

Sical Logistics FY06-07 net Rs 450.4 million

Sical Logistics Ltd, India's leading provider of integrated solutions for offshore logistics and multi-modal logistics for bulk and containerized cargo, today announced that the audited consolidated net profit, after prior period and exceptional items, for the year 31 March 2007 (FY 06-07) was Rs 450.4 million, from Rs 573.5 million a year ago. Net profit before prior period and exceptional items was Rs 341.4 million, from Rs 687.6 million a year ago.

Net sales for FY 06-07 was Rs 9.9 billion, up 6% from Rs 9.6 billion a year ago.

Consolidated net sales of Sical's core logistics business was Rs 6.7 billion, up 6% from Rs 6.4 billion a year ago.

The prior period items relate to tax adjustments in FY05-06, while the exceptional items relate to the net impact of the disposal of the non-logistics businesses of oil palm, refractories, agri-bioproducts, real estate property, flexible shafts, and costs of restructuring.

Consolidated cash reserves, as of 31 March 2007, were Rs 2.67 billion; total debt stood at Rs 5.32 billion.

Comment by Sical Logistics Chairman, Mr. Ashwin Muthiah

Sical Chairman Ashwin Muthiah said that the results for FY06-07 should be seen in the context of the multi-dimensional change at Sical.

'The results are broadly as per our internal estimates. We have been saying that Sical's strategy, put in place in FY05-06, of focusing exclusively on the core business of integrated multi-modal logistics, while being growth-oriented, would, given the sacrifices involved, cause some pain in the short and medium term,' Mr. Ashwin Muthiah said.

'I would reiterate that Sical's growth pangs are not yet over—we should expect earnings-related turbulence over the next four quarters,' Mr. Ashwin Muthiah added.

'That said, FY06-07 was a watershed year for Sical; we renewed our focus on our core business proposition of logistics by exiting some non-core activities, we got international strategic funds to invest in our vision, and have in place professional managers of the right caliber to take our vision forward,' said, Mr. Ashwin Muthiah.

'Our aim is to not only consolidate our leadership position in Indian multi-modal logistics, but also to seize the opportunities in value-added businesses such as global offshore logistics and third party (3PL) and fourth party (4PL) logistics,' Mr. Ashwin Muthiah elaborated.

Exit from Non Logistics businesses Vanagaram Refractories Works Industries Ltd (VRW), a division that manufactures refractory bricks, was sold for Rs 407.9 million. 100% subsidiary Mac Oil Palm Ltd was sold to Soyumm Marketing for Rs 293.7 million. Agri-bioproducts was sold for Rs 68 million. Other non core business including auto, drums, specialty chemicals and flexible shafts are in the process of being sold.

Fund raising, preferential allotment

In April 2006, Sical raised USD 75 million (Rs 3.30 billion) in foreign currency convertible bonds (FCCB); the FCCBs are listed on the Singapore Exchange. In April 2007, IDFC Private Equity, the largest private equity investor in India's infrastructure and logistics sectors, invested USD 26 million (Rs 1.16 billion) for 14.82% stake in Sical via a preferential allotment of equity shares at Rs 222 per share. Sical has initiated the preferential allotment of 2.05 million equity shares each to Credit Suisse Singapore and Macquarie Bank at Rs 250 per share.

Acquisition of Singapore-based Bergen Offshore, *Sical Torino*

- In September 2006, Sical announced its acquisition of Singapore-based Bergen Offshore Logistics Pte Ltd, a provider of specialized logistics for offshore oil and gas exploration. The acquisition is a logical extension of Sical's existing offshore logistics business which operates and manages offshore supply vessels for ONGC.

The USD 96.9 million acquisition was funded via USD 16.9 million from Sical's FCCB offering in April 2006 and the remaining via a structured loan of USD 80 million from NIBC Bank, Singapore. This was to have a new build 470 Mk II PSV from Aker Yards in Molde, Norway as well as three heavy duty AHTs. Due to difficulty in transition of the contracts of the three AHTs, Sical decided to limit the acquisition to the new build PSV. While Sical funded its equity the borrowing was reduced to USD 25 million from NIBC Bank. In October 2006, Bergen Offshore took delivery of the latest generation specialty 470 MK II class platform supply vessel (PSV), for USD 31.3 million; Sical Torino currently services deepwater oil rigs in the North Sea.

Key appointments

During the year, the following people joined Sical in key management positions:

In November 2006, CEO K. Sridhar joined Sical; his earlier experience includes FedEx, DHL, and ITW Signode.

In January 2007, CFO S. Bhaskar joined us from Hindustan Lever; he's earlier worked with Marico and Shaw Wallace, Mr Bhaskar is a member of the Institute of Chartered Accountants of India.

In November 2006, Sical Distriparks CEO L.R. Sridhar joined Sical. Mr Sridhar has worked with TNT, Skypak, and Overnite Express.

PG Thyagarajan, MD, Sical Multimodal and Rail Transport Ltd, joined Sical in December 2006; Mr Thyagarajan, who has spent 18 years in Indian Railways, joined us from Container Corporation of India, where he was director of international operations.

Board restructuring

- Ashwin Muthiah was appointed Chairman of Sical's Board of Directors at an extra-ordinary general meeting in April 2007. He had been serving as Sical's Vice Chairman. The Sical Board was also restructured to include two promoter nominees, one nominee director from IDFC Private Equity, and three independent directors. Luis Miranda, President and CEO of IDFC Private Equity, was inducted

as IDFC Private Equity's nominee Director, while Karthik Menon, Sical's Vice-President - Finance and Strategy, was inducted as a promoter nominee and whole-time Director.

Subsidiary, SPVs Sical is setting up a wholly owned subsidiary to house its ownership in infrastructure-oriented and asset-intensive businesses. It will enable Sical to clearly segregate the services-oriented and the infrastructure-oriented businesses, and ensure dedicated management focus on each segment. Nagpur Sical Gupta Logistics Ltd, a special purpose vehicle, was formed with Sical as the lead consortium partner with 51 % stake, for the rail terminal Project at MIHAN, Nagpur. The terminal is expected to be operational by end FY07-8. Nagpur Sical Gupta Road Terminal Ltd, a special purpose vehicle, was formed, with Sical as the lead consortium partner with 51% stake, for the road terminal at MIHAN, Nagpur. MADC owns 26% of equity for contributing land towards the project.

Segment wise performance for the year ended 31st March 2007

Segment Information for the year to 31 March 2007 (in Rs million)

Primary business segments

Logistics

Discontinued operations

Eliminations

Consolidated total

REVENUE

External Sales

6013.28

3870.67

-

9883.95

Inter Segment Sales

1.23

2.16

(3.39)

-

Total Revenue

6014.51

3872.83

(3.39)

9883.95

RESULT

Segment Result

507.62

(7.67)

-

499.95

Unallocated Corporate Expenses

154.40

Operating Profit

345.56

Interest expense

281.91

Interest / Dividend income

148.75

Income Taxes

286.72

Profit from Ordinary Activities

(74.33)

Extraordinary Income

1025.06

Net Profit

950.74

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