

REPORT OF THE AUDIT COMMITTEE OF ARSHIYA LIMITED ("AL" OR "THE COMPANY") ON THE SCHEME OF ARRANGEMENT BETWEEN ARSHIYA LIMITED ("AL" OR "DEMERGED COMPANY") AND ARSHIYA RAIL INFRASTRUCTURE LIMITED ("ARIL" OR "RESULTING COMPANY")

Present Directors/ Members:

- | | | |
|------------------------------|---|----------|
| 1. Mr. Ashish Kumar Bairagra | : | Chairman |
| 2. Mr. Ajay S Mittal | : | Member |

In Attendance

- | | | |
|---------------------|---|-------------------|
| 1. Ms. Savita Dalal | : | Company Secretary |
|---------------------|---|-------------------|

By Invitation

- | | | |
|---------------------------|---|--------------------------------------|
| 1. Mr. Santosh Maheshwari | : | CFO |
| 2. Mr. Navnit Choudhary | : | Permanent Invitee to Audit Committee |

1. Background:

1.1. A meeting of the Audit Committee of Arshiya Limited ("the Company") was held on Thursday, 24th May, 2018 inter alia to consider and recommend to the Board of Directors the Proposed Scheme of arrangement under Sections 230 to 232 read with Section 66 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 between Arshiya Limited ("AL" and Arshiya Rail Infrastructure Limited ("ARIL") ("the Scheme).

1.2. The Scheme inter alia provides for:

- 1.2.1. demerger of the Domestic Business of AL into ARIL;
- 1.2.2. Cancellation of existing paid up share capital of ARIL; and
- 1.2.3. Issue of equity shares by ARIL to the equity shareholders of AL as consideration for Demerger

The Equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

1.3. The report of Audit Committee is made in order to comply with the requirements of the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended from time to time) after considering the following:

- 1.3.1. Draft scheme of arrangement duly initiated by the Company secretary of the Company for the purpose of identification;
- 1.3.2. Share Entitlement Ratio Report dated 24th May, 2018 issued by Independent Chartered Accountant, M/s. ZADN & Associates
- 1.3.3. Fairness Opinion dated 24th May, 2018 issued by M/s. Chartered Capital and Investment Ltd., a category I Merchant Banker; and
- 1.3.4. Provisional Financial statements of the Company for the year ended March 31, 2018, Audited Financial statements of the Company for the year ended March 31, 2017 and March 31, 2016.



Arshiya Limited

2. Proposed Scheme

2.1. The salient features of the draft scheme of arrangement are as under:

- 2.1.1 The Scheme inter - alia provides for demerger of the Domestic Business of AL into ARIL;
- 2.1.2 the Audit Committee of Board of Directors of the Company is of the opinion that proposed arrangement would inter- alia achieve the following objectives:
 - reorganize its corporate structure and integrate / consolidate its operations by housing the FTWZ business in AL and Domestic Business (comprising of Domestic Warehousing Area (DWA), Inland Container Depot (ICD), Rail and Private Freight Terminal (PFT) business) in ARIL.
 - Streamlining the revenues by creating specialized entities.
 - provide more flexibility in terms of creating business synergies in the Resulting Company i.e. ARIL, enable cost savings, rationalizing capital requirements and optimizing utilization of valuable resources which will enhance management focus on the different businesses being housed under separate entities, thereby leading to higher operational efficiency.

2.2. the Audit Committee reviewed the Share Entitlement Ratio Report and noted the report and recommended the following:

In consideration for the demerger of the Domestic Business of the Company into ARIL in terms of the Scheme and based on the Share Entitlement Ratio Report issued by M/s. ZADN & Associates., Chartered Accountant and fairness opinion provided by M/s. Chartered Capital and Investment Ltd., a Category I Merchant Banker, ARIL will issue equity shares to the equity shareholders of the AL in the following ratio:

ARIL will issue One (1) Equity Share of the face value of INR 2/- (Rupees Two Only) , each fully paid –up, on a proportionate basis to each member of AL for every 2 (Two) fully paid-up equity shares of INR 2/- (Rupees Two Only) held in AL on the Record Date (as may be determined in terms of the Scheme).

- 2.2. Further, pursuant to the Scheme, the Company shall account for the Demerger as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS).
- 2.3. Further, the Fairness Opinion confirmed that the Share Entitlement in the Share Entitlement Ratio Report is fair to the Company and ARIL.
- 2.4. The proposed date (ie Appointed Date) for the Demerger of the Domestic Business will be the commencement of business on April 1, 2019 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable.
- 2.5. Under the proposed scheme, all assets and liabilities, pertaining to the Domestic Business of the Company, of whatsoever nature and where so ever situated, including the immovable properties and investment by Arshiya in ARIL shall without any further act or deed be transferred to and vested in ARIL as a going concern w.e.f. the appointed date i.e. April 1, 2019 .

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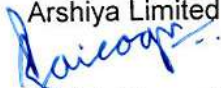
Arshiya Limited

- 2.6. The equity shares of ARIL to be issued to the shareholders of the Company pursuant to the Scheme shall be listed on the stock exchanges viz. BSE Limited and National Stock Exchange of India Limited (subject to listing permission being granted by the stock exchanges).

Recommendation of the Audit Committee

The Audit Committee after due deliberations and consideration of all the terms of the Scheme, Share Entitlement Ratio Report, Fairness Opinion and the specific points mentioned above, recommends the draft Scheme of Arrangement for favorable consideration by the Board of Directors of the Company, the stock exchanges and SEBI.

For and on behalf of the Audit Committee of
Arshiya Limited

A handwritten signature in blue ink, appearing to read "Ashish Kumar Bairagra".

Ashish Kumar Bairagra
Chairman of the Audit Committee

Date: May 24, 2018
Place Mumbai

REPORT OF THE AUDIT COMMITTEE OF ARSHIYA RAIL INFRASTRUCTURE LIMITED ("ARIL" OR "THE COMPANY") ON THE SCHEME OF ARRANGEMENT BETWEEN ARSHIYA LIMITED ("AL" OR "DEMERGED COMPANY") AND ARSHIYA RAIL INFRASTRUCTURE LIMITED ("ARIL" OR "RESULTING COMPANY")

Present Directors/ Members:

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|------------------------------|---|----------|
| 1. Mr. Ashish Kumar Bairagra | : | Chairman |
| 2. Mr. Ajay S Mittal | : | Member |
| 3. Mr. Navnit Choudhary | : | Member |

By Invitation

- | | | |
|-------------------------|---|-----------------|
| 1. Mr. Vinod Kumar Jain | : | CFO |
| 2. Mr. S. Maheshwari | : | Group President |

1. Background:

- 1.1. A meeting of the Audit Committee of Arshiya Rail Infrastructure Limited ("the Company") was held on Thursday, 24th May, 2018 inter alia to consider and recommend to the Board of Directors the Proposed Scheme of arrangement under Sections 230 to 232 read with Section 66 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 between Arshiya Limited ("AL") and Arshiya Rail Infrastructure Limited ("ARIL") ("the Scheme).
- 1.2. The Scheme inter alia provides for:
- 1.2.1. demerger of the Domestic Business of AL into ARIL;
 - 1.2.2. Cancellation of existing paid up share capital of the Company; and
 - 1.2.3. Issue of equity shares by the ARIL to the equity shareholders of AL as consideration for Demerger
- 1.3. The report of Audit Committee is made in order to comply with the requirements of the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended from time to time) after considering the following:
- 1.3.1. Draft scheme of arrangement duly initialed by the director of the Company for the purpose of identification;
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Arshiya Rail Infrastructure Limited

2. Proposed Scheme

2.1. The salient features of the draft scheme of arrangement are as under:

2.1.1 The Scheme inter - alia provides for demerger of the Domestic Business of AL into ARIL;

2.1.2 the Audit Committee of Board of Directors of the Company is of the opinion that proposed arrangement would inter- alia achieve the following objectives:

- reorganize its corporate structure and integrate / consolidate its operations by housing the FTWZ business in AL and Domestic Business (comprising of Domestic Warehousing Area (DWA), Inland Container Depot (ICD), Rail and Private Freight Terminal (PFT) business) in ARIL.
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- provide more flexibility in terms of creating business synergies in the Resulting Company i.e. ARIL, enable cost savings, rationalizing capital requirements and optimizing utilization of valuable resources which will enhance management focus on the different businesses being housed under separate entities, thereby leading to higher operational efficiency.

2.2. the Audit Committee reviewed the Share Entitlement Ratio Report and noted the report and recommended the following:

In consideration for the demerger of the Domestic Business of the AL into ARIL in terms of the Scheme and based on the Share Entitlement Ratio Report issued by M/s. ZADN & Associates., Chartered Accountant and fairness opinion provided by M/s. Chartered Capital and Investment Ltd., a Category I Merchant Banker, ARIL will issue equity shares to the equity shareholders of AL in the following ratio:

ARIL will issue One (1) Equity Share of the face value of INR 2/- (Rupees Two Only) , each fully paid –up, on a proportionate basis to each member of AL for every 2 (Two) fully paid-up equity shares of INR 2/- (Rupees Two Only) held in AL on the Record Date (as may be determined in terms of the Scheme).

2.2. Further, pursuant to the Scheme, the Company shall account for the Demerger as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS).

2.3. Further, the Fairness Opinion confirmed that the Share Entitlement in the Share Entitlement Ratio Report is fair to the Company and AL.

2.4. The proposed date (ie Appointed Date) for the Demerger of the Domestic Business will be the commencement of business on April 1, 2019 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable.

2.5. Under the proposed scheme, all assets and liabilities, pertaining to the Domestic Business of AL, of whatsoever nature and where so ever situated, including the immovable properties and investment by AL in ARIL shall without any further act or deed be transferred to and vested in ARIL as a going concern w.e.f. the appointed date i.e. April 1, 2019.

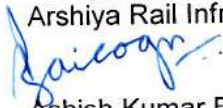
Arshiya Rail Infrastructure Limited

- 2.6. The equity shares of the Company proposed to be issued to the shareholders of AL pursuant to the Scheme shall be listed on the stock exchanges viz. BSE Limited and National Stock Exchange of India Limited (subject to listing permission being granted by the stock exchanges).

Recommendation of the Audit Committee

The Audit Committee after due deliberations and consideration of all the terms of the Scheme, Share Entitlement Ratio Report, Fairness Opinion and the specific points mentioned above, recommends the draft Scheme of Arrangement for favorable consideration by the Board of Directors of the Company, the stock exchanges and SEBI.

For and on behalf of the Audit Committee of
Arshiya Rail Infrastructure Limited



Ashish Kumar Bairagra
Chairman of the Audit Committee

Date: May 24, 2018
Place Mumbai