



Eredene Capital PLC

22 October 2009

David Coltman, (Chairman), david.coltman@eredene.com
Alastair King, (Chief Executive and Founder), ak@eredene.com
Ranveer Sharma, (Principal), ranveer.sharma@eredene.com

Eredene Capital PLC
10 Finsbury Square (7th Floor)
London EC2A 1AD, UK
www.eredene.com
Tel: +44 20 7448 8000

Eredene Infrastructure (India) Pvt . Ltd.
Sarkar Heritage, Office No.3,
Kane Road, Bandstand,
Bandra West, Mumbai 400 050, India
Tel: +91 22 2656 7005

Eredene Background

- Eredene Capital PLC has a demonstrable track record of investing successfully in Indian infrastructure
- Eredene trades on the Alternative Investment Market (AIM) of the London Stock Exchange (ERE.L)
- Eredene raised c£55m (then US\$ 100m) on AIM through HSBC in April 2006
 - ✓ 3 realisations (34% IRR)
- Major shareholders currently include Caledonia Investments / the Cayzer Trust, Henderson Global Investors, Sofina, Ruffer LLP and Jupiter
- The Company has an experienced management team, based in Mumbai and in London. The Mumbai office includes three former members of P&O Ports (India) team
- Eredene has committed £51m, 92% of the net funds raised, in nine projects in its current portfolio
- Three investee companies are revenue generating and a fourth is taking sales deposits
- One investee company paid its first dividend to Eredene less than two years after construction began on its greenfield site.

Target Sectors

Ports and Port Services

- Development of new ports and terminals within ports
- Port services, including rail-linked depots, Inland Container Depots(ICDs), Container Freight Stations (CFSs) and containerised distribution

Logistics and Warehousing

- Third-Party Logistics (3PL) services
- Logistics parks
- Distribution services
- Warehousing, including temperature-controlled / refrigerated facilities

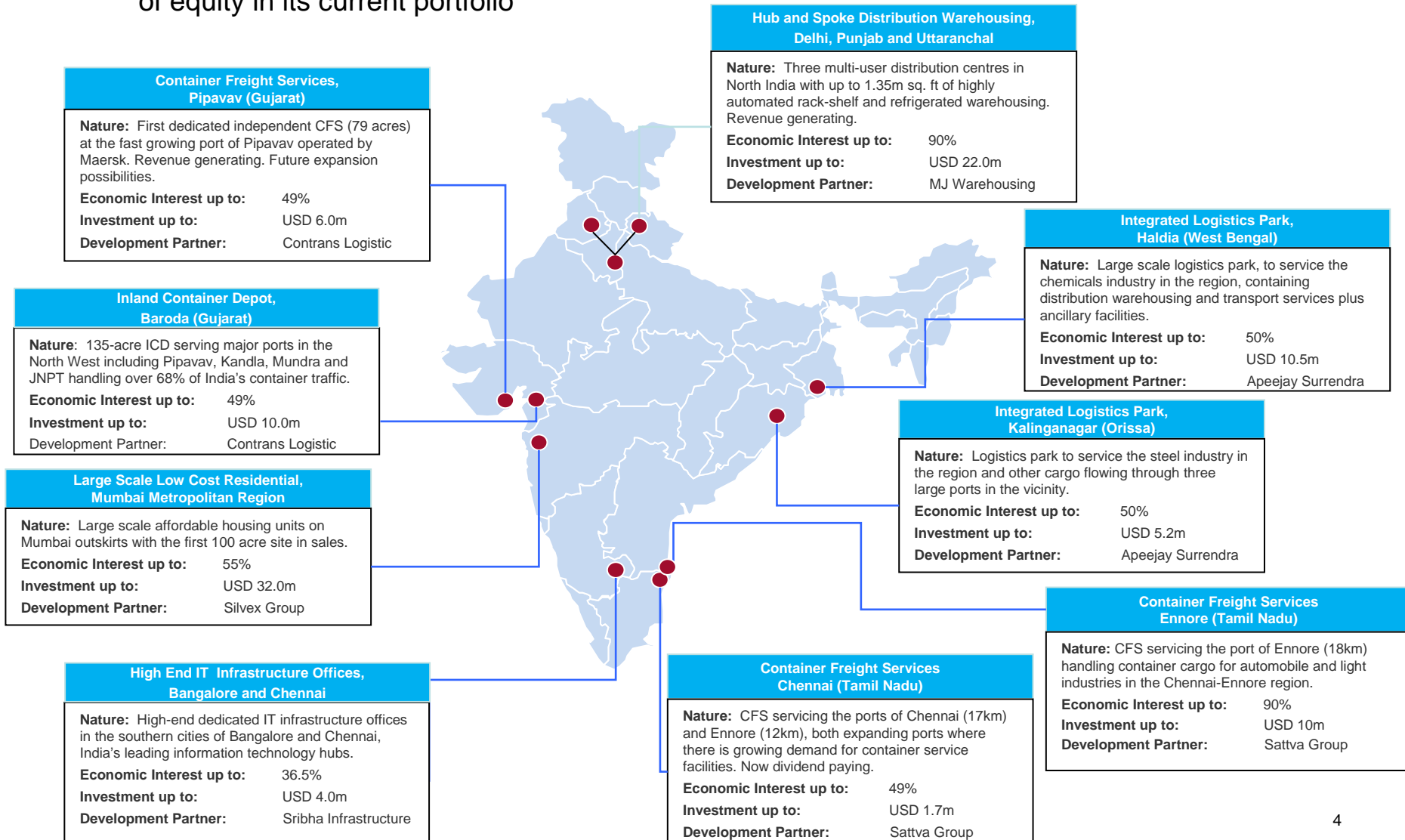
Transportation

- Airports and associated facilities
- Rail network licenses, rolling stock and signalling
- Roads and road services, including toll-roads on National and State Highways

- The Indian Government has targeted USD 500bn of new investment in infrastructure by 2012, of which c.USD 175bn will be invested into the sectors in which Eredene specialises.

Current Investment Portfolio of Eredene Capital PLC

- Eredene has made nine investments in key locations around the country, so far committing £51m of equity in its current portfolio



Management Team

Alastair King

- Alastair King, founded Eredene Capital in Jan 2005. Chairman of the Investment Committee
- He is a qualified lawyer with extensive experience in cross-border transactions
- Prior to founding Eredene, he was Managing Director of Galahad Capital PLC, a quoted private-equity / buyout vehicle
- Formerly a senior executive at NewMedia SPARK plc (now SPARK Ventures plc), a private equity investor, where he sat on the investment committee
- MSc in Finance, London Business School.

Nikhil Naik

- Nikhil Naik, has headed Eredene's team in Mumbai since 2006
- Until Mar 2006, he was Regional Director of P&O in India. He was at P&O for 10 years and held senior positions including CEO of Mundra Int'l Container Terminal and Director of Chennai Container Terminal
- Successful track record in sourcing and managing large infrastructure projects in South Asia
- MSc in Shipping, Trade and Finance, Cass Business School, London.

Gary Varley

- Gary Varley joined Eredene on its formation in Jan 2005
- Chartered Accountant with extensive experience in private equity and real estate development
- Prior to joining Eredene, he was Finance Director of Nicholas King Homes plc, a UK residential property developer
- Previously a senior executive at NewMedia SPARK plc (now SPARK Ventures plc), a private equity investor, where he sat on the investment committee.

DT Joseph

- Former Secretary in the Ministry of Shipping, Road Transport and Highways - India's top Civil Service transport position
- Director General of Shipping from 1999 to 2003 where directed the privatisation of India's ports and shipping
- Currently an independent director of Mundra Port and SEZ Ltd, Wärtsilä India Ltd, Shreyas Shipping Logistics Limited, Tata Teleservices and advisor to Metro Infrastructure & Project Solutions India Ltd.
- Special Advisor to Eredene Capital PLC and Member of the Investment Committee of Eredene Infrastructure Fund II LP.

Ranveer Sharma

- Ranveer Sharma, has been with Eredene since 2005
- Prior to Eredene, he was with Citicorp in Los Angeles, New York and Mumbai at various Citigroup entities including Citibank and Citigroup Private Bank
- Previously in India with ING Vysya Bank
- MBA in Private Equity and Corporate Finance, London Business School.

Opportunity

Indian Infrastructure Sector

While India's population and economy continue to grow strongly, investment in its infrastructure has not kept pace. Ports, logistics, distribution and transport networks are all under-invested

- India continues to show strong macroeconomic growth, with a nominal GDP growth of 12.1% per annum from 2003-2008. The GDP growth for 2010 is estimated at 7% by Asian Development Bank (ADB)
- India's population has grown from 1.0bn in 2000 to 1.13bn in 2007 and has a current annual growth rate of 1.38%
- The Indian Government has targeted USD 500bn of new investment in infrastructure by 2012, of which c.USD 175bn will be invested into the sectors in which the Fund specialises
- The logistics and warehousing industry is expected to grow at 15-20% per annum, reaching revenues of USD 385bn by 2015. The industry is embracing technology and value-added services
- India's import-export requirements are driving demand for new ports and port services. Similarly, there is a requirement for transport infrastructure and logistics and distribution investment across the country.

Extracts from Indian Planning Commission's Paper on Projected Investments in the Eleventh Five Year Plan (USD bn), 2007-08 to 2011-12

Sector	Total Projected Investment	Expected Investment By The Govt.	Private Sector Investment Required
Roads	78.0	28.3	49.7
Railways	64.5	51.9	12.6
Ports	18.5	4.9	13.6
Airports	8.7	3.4	5.3
Storage	5.6	2.8	2.8
	175.3	91.3	84.0

India is expected to increase its infrastructure development spend from 4.7% of GDP in 2007 to 8% of GDP by 2012.

Sources:

Indian Government, Morgan Stanley, Cushman & Wakefield and IMF

Indian Ports vs. Global Counterparts

- India's Major Ports are plagued by underperformance compared with global ports i.e. average turnaround time
 - ✓ > 24 hours - Indian ports
 - ✓ 6 to 8 hours - Singapore port
 - ✓ 10 hours - Hong Kong port
- India currently handles around 8m TEUs p.a.
 - ✓ 29m TEUs handled at PSA Singapore in 2009
 - ✓ 4m TEUs handled by Philippines in 2008
- Major challenges –
 - operating at full capacity
 - draught constraints
 - inadequate infrastructure
 - administrative red tape
 - **poor hinterland connectivity**
 - **long lead times – 'catch up' with demand**
- **Private ports with international standards and high productivity.**

Major Port	Average turnaround time (hours)
JNPT (Mumbai)	47.04
Visakhapatnam	94.32
Kandla	124.8
Ennore	56.4

* Data for 2008-09

Opportunities

- Participating in bids through PPP route
 - ✓ terminal/berth development projects with opportunity for large contractors/developers and large port operators with significant experience
- Joint venture with existing Concessionaires
 - ✓ greenfield ports
- Construction / Management /Dredging contracts
 - ✓ port approach channels, dredging projects, breakwater projects, cargo jetties etc.
- Port support services
 - ✓ pilotage, towage, lighterage and barging, stevedoring, bunkering, minor ship repairs etc
- Port Services
 - ✓ Container Freight Stations (CFS), container depots, rail-heads, roads, tank farms, oil pipelines etc.

Private Equity

- Typical target returns -
 - ✓ 20–25% for infrastructure projects
- Exit options –
 - IPO – buoyant equity market
 - Mundra Port's IPO (Nov. 2007), oversubscribed (4.67x)
 - Pipavav port promoted by Maersk filed for IPO in Oct. 08
 - Secondary sale or strategic buy out (M&A)
 - viable options as large number of private equity funds enter the port sector
 - Trade Sales
 - Consolidation plays among portfolio investments of private equity funds.

Target Company	Foreign PE Investor	Approx. Value (US\$m)	Equity Stake	Date Announced
Krishnapatnam Port	3i India	161	24%	Feb-09
Mundra Port & SEZ	3i India and GIC	100	-	Sep-08
All Cargo Global	Blackstone	48.4	10.4%	Feb-08
Gangavaram Port	Warburg Pincus	34	30%	Sep-07
Sical Infra Assets	Old Lane	26	26%	Jul-06
MJ Logistic Services Ltd	Eredene Capital PLC	22	90%	Dec-07
TVS Logistics	Goldman Sachs	20	-	Apr-08
Apeejay Infra-Logistics	Eredene Capital PLC	15.7	50%	May-08

Case Studies

Case Study 1: Sattva Business Group

Eredene has invested in two container handling facilities with Sattva Business Group, an established container handling operator in South India

Sattva CFS at Chennai, 49% stake

- A profitable 26 acre CFS serving Chennai port
- Clients include NYK, Hanjin, Maersk and ArcelorMittal
- Chennai port is India's second largest container port with a container terminal owned and operated by **Dubai Ports World** (formerly **P&O Ports India**)
- Dividend paid in March 2009



Ennore CFS at Ennore, 90% stake

- A planned 60 acre CFS outside Chennai catering to the container cargo business at Ennore port
- The site will be developed initially as a large-scale warehousing operation and will be converted into a fully fledged CFS in time for the opening of Ennore's new container terminal scheduled for 2011
- The CFS is expected to handle container traffic of 240,000 TEUs p.a. by 2019.

Case Study 2: Deal Pipeline - Ennore Container Terminal

Eredene has formed a consortium with leading industry partners in bidding for this major container terminal project near Chennai, in Tamil Nadu

- In early 2008, Ennore Port called for bids from interested parties to develop a container terminal with a quay length of 1,000m with an estimated capacity of 1.5m TEUs on BOT (Build-Operate-Transfer) basis for a concession period of 30 years. The port estimates the project cost at USD 325m
- RFQs were submitted in May 2008 and 22 applications were made. The port screened bids based on the consortia's technical and financial strengths and finalised six pre-qualified applicants for the final bid stage. Eredene and its consortium (below) is one of the six finalists. Eredene's consortium includes -
 - Grup Marítim TCB is Spain's leading container and general cargo terminal operating company. Operates Barcelona container terminal. Significant experience in containerised cargo
 - OHL is one of the biggest construction and services groups in Spain, with a long track record.



Non-Executive Team

Non-Executive Team

Mr David Alexander Coltman, Non-Executive Chairman

David Coltman has over 40 years of international experience in major and complex logistics projects, including recently in India. After 14 years at British Airways (BA), he moved to British Caledonian where he became Chief Executive. After its acquisition by BA he moved to United Airlines, where from 1995 to 2001 he was Chief Marketing Officer and Executive Officer of the UAL Corporation, based in Chicago. Mr Coltman is the Chairman of Edinburgh Worldwide Investment Trust PLC, and the Senior Independent Director of John Menzies PLC, a leading international logistics company with significant interests in India.

Sir Christopher Benson, Non-Executive Director

Sir Christopher Benson has been involved in real estate investment and development throughout his career. He gained significant development experience with Arndale, which was followed by his appointment as Managing Director of MEPC. He has previously been Chairman of MEPC, Royal and Sun Alliance, Boots the Chemist, Costain, Albright & Wilson and the London Docklands Development Corporation.

The Hon. Charles Cayzer, Non-Executive Director

Charles William Cayzer is an Executive Director of Caledonia Investments plc, one of the largest Investment Trusts listed on the London Stock Exchange. Having gained experience of merchant banking, commercial banking and corporate and project finance with Baring Brothers, Cayzer Irvine & Co and Cayzer Ltd, Charles was appointed a director of Caledonia in 1985, where he has responsibility for Caledonia's real estate investments. He is also a director of The Varun Shipping Company Limited in India and several private companies.

Specialist Advisors

Reputed Specialist Industry Advisors advising on deal sourcing and execution

DT JOSEPH

- Secretary, Ministry of Shipping, Road Transport & Highways, from 2003 to 2005 (the most senior transport bureaucrat position in India)
- Director-General of Shipping from 1999 to 2003
- As Secretary of Shipping, Joseph was instrumental in preparing the comprehensive draft Maritime Policy as well as the National Maritime Development Programme
- Directed the privatization of shipping, roads, rails, and highways in India
- Former First Chief Executive Officer of the Slum Rehabilitation Authority, Maharashtra
- Currently an independent director at Mundra Port And Special Economic Zone Ltd, Shreyas Shipping Logistics Limited and Wartsila India Limited

KEY ROLES

- Deal sourcing
- Advise on investments
- Provide updates and insights on the political, business and social environment in India
- Assist in project evaluation and monitoring
- Facilitate negotiations during acquisitions or in disputes in portfolio investments should the need arise

SARVJIT SINGH

- Former Chairman and Managing Director of Central Warehousing Corporation (CWC)
- CWC is the largest Pan-India warehousing company
- CWC currently operates 490 Warehouses across the country with a storage capacity of 9.8 million tones providing wide range of warehousing services including food grain warehousing, industrial warehousing, custom bonded warehousing, container freight stations, inland clearance depots and air cargo complexes
- Former Advisor to India Trade Promotion Organization under Ministry of Commerce, Govt. of India
- Served as a member of the select committee of the Government of India, Ministry of Education, to formulate the educational standards for engineering and medical courses
- Currently President of M J Logistic, a North India based integrated logistics service provider

- To act as ambassador for the Eredene Group
- To serve on the Boards of portfolio companies if requested by the Group
- Attend portfolio review and strategy meetings



EREDENE CAPITAL PLC

Investing in India's Infrastructure

