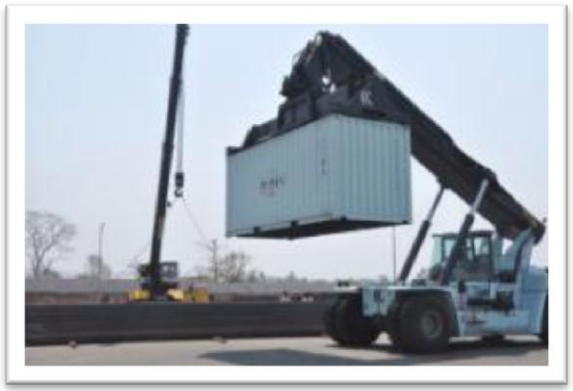
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A STRONG TURNAROUND UNDER WAY

Update - May 2015


FTWZs | ICD | Rail Infrastructure
Warehouse Supply Chain Management

Abbreviations



- FTWZ - Free Trade & Warehousing Zone
- ICD - Inland Container Depot
- PFT - Private Freight Terminal
- EDI - Electronic Data Interchange
- VOS - Value Optimization Services
- QoQ - Quarter on Quarter
- IDH - Industrial Distribution Hub
- GST - Goods and Services Tax
- IMC - Inter Ministerial Committee
- EXIM - Export and Imports

Arshiya Group – an Overview



Panvel FTWZ

- Owns and operates FTWZ in India – only Company in India to operate FTWZs
  - Located in Panvel, (near Mumbai) spread across ~142 acres of land
- Key services offered include:
  - Warehousing of goods of foreign or domestic clients
  - Trading with or without labeling
  - Packaging & repackaging
  - Re-sale, re-invoice and re-export
  - Assembly of completed and semi knockdown goods

Khurja FTWZ, ICD & Rail Terminal

- Owns and operates FTWZ in India – only Company in India to operate FTWZs
  - Located in Khurja, (near New Delhi) spread across ~127 acres of land
- ICD Located adjacent to FTWZ at Khurja with 62 acres of land along with domestic warehousing facilities too
- Rail Terminal located adjacent to FTWZ Khurja with 6 sidings and state of the art container handling equipment. Private Freight Terminal (PFT) license to give access for Indian Railways Rakes/ Wagons to carry bulk cargo

Rail Rolling Stock

- One of the largest private container train operators in India with major focus on domestic cargo movement
  - Acquired pan-India license in 2008 and commenced operations in 2009
- Provides pan-India customized container rail freight services through 20 owned rakes and ~ 4,000 containers

Supporting infrastructure / services includes on-site office spaces, banks, weigh bridge, fuel station, water & power supply & 100% power back-up using DG sets, currency exchanges & CHAs that reduce operating costs

Panvel FTWZ – Turnaround



- **Historical Issues**
  - Various regulatory uncertainties and delays led to stoppage of transshipment of cargo, delays in duty drawback, non-availability of Customs EDI system (Ice-Gate), et al, further leading to business disruptions over past 2-3 years

- **Turnaround Strategy**
  - A strategic decision to scale up activities with clear regulations – transportation, warehousing and value addition of goods for import into and export from India, by quality local and international clients, under developer and self-operating contracts – translating into certainty of revenues and improved cash flows

  - Operational focus of past 2 years lead to turnaround -

    - Acceptance of FTWZ concept/ benefits leading to regaining lost Customer base. DHL Logistics – World's no. 1 logistics player has taken an entire warehouse on a long term lease, justifying our confidence in the long term potential of the business.

    - Increasing Customer base with Marquee clients.
      - Scaling up revenues from a client requires a gestation/trial period of minimum six months

    - Cost cutting initiatives at every possible area of operations.

- **Acceptance / Increased utilization of FTWZ by Global Large / Marquee quality clients is evidence of long term potential of business.**

Update

- *Panvel FTWZ performed as per planned projections in Q4 FY15.*
- *The FTWZ did record business in the month of April 2015 and in May 2015 thus far, the business volume exceeds planned projections.*

Panvel Operations (Arshiya Limited & Arshiya Supply Chain Management Pvt. Ltd.) – Strong EBIDTA margin expansion



Rs. in Crores

Particulars	Q1	Q2	Q3	Q4	F.Y. 2014-15
INCOME					
Income from operations	17.15	19.37	22.16	24.77	83.45
Other income	0.22	0.13	0.08	1.26	1.69
Total Income	**17.37**	**19.50**	**22.24**	**26.03**	**85.14**
EXPENDITURE					
Cost of operations	3.46	3.46	4.56	5.37	16.86
Employees' remuneration	1.68	1.39	1.78	1.34	6.19
Other administrative expenses	1.99	2.86	2.57	2.47	9.89
Total Panvel Expenses	**7.13**	**7.71**	**8.91**	**9.18**	**32.94**
EBIDTA before allocable Corporate Expenses	**10.24**	**11.79**	**13.33**	**16.85**	**52.20**
Corporate Expenses					
Employees' remuneration	1.29	1.10	1.29	1.28	4.95
Administrative expenses	1.80	1.39	1.27	2.30	6.75
Allocable total Corporate Expenses	**3.09**	**2.49**	**2.56**	**3.58**	**11.70**
EBIDTA	**7.15**	**9.30**	**10.77**	**13.27**	**40.50**
EBIDTA as %age of Revenue	41.22%	47.67%	48.47%	51.00%	47.57%

Panvel FTWZ - Activity



- Value Optimization Services (VOS) income is inversely proportional to turnaround period for goods and has the potential to be at 1.4x times of Storage Revenue. Thus, lower the turnaround cycle time (days) leads to increase in VOS activities. VOS income depends on the end user industry and nature of goods handled.

- VOS includes utilising warehouse space by stacking efficiently and optimising to clients paying more rent per square foot, maximizing EBIDTA margins.

- Today the VOS to Storage Revenue is around 1.0x times as compared to the potential of 1.4x times

Update

- *Successful trial carried out for Global furniture giant - IKEA*
- *Varied range of new products handled through some marquee Clients.*
- *Bottling of high-value items such as perfumes, etc., commenced.*

Panvel FTWZ – Future Outlook



- Revenue of Rs.22.24 Crores and EBIDTA of Rs.10.78 Crores in Q3 FY15.

  Q4 FY15 Revenue of Rs.26.03 Crores and EBIDTA of Rs.13.27 Crores

- Due to strong response from Global Large / Marquee Clients, we expect, Panvel FTWZ will reach 100% capacity utilisation with 30-40% QoQ rise in revenues over next 2 quarters. Owing to higher utilisation and optimisation , 80-90% of incremental revenues will flow to EBITDA.

  Q4 FY15 results in line with aforesaid planned growth in Revenue and EBIDTA.

- Working towards securing funding for Phase II (incremental 11 warehouses – at marginal cost of construction).

  Mandate signed with a Globally renowned Firm.

- With a modular scale-up, Phase II would deliver profitability and return ratios much higher than the existing infrastructure

- Since, revenues are mainly in US$, giving natural hedge, we are working towards conversion of existing Rupee debt to US$ debt. This will substantially lower cost of funds and increase profitability.

  Mandate signed with a Globally renowned Firm.

- Further, the Company has enough land to build further ~17 warehouses, totaling ~34 warehouses at a marginal cost of construction as the common infrastructure is in place

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Marquee Clients – Panvel FTWZ



PETROCHEMICAL COMMERCIAL CO.

CMC
CLASSIC MARBLE COMPANY

capricorn logistics

BOROCHEMIE
International Pte Ltd
A TRADITION OF CONFIDENCE AND SERVICE

CISCO

United Phosphorus Ltd

SANDVIK

HCL

noble resources

Srikaram Prescience
... Power of Foresight

Armstrong

GLENCORE

TRAFIGURA

Henkel
Adhesive Technologies

USHDEV GROUP OF COMPANIES

CWT COMMODITIES

C. Steinweg

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Marquee Clients – Panvel FTWZ



UTTAM
The Best that Steel can be

CSQM
Speciality Plant Nutrition Experts

EVERFLOW PETROFILS LTD
Turning Waste into Wealth

RioTinto

Broekman Logistics

RHENUS LOGISTICS

PLASTOCHEM

DHL

Cadbury

DSV

LIBERTY LONDON

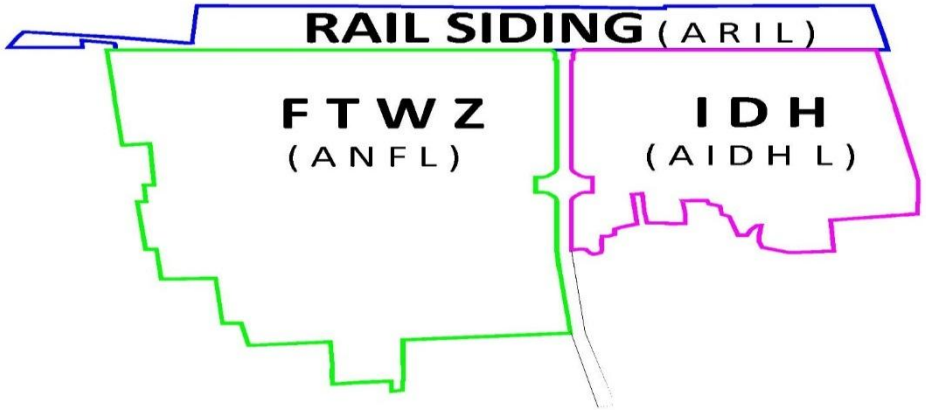
Honeywell

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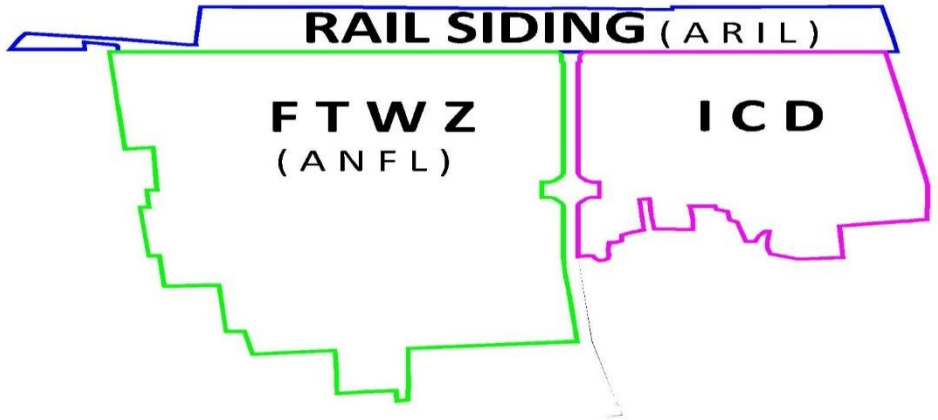
Khurja FTWZ - Project Status and Mitigants



KHURJA YESTERDAY



KHURJA TOMORROW



Issues

- No en-bloc rail movement of container due to non-availability of EDI connectivity as the Rail terminal comes under Ministry of Railways and EDI comes under Ministry of Finance
- No cargo going to FTWZ due to non-availability of EDI connectivity as FTWZ, though an ICD status is available comes under Ministry of Commerce and EDI comes under Ministry of Finance
- Ministry of Finance neither parting with EDI to Ministry of Railways or Ministry of Commerce
- IDH not taking off due to GST delay

- Khurja FTWZ project is complete in all possible manner
- We have converted IDH to an ICD and other permissions such as IMC, etc., are in place. We are expecting to be operational by Q1 FY16 along with EDI connectivity.
- With ICD all above issues will be mitigated and EDI Connectivity will be automatic as ICD comes under Ministry of Finance and so does EDI.
- Large ICD is the need of the hour in the NCR region, Dadri, TKD, & Loni are all running at almost full capacity.
- The USP for the ICD is the Rail connectivity, which at other locations is an issue as scalability size of rail terminal is minimal, which leads to congestion.

Update

All permissions including Section 7, 8 & 45 received from Govt. Authorities.

ICD will be operational as planned in Q2 FY16

Khurja FTWZ to revive in FY16



- Conversion of IDH into ICD will provide the necessary EDI connectivity which will help in attracting the EXIM cargo traffic flowing between Ports and Hinterland

- The existing Rail Terminal adjacent to the ICD will ease the movement of EXIM containers and the FTWZ shall be an USP for the project as it would create a pull for cargo requiring specific services, along with fiscal & regulatory benefits.

- Strategic location at the culmination of Western and Eastern Dedicated Freight Corridor and proximity to the planned Dadri-Noida-Ghaziabad Industrial Corridor of DMIC would help to establish strong footing in logistic services.

- Expect Khurja FTWZ to start operations in Q2 FY16 and achieve scale/profitability similar to current Panvel FTWZ in a year, having a very strong and positive traction in these assets.

Update

Progress as per aforesaid plan

Rail Infrastructure – Rolling Stock excluding Rail Terminal at Khurja



(Rs. in Crores)

Particulars	Q1	Q2	Q3	Q4	F.Y. 2014-15
	Rolling Stock				
INCOME					
Revenue from Operations	55.69	59.58	60.10	62.87	238.24
Other income	-	0.27	0.02	1.24	1.53
Total Revenue	**55.69**	**59.85**	**60.12**	**64.11**	**239.77**
EXPENDITURE					
Cost of Operations	49.31	51.20	52.95	58.33	211.79
Employee Cost	2.25	1.88	1.69	1.66	7.48
Other expenses	1.36	1.65	1.02	3.12	7.15
Total Expenses	**52.92**	**54.73**	**55.66**	**63.12**	**226.43**
EBIDTA	**2.77**	**5.12**	**4.46**	**0.99**	**13.34**
EBIDTA as %age of Revenue	4.98%	8.56%	7.42%	1.55%	5.56%

The EBIDTA for the Q4 FY15 is low on account of 25% + increase in Haulage charges by Indian Railways. The increase has now been passed on to Customers in the current year.

Other expenses in Q4 FY15 have risen on account of expense and Bad-debt provisions made at year end.

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Marquee Clients - Rail



DAMCO

vedanta

TATA STEEL

Aarti

MITSUBISHI CHEMICAL

JK Cement LTD

MONNET STEEL

sesa sterlite
a vedanta company

Kirloskar
Enriching Lives

MESCO STEEL

Sona Alloys Private Limited
Gold Standard in Every Pursuit

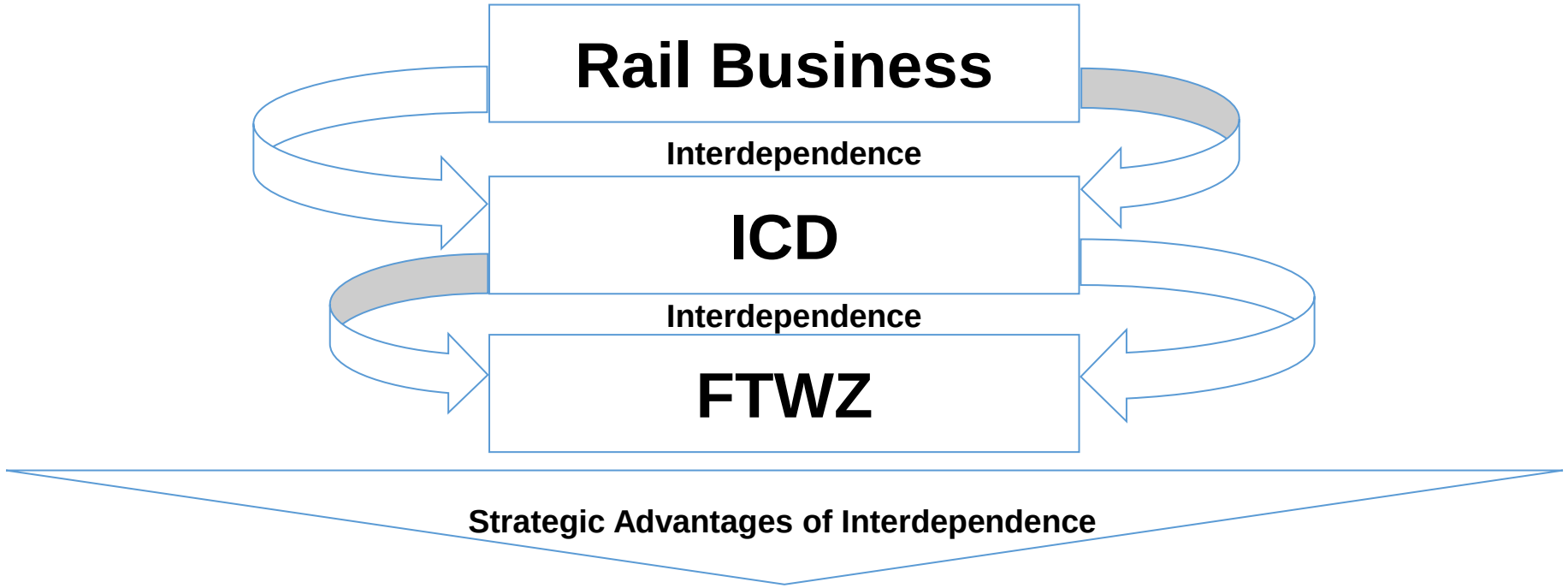
TATA

TATA METALIKS

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Future Outlook





The **Rail business, ICD and FTWZ** would be **functionally interdependent** on each other, making each of the function **cost effective** and **economically viable**.

All these components together would help **Arshiya** to add **end-to-end value to the** entire **EXIM Logistic Value Chain**. As on today, **Railway business** is mainly catering to the **domestic market**

Update

Progress as per aforesaid plan

Future Outlook



- Due to the regulatory uncertainties and delays, Khurja assets were not able to meet their obligations towards lenders. However, we are working on revival of these assets. We believe by next year, we will have very strong and positive traction in these assets.

- Once the EDI is in place, ICD will provide a separate stream of revenue and will be profitable with strong return ratios. Company is in advance stage of discussion with major Shipping lines.

- Rail Terminal business benefits from ICD. Moreover Rail Terminal has also got a Private Freight Terminal (PFT) status. Company has tied-up with 1 large client on a long term basis to move clinkers and working on similar tie-ups to enhance utilisation, which should lead to increased revenue/ profitability.

- FTWZ will act as a pull model for both PFT and ICD. We believe our experience in Khurja should be similar to strong turnaround scene in Panvel and we are already in discussions / negotiations with existing and potential clients.

Update

Progress as per aforesaid plan

Additional Updates



- *Delays in claiming Duty Drawback will soon be resolved in view of Circular No. 8 dated January 14, 2015 issued by the Office of Development Commissioner, SEEPZ, Ministry of Commerce and Industry.*

- *The Company has been able to attract key executives at senior positions from Globally renowned companies who are leading the main Business verticals of the company in line with the proposed plans.*

- *Some of the Banks have intimated to the Company that they have assigned their exposure on Arshiya Group to Edelweiss Asset Reconstruction Company Ltd. (EARC).*

"The primary focus of Edelweiss ARC has been on the revival and turnaround of potentially viable industrial enterprises and towards this end, Edelweiss ARC draws synergistic support from the Edelweiss Group to extend additional need based funding, if any required".
(Source: http://www.edelweissarc.in/)

According to the Company, the above will provide an opportunity to achieve sustainability in its debt restructuring plan, stabilize the cash flows, and further enable the entire Arshiya Group to achieve its desired goals.