THE 10th APEC FIDN CONFERENCE:
MODERNIZATION OF SECURED TRANSACTIONS REGIME
FOR WAREHOUSE FINANCE DEVELOPMENT IN VIETNAM

December 7, 2021

Hợp tác với: CỤC ĐĂNG KÝ QUỐC GIA GIAO DỊCH BẢO ĐÀM, Bộ TƯ PHÁP
SLCM - "Warehouse Finance & 3rd Party Collateral Management"
Our Vision is to be present in every Geo Climatic Region of the World and to be the Preferred Agro Service Provider across all Agriculture Value Chains.

Our Mission is to Empower Aspirations of our Stakeholders by Instituting a Culture of Trust, Transparency and Mutually Rewarding Relationship based on Sustained Investments in State-of-the-Art Processes, Technology & Talent.

Our Values We endeavour our Mission and Vision through corporate pillars which are Customer Focus, Integrity, Professionalism, Discipline & Team Work.
Most Recognised Post harvest Agri-Management Group in India & Myanmar
Focused on Technology & Process Deployment to enhance Efficiency & Transparency
Headquartered in New Delhi and commands presence across India by managing 7335 Locations, 36 Cold Storages, 106.09 Million Sq. Ft. & a Throughput of 1817.06 Million MT
SLCM Ltd. Myanmar is managing a network of 255 Industrial Zones & managing 6.91 Million Sq. Ft. of Area by handling 525 commodities & throughput of 11.65 Million MT
First and Only Group to manage 3rd Party Silos with 8 Silo Chambers, 696,960 Sq. Ft. of Area & 100,000 MT of Capacity
Handled a variety of 960 Commodities Globally
Real Time Process Management System agnostic to Infrastructure, Location or Crop - Patent Pending under the aegis of ‘AgriReach’
A 2015 FICCI study validated that SLCM has reduced Post-Harvest Losses from 10% to 0.5%
Tie-ups with 14 Leading Banks for Collateral Management out of which 9 are in India & 5 in Myanmar
Accredited with Leading National Exchanges
Multiple rounds of Funding have brought 7 marquee investors on-board

*Data as on October 31, 2021
<table>
<thead>
<tr>
<th>Professional Warehouse (PWH)</th>
<th>Private Licensed Warehouse</th>
<th>Third Party Warehouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Warehouse, license taken by SLCM</td>
<td>License is taken by the owner of the warehouse or the lessee in case of long or short term lease.</td>
<td>Unlicensed Warehouse</td>
</tr>
<tr>
<td>Either warehouse is owned by SLCM (Warehouse service provider/Collateral manager) or SLCM takes warehouse on lease</td>
<td>Warehouse either owned or lease by Service provider</td>
<td>Warehouse is either owned or taken on lease by depositor and likewise will be leased/subleased to SLCM.</td>
</tr>
<tr>
<td>Multiple depositors can deposit their stock in separate stacks and can avail pledge finance from their respective banks.</td>
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<td>Single depositor and if multiple then sister concern.</td>
</tr>
<tr>
<td>Responsibility of WSP – is for complete stock management including fumigation, insurance, security, supervision</td>
<td>Responsibility of managing the stock will be with the warehouse owner including fumigation, insurance, security, supervision</td>
<td>Supervision of management is with SLCM and responsibility is of bank borrower.</td>
</tr>
<tr>
<td>Two Revenue lines – storage charges from depositor and Collateral management fee from bank</td>
<td>Single revenue line – Collateral Management fee from bank.</td>
<td>Single revenue line – Collateral Management fee from bank.</td>
</tr>
<tr>
<td>Exclusive lock and key of SLCM</td>
<td>Joint lock and key of SLCM and warehouse owner/service provider</td>
<td>Exclusive lock and key of SLCM</td>
</tr>
<tr>
<td>Post inward quality and quantity valuation done by SLCM and SR lien noted to bank or borrower</td>
<td>Post inward quality and quantity valuation done by SLCM and warehouse owner/service provider. Warehouse owner/Service provider issue WR and submits to SLCM and SLCM issue SR lien noting to bank</td>
<td>Post inward quality and quantity valuation done by SLCM and SR lien noted to bank or borrower</td>
</tr>
<tr>
<td>Agreement type – lease agreement, storage agreement, revenue sharing agreement</td>
<td>Agreement type - Service provider agreement</td>
<td>Agreement type – notional lease or sub lease</td>
</tr>
<tr>
<td>Storage structure – dry storage</td>
<td>Storage structure – dry storage</td>
<td>Storage structure – dry storage, CAP storage, Open shed, Silos, Oil Tanks, Cold Storages</td>
</tr>
</tbody>
</table>
Dry Storage

Reinventing Warehousing Services Globally
Cold Storage

So Let’s Change Minds

Reinventing Warehousing Services Globally
Silo Storage

So Let’s Change Minds

Reinventing Warehousing Services Globally
Open CAP & Shed Storage

Open CAP/Plinth

Open shed

Reinventing Warehousing Services Globally
Oil tank and Polysheet Storage

Oil tank

Polysheet Structure

Reinventing Warehousing Services Globally
Why Collateral funding getting preference?

Benefits

- Speedy loan sanction and disbursement with minimum documentation
- No additional security other than Agricultural commodities
- Attractive rate of interest as low as 6.9%
- Speedy release of commodities after repayment of dues
- Loans available at non-branch locations also
- Loans extended in government/private warehouses
- Liquidation of stock is easy in case account turns NPA.

Loan Disbursement Process

- Contact bank
- Submit the requisite documents
- The limit is then set up on the basis of your eligibility
- Stock the commodity in the designated warehouse and submit warehouse receipts along with disbursement documents
- Loan is disbursed upon receipt of digital Storage Receipts
Risk in Collateral Funding

**Duration of funding:**

- For agro commodity funding should ideally be between 6-9 months and extension to be purely based on quality status.
- Avoid extending loan on commodities with life shorter than 3 months.

**Geography/Location of Storage:**

- For agro commodities loan should be extended on commodities deposited either in cultivation or trading zones, else liquidation will be difficult if account turns NPA.
- Due to locations scattered across geographies monitoring of operations is a challenge.

**Pricing & Margin:**

- Assessment of commodity price should be in context to the quality assessment of that particular lot and not FAQ price.
- Pricing to be regularly monitored so that prompt margin call initiated in situation of commodity price fall.
Risk in Collateral Funding

Quality of Goods:

➢ Technically trained staffs required to assess quality of goods while deposit and during storage.

Fidelity:

➢ Being manpower intensive, risk of fidelity cannot be ruled out, sufficient fidelity coverage should be in place.

➢ CM should be aware of any negative news of borrower, because stress leads to fraud.
How SLCM can add value

• Provide its technology enabled “Agri reach Module” for implementation and management of day to day warehousing operations.

• Provide well articulated and proven Standard Operating procedures for warehousing and collateral management.

• Provide on field training of warehouse management to people.

• Provide one of its kind mobile application for quality assessment.
GROUP OVERVIEW
The Complete Supply Chain

COMMODITY WAREHOUSING
- Warehouse Mgt. for Leading Derivative Exchanges, Farmers, Govt. of India, Processors & Traders
- Silos Management
- Quality & Quantity Testing
- Fumigation & Auditing Services
- Mgt. on inter-model transfer
- Fleet Management
- End-to-End Logistics
- Assaying Services
- Rail Rake Movement

AGRI FINANCING
- Competitive Interest Rate
- Large basket of Commodities
- Priority Sector Lending
- Enabling Agri to become a monetized asset

COLLATERAL MANAGEMENT
- Collateral Management for Banks & Other Financial Institutions
- Risk Mitigation System for Traders, Processors & Farmers
- Quality & Quantity
- Fumigation

PROCUREMENT
- Direct Procurement from Farmers, Processors, Govt. bodies & Traders
- Research & Analysis
- Cover need of ‘Just in Time’ inventory
- Crop behavior patterns

SLCM GROUP

Reinventing Agro Services Globally
So Let's Change Minds

Reinventing Agro Services Globally

From Farm to Money within 24 hours

Saving 9.5% losses during the Storage Period

Non Banking Financial Institution which does Collateral Funding (KISSANDHAN)

Finance from Banks against SLCM Storage Receipts

Produced within 24 hours

Reinventing Agro Services Globally
India & Myanmar Risk cover through the Year:

<table>
<thead>
<tr>
<th>FY</th>
<th>Unit</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22*</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA</td>
<td>USD Billion</td>
<td>26.24</td>
<td>40.64</td>
<td>64.11</td>
<td>65.76</td>
<td>61.45</td>
<td>62.48</td>
<td>67.78</td>
</tr>
<tr>
<td>MYANMAR</td>
<td>USD Billion</td>
<td>3.86</td>
<td>13.09</td>
<td>28.18</td>
<td>39.87</td>
<td>44.27</td>
<td>33.76</td>
<td>13.14</td>
</tr>
</tbody>
</table>

Reinventing Warehousing Services Globally
India & Myanmar Cumulative AUM Managed:

<table>
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<tr>
<th>FY</th>
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<th>2021-22*</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA</td>
<td>USD Billion</td>
<td>0.87</td>
<td>1.35</td>
<td>2.14</td>
<td>2.19</td>
<td>2.05</td>
<td>2.08</td>
<td>2.26</td>
</tr>
<tr>
<td>MYANMAR</td>
<td>USD Billion</td>
<td>0.13</td>
<td>0.44</td>
<td>0.94</td>
<td>1.33</td>
<td>1.48</td>
<td>1.13</td>
<td>0.44</td>
</tr>
</tbody>
</table>
MOBILITY APPLICATION

Mobile application development is a term used to denote the act or process by which application software is developed for handheld devices, such as personal digital assistants, enterprise digital assistants, mobile phone or tablets. These applications can be pre-installed on phones during manufacturing platforms, or delivered as web applications using server-side or client-side processing to provide an "application-like" experience within a Web browser or Mobile App.

MODULES OF MOBILITY APPLICATION

Module 1: Commodity Inward Document (CID)
Module 2: Commodity Outward Document/Stock Discharge Receipt (SDR)
Module 3: Quality Certificate (QC)
Module 4: Warehouse Seal Record
Module 5: Handing Taking Over (HTO)
Module 6: Supervisor Report
Module 7: Warehouse Weekly Performance and Crop Report
Module 8: SMS Delivery Order
Module 9: Stock Transfer
Module 10: Mobile Attendance
So Let’s Change Minds

AgriReach: Implementation Kit

- **Kit Size:** 18x11x10 inches
- **Weight:** 24.25 pounds/11.5 kilos
- **Contents:** 60 items
- **Despatch Time:** Within 24 hours to the location irrespective of the Crop, Climate and Geography of the location
- **Additional requirement for international operations:** Local SIM card

*The most user friendly composition bound to sustain huge impacts on the entire Agri Ecosystem*
Agri Reach Audits

So Let’s Change Minds

**Weekly Audits**
- Physical verification of warehouses
- Reconciliation of stock count, assessment of crop health
- Stock count & warehouse status report
- Physical stock count by warehouse managers matched with stock records of the audit team
- Aeration audit
- Warehouses aired out for a period of 5 days in a week for a minimum of 5 hours each day
- Crop health audit
- 5% of the total stock is poked in each lot to check for any live insects, atta formation, etc.
- Sample seals audit
- Warehouses are sealed daily with a unique code

**Fortnightly Audits**
- Handing-over audit
  - Detailed procedure for handing-over followed as warehouse managers are rotated across locations
  - Broken seal audit
  - Broken seals at warehouses are recalled at the head office to check the authenticity of reporting
  - Paper trail audit
  - To ascertain that all documents are in place for inward and outward transactions
  - Stock samples tested at Lab
  - 25% of all samples at warehouses are checked for moisture, infestation and overall crop health
- Checks to identify fumigation requirement Audit conducted to monitor operational expenses

**Monthly Audits**
- Insurance & licenses audit
  - All warehouses are checked for insurance coverage
  - Validity of APMC^ licenses verified
- Stock report & collateral management audit
  - Conducted to check compliance with ISO norms
  - Other audits
    - Fidelity insurance audit for clients, secretarial compliance, warehouse manager attendance and random quality inspection

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*Other weekly audits include moisture relevancy audits and visits by the supervisor

Reinventing Agro Services Globally
Agri Reach – Digital Transaction enabling real time update

So Let’s Change Minds

Reinventing Agro Services Globally
Video cameras and 24/7 call centre is used while also geotagging all Warehouses

In house developed mechanism for surveillance with key features –

1. Portable
2. Scalable
3. Does not require live electricity.
4. Cost effective
SLCM Groups – Digital Technology Play

DIGITALLY UNIFIED AGRI MARKET PLACE.
QUALITY CHECK & TRACEABILITY APP

Digitally Unified Agri Value Chain. Mobile APP for Quality Check & Traceability.

- Digital Transformation & Innovation started to create the Digital Play of SLCM. Unified Product & User Experience is the Key Differentiator.
- Unified Product digitally transforming post harvest Agri value chain with unique products and digital solutions to simplify the trade & create an Inclusive Economy.
- Game Changer Mobile APP to do quality assessment & traceability of crop to support Buying Behavior across the value chain.

https://youtu.be/NinOpB7P7OY

Existing / Lab QC Process

https://youtu.be/R6u6W90ryGo

Agrireach APP - QC Process
Key Investors

MAYFIELD FUND

agrif by Lincfin IM

CREATION INVESTMENTS CAPITAL MANAGEMENT, LLC

EVERSTONE
THE POWER OF PARTNERSHIP

ResponsAbility
Investments for Prosperity

NEXUS VENTURE PARTNERS

Auditors & Legal Advisors

Ernst & Young
KPMG
Deloitte
PwC

Reinventing Agro Services Globally
SLCM BANK TIE-UPS FOR COLLATERAL MANAGEMENT

**INDIA**
- Allahabad Bank
- State Bank of India
- Axis Bank
- HDFC Bank
- RBL Bank
- Yes Bank
- IndusInd Bank
- ICICI Bank
- Bank of India

**MYANMAR**
- Yoma Bank
- CBBank
- Global Treasure Bank
- MAB (Myanmar Asoe Banks)
- UAB (United Amara Bank)

Reinventing Agro Services Globally