Sical Logistics Ltd — FY 2026 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

- ***Reported profitability is purely an accounting artifact; the 49 Cr Net Profit is entirely dependent on a 56 Cr one-time gain from land sales, masking a core PBT of only 1.5 Cr and indicating that the operational turnaround is not yet self-sustaining.***
- ***Governance risks have intensified following the post-resolution exit, marked by a 73.5% promoter pledge and the extraction of value through related-party debt; interest paid to group entities at 12.5% consumes nearly 49% of total finance costs and 99% of operating cash flow (CFO).***
- ***The balance sheet remains in a state of high-stress liquidity management where the 103 Cr capex program and 72 Cr interest burden are funded by asset liquidation rather than internal accruals; interest coverage of 0.50x confirms that core EBITDA cannot currently service the company's high-cost 12-12.5% debt structure.***
- **Long-term revenue visibility has structurally improved via the □4,038 Cr SECL mining contract and a 256% surge in terminal handling revenue, shifting the business mix toward higher-margin, asset-heavy logistics infrastructure.**
- ***Institutional transparency is weakened by the zero-remuneration disclosure for the CFO within the listed entity and the abrupt post-fiscal resignations of both the CFO and Company Secretary, suggesting significant internal friction during the Pristine Group integration.***
- ***Working capital remains constrained by 180.68 Cr of legacy receivables aged over three years, which, despite a 69% provisioning level, continue to restrict asset quality and cash conversion (CFO/EBITDA at 66%).***

STANCE: WATCH. Re-evaluate if core EBITDA (excluding asset sales) achieves a 1.5x interest coverage ratio and if promoter pledges are reduced, signaling a shift from survival-by-liquidation to operational self-sufficiency.

#	Analytical Point	Sentiment
1	***Net Profit of 49 Cr is entirely manufactured by a 56 Cr exceptional land sale gain, leaving core operations borderline loss-making.***	□Negative
2	***Promoter pledge has spiked to 73.5% to secure new debt, creating significant risk of ownership instability and margin-call contagion.***	□Negative
3	***Related-party interest at 12.5% siphons nearly 99% of operating cash flow, prioritizing promoter returns over minority shareholder equity.***	□Negative
4	**Receipt of the □4,038 Cr SECL contract provides a decade of revenue visibility and an end to the "burn phase" of the mining segment.**	□Positive
5	***Interest coverage of 0.50x indicates the company cannot service its debt from core operations, relying on non-recurring asset sales for solvency.***	□Negative
6	**Completion of the NCLT resolution plan and exit from "wilful defaulter" status restores the company's ability to access formal capital markets.**	□Positive
7	***High-level KMP churn, including the CFO and Company Secretary resignations, signals potential instability in the back-office transition.***	□Negative
8	***Customer concentration has spiked to 38% with a single client, creating a high-sensitivity dependency for the expanded terminal segment.***	□Negative
9	**The pivot to rail-linked terminals and 3PL warehousing has doubled operating margins to 20%, though these are currently offset by finance costs.**	□Positive
10	Stance is set to WATCH until core EBITDA covers interest obligations without the aid of non-core asset disposals.	□Neutral

1. BUSINESS OVERVIEW

Sical Logistics Ltd (Sical) has transitioned from a distressed legacy entity into the operational vehicle for the **Pristine Group**. The business model is now anchored by three distinct pillars: **Mining Logistics** (the primary standalone revenue driver), **Multimodal Terminals** (via SMART), and **Asset-light Warehousing/3PL** (via PVLPL).

Segment	Revenue (FY26)	Revenue (FY25)	YoY Growth	% of Total
Terminal handling, warehousing and transportation	221.03 Cr	61.99 Cr	+256.5%	57.41%
Integrated Logistics Services	164.27 Cr	159.83 Cr	+2.8%	42.59%
Total Revenue from Operations	**385.68 Cr**	**221.82 Cr**	**+73.9%**	**100.00%**

- **Mining Logistics (Core Engine):** The standalone entity serves as a mining support specialist. The defining event of FY26 is the receipt of a Letter of Acceptance (LoA) from **South Eastern Coalfields Limited (SECL)** for the Porda Chimtapani project in Chhattisgarh. At **□4,038 Cr over 11.5 years**, this contract provides the first significant long-term revenue visibility the company has had in years, potentially ending the "burn phase" noted in FY25.
- **Terminals (SMART):** Sical Multimodal and Rail Transport Limited (SMART) transitioned from construction to operations. The commencement of the **Ponneri (Chennai) rail-linked freight terminal** is a critical milestone. This shifts the segment from a capital-heavy CWIP drag to a revenue-generating asset, targeting the EXIM container market in South India.
- **Warehousing & 3PL (PVLPL):** This segment is undergoing a strategic pivot toward the **pharmaceutical super-stockist model**. Operations expanded from 4 states to 8 states (adding Kerala, Haryana, Ahmedabad,

and Punjab). This indicates an aggressive push into high-value, organized warehousing to balance the cyclicality of the mining business.

- **Cost Structure and Operating Leverage:** The business is highly sensitive to **diesel price volatility** and **equipment maintenance cycles**. The commissioning of the Ponneri terminal and the commencement of the ₹4,038 Cr SECL contract suggest that the company is entering a period where fixed-cost absorption should significantly improve. However, the reliance on specialized heavy equipment implies continued high maintenance capex.
- **Industry Position and Capacity:** Sical maintains a niche but strong presence in South Indian ports (Chennai, Tuticorin, Visakhapatnam) with an aggregate CFS handling capacity of **0.4 million TEUs**.
- **Divestments:** The company is actively "pruning" toxic legacy assets. **Sical Iron Ore Terminal (Mangalore) Limited** was admitted for insolvency (CIRP) in August 2026, signaling management's intent to isolate and offload non-performing subsidiaries rather than continue funding them.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management's narrative has shifted from "survival and restructuring" (FY25) to **"synergy and scaling" (FY26)**, framing growth around government-led infrastructure tailwinds such as **PM GatiShakti** and **Dedicated Freight Corridors**.
- Management emphasizes the completion of the resolution plan via the payment of the **final ₹226 Cr resolution tranche**, claiming all settlement obligations are fully discharged to reset stakeholder confidence.
- A major strategic theme is the integration with the **Pristine Group**, highlighting "cross-selling opportunities" between mining logistics, rail logistics, and warehousing as a primary competitive advantage.
- The merger of the immediate promoter (**Pristine Malwa**) with the ultimate holding company (**Pristine Logistics & Infraprojects**) is intended to streamline management and control without changing beneficial ownership.
- The outlook is aggressively bullish, predicated on the execution of the new **₹4,038 Cr SECL contract** and the ramp-up of the **Ponneri rail terminal**.
- Management acknowledges headwinds including **geopolitical volatility** affecting energy and freight costs, and **competitive intensity** from global supply chain operators.
- ESG focus is highlighted through **Eco-Driving Training** and **Smart Energy Management Systems (SEMS)** to address environmental mandates.
- There is a notable post-FY26 talent transition: the **CFO (K. Rajavel) stepped down** in July 2026 to focus on the SMART subsidiary, and the **Company Secretary resigned** shortly after.
- The management tone is **resolutely optimistic and promotional**, bordering on defensive regarding regulatory lapses; while signaling a move past NCLT-era distress, frequent KMP resignations and regulatory fines suggest a back-office still struggling with the transition to a high-growth operating model.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

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

Basis: CONSOLIDATED.

P&L Statement (Crores)

Line Item	Mar 2026	Mar 2025
Sales -	386.00	222.00
Sales Growth %	74.00	0.00
Expenses -	307.00	200.00
Material Cost % -	0.00	0.00
Raw material cost	0.41	0.00
Change in inventory	-0.04	0.00
Manufacturing Cost %	0.00	70.00
Employee Cost %	7.00	10.00
Other Cost %	73.00	10.00
Operating Profit	78.00	21.00
OPM %	20.00	10.00
Other Income -	92.00	29.00
Exceptional items	56.00	22.00
Other income normal	37.00	7.00
Interest	72.00	43.00
Depreciation	42.00	38.00
Profit before tax	57.00	-31.00
Tax %	14.00	-15.00
Net Profit -	49.00	-26.00
Profit from Associates	0.00	0.00
Minority share	-4.00	0.00
Exceptional items AT	48.00	22.00
Profit excl Excep	1.00	-47.00
Profit for PE	1.00	-47.00
Profit for EPS	45.00	-26.00
Profit Growth %	103.00	30.00
EPS in Rs	5.69	-1.24
Dividend Payout %	0.00	0.00

Balance Sheet (Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	80.00	65.00
Reserves	52.00	-70.00
Borrowings -	485.00	608.00
Long term Borrowings	357.00	238.00
Short term Borrowings	76.00	294.00
Lease Liabilities	52.00	76.00
Other Borrowings	0.00	0.00
Other Liabilities -	291.00	256.00
Non controlling int	138.00	134.00
Trade Payables	64.00	48.00
Advance from Customers	0.00	4.00
Other liability items	88.00	70.00
Total Liabilities	907.00	859.00
Fixed Assets -	555.00	602.00
Land	0.00	402.50
Building	0.00	102.71
Plant Machinery	0.00	314.72
Ships Vessels	0.00	0.00
Equipments	0.00	31.11
Computers	0.00	0.00
Furniture n fittings	0.00	14.07
Vehicles	0.00	152.80
Intangible Assets	4.92	6.30
Other fixed assets	0.00	2.42
Gross Block	0.00	1,026.63
Accumulated Depreciation	0.00	424.67
CWIP	4.00	52.00
Investments	16.00	1.00
Other Assets -	332.00	204.00
Inventories	0.00	2.00
Trade receivables -	96.00	72.00
Receivables over 6m	0.00	11.00
Receivables under 6m	0.00	61.00
Prov for Doubtful	0.00	0.00
Cash Equivalents	66.00	87.00
Loans n Advances	22.00	-43.00

Line Item	Mar 2026	Mar 2025
Other asset items	148.00	86.00
Total Assets	907.00	859.00

Cash Flow Statement (Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	52.00	20.00
Profit from operations	84.00	27.00
Receivables	-26.00	-33.00
Inventory	0.00	0.00
Payables	18.00	6.00
Loans Advances	0.00	0.00
Other WC items	-16.00	13.00
Working capital changes	-25.00	-15.00
Direct taxes	-7.00	7.00
Cash from Investing Activity -	20.00	-64.00
Fixed assets purchased	-103.00	-84.00
Fixed assets sold	131.00	29.00
Investments sold	0.00	0.00
Interest received	2.00	6.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	0.00
Inter corporate deposits	5.00	0.00
Other investing items	-14.00	-14.00
Cash from Financing Activity -	-88.00	-3.00
Proceeds from shares	90.00	0.00
Proceeds from borrowings	176.00	161.00
Repayment of borrowings	-274.00	-132.00
Interest paid fin	-47.00	-29.00
Financial liabilities	-33.00	-3.00
Other financing items	0.00	0.00
Net Cash Flow	-16.00	-47.00
Free Cash Flow	80.00	-35.00
CFO/OP	76.00	59.00

Key Ratios (□Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	91.00	119.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	91.00	119.00
Working Capital Days	-43.00	-491.00
ROCE %	10.00	-1.00

3.2 Financial Analysis Summary

- **Revenue** from operations increased to **□386.00 Cr** in FY26, a **73.9% YoY growth** primarily driven by the "Terminal handling, warehousing and transportation" segment which surged **256%** to **□221.03 Cr**, now contributing **57.41%** of total top-line.
- **Operating Profit** margin doubled to **20.00%** from 10.00% in FY25, reflecting a shift to higher-margin terminal operations, yet the **Net Profit** of **□49.00 Cr** is entirely reliant on an **Exceptional Item** of **□56.00 Cr** from the sale of non-core land; excluding this, **Profit before tax** would be a marginal **□1.50 Cr**, indicating weak core operational sustainability.
- **Finance Cost** escalated to **□72.00 Cr**, consuming **18.6%** of **Revenue**, as the company replaced resolution-plan debt with high-cost financing including **□184.30 Cr** in **Unsecured Related Party Loans** at a **12.5%** interest rate and new NBFC consortium loans at **12%**, resulting in a low **Interest Coverage** of **0.50x**.
- **CFO** improved to **□52.00 Cr** from □20.00 Cr but remained lower than the **Fixed assets purchased** of **□103.00 Cr**, while **Free Cash Flow** reached **□80.00 Cr** only because of **□131.00 Cr** generated from **Fixed assets sold**, signaling that the company is funding its turnaround through asset liquidation rather than internal accruals.
- **Trade Receivables** (Net) rose **33%** to **□96.00 Cr** in line with revenue growth, but the **Balance Sheet** remains burdened by **□180.68 Cr** of gross receivables aged over 3 years, necessitating a massive **Allowance for ECL** of **□214.36 Cr** which restricts **Total Assets** quality.
- **Net Worth** strengthened to **□132.00 Cr** following a rights issue that raised **□90.00 Cr** in **Proceeds from shares**, which was strategically used to facilitate the **Repayment of borrowings** totaling **□274.00 Cr** and complete the NCLT resolution plan obligations.
- **ROCE** turned positive at **10.00%** (from -1.00%), but management's decision not to recognize a Net **Deferred Tax** Asset of **□119.13 Cr** due to lack of probable future taxable profits serves as a conservative signal regarding the long-term sustainability of current **EPS** levels.
- **Capital Work-in-Progress (CWIP)** reduced to **□4.00 Cr** from □52.00 Cr as projects were capitalized into the **Gross Block**, yet the business displays high customer concentration with the top client accounting for **38.17%** of **Revenue**, up from 5.93% in FY25.
- **Other Assets** are dominated by **□111.30 Cr** in **Assets Held for Sale** (freehold land); these non-core assets are the primary liquidity buffer for debt repayment but their disposal is a non-recurring event.
- **Other Expenses** include a sharp **87% increase in O&M costs** (49.73 Cr) which, while correlating with the terminal ramp-up, places significant pressure on operating margins alongside high legal/professional fees related to restructuring.
- Sical Logistics is undergoing a high-stakes transition toward asset-heavy terminal operations, characterized by a sharp recovery in **Revenue** and **ROCE**, but earnings quality is currently poor as bottom-line profitability

depends on non-recurring asset sales while a high-cost debt structure and legacy **Working Capital** issues continue to strain the **Balance Sheet**.

3.3 Contingent Liabilities & Commitments

Item (note's own caption)	Current yr	Prior yr	Change	What it means
Indirect Tax Matters	14.87 Cr	115.01 Cr	-100.14 Cr	Sharp decline due to NCLT litigation absolution
Bank Guarantees	66.47 Cr	75.70 Cr	-9.23 Cr	Ongoing operational performance bonds
Bank Guarantee Invocation	5.65 Cr	0.00 Cr	+5.65 Cr	Cash outflow/write-off due to non-performance

- Consequent to the NCLT order, all liabilities arising from pending litigations against Sical Logistics Limited were absolved up to the effective date (11 Jan 2023), explaining the 87% drop in tax-related contingencies.
- A bank guarantee was invoked by a customer during the year due to non-performance; the bank (Bank of Baroda) appropriated margin money, leading to a direct write-off.

3.9 Earnings Quality & Forensic Checks

Read	Question	Verdict	Confidence	Checked
1	Is the growth real?	*WATCH*	high	6/6
2	Does profit become cash?	*WATCH*	high	5/5
3	Is the P&L being manufactured?	*FLAG*	high	6/6
4	Is value leaving to insiders?	*FLAG*	high	6/6
5	Can the balance sheet take a hit?	*WATCH*	high	5/5

Read 1 — Is the growth real? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Receivables growth vs sales growth	Rs 72.13 Cr	Rs 95.95 Cr	Receivables increased by 33.0% against sales growth of 73.9%	□ CLEAN	n/a	Note 7.1, p.152
Receivables ageing / ECL provisioning	Rs 213.52 Cr	Rs 214.36 Cr	ECL allowance remained flat at high levels (69% of gross receivables)	□ WATCH	Rs 214.36 Cr of gross receivables is currently impaired	Note Working Capital
Unbilled revenue (Contract Assets)	Rs 18.06 Cr	Rs 23.08 Cr	Increased 27.8% YoY	□ CLEAN	n/a	Note 30
Revenue from related parties as % of revenue	not disclosed	Rs 36.83 Cr	New significant related party services from Pristine Logistics	□ WATCH	9.5% of revenue is derived from related party services	Note 27
Customer concentration	5.93%	38.17%	Top customer concentration increased significantly	□ WATCH	Single customer dependency risk for 38% of top line	Note 31
Advances from customers trend	Rs 4.00 Cr	Rs 0.06 Cr	Decreased by 98.5%	□ WATCH	n/a	Note 13.3, p.152

Mechanism: Revenue growth is driven by a structural shift to Terminal Handling (256% growth), which has introduced high customer concentration (38% top customer) and new related-party service dependencies. **Aggregate impact:** Sales grew Rs 163.86 Cr while net receivables only rose Rs 23.82 Cr, suggesting new revenue is converting to bills faster than legacy business. **Direction:** deteriorating · **Watch next:** Top customer concentration % in Note 31

Read 2 — Does profit become cash? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
cfo_ebitda	0.74	0.66	Conversion ratio declined	□ WATCH	CFO is 66% of clean EBITDA (Rs 52.29 Cr vs Rs 78.89 Cr)	Note Cash Flow, p.154
op_conversion_pretax	0.48	0.75	Improved pre-tax conversion	□ CLEAN	n/a	Note Cash Flow, p.154
Inventory absorption of operating cash	Rs 0.00 Cr	Rs 0.04 Cr	Minimal impact; inventory written off	□ CLEAN	n/a	Note 6
Working-capital movement	Rs -15.00 Cr	Rs -25.00 Cr	Working capital drag increased by Rs 10.00 Cr	□ WATCH	Working capital changes consumed 30% of operating profit before WC	Note Cash Flow, p.154
Cash tax paid vs book tax	Rs -7.00 Cr	Rs 7.06 Cr	Company moved to being a net payer of tax	□ WATCH	Cash tax paid (Rs 7.06 Cr) is higher than book tax credit (Rs 0.34 Cr)	Note Cash Flow, p.154

Mechanism: Operating cash flow (Rs 52.29 Cr) is significantly lower than Clean EBITDA (Rs 78.89 Cr) due to a Rs 25.00 Cr working capital drag, primarily from trade receivables. **Aggregate impact:** Cash conversion of EBITDA is 66.2% in FY26. **Direction:** deteriorating · **Watch next:** Working capital changes in Cash Flow statement · **Corroborates:** revenue_real

Read 3 — Is the P&L being manufactured? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Exceptional items and their effect on PBT	Rs 9.67 Cr	Rs 55.59 Cr	Exceptional gain increased nearly 6-fold	□FLAG	Gain on land sale (Rs 55.59 Cr) constitutes 97.4% of PBT	Note 23
Non-operating / other income as % of PBT	not disclosed	64.6%	High non-operating component	□ WATCH	Other income of Rs 36.89 Cr contributes significantly to PBT	Note Profit and Loss, p.153
Deferred tax movement	Rs 3.54 Cr	Rs 0.34 Cr	Reduction in MAT credit entitlement recognized	□ CLEAN	n/a	Note 5, p.153
Provision reversals credited to income	not disclosed	Rs 1.14 Cr	Small reversal of provisions no longer required	□ CLEAN	n/a	Note Cash Flow, p.154
Depreciation policy / useful-life change	not disclosed	60 years	Aggressive useful life for buildings	□ WATCH	Lower depreciation charge due to long asset life	Note 1.8
Accounting policy change (Inventory)	not disclosed	Full write-off	Inventory of holding company written down to zero	□ WATCH	Rs 2.00 Cr impact	Note 6

Mechanism: Reported profitability is entirely dependent on non-operating levers; the Rs 55.59 Cr gain from land sale masks the fact that core PBT (PBT minus exceptional items) is only Rs 1.50 Cr. **Aggregate impact:** Non-operating items (Exceptional + Other Income) total Rs 92.48 Cr against a PBT of Rs 57.09 Cr. **Direction:** deteriorating · **Watch next:** PBT excluding exceptional items

Read 4 — Is value leaving to insiders? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Related-party transaction quantum (Interest)	not disclosed	Rs 35.05 Cr	Significant interest burden to related parties	□FLAG	Interest to related parties is 48.7% of total finance costs	Note 20
Related-party borrowings	Rs 184.30 Cr	Rs 184.30 Cr	Debt to related parties remained flat but high	□ WATCH	Related party loans comprise 42.5% of total debt	Note 11.1
KMP / director remuneration	not disclosed	not disclosed	Special resolution passed to allow 50%+ remuneration to one ID	□ WATCH	Remuneration concentration to Mr. Vinay Kumar Pabba	Note Postal Ballot, p.62
Loans to group entities	Rs 0.00 Cr	Rs 5.00 Cr	New inter-corporate deposits	□ WATCH	n/a	Note Cash Flow, p.154
Promoter pledge	not disclosed	73.50%	High promoter pledge for new financing	□FLAG	Majority of promoter holding encumbered	Note 11.1
CSR spend	not disclosed	Rs 0.08 Cr	Resumption of CSR activity	□ CLEAN	n/a	Note 21, p.189

Mechanism: The company is paying Rs 35.05 Cr in interest to related parties at a rate (12.5%) that exceeds its bank borrowing costs, while also pledging 73.5% of promoter shares to secure debt. **Aggregate impact:** Total related party financial exposure (debt + interest payable) stands at Rs 216.46 Cr. **Direction:** deteriorating · **Watch next:** Interest rate on related party loans · **Corroborates:** bs_stress

Read 5 — Can the balance sheet take a hit? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
CWIP ageing	Rs 52.00 Cr	Rs 4.00 Cr	Significant reduction in CWIP	□ CLEAN	n/a	Note Balance Sheet, p.152
Dividend vs free cash flow	Rs 0.00 Cr	Rs 0.00 Cr	No dividends paid despite FCF of Rs 80.00 Cr	□ CLEAN	n/a	Note Ratios
Contingent liabilities vs net worth	Rs 115.01 Cr	Rs 14.87 Cr	Tax contingencies dropped 87% post-NCLT absolution	□ CLEAN	Significant reduction in balance sheet risk	Note 24, p.191
Borrowing terms and security	not disclosed	First pari-passu charge	Assets heavily encumbered for new consortium loan	□ WATCH	All current and fixed assets are charged to lenders	Note 11.1
Encumbered assets (Assets held for sale)	Rs 0.00 Cr	Rs 111.30 Cr	Large volume of non-core land moved to 'Held for Sale'	□ WATCH	12.3% of total assets intended for disposal to repay debt	Note 4 & 7.3

Mechanism: While NCLT resolution has cleared legacy tax contingencies and resolved wilful defaulter status, the balance sheet remains stressed by high-cost refinancing (Rs 240 Cr) and the need to sell Rs 111 Cr of assets to maintain liquidity. **Aggregate impact:** Total debt of Rs 485.00 Cr remains 3.6x of shareholder equity (Rs 131.29 Cr), even after a Rs 90.22 Cr rights issue. **Direction:** improving · **Watch next:** Net proceeds from sale of 'Assets Held for Sale'

Material notes captured

Note	Discloses	Prior	This year	Impact	Signal
11.1 (p.180)	**Final payment to financial creditors under NCLT resolution plan completed in Q3 FY26.**	Rs 260.78 Cr (due)	Rs 0.00 Cr (due)	Absolution of legacy bank debt	positive
11.2 (p.183)	**Reclassification of Rs 32.16 Cr related party interest to non-current liabilities.**	not disclosed	Rs 32.16 Cr	Deferred cash outflow for interest payments	neutral
40.j (p.209)	**Company no longer classified as a wilful defaulter post-resolution.**	Wilful Defaulter	Cleared	Restoration of ability to access capital markets	positive
1.8	**Depreciation policy (Buildings)**	n/a	60 years	Revenue ↑↓ — Aggressive useful life reduces current dep. charge	neutral
6	**Inventory Write-off**	n/a	Full Write-off	Profit ↓ — Cleaning up obsolete stock post-resolution	neutral

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Resolution Plan Compliance:** Auditors focused on the final discharge of □226.00 Cr to financial creditors under the NCLT plan, verifying "No Objection Certificates" and the derecognition of legacy liabilities. Obligations were fully met by Q3 FY26.
- **Valuation of Assets Held for Sale:** Scrutiny of □111.30 Cr in freehold land classified for sale, measured at the lower of carrying amount and fair value less costs to sell.
- **Audit Trail:** The auditor confirmed that the edit log feature in the accounting software operated throughout the year for all relevant transactions, remediating previous data integrity concerns.
- **Auditor Rotation:** M/s SRSV & Associates tenure ends at the 71st AGM; the Board recommends M/s CNGSN & Associates LLP for a 5-year term starting FY27.
- **Wilful Defaulter Status:** Auditors noted the company is no longer classified as a wilful defaulter post-resolution by virtue of the NCLT order.

B. Related Party Transactions

Party	Relationship	Nature	Amount (Cr)	Concern
Kanpur Logistics Park	Fellow Subsidiary	Interest Paid	14.63 Cr	□12.5% rate exceeds bank borrowing rates.
Kanpur Logistics Park	Fellow Subsidiary	Unsecured Loan Bal.	130.00 Cr	□Represents 26.8% of total borrowings.
Pristine Malwa Logistics	Holding Company	Equipment Lease	21.08 Cr	□Material RPT approved via postal ballot.
Pristine Logistics	Ultimate Holding	Group Services	36.83 Cr	□Significant operational dependency.
K. Rajavel (CFO)	KMP	Remuneration	0.00 Cr	□Paid by subsidiary; reduces transparency.

- **RPT Risk:** RPT interest and lease obligations (□51.46 Cr) consume **98.96% of Operating Cash Flow (CFO)**, signaling that the company is effectively being utilized as a high-yield lending vehicle for the promoter group.
- **Interest Deferral:** □32.16 Cr in RPT interest was reclassified to non-current liabilities, masking immediate liquidity stress.

C. Shareholding

- **Promoters:** 75.00% | **Public:** 25.00%.
- **Pledge Risk:** ***73.50% of Promoter Holding is Pledged*** to secure a □240.00 Cr consortium loan from NBFCs. This is a severe deterioration from the 0% pledge in FY25.
- **MPS Compliance:** Achieved 25% Minimum Public Shareholding in March 2026 via a Rights Issue.

D. Board Composition + KMP Compensation

- **Independent %:** 42.86% (3 of 7). Ms. Neelaveni serves as the sole woman director.
- **KMP Compensation:** Total KMP compensation grew ~14% (□0.72 Cr total), significantly trailing the 271% EBITDA growth.
- **Forensic Flag:** The **CFO (K. Rajavel) receives zero remuneration** from the listed entity, as he is compensated by a subsidiary/holding company, obscuring true management costs.

F. Capital Allocation & Capex

Action	FY Current (Cr)	FY Prior (Cr)	% of CFO	Signal
Asset Sales	131.00	29.00	251.92%	**Positive**
Capex	103.00	84.00	198.08%	□
Interest Payments	47.00	29.00	90.38%	□
Equity Issuance	90.00	0.00	173.08%	**Positive**
Net Debt Change	-98.00	29.00	-188.46%	□

- **Capex Efficiency:** Primarily directed toward **Mining Equipment for the □4,038 Cr SECL project** and the Ponneri Rail Terminal. CFO (□52 Cr) covers only 50.4% of Capex; funding gap was bridged via asset sales.
- **One-line verdict: Value-Neutral** — Asset monetization saved the balance sheet, but the core business cannot yet self-fund growth.

G. Revenue Recognition Policy

Revenue is recognized at a "point in time" upon transfer of control. The policy has become more aggressive due to the 256% surge in "Terminal Handling" revenue, which relies on management's estimate of "control" during stuffing/de-stuffing. Unbilled revenue (contract assets) grew 27.8% to ₹23.08 Cr.

H. Risks

- **Customer Concentration:** Top customer accounts for **38.17% of revenue**, creating extreme dependency.
- **High-Cost RPT Debt:** Unsecured RPT loans at **12.5%** are siphoning profits to the promoter group.
- **Pledge Risk: 73.5% promoter pledge** creates risk of change-in-control if margin calls occur.
- **Legacy Receivables: ₹180.68 Cr of receivables >3 years** may require further impairments despite 69% current provisioning.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	↑	LoA for ₹4,038 Cr project	Transition from legacy logistics to asset-heavy terminals with long-term visibility.
Financial Health	2	→	D/E 3.6x; Int. Coverage 0.5x	Stressed balance sheet reliant on asset sales to fund high-cost NBFC/RPT debt.
Earnings Quality	1	↓	PAT < Exceptional land gain	Core operations are borderline loss-making; profit is entirely non-recurring.
Management & Governance	2	↓	73.5% Pledge; 0-pay CFO	High RPT interest siphoning and lack of transparency in KMP pay.
Capital Allocation	2	→	ROCE 10% < Debt Cost 12.5%	Reinvesting at rates below the cost of capital; asset sales are the primary liquidity source.

BUSINESS POSITIVES (for this company this year) - □**Long-term Visibility:** Receipt of ₹4,038 Cr LoA from SECL provides 11.5 years of revenue visibility for the mining segment. - □**Resolution Completion:** Final ₹226 Cr resolution tranche paid; company no longer classified as a "wilful defaulter." - □**Segment Pivot:** Terminal handling and warehousing revenue surged 256% YoY, improving segment margins to 20%. - □**Capital Infusion:** Raised ₹90.22 Cr via a Rights Issue to facilitate debt repayment and exit NCLT obligations. - □**Asset Monetization:** Successfully generated ₹131 Cr from fixed asset sales to bridge the operational funding gap.

BUSINESS NEGATIVES / CONCERNS (for this company this year) - □**Poor Earnings Quality:** Reported PAT of ₹49 Cr is entirely dependent on a ₹56 Cr one-time land sale gain; core PBT is only ₹1.5 Cr. - □**High-Cost RPT Debt:** ₹184.30 Cr in related party loans at 12.5% interest, which exceeds bank borrowing rates and siphons cash. - □**Severe Pledge Risk:** 73.50% of promoter holding is pledged to secure new consortium debt, up from 0% in FY25. - □**Customer Concentration:** Revenue dependency on a single top customer has spiked to 38.17% from 5.93%. - □**Legacy Receivables:** ₹180.68 Cr of gross receivables are aged over 3 years, necessitating a ₹214.36 Cr ECL allowance. - □**KMP Churn:** Resignation of both the CFO and Company Secretary shortly after the fiscal year end suggests internal transition stress.

OVERALL SCORECARD SUMMARY Sical Logistics is in a precarious state of transition. While it has successfully emerged from NCLT and secured a massive ₹4,038 Cr mining contract, its **financial strength remains weak** due to a high-cost debt structure (12-12.5%) that exceeds its ROCE (10%). **Earnings quality is**

poor, with profits currently manufactured through non-core land sales rather than operational efficiency. **Governance posture is concerning** due to the high level of promoter pledges, zero-remuneration CFO disclosure, and significant interest siphoning through related-party loans. The trajectory is **Stable-to-Improving** operationally, but **Deteriorating** in terms of governance and financial risk.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion for FY26.
2	Promoter pledge = 0?	□	73.50% of promoter holding is pledged.
3	KMP pay < 5% of PAT?	□	Total KMP remuneration (□0.72 Cr) is ~1.5% of PAT.
4	RPT quantum < 5% of revenue?	□	RPT interest and lease payments represent 13.34% of revenue.
5	Board > 50% independent?	□	42.86% (3 of 7 directors) are independent.
6	At least 1 woman director?	□	Ms. Neelaveni is on the Board.
7	No statutory dues outstanding?	□	No major defaults reported post-NCLT resolution.
8	No fraud reported?	□	No frauds reported by auditors.
9	Audit trail enabled?	□	Confirmed by auditor to be operating throughout the year.
10	Frequent Auditor change	□	Statutory auditor rotation scheduled for FY27.
Final line: "Total: 6/10 □— Governance Rating: 2"			

Part C: Investor Verdict

THESIS: Sical is an asset-heavy turnaround play where operational scaling from a □4,038 Cr coal contract is being offset by aggressive RPT siphoning and a highly encumbered promoter holding.

OVERALL STANCE: WATCH

RATIONALE: Core operational profitability is yet to be proven, and the current net profit is entirely dependent on one-time asset liquidations. RE-EVALUATE WHEN: Clean EBITDA (excluding land sales) exceeds Finance Costs (currently 0.50x interest coverage). BULL CASE: Successful ramp-up of the Ponneri terminal and SECL project leads to positive FCF without further asset sales, driving ROCE > 15%. BEAR CASE: Margin calls on the 73.5% promoter pledge lead to a forced change in control or liquidation of assets at distressed prices. KEY MONITORABLE: Interest Coverage Ratio: 0.50x → 1.5x.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Revenue Growth	Stagnant (0.33% growth); core mining down 39%.	Explosive (73.9% growth) driven by Terminal Handling surge.	The company successfully pivoted from a stagnant mining legacy to an operational terminal model, though concentration risk spiked.
Solvency & Equity	Technically insolvent; negative parent equity (-₹4.77 Cr).	Positive Net Worth (₹132 Cr) following a ₹90 Cr Rights Issue.	The capital base was stabilized through shareholder infusion and asset sales, moving the entity away from immediate technical insolvency.
Share Encumbrance	0% Promoter Pledge.	73.50% Promoter Pledge.	A massive deterioration in risk profile occurred as promoters encumbered nearly all holdings to secure high-cost consortium debt.
Earnings Quality	Losses masked by ₹22 Cr in provision reversals/tax items.	Profits (₹49 Cr) entirely dependent on a ₹56 Cr land sale.	Operating profitability remains an illusion, with the bottom line shifting from accounting reversals to one-time asset liquidations.
Management Tone	Survivalist; focused on NCLT and debt discharge.	Promotional; focused on "synergy," "scaling," and "GatiShakti."	Management has adopted an aggressively bullish narrative to mask the fact that core PBT is only ₹1.5 Cr without exceptional gains.
Finance Costs	₹43 Cr; focused on legacy restructuring.	₹72 Cr; driven by 12.5% RPT and 12% NBFC loans.	The cost of capital has escalated significantly, creating a high-hurdle rate that current operations struggle to exceed.

7.2 Persistent Patterns

- **Negative Core Profitability:** Excluding exceptional items and land sales, the company consistently fails to generate meaningful operational PBT.
- **Promoter Value Leakage:** The company maintains a recurring reliance on **12.5% unsecured loans from the Pristine Group**, which siphons cash via interest rates exceeding market bank rates.
- **Cash Flow Insufficiency:** In both periods, **Cash Flow from Operations (CFO) is insufficient to cover the combined burden of interest payments and maintenance capex.**
- **Governance Non-compliance:** The board remains **persistently non-compliant with SEBI mandates**, maintaining less than 50% independence despite the transition in ownership.
- **Toxic Receivable Overhang:** A massive **ECL allowance (₹214 Cr)** persists against legacy receivables, indicating a permanent impairment of historical working capital that has not been recovered.
- **Non-transparent KMP Compensation:** The **CFO continues to receive zero remuneration** from the listed entity, obscuring the true administrative cost structure by shifting it to subsidiaries.
- **Asset-Sale Reliance:** The company consistently relies on **divesting non-core assets (land/subsidiaries)** to bridge the gap between operating cash and debt obligations.
- **Strategic Concentration:** Revenue remains heavily dependent on a **minimal number of large-scale contracts or customers**, increasing vulnerability to single-point operational failures.

No material persistent pattern identified. (Note: This is ignored as the above patterns are identified).