

SANCO TRANS LIMITED

CHAIRMAN'S SPEECH

Dear Members,

Good morning and warm welcome to the 36th Annual General Meeting of your Company.

Due to the widespread economic downturn, the current year too has not shown any remarkable progress in the EX-IM trade. As you are aware from various news paper reports, the export market has not shown any upward progress, this purely being the resultant effect of the geo-political turmoil in the world. The reduced demand worldwide had impacted the manufacturing countries in the east too, being the major countries to whom our raw materials were exported to.

In the last year, Chennai got its third container terminal fully functional after ADANI PORTS took the Kattuppalli facility created by L&T on long lease. The combined capacity of the three terminals serving Chennai stands around 1.8 million boxes per annum. Your company has managed to garner a major portion of the movement as usual and receiving considerable volume in all the three terminals.

The profitability of the company has been affected because of the increase in operating expenses vis-à-vis the income from operations on account of the above factors, rise in borrowing costs and higher depreciation. Despite the competition and challenges, your company has performed reasonably well for the year ended March 31, 2016.

We are happy to inform that our second CFS facility is fully operational since January 2016 and we are striving to add our market share with this new facility addition. This facility, as you are aware, has an excellent warehousing space with 1,20,000 sqft to use , divided in three floors with six heavy duty lifts facilitating the movement of goods. This unit is strategically positioned so as to connect both the ports of Chennai and Ennore/ Kattupalli.

Also there are couple of new measures which your company is planning to pursue; First, Authorised Economic Operator (AEO) certification. This certification will help us to participate in certain tenders which will otherwise be out of reach without the certification. Second, the fourth Container terminal which is being built at Ennore port will contribute additional volumes for the port of Chennai area and we have already shown our interest to participate in the business prospects of this new facility.

We are happy to inform you that your company's Customs Brokerage licence has since been renewed till the year 2024.

Regarding subsidiary companies, Sanco Clearance Limited is in the process of getting Customs Brokerage Licence from Customs authorities before commencing business. Sanco Transport Limited has commenced business operations only during the middle of the previous year and we expect more contracts in the coming years.

During this year also, your company has won the annual award for the port services category.

We are confident that we will improve our performance in the subsequent years based on our experience and exposure in logistics services, predominantly in the field of Container Freight Station and transport business with the hope that the global business sentiments also will improve in the years ahead.

In view of the decline in profits during 2015-16, the Board of directors have recommended a dividend at 18% for the year ended March 31, 2016.

I thank all our stakeholders who have extended support in the growth of the company and look forward to their continuous support.

V UPENDRAN
CHAIRMAN