ICICI Securities I-Sec

Fairness Opinion Report

December 23, 2021

To,

The Board of Directors
Allcargo Logistics Limited,
6th Floor, Avvashya House,
CST Road, Santacruz (E),
Mumbai - 400098, India

Background, Purpose and Use of this Report

We understand that the Board of Directors of Allcargo Logistics Limited is considering the demerger of Allcargo Logistics Limited ("Demerged Company" or "ALL") into a separate undertakings, 'Container Freight Stations/Inland Container Depots and any other related logistics businesses'("Demerged Undertaking 1") into AllCargo Terminals Private Limited ("Resulting Company 1") and 'Engineering and equipment leasing and hiring solutions business, Logistics Park, Warehousing, real estate development and leasing activities and other related businesses' ("Demerged Undertaking 2") into TransIndia Realty and Logistics Parks Private Limited ("Resulting Company 2") through Scheme of Arrangement ("Scheme") pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013.
(Resulting Company 1 and Resulting Company 2 together referred as "Resulting Companies")

The Scheme envisages demerger of the aforestated undertakings of ALL into the Resulting Company 1 and Resulting Company 2 as per terms and conditions more fully set forth in the Scheme to be placed before the Board for their approval.

In this connection, we have been requested by the Board of Directors of the Demerged Company to render our professional services by way of a Fairness Opinion as of date hereof, as to the fairness of the Share Entitlement Ratio provided by a registered valuer to the Equity Shareholders of the Demerged Company.

We understand, that consequent to demerger, there will be no impact on the economic beneficial interest of the shareholders of the Demerged Company.

SEBI Registration : INM000011179
CIN No.: L67120MH1995PLC086241

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For **Allcargo Logistics Limited**

Director/Authorized Signatory

Rationale of the Scheme

In the Rationale of the Scheme, it has been provided that, ALL is undertaking demerger for following benefits:

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 and NSE] 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.

Limitation of Scope & Review

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Allcargo Logistics Limited

Our opinion and analysis are limited to the extent of review of documents as provided to us by the Resulting Companies and Demerged Company, including the Share Entitlement Ratio prepared by registered valuer and a draft of the Scheme. In addition to the documents shared, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis. We have been represented that Resulting Companies were incorporated specifically for acquiring the above-mentioned businesses on a going concern basis. Our work does not constitute an audit, due diligence or certification of the historical financial statements in relation to the Resulting Companies and /or Demerged Company. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the Share Entitlement Ratio for the Scheme, it may not be valid for any other purpose or if provided on behalf of any other entity. In particular, we do not express any opinion as to the value of any asset of the Resulting Companies and Demerged Company, whether at the current prices or in the future.

Our analysis and results are also specific to the date of this report and based on information till date hereof. This report is issued on the understanding that the Resulting Companies and/or Demerged Company have drawn our attention to all the matters, which they are aware of concerning the financial position of the Resulting Companies and /or Demerged Company, their businesses, and any other matter, which may have an impact on our opinion, on the Share Entitlement Ratio for the Proposed Scheme, including any significant changes that have taken place or are likely to take place in the financial position of the Resulting Companies and/or Demerged Company or subsequently. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Resulting Companies and /or Demerged Company without detailed inquiry. We have also been given to understand by the management of the respective Resulting Companies and /or Demerged Company that it has not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Resulting Companies and /or Demerged Company and their impact on the present exercise.

We express no opinion whatever and make no recommendation at all to the Resulting Companies and /or Demerged Company underlying its decision to the effect the Scheme or as to how the shareholders of equity shares or secured or unsecured creditors of the Resulting Companies and /or Demerged Company should vote at their respective meetings held in connection with the Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Scheme.

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We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of Resulting Companies and /or Demerged Company will trade at any time, including subsequent to the date of this opinion.

Our report is not and should not be construed as our opining or certifying the compliance of the Scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such Scheme.

This report is intended only for the sole use and benefit of the Board of Directors of the Demerged Company in connection with its consideration of the Scheme for the purpose of obtaining judicial and regulatory approvals and may not be relied upon by any other person and may not be used or disclosed for any other purpose without obtaining our prior written consent. We are not responsible in any way to any other person/party for any decision of such person or party based on this report. Any person / party intending to provide finance/invest in the shares/business of any of the Resulting Companies and /or Demerged Company or their subsidiaries/joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Scheme as aforesaid can be done only with our prior permission in writing. We acknowledge that this report will be shared to the extent as may be required, with the relevant stock exchanges, advisors of the Demerged Company and/or Resulting Companies in relation to the Scheme, as well as with the statutory authorities.

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Our Recommendation

The effect of the Scheme is that each shareholder of the Demerged Company becomes the beneficial economic owner of the shares in the Resulting Companies, in the same proportion, either directly, and/or in case of fractional entitlements, through a Trust mechanism, as explained in the Scheme.

Based on the above, all the current shareholders of the Demerged Company are and will, upon demerger, be the ultimate beneficial economic owners of the Resulting Companies upon allotment of equity shares by the Resulting Companies in the proposed Share Entitlement Ratio.

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As stated in the Share Entitlement Report by the registered valuer, they have recommended the following:

"In consideration for the demerger of Demerged Undertaking 1, Allcargo Terminals Private Limited proposes to issue 1 (one) fully paid up equity share of face value INR 2 each for every 1 (one) fully paid up equity shares of face value INR 2 each in Allcargo Logistics Limited; and

In consideration for the demerger of Demerged Undertaking 2, TransIndia Realty and Logistics Parks Private Limited *proposes to issue 1 (one) fully paid up equity share of face value INR 2 each for every 1 (one) fully paid up equity shares of face value INR 2 each in Allcargo Logistics Limited "*

As aforestated, the equity shares to be issued by the Resulting Company 1 and Resulting Company 2 to the shareholders of the Demerged Company will be listed and/ or admitted to trading on the Stock Exchanges on which shares of ALL are listed.

The aforesaid Demerger shall be pursuant to the Scheme and shall be subject to receipt of approval from BSE Ltd, National Stock Exchange of India Ltd, Securities and Exchange Board of India, National Company Law Tribunal or such other competent authority as may be applicable and other approvals as may be required from shareholders, creditors, etc. We have issued the Fairness Opinion with the understanding that the Scheme provided to us shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

As per the Scheme, having regard to all relevant factors and on the basis of information and explanations given to us, including the Share Entitlement Ratio Report, we are of the opinion on the date hereof, that the proposed Share Entitlement Ratio as recommended by the registered valuer is fair to the equity shareholders of Demerged Company.

Yours faithfully,
For ICICI Securities Limited,

Raghwendra Pande
Executive Vice President

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