry-forward losses and insolvency status.	□	P&L Tax: 1%; Direct Taxes Paid: □3 Cr	Note 5.0: Tax expense is negligible due to the absence of taxable profits and unrecognized assets.
11	CWIP age and stalling projects	Profit ↓ — write-off of □37.38 Cr CWIP reveals historical parking of failed project costs.	□	CWIP: □0 Cr (FY23) vs □408 Cr (FY22)	Note 5(ii): □37.38 Cr of CWIP written off as it had no specific due date for completion.
12	Deferred tax asset recognition adequacy	Profit ↓ — non-recognition of □104.12 Cr deferred tax	□	Unrecognized DTA: □104.12 Cr	Note 5.0: Management determined it is not probable

#	Check	Impact	Status	Evidence	Notes Detail
		assets reflects conservative future profit outlook.			that future taxable profits will be available for utilization.
13	RPT quantum and trend	Neutral — conversion of □1,717 Cr debt to equity by new promoter restructures the capital.	□	Assigned Debt: □1,717.55 Cr; New Loans: □40.92 Cr	Note 10.1: New promoter (Pristine Malwa) acquired 95% stake; legacy liabilities to old related parties were extinguished.
14	Dividend paid vs FCF adequacy	Neutral — zero dividends paid as FCF of □35 Cr is prioritized for mandatory debt settlement.	□	Dividend: □0; Free Cash Flow: □35 Cr	Note 11.1: Cash flows are restricted for disbursement to creditors under the NCLT-approved resolution plan.
15	Auditor KAM: Resolution Plan Implementation	Profit ↓ — Complexity in determining carrying amounts of liabilities and appropriateness of derecognition.	□	Exceptional loss: □792.72 Cr	Management gave effect to NCLT order; resulted in massive one-time loss.
16	Auditor KAM: Asset Recoverability	Profit ↓ — Significant judgment required in impairment of various assets post-resolution.	□	ECL Allowance: □212.60 Cr	Assets were impaired or provided for based on management's assessment of recoverability.
17	Subsidiary Compliance	Neutral — Non-compliance with Companies Act regarding AGMs and filing annual returns for FY 2021-22.	□	Auditor's Report p.119	Indicates historical governance lapses in subsidiaries.
18	Impairment Testing Failure	Profit ↑↓ — Investments of □3.45 Cr in Sical Multimodal Rail and Transport were not tested for impairment.	□	Auditor's Report p.119	Specific compliance departure from Ind AS 109.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit opinion type:** Unqualified.
- **Key Audit Matters (KAMs):**
  - ***Resolution Plan Implementation***: Complexity in determining carrying amounts of liabilities and appropriateness of derecognition. Management gave effect to the NCLT order, resulting in a 792.72 Cr exceptional loss.
  - ***Litigation Extinguishment***: High degree of inherent uncertainty in the outcome of litigations involving companies in CIRP. Management determined all pre-CIRP litigations are extinguished per the NCLT order.
  - ***Recoverability of Assets***: Significant judgment required in impairment of various assets post-resolution. Assets were impaired or provided for based on management's assessment of recoverability.
- **Other Matter paragraphs:** Auditor noted that some subsidiaries did not comply with the Companies Act regarding AGMs and filing annual returns for FY 2021-22.
- **Material weaknesses:** Investments of 3.45 Cr in Sical Multimodal Rail and Transport were not tested for impairment as required by Ind AS 109.
- **Auditor change:** M/s SRSV & Associates were appointed at the 67th AGM (Dec 31, 2022).

- **Auditor fees:** Total fees paid on a consolidated basis: 0.22 Cr.

B. Related Party Transactions

Party	Relationship	Nature	Amount (□ Cr)	Concern
Pristine Malwa Logistics Park	New Promoter	Assigned Debt	1,717.55 Cr	Massive debt-to-equity conversion; potential for future dilution.
Pristine Malwa Logistics Park	New Promoter	Capital Infusion	65.00 Cr	Essential liquidity for CIRP settlement.
Ambey Mining	Promoter Group	Loan Received	29.00 Cr	High dependency on promoter group for working capital.
Godavari Commodities	Promoter Group	Loan Received	11.92 Cr	High dependency on promoter group for working capital.

- **RPT Verdict:** Monitor □ The company has shifted from a "value leakage" risk under old promoters to a "dependency risk" under the new promoter. RPT total (1,808.47 Cr) is 461% of Revenue due to one-time debt assignment.

C. Shareholding

- **Promoter Holding:** 95% (Pristine Malwa Logistics Park Private Limited).
- **Public Holding:** 5%.
- **Pledged Shares:** Not disclosed as pledged in the AR.

D. Board Composition + KMP Compensation

- **Total Directors:** 5 | **Independent %:** 40.00% | **Women Directors:** 1 (Anuradha Mukhedkar, Chairperson).
- **KMP Compensation:**
  - Seshadri Rajappan (WTD): 0.55 Cr (1.96% of EBITDA).
  - Thiagarajan Subramanian (WTD & CFO): 0.59 Cr (2.11% of EBITDA).
- **Analysis:** Total KMP compensation is high relative to thin operating profit (4.07% of EBITDA). No compensations within the same family were observed in the reconstituted board.

F. Capital Allocation & Capex

Action	FY Current (□Cr)	FY Prior (□Cr)	% of CFO	Signal
Equity Issuance	65.00 Cr	0.00 Cr	96.21%	**Positive**
Debt Repayment	96.00 Cr	74.00 Cr	142.09%	□
Asset Sales	40.00 Cr	3.00 Cr	59.21%	**Positive**
Capex	11.00 Cr	14.00 Cr	16.28%	□
Interest Payments	10.00 Cr	9.00 Cr	14.80%	□

- **CAPEX Analytical Notes:**
  - **CFO Coverage**: CFO (**67.56 Cr**) comfortably covered the **11.00 Cr** capex.
  - **Nature of Capex**: Primarily maintenance capex. **37.38 Cr of CWIP was written off** as it had "no specific due date for completion," signaling a cleanup of failed legacy projects.

- ◦ **Deployment Efficiency**: Revenue grew 12% while capex was minimal, suggesting the company is sweating existing assets post-insolvency.

H. Risks

- **Insolvency Implementation (High):** Potential for legal challenges to the settlement (e.g., RBL Bank's application) could disrupt the resolution plan.
- **Asset Recoverability (High): 79.55%** of gross trade receivables are credit impaired; risk of further "big bath" write-offs if recovery fails.
- **Onerous Contracts (Medium): 14.39 Cr** provision for contracts costing more to fulfill than revenue generated; direct hit to future margins.
- **Liquidity Dependency (Medium):** Reliance on new promoter for immediate cash (**40.92 Cr** in new loans); risk if promoter support wavers.
- **Legal Finality (Medium):** If NCLT orders are overturned on appeal, legacy tax/commercial risks could resurface.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	2		Integrated Logistics only; 100% segment concentration; negative ROCE.	Transitioning from distressed legacy to a specialized rail-arm with high cyclicality.
Financial Health	2		D/E 70% post-cleanup; CFO (67Cr) < Debt (483Cr); Restricted Cash.	Balance sheet cleaned via NCLT but liquidity remains tight and dependent on promoter.
Earnings Quality	1		PAT -834Cr vs CFO 67Cr; 79% Receivables impaired; CWIP write-offs.	Massive "big bath" adjustments and legacy "zombie" receivables indicate poor historical quality.
Management & Governance	3		95% Promoter holding; 40% Independent Board; Clean Audit Opinion.	New management is professionalizing the setup but legacy subsidiary lapses remain.
Capital Allocation & Earnings Visibility	2		ROCE -3%; CWIP write-off 37Cr; Onerous contract provision 14Cr.	Reinvesting for survival; returns currently below cost of capital with lumpy visibility.

BUSINESS POSITIVES (for this company this year) * □**Debt Reduction:** Total debt reduced from **□1,766 Cr to □483 Cr** via NCLT-mandated conversion. * □**Operating Turnaround:** Achieved positive **Operating Profit of □28 Cr** (7% OPM) vs a loss of □39 Cr. * □**Receivables Cleanup:** Aggressive provisioning reduced net receivables by **61%**, flushing out "zombie" accounts. * □**New Promoter Backing:** Infusion of **□65 Cr** equity and **□40.92 Cr** in loans from Pristine Group provides a survival lifeline. * □**Litigation Wipeout:** Pre-CIRP litigations deemed extinguished, removing massive historical legal overhangs.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Massive Net Loss:** Reported a **□834 Cr loss** driven by a **□792.72 Cr** exceptional "big bath" impairment. * □**Restricted Liquidity: □52.05 Cr** of cash/ FDs are earmarked for creditors and unavailable for operations. * □**Onerous Contracts:** New **□14.39 Cr** provision for loss-making contracts indicates operational inefficiencies. * □**Asset Quality Issues: □37.38 Cr** of

CWIP written off as non-viable; **79.55%** of receivables are credit-impaired. * □**Legal Risk:** RBL Bank's challenge to the disbursement manner threatens the finality of the resolution plan.

OVERALL SCORECARD SUMMARY Sical Logistics is in a "Year Zero" recovery phase following a massive NCLT-led restructuring that converted □1,717 Cr of debt into equity. While the balance sheet is significantly leaner and operating profits have turned positive, the company's financial health is fragile, characterized by negative ROCE and restricted cash reserves. Governance has improved under the new Pristine Group management, but the "big bath" accounting and legacy asset impairments highlight the depth of past distress. The business is on a **stable but high-risk** trajectory, where success depends entirely on integrating with the parent's rail ecosystem and successfully executing new terminal projects.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion issued for FY23.
2	Promoter pledge = 0?	□	No pledges disclosed by new promoter.
3	KMP pay < 5% of PAT?	□	PAT is negative; KMP pay is 4.07% of EBITDA.
4	RPT quantum < 5% of revenue?	□	461% of revenue due to one-time debt assignment.
5	Board > 50% independent?	□	40% Independent (2 out of 5).
6	At least 1 woman director?	□	Anuradha Mukhedkar (Chairperson).
7	No statutory dues outstanding?	□	□13.37 Cr statutory remittances payable.
8	No fraud reported?	□	No fraud reported in the current year.
9	Audit trail enabled?	□	Confirmed in Auditor's Report.
10	Frequent Auditor change	□	New auditor appointed post-CIRP (Dec 2022).

Total: 5/10 □— Governance Rating: 3

Part C: Investor Verdict

THESIS: Sical is a high-risk, post-insolvency turnaround play serving as the South Indian rail-infrastructure arm for the Pristine Group. **OVERALL STANCE:** WATCH **RATIONALE:** While the balance sheet cleanup is complete, the company must demonstrate that its core assets can generate ROCE above its 8% restructured debt cost. **RE-EVALUATE WHEN:** ROCE turns positive and exceeds 10% for two consecutive quarters. **BULL CASE:** Successful commissioning of Anupampattu and Bengaluru terminals leads to EBITDA doubling within 24 months. **BEAR CASE:** NCLT resolution is overturned by dissenting creditors (RBL Bank), or legacy "zombie" receivables require further cash-draining write-offs. **KEY MONITORABLE:** Net Trade Receivables: □55 Cr → Watch for any increase in aging > 1 year.

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