

**REPORT OF THE AUDIT COMMITTEE OF ALLCARGO LOGISTICS LIMITED  
RECOMMENDING THE SCHEME OF ARRANGEMENT AND DEMERGER BETWEEN  
ALLCARGO LOGISTICS LIMITED (THE "DEMERGED COMPANY" OR THE "COMPANY")  
AND ALLCARGO TERMINALS PRIVATE LIMITED (THE "RESULTING COMPANY 1" OR  
"ATPL") AND TRANSINDIA REALTY & LOGISTICS PARKS LIMITED (THE "RESULTING  
COMPANY 2" OR "TRLPL") AND THEIR RESPECTIVE SHAREHOLDERS AND  
CREDITORS**

**MEMBERS PRESENT:**

- |                               |   |          |
|-------------------------------|---|----------|
| 1. Mr Mohinder Pal Bansal     | - | Chairman |
| 2. Mr Martin Muller           | - | Member   |
| 3. Mr Adarsh Hegde            | - | Member   |
| 4. Mr Parthasarathy Srinivasa | - | Member   |

**IN ATTENDANCE:**

- |                    |   |  |
|--------------------|---|--|
| Mr Devanand Mojdra | - | Company Secretary & Compliance Officer |
|--------------------|---|--|

**BY INVITATION:**

- |                             |   |   |
|-----------------------------|---|---|
| 1. Mr Deepal Shah           | - | Chief Financial Officer                           |
| 2. Mr Jatin Chokshi         | - | Chief Investment Officer                          |
| 3. Mr Ravi Jakhar           | - | Chief Strategy Officer                            |
| 4. Mr Manish Modi           | - | Deputy Chief Financial Officer                    |
| 5. Mr Niraj Sangharajka     | - | Senior Vice President, Mergers and Acquisitions   |
| 6. Mr Sumit Bhagwat         | - | Senior Manager, Accounts and Finance              |
| 7. Mr Ankit Panchmatia      | - | Business Analyst Investments                      |
| 8. Mr Amit Jain             | - | Representative of S R Batliboi, Statutory Auditor |
| 9. Mr Raghavan Subramanian  | - | Representative of ICICI Securities Limited        |
| 10. Mr Hitesh Mandot        | - | Representative of ICICI Securities Limited        |
| 11. Ms. Harshita Srivastava | - | Representative of Nishith Desai & Associates      |
| 12. Mr Arijit Ghosh         | - | Representative of Nishith Desai & Associates      |
| 13. Mr Ashish Sodhani       | - | Representative of Nishith Desai & Associates      |
| 14. Mr Mahek Vikamsey       | - | Representative of KPMG Valuation Services LLP     |

**1. BACKGROUND**

- 1.1 Audit Committee of Allcargo Logistics Limited (the "**Demerged Company**" or the "**Company**") recommending Scheme of Arrangement and Demerger (the "**Scheme**") between Allcargo Logistics Limited, Allcargo Terminals Private Limited (*The members of Allcargo Terminals Private Limited had approved its conversion from private limited into public limited vide special resolution passed at its Extraordinary General Meeting dated December 10, 2021 for which necessary forms has been filed with Registrar of Companies, Mumbai and approval for the same is awaited*) (the "**Resulting Company 1**" or "**ATPL**") and TransIndia Realty & Logistics Parks Limited (the "**Resulting**



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**Company 2** or **TRLPL**) and their respective shareholders and creditors. The Committee took note of the Scheme placed before it.

1.2 The Demerged Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Demerged Company are listed on BSE Limited and National Stock Exchange of India Limited (the **"Stock Exchanges"**).

1.3 This report is made in order to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the **"Listing Regulations"**) and SEBI Master Circular No. SEBI/ HO/ CFD/ DIL1/ CIR/ P/ 2021/ 0000000665 dated November 23, 2021 (the **"SEBI Circular"**), as amended from time to time, and after considering the following documents placed before the Audit Committee:

- a) Draft Scheme, duly initialled by the Company Secretary of the Demerged Company for the purpose of identification; and
- b) The certificate of M/s S R Batliboi & Associates LLP (**"SRB"**), the statutory auditor of the Demerged Company, to the effect that the accounting treatment contained in the Scheme is in compliance with the applicable Accounting Standards notified by Central Government under Section 133 of the Act and Indian Accounting Standards as prescribed from time to time;
- c) The Share Entitlement Ratio Report dated December 23, 2021, recommending the share entitlement ratio (hereinafter referred to as **"Valuation Report"**) on the Scheme, provided by Mr. Amit Jain, Partner KPMG Valuations Services LLP, a Registered Valuer (IBBI Registration No. IBBI/RV/06/2018/10501);
- d) The Fairness Opinion dated December 23, 2021 on the share entitlement ratio recommended by the Valuation Report for the purpose of the Scheme provided by ICICI Securities Limited, SEBI registered Merchant Banker (SEBI Reg No. INM000011179);
- e) Audited financial statements of the Demerged Company for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 and un-audited financial results as on September 30, 2021;
- f) Standalone Audited Financial statement of ATPL for the period ended September 30, 2021 and Standalone & Consolidated Audited Financial Statement of ATPL for the period November 30, 2021; and
- g) Undertaking on non-applicability of para I(A)(10)(b) of Part I of the SEBI Circular.

## 2. PROPOSED SCHEME OF ARRANGEMENT AND DEMERGER

### 2.1 Need and Rationale of the Scheme of Arrangement and Demerger:

The Audit Committee noted the rationale and need for demerger of the Container Freight Stations/Inland Container Depots and any other related logistics businesses of the Demerged Company (**"Demerged Undertaking 1"**) into ATPL and Engineering and Equipment Leasing and Hiring Solutions, Logistics Park, Warehousing, Real Estate Development and Leasing Activities and other related businesses of the Demerged Company (**"Demerged Undertaking 2"**) into TRLPL (Demerged Undertaking 1 and Demerged Undertaking 2 collectively be referred as **"Demerged Undertakings"**), on a going



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concern basis, as provided in the draft Scheme of Arrangement and Demerger, and which is reproduced hereunder:

1. *The Demerged Undertakings and the Remaining Business have both achieved scale and experience to sustain business on the basis of their own strengths. Additionally, both businesses deal with different sets of industry dynamics in the form of nature of risks, competition, challenges, opportunities and business methods. Hence, segregation of the two undertakings would enable focused managements to explore the potential business opportunities more effectively and efficiently;*
2. *Demerger will enable both Demerged Company and the Resulting Companies to enhance business operations by streamlining operations, cutting costs, more efficient management control and outlining independent growth strategies.*
3. *Each undertaking will be able to target and attract new investors with specific knowledge, expertise and risk appetite corresponding to their own businesses. Thus, each undertaking will have its own set of likeminded investors, thereby providing the necessary funding impetus to the long-term growth strategies of each business;*
4. *Demerger will enhance efficiencies and will have different business interest into separate corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration.*
5. *Pursuant to the Scheme, the equity shares issued by the Resulting Companies would be listed on BSE Limited and National Stock Exchange of India Limited and will unlock the value of the Demerged Undertakings for the shareholders of the Demerged Company. Further, the existing shareholders of the Demerged Company would hold the shares of three (3) listed entities, after the Scheme becoming effective, giving them flexibility in managing their investments in the three businesses having differential dynamics.*

## 2.2 The Synergies analysis of the Scheme are as under:

The Committee reviewed the Scheme and noted that the demerger would create simplified structure and would create independent listed companies with distinct set of growth opportunities. The demerger would result in achieving efficiency in operational processes implementation of independent strategies specifically designed for each business and in optimizing profitability of each of these entities.

The Committee also noted that the Demerged undertakings has attractive expansion plans and by vesting the Demerged Undertaking 1 into ATPL and Demerged Undertaking 2 into TRLPL. Each of these entities has could then further build on strategic partnerships suitable for different set of investors. Additionally the Demerged Company would be able further able to accelerate long term growth and expansion of the business.



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The Committee also noted that the demerger would bring in sharp management focus. All the entities would continue under the support of group-wide Centre of Excellence. As these businesses are now individual listed entities, separate management team for the same would bring in dedicated efforts to drive growth initiatives.

Thus, the re-structuring is proposed to result into enhanced development and growth of the business of the Demerged Company with independent focus on each business segment and more productive utilization of such resources which would be beneficial for all stakeholders.

### 2.3 The Cost benefits analysis of the Scheme are as under:

The Committee has reviewed in detail the costs associated with regards to the demerger. Except the transaction cost, there are no additional costs involved for the proposed re-structuring. There are no social or environmental impact of the proposed re-structuring. The Committee is of the opinion that the expected synergies and benefits in pursuance of the restructuring would offset the impact of such costs for the Demerged Company.

### 2.4 Impact of the Scheme on the shareholders is as under:

- a) The shareholders of the Demerged Company as on the Record Date shall be entitled to equity shares in the Resulting Company 1 and Resulting Company 2 basis the share entitlement ratio determined by Mr. Amit Jain, Partner KPMG Valuations Services LLP, a Registered Valuer (IBBI Registration No. IBBI/RV/06/2018/10501), in the valuation report submitted to this Committee. Subsequent to which the shareholders of the Demerged Company in addition to the shares held in the Demerged Company shall also become shareholders in the Resulting Company 1 and Resulting Company 2.
- b) The Scheme will not adversely affect the rights or interest of any shareholder of the Applicant Companies or their respective shareholders or creditors, in any manner whatsoever.
- c) The Resulting Company 1 and Resulting Company 2 will issue equity shares to the shareholders of the Demerged Company as under:
  - i. Upon the coming into effect of this Scheme and in consideration of the demerger of the Demerged Undertaking 1 in the Resulting Company 1 pursuant to this Scheme, the Resulting Company 1 shall, without any further act or deed and without any further payment, issue and allot equity shares (hereinafter also referred to as the "New Equity Shares of Resulting Company 1") at par on a proportionate basis to each member of the Demerged Company, whose name is recorded in the register of members of the Demerged Company as holding shares on the Record Date, in the ratio of 1 (One) equity shares of Rs 2/- (Rupees Two) each fully paid up of Resulting Company 1 for every 1 (One) equity share of Rs 2/- (Rupees Two) each fully paid up held in the Demerged Company;
  - ii. Upon the coming into effect of this Scheme and in consideration of the demerger of the Demerged Undertaking 2 in the Resulting Company 2 pursuant to this Scheme, the Resulting Company 2 shall, without any further act or deed and without any



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further payment, issue and allot equity shares (hereinafter also referred to as the "New Equity Shares of Resulting Company 2") at par on a proportionate basis to each member of the Demerged Company, whose name is recorded in the register of members of the Demerged Company as holding shares on the Record Date, in the ratio of 1 (One) equity shares of Rs 2/- (Rupees Two) each fully paid up of Resulting Company 2 for every 1 (One) equity share of Rs 2/- (Rupees Two) each fully paid up held in the Demerged Company.

### 3. Recommendation of the Audit Committee

Taking into consideration the draft Scheme, Accounting Treatment Certificate and other documents, as placed, the Audit Committee recommends the draft Scheme for approval by the Board of Directors of the Demerged Company, Stock Exchanges and the Securities Exchange Board of India and other appropriate authorities.

**For and on behalf of the Audit Committee  
of Allcargo Logistics Limited**

**Mohinder Pal Bansal**  
(DIN: 01626343)  
**Chairman of Audit Committee**



**Date:** December 23, 2021

**Place:** Mumbai



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