

Chairman Speech for the 42nd AGM of Arshiya Limited

Dear Fellow Shareholders,

A warm welcome to each one of you at the 42nd Annual General Meeting of Arshiya Limited. It is wonderful to have you all join us here today. On behalf of the Company's Board of Directors, I thank you for attending this AGM despite your pressing schedules. I hope that with the blessings of Lord Ganesha, all of you and your family members are in good health.

First and foremost, I hereby acknowledge, the exceptional commitment shown by each and every one of you as shareholders to the Company during the turbulent times. Your steadfast belief in our vision and trust in our management team, has been the driving force behind our continued commitment to make your company a grand success story in the near future. I assure you that we remain fully dedicated to creating sustainable value and delivering long-term growth for our esteemed shareholders.

Over the past, we have faced numerous challenges, both global and local, which have tested our resilience and adaptability. Nevertheless, we are confident that we will navigate the hurdles, demonstrating the strength of our business model and the agility of our workforce.

We are confident about our growth strategy, staying firmly focused on our unique value proposition, arrangement with lenders and growing client base to deliver robust growth and create long-term value for our stakeholders. As we look ahead, we are more optimistic than ever of the enormous opportunity lying ahead of us.

The Company's accounts for the year ended March 31, 2023, along with the Directors' and Auditors' report and Management's Discussion and Analysis, have already been circulated to you.

My dear fellow Shareholders – please allow me to take you through the **Industry Overview** of our business.

Industry Overview:

The logistics industry in India, considered to be the lifeline of the country, holds unprecedented importance as it connects various markets, suppliers and customers dotted across the country, and has now been firmly embedded as an integral part of the national GDP value chain.

Based on service offerings, the logistics sector can be sub-divided into road transportation, freight forwarding, warehousing and value-added services and other logistics services such as container logistics, cold chain logistics, coastal shipping, and so on. The road transportation dominates India's logistics spends, given the vast landscape and confidence in road transportation. The road transportation segment can be further sub-divided into inbound transportation, outbound transportation, and distribution, express and last-mile transportation.

The logistics industry has traditionally been highly fragmented, with several thousand unorganized entities that provide basic services such as brokerage and documentation, holding a dominant share of the overall market. However, recently, the sector has been witnessing transformation, with the use of technology by both new age start-ups and established players to enhance cargo visibility, reducing errors by digitizing documentation processes and by bringing transparency in pricing. The sector is expected to witness steady growth in the medium to long-term timeline, on account of growing imports and exports, supported by various infrastructure initiatives taken by the government.

The Government of India has undertaken various measures to develop the logistics infrastructure in the country. Some key measures are listed below:

- A. The logistics sector has been granted infrastructure status allowing the sector to have access to long-term funds at competitive terms.
 - i. The National Logistics Policy, 2022 ('NLP') focuses on the development of fully integrated logistics network. The NLP aims to bring down the

logistics cost from 13-14% of the GDP to around 8% of GDP in the next five years. Going forward all key entities involved in the Indian logistics sector can track real-time movements, access documents digitally, reduce costs, and save valuable time. The NLP has four features: Integration of Digital System (IDS), Unified Logistics Interface Platform (ULIP), Ease of Logistics (ELOG), and System Improvement Group (SIG).

- ii. The Government will create a roadmap to reduce the country's dependence on road transport for cargo movement. It will explore more options like railways, shipping, and air transport.
 - iii. The Govt also plans to establish logistics parks/hubs strategically across the country.
 - iv. The govt will focus on digital transformation in the logistics sector and bring it in line with global standards.
 - v. Under IDS, data from the road transport, railways, customs, aviation, and commerce departments will be integrated into a single platform. IDS as a single point of reference for all logistics and trade facilitation matters in the country, will also function as a knowledge and information-sharing platform.
 - vi. ULIP will bring all the digital services related to the transportation sector into a single portal.
 - vii. Industry associations can use ELOGs to reach out to the government and resolve issues.
- B. Western Dedicated Freight Corridor (WDFC) and Eastern Dedicated Freight Corridor (EDFC).
- C. FASTag has been mandated by the Ministry of Road Transport and highways to ensure 100% e-tolling at toll booths. It ensures ease of payments, and reduction of waiting time at tolls.

Outlook

As per Indian container market trend over the last few years, installed capacities and handled volume have been growing proportionately which is a positive sign for the industry. The industry has recorded year on year growth in the Indian container installed capacity and throughput. The Global & Indian Operators are trying to attract transshipment cargo which could trigger inclusive growth in box trade. The surge in India's EXIM trade is expected to continue, entailing persistent expansion in container traffic in the years to come. The container freight stations form an important part of the EXIM supply chain, and their role in managing and sustaining such growth will be crucial. The Enhanced infrastructural facilities, seamless and uninterrupted operations, standardized charges and transparency on crucial aspects such as selection of Container Freight Station (CFS) can potentially go a long way in improving operations at container freight stations as well as strengthening the logistics supply chain as a whole.

It is hard to miss the role of logistics in the progress of the nation. It ensures that the consumers procure their goods on time from producers. Moreover, the logistics industry's performance can also be linked with the health of the economic demand. Often operating volumes of logistics firms swell during economic prosperity and drop during economic downturns.

India's transportation and logistics sector can act as the backbone to support fast-paced growth, which the country is poised to achieve in the next 25 years. India's target to have US\$1t merchandise export by 2030 will be a significant driver to push trade, thereby increasing freight movement. Vision@2047 aims to set specific targets for 10 sectors to enable transition of India into a developed nation by 2047 and it is a guiding principle which is being supported by multiple regulatory and government initiatives to revamp India's logistics sector.

In the press release issued by the Ministry of Finance, GST collections in August 2023 was reported as ₹1.59 lakh crores which have been driven by an 11-year high GDP growth. Further, mandatory e-invoicing being limited to ₹5 Crores and above from 01.08.2023 would further lay emphasis on even smaller entities on being more compliant. Financially strong and organized players stand to benefit at the expense of smaller and marginal players. Going forward organized players will dominate the industry. The inherent strength in our business model ensures that our operations are spread across

the country, catering to variety of products across industries with wide range of Customers. We have undertaken an internal review and are conducting focused state-region level meetings to increase the freight density in the local pockets for growth and encouraged by the response to such initiative, your company has tremendous potential to expand its bouquet of offerings in India.

I take this opportunity to thank the shareholders, customers, investors, bankers, board members, senior executives and our employees for their continued faith and support. We hope our association in the coming years will only get better. Together we all must dream of taking our Company to the next level of growth. We have many more milestones to accomplish in the exciting journey ahead.

Thank you.

Ajay S Mittal
Chairman and Managing Director