

Sical Logistics Ltd

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Ref.:SICAL/SD/2016

30th July, 2016

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.:C/1, G Block
Bandra – Kurla Complex
Bandra [East]
Mumbai :: 400 051

Dear Sirs,

Sub : Chairman's Speech at the 61st AGM

Kindly find attached a copy of the Chairman's Speech as delivered at the 61st AGM of the Company held on 28th July, 2016.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Sical Logistics Limited

V. Radhakrishnan
Company Secretary

Encl : As stated

**CHAIRMAN'S SPEECH
61st AGM**

28.07.2016

Good Morning Ladies and Gentlemen,

It gives me a great pleasure in welcoming you all to the 61st Annual General Meeting of your Company. I would like to take this opportunity to thank you for your sustained support and presence here today.

The Annual Report including the Audited Financial Statements of the Company for the year ended 31st March, 2016 has been with you for quite some time and with your permission, I shall take them as read.

MACRO ECONOMIC ENVIRONMENT

In terms of the RBI outlook for the domestic economy, it sees improvements in the overall business situation in the country, especially for the first half of 2016-17, with a pickup in capacity utilization and order books (based on its latest forward looking surveys). It sees domestic economic conditions improving gradually, aided by increased demand that is likely to strengthen further following the (expected) normal monsoons and wage increases with the implementation of the 7th pay commission recommendations. A higher public sector investment is expected to prompt private sector investments. With the risks being seen as balanced, the RBI has retained its projections for growth at 7.6% for 2016-17

Performance Update

Consolidated revenues stood Rs.835 crores during the year under review as against Rs.827 crores during the previous year. The Company's continued focus on cost control; improvement in asset utilization and new businesses has resulted in achieving an EBIDTA of Rs.108 crores during 2015-16 compared to Rs 84 crores in 2014-15, recording an EBITDA increase of 29%.

Business Segments

1. Integrated Logistics

The prestigious contract for movement of coal from Mahanadi Coal Fields in Odisha to the power plant of NLC at Tuticorin through road-rail-sea movement has commenced its operations during the year under review and has handled 575904 tones. The washery operations are expected to commence during the second quarter of the current financial year.

2. Surface Mining of Coal and overburden removal contracts

The Company's operation of surface mining of coal and transportation in the state of Odisha got strengthened during the financial year. Further, the Company commenced the operation of removal and transportation of overburden at Samaleswari mines situated at Odisha during the year. During the year Company handled 13.1 million metric tons of coal and 4.8 million cubic meters of

overburden. One more contract for removal of overburden at Lajkura mines is expected to commence operations during the second half of FY 2016-17. Contracts relating to overburden removal are carried out in a joint venture with Saumya Mining Limited.

3. Port Handling

During the year under review, this division has performed stevedoring activities at the Ports of Chennai, Tuticorin, Mangalore. The Company has handled coal at Ennore and Tuticorin ports and limestone, dolomite and other products at Chennai and Mangalore ports, resulting in a cargo volume of 20.61 million MTs of cargo as against 26.33 million MTs in the previous fiscal. There is a focus to improve the volumes at various ports.

4. Rail and Container freight station business

Company's subsidiary Sical Multimodal and Rail Transport Limited operates under two divisions viz. Rail Division and CFS Division. The Rail division has 7 rakes for movement of containerized cargo operated under pan-India license. The business was impacted on account of increase in railway haulage charges. CFS are in place at Chennai and Tuticorin and efforts are underway to establish a CFS at Vizag.

5. Road Logistics

The Road Logistics division moves cargo through trucks and has client base of petroleum, construction, steel, fertilizer and chemical. This division also supports integrated logistics sector for movement of coal and overburden at coal fields.

6. Sical Iron Ore Terminal

The Iron ore terminal which has been lying idle for the past 5 years due to ban on export of iron ore has finally received approval from the Ministry of Shipping and Kamarajar Port Limited (KPL) for the modification of the terminal to handle coal and iron ore. The long term 27 year contract was executed on 11 July 2016 with KPL. Although Port allows lead time of 18 months, efforts are underway to achieve the same in 12 months time.

Corporate Governance

Your company continued its sustained efforts in maintaining high standards of Corporate Governance by ensuring transparency in all aspects of its operations. Apart from the Code of Conduct for Directors and Senior Management Personnel, the company implemented new code of conduct for prevention of insider trading and evolved policies in relation to Risk Management, Nomination and Remuneration, Material Related Party Transactions and Corporate Social Responsibility.

Awards and Accolades

I am proud to state before you that during the year 2015-16, the following awards and accolades were received which stand testimony to the excellent performance by the divisions

- Highest tonnage handled by Stevedore during 2014-15 by Chennai Port Trust
- Highest tonnage of Cargo Handled including Thermal Coal as Stevedore during the 2014-15 at VOC Port, Tuticorin
- Maximum number of bulk carriers handled at Kamarajar Port during the year 2014-15
- First prize for Emergency Response Drill as also for successful completion of 10 years of business from SHELL India Markets Private Limited.

Business outlook

To sum up, the new business opportunities identified by your Board in terms of Surface mining and transportation, integrated logistics contract, the BOT contract of Ennore terminal, cold chain operations and setting up of the railway terminals will play a significant part in the future revenues and profitability of your company.

Acknowledgement

I take this opportunity to express my sincere thanks to

- all the shareholders for their continued trust and confidence reposed in the Management.
- the support, valuable professional advice and guidance provided by colleagues on the board.
- the employees across the company for their unstinted efforts.
- business partners, customers and channel partners, for their support.

I wish to place on record my sincere gratitude to all our bankers, financial institutions, port authorities, tax authorities, Central and State governments, SEBI and stock exchanges and other statutory bodies.

Thank you.

Note

This does not purport to be the proceedings of the AGM.