Shreyas Shipping and Logistics LTD

Ref No. SSLL/35/2020-2021

Date: 04th September 2020

Department of Corporate Services **BSE Limited** Corporate Relations Department Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	Listing Compliance **National Stock Exchange of India Ltd** Exchange Plaza Bandra Kurla Complex Bandra East, Mumbai 400 051
BSE Scrip Code : 520151	**NSE Symbol : SHREYAS**

Dear Sir,

Subject: Investor Presentation

Pursuant to regulation 30 & 46(2) of the SEBI(Listing Obligations and Disclosure Requirements)Regulations,2015 , please find enclosed the presentation for the investors in connection with the upcoming 32nd Annual General Meeting of the Company.

Thanking you,

Your faithfully,

For S**hreyas Shipping and Logistics Limited**

SD/-

Shreyas Shipping & Logistics Ltd
Navi
Mumbai

Harshit Garg
Company Secretary and Compliance Officer

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Proposed transaction with Unifeeder ISC (a subsidiary of DP World)

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Dear Shareholder,

In relation to the proposed transaction with Unifeeder ISC (a subsidiary of DP World) ('Proposed transaction') and agenda items to the taken up in the 32nd Annual General Meeting of the Company, we have prepared this presentation to provide insights and details in relation to the proposed transaction. We have also provided answers and clarifications to the questions which were raised during the Investor Con-call held on August 20, 2020. Kindly note that the example provided to explain the FCA is merely illustrative and should not be relied upon as a benchmark going forward. Further kindly refer the disclaimer slide towards the end of the presentation.

Thank you.

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Background to the proposed transaction

- Transworld Holdings Limited, Mauritius **("TWH")**, holding company of the Company, has been in discussions with Unifeeder ISC FZCO **("Unifeeder")**, a majority owned subsidiary of DP World FZE **("DP World")** in relation to the sale of its overseas feedering business carried out in the Middle East and wider subcontinent region
- Unifeeder was keen to acquire the Middle East focused feedering businesses of TWH, primarily carried out by its subsidiary Transworld Feeders FZCO, along with the Middle east focused NVOCC business, carried out primarily by Avana Global FZCO, a 100% subsidiary of Avana Logistek Limited **("ALL")**
- Unifeeder further explored that in order to build and create scale, the India leg of similar business housed in ALL and the Company should also be considered to tap synergies in the domestic coastal and feedering market
- In this regard, Unifeeder discussed with the Company and TWH the acquisition of ALL along with the Company's vessel operating business of containerized domestic coastal and EXIM feeder shipping carried out by the Company
  - As the asset-light model is key to Unifeeder's business strategy, it insisted on structuring the proposed transaction excluding vessels owned by the Company
  - In return, the Company insisted on a long-term chartering framework to benefit the Company and its shareholders

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Broad contours of the proposed transaction

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- Company is proposing to participate in a transaction whereby the Company would:
  1. Transfer its containerized domestic coastal and Exim feeder shipping business **("OpCo")** to Unifeeder at a gross cash consideration of **c.USD 19m**[1];
  2. Enter into a long-term framework chartering agreement **("FCA")**, with Unifeeder for chartering of the Company's vessels;
  3. Participate in sale of its entire 29.22% stake in ALL at a gross cash consideration of **c.USD 8.766m**[1] at the same price per share and on the same terms in proportion, as the price and terms on which TWH would sell its 70.78% stake

KEY TERMS OF THE FCA

- **Long-Term Arrangement**
  - At least 6 years post-closing of the proposed transaction
- **Performance-Based Pricing**
  - Charter payouts equivalent to 2/3rd of OpCo EBIT (pre-charter costs) ensure alignment
- **Right of First Refusal**
  - OpCo to submit a *service request* for vessels and Company will use its discretion to fulfil the request
  - Company to also have the right to match the terms of any offers OpCo receives from third parties

Total upfront gross cash proceeds of INR 208 crores (USD 27.76m)[2] to the Company

Note:
1. *The Gross Cash Consideration is subject to adjustments on account of debt, cash and working capital as finalized on the consummation of the transaction*
2. *Assumes 1 USD = INR 75*

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Rationale for the proposed transaction

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Access to Critical Scale and Infrastructure	▪ Company's EBITDA has declined by c.60% since FY'18 -- inability to grow revenues in-line with costs in an increasingly competitive environment ▪ Greater scale together with a robust network of in-land terminals, port and marine infrastructure is critical to delivering efficiencies to the customer – Such scale could only have been accessed inorganically
Unique Opportunity to Partner with a Leading Global Strategic while retaining Valuable Assets	▪ The deal represents an attractive valuation against the backdrop of a challenging operating environment – Upfront proceeds of INR 208 crores while retaining fixed assets, including vessel fleet, with a net book value of INR 400 crores (as of 31-Mar-2020) – Proposed transaction implies an EBITDA multiple of 12x for the Company -- a significant premium to the implied EBITDA multiple of 7x (as of 16 July 2020[1] or as per Company's average share price over last 6 months)
Continued Ability to Share in OpCo's Upside	▪ DP World, together with Unifeeder, is a leading infrastructure-led supply chain solutions provider – Ability to leverage leading network and scale to deliver growth – Post-completion of proposed transaction, we understand that Unifeeder expects to handle **over 2 million TEUs** across all SOC and NVOCC businesses ▪ Performance-based charter pricing allows Company to continue participating in OpCo's growth even post divestment of this business line

Note:
1. 16 July 2020 is the day prior to media speculations of a potential sale of the Company to DP World

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Rationale for the proposed transaction (cont'd)

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A More Stable and "De-Risked" Business

- Sale proceeds will be used to (i) repay existing debt and (ii) acquire new more efficient vessels to replace older, less efficient vessels
  - Improved debt-to-equity ratios and ability to lower finance costs
- Post-transaction, Company will be the preferred vessel supplier to a larger, more creditworthy customer (i.e., Unifeeder) for the long-term
  - Duration of FCA is significantly longer than market standard
  - Generates higher quality income given creditworthiness of counterparty
- Right of First Refusal will ensure Company is never unfairly disadvantaged relative to its competitors, while providing flexibility to service third-parties who are able to offer better terms
- Continued collaboration with OpCo, and continued visibility into domestic tonnage, will allow Company to be more efficient with its operations and capital deployment
  - Direct, hands-on knowledge of "good" or "bad" tonnage in the market, efficiency enhancing designs, management and procedures
- Unifeeder's expertise and scale, combined with DP World's extensive network, will bring earnings stability to the Company, while retaining the potential to share in the future growth of OpCo

The proposed transaction offers a unique opportunity to release capital, de-risk the remaining business and deliver stability by partnering with a leading global operator

Implied enterprise value

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INR in millions

+	Proceeds from sale of 100% of OpCo	1,425
+	Net Book Value of Vessels & Land (31-Mar-2020)	3,971
=	**Implied Enterprise Value for Company**	**5,396**
	FY'20 EBITDA	***465***
	Implied TEV / FY2020 EBITDA	**12x**
+	Proceeds from sale of 29.22% of ALL	657

Company Market Valuation as of 16-Jul-2020[1]

Share Price (INR)	63
Number of Shares (m)	22
Market Cap (INR m)	**1,389**
less: Book Value of ALL stake	(547)
less: Cash (INR m)	(159)
add: Debt (INR m)	2,660
Enterprise Value (INR m)	**3,343**
FY'20 EBITDA	***465***
TEV / FY2020 EBITDA	**7x**

- **Proposed transaction implies an EBITDA multiple of c.12x, which represents a significant premium to:**
  - **Company's market-based valuation; and**
  - **High-single-digit multiple for the overseas transaction**

Note: Assumes 1 USD = INR 75

1. *16 July 2020 is the day prior to media speculations of a potential sale of the Company to DP World*

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High-Level illustration of FCA post-transaction

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Note:

- **For illustrative purposes only**
- FY'19 and FY'20 trading performance (i.e., volumes, revenue and operating cost base) are not reflective of OpCo's potential going forward
- Businesses to undergo operational restructurings post-transaction to increase operational efficiency
- **FCA is non-exclusive**; the Company reserves the right to charter vessels to other parties who are able to offer terms more beneficial to the Company
- OpCo has an obligation to provide a certification for 2/3rd of the EBIT at end of each quarter

	SCENARIO 1			SCENARIO 2	
	OpCo	Company		OpCo	Company
Revenue	100	23		150	45
Operating Costs as % of Revenue	*65%*	*65%*	*Benefits of scale and operational efficiencies*	*55%*	*65%*
Operating Costs	(65)	(15)		(83)	(29)
EBIT before Charter Hire Costs	**35**	**8**		**68**	**16**
Charter Hire Costs (2/3 of EBIT before Charter Hire Costs)	(23)	-		(45)	-
Pro Forma EBIT	**12**	**8**		**23**	**16**

The charter income and profitability of the Company will grow in-line with growth in OpCo's revenue and profitability

We understand that Unifeeder expects to be able significantly grow OpCo revenue within the next 5 years on the back of significantly higher volumes of the combined businesses

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SSLL – Assets and Liabilities transferred to Opco

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- OpCo has been valued on a going concern basis. The assets and liabilities moving to Opco is reflected in the table.
- Please note that the proposed transaction requires OpCo to be delivered with a Normalized Working Capital to ensure business can continue as a going concern
- Historical analysis shows that OpCo has consistently required net working capital of approximately INR 150 crores to sustain the business as a going concern **("Normalized Working Capital")**
- Accordingly, It is inaccurate to equate the proposed valuation of USD 19 mn to the Normalized Working Capital
  - A Normalized Working Capital is important to only sustain the proposed valuation; it is not the driver of proposed valuation

INR in crores	**Mar-2018**	**Jun-2018**	**Sep-2018**	**Dec-2018**	**Mar-2019**	**Jun-2019**	**Sep-2019**	**Dec-2019**	**Mar-2020**
Inventories	22.7	22.7	17.9	16.3	17.9	15.5	17.0	17.3	8.6
Trade Receivables	143.6	148.4	138.9	143.8	140.2	138.5	153.5	131.5	146.8
Other Current Assets	23.7	27.9	33.9	31.7	19.8	47.5	35.8	25.4	23.5
Trade Payables & Other Liabilities	(61.3)	(47.4)	(35.3)	(38.8)	(35.5)	(55.8)	(58.9)	(30.1)	(31.5)
Net Working Capital	**128.7**	**151.7**	**155.4**	**153.1**	**142.5**	**145.7**	**147.4**	**144.1**	**147.4**

Details of overseas transaction

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- The Company understands that Transworld also intends to separately sell its overseas business to Unifeeder in a transaction which:
  - Does not involve the Company; and
  - Towards which the Company has no obligations or liabilities
- In consideration for this overseas sale, the Company understands that Transworld will acquire a 17% non-controlling minority shareholding in Unifeeder
- We understand that the acquisition of a non-controlling minority shareholding, together with a 3-year lock-in period, were key conditions imposed by Unifeeder to ensure continuity of the businesses
- The Company is neither a related party of Unifeeder today, nor will it become one even after Transworld acquires a 17% minority shareholding in Unifeeder
  - Accordingly, there is no conflict of interest

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