



Chartered Capital And Investment Ltd.

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Date: May 24, 2018

To,
The Board of Directors
Arshiya Limited
302, Ceejay House, Level - 3
Shiv Sagar Estate, F- Block
Dr. Annie Besant Road
Worli, Mumbai – 400018, India

To,
The Board of Directors
Arshiya Rail Infrastructure Limited
302, Ceejay House, Level - 3
Shiv Sagar Estate, F- Block
Dr. Annie Besant Road
Worli, Mumbai – 400018, India

Dear Sirs,

Subject: Fairness Opinion on Share Entitlement Ratio Report for the proposed demerger of Domestic Business Undertaking ('Demerged Undertaking') of Arshiya Limited ('Arshiya' or 'Demerged Company') into Arshiya Rail Infrastructure Limited ('ARIL' or 'Resulting Company').

I. BACKGROUND

We M/s. Chartered Capital and Investment Limited (**'Chartered Capital' or 'CCIL'**), SEBI registered Merchant Banker, having SEBI Permanent Registration No. INM000004018 have been appointed by the Arshiya Limited (**'Arshiya' or 'Demerged Company'**) and Arshiya Rail Infrastructure Limited (**'ARIL' or 'Resulting Company'**) to provide a fairness opinion on the Share Entitlement Ratio Report by M/s. ZADN & Associates, Chartered Accountants having their office at 4th Floor, Shreeniwas House, Hazarimal Somani Marg, Next to MTNL Exchange Building, Fort, Mumbai-400001, who were the appointed for issuing report on the Share Entitlement Ratio of equity shares of the Resulting Company to be issued to the shareholders of the Demerged Company in connection with the proposed demerger of Domestic Business Undertaking (**'Demerged Undertaking'**) of Arshiya Limited in the proposed Scheme of Arrangement between Arshiya Limited and Arshiya Rail Infrastructure Limited, under sections 230 to 232 read with section 66 and section 52 and other applicable provisions of the Companies Act, 2013 hereinafter referred to as **'the Proposed Scheme' or 'the Scheme' or 'the Scheme of Arrangement'**.





The fairness opinion has been issued for the proposed demerger of Domestic Business Undertaking of Arshiya Limited into Arshiya Rail Infrastructure Limited pursuant to the requirement and in compliance with SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 read with SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, SEBI Circular No. CFD/DIL3/CIR/2017/105 dated September 21, 2017 and SEBI Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018.

II. COMPANIES THAT ARE PARTY TO THE PROPOSED SCHEME

- 2.1 Arshiya Limited is a listed public limited company incorporated on July 3, 1981 under the Companies Act, 1956 bearing CIN - L93000MH1981PLC024747 and its registered office is situated at 302, Level 3, Ceejay House, F - Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400 018. Equity shares of Arshiya are listed on BSE Limited ('**BSE**') and National Stock Exchange of India Limited ('**NSE**') in India.
- 2.2 Arshiya, is a flagship company of Arshiya Group having interests in the business of developing Free Trade Warehousing Zones ('**FTWZs**') and Domestic Warehousing Areas ('**DWAs**') to improve logistics infrastructure in India.
- 2.3 Arshiya Rail Infrastructure Limited ("**ARIL**") is a unlisted public company incorporated on April 7, 2008 under the Companies Act, 1956 bearing CIN - U93000MH2008PLC180907 and its registered office is situated at 302, Level 3, Ceejay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
- 2.4 ARIL is currently engaged in the business of providing Private Freight Terminal (PFT) and Rail Transportation Services (Rail). ARIL is also engaged in container train business and holding Category - I license which allows ARIL to operate on Indian Rail network on pan India basis both domestic and exim traffic.
- 2.5 As on date, ARIL is a wholly owned subsidiary of Arshiya Limited as the entire paid up equity share capital is held by Arshiya and its nominees.
- 2.6 The management of Arshiya Group has informed that as part of the overall group reorganization, the management has filed a Scheme of Amalgamation of Arshiya Industrial & Distribution Hub Limited ('**AIDHL**') and Arshiya Transport and Handling Limited ('**ATHL**') with Arshiya Rail Infrastructure Limited ('**ARIL**' or '**Resulting Company**') with National Company Law





Tribunal at Mumbai and is awaiting their approval. The appointed date for the proposed merger is October 1, 2015 as stated in the Scheme of Amalgamation.

- 2.7 AIDHL and ATHL are 100% subsidiaries of Arshiya and hence fellow subsidiaries of ARIL.
- 2.8 As per the Preamble paragraph of the Proposed Scheme, the Proposed Scheme is also conditional upon the aforesaid merger scheme as mentioned in point 2.6 above being effective first. In case the scheme as mentioned in point 2.6 above is withdrawn or ARIL ceases to be a wholly owned subsidiary of Arshiya as on the Record date, the proposed scheme will also be withdrawn.

III. INFORMATION RECEIVED AND RELIED UPON BY US FOR THE FAIRNESS OPINION

- 3.1 We, CCIL, have prepared the **Fairness Opinion** on the basis of the following information received from the management of the Companies:
- a) Draft Scheme of Arrangement between Arshiya and ARIL proposed to be adopted at the Board meetings of both the companies;
 - b) Perused the Report on Share Entitlement Ratio given by M/s. ZADN & Associates, Chartered Accountants dated May 24, 2018.
 - c) Scheme of Amalgamation of Arshiya Industrial & Distribution Hub Limited ('AIDHL') and Arshiya Transport and Handling Limited ('ATHL') with Arshiya Rail Infrastructure Limited ('ARIL');
 - d) Audited financial statements of the Demerged and Resulting Company for the year ended March 31, 2017;
 - e) Current Shareholding pattern of the Demerged Company and Resulting Company;
 - f) Desired capital structure and equity shares of ARIL proposed to be issued to the shareholders of Arshiya on demerger of the Domestic Business Undertaking into ARIL;
 - g) Such other information and explanations that have been provided to us by the management of Arshiya and ARIL;
 - h) Relevant Information in public domain.
- 3.2 This Report is issued on the understanding that Arshiya Limited and Arshiya Rail Infrastructure Limited has drawn our attention to all the relevant





matters, of which they were aware of, concerning the respective company's financial position and businesses, which may have an impact on this Report.

- 3.3 Our work does not constitute an audit or certification of the historical financial statements of Arshiya Limited and Arshiya Rail Infrastructure Limited, including their working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this Report. We assume no responsibility for any errors in the information submitted by the Managements and their impact on the present exercise.

IV. DISCLAIMER

- 4.1 We have not considered any finding made by other external agencies in carrying out this work.
- 4.2 This report is intended solely for the limited purpose mentioned earlier and should not be regarded as a recommendation to the investors to invest in Arshiya Limited and Arshiya Rail Infrastructure Limited or deal in any form in the securities of the Companies and should also not be considered as a final equity value of the Companies.
- 4.3 Our report does not, in any way, guarantee that the equity shares of Companies will continue to remain at the price on which the valuation of the shares takes place.
- 4.4 Our report is for the benefit of and confidential use by the Companies. This report is not meant for save and except as specified above, under any Indian or foreign law, statute, act guideline or similar instruction. The Companies are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report.
- 4.5 We have not made an appraisal or independent valuation of any of the assets or liabilities of any of the Companies and have not conducted an audit or due diligence or reviewed/ validated the financial data except what is provided for in the Valuation Report and financial data provided to us by the Company or Valuer.
- 4.6 This Certificate may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same.
- 4.7 During the course of our work, we have relied upon assumptions made by management of the companies. These assumptions require the exercise of judgement and are subject to uncertainties.





4.8 In no circumstances whatsoever, will Chartered Capital and Investment Limited, its Directors and employees, accept any responsibility of liability towards any third party for consequences arising out of the use of this report.

V. OPINION ON SHARE ENTITLEMENT RATIO REPORT

The proposed demerger of Domestic Business Undertaking of Arshiya into ARIL will be value neutral to the equity shareholders of Arshiya, there will be no impact on the economic and beneficial interest of the equity shareholders of Arshiya and it would not have any impact on the ultimate value of the equity shareholders of Arshiya. Based on the information, material, data made available to us, including the Share Entitlement Ratio Report, to best of our knowledge and belief, Share Entitlement Ratio suggested by M/s. ZADN & Associates, Chartered Accountants under the Scheme, i.e.


"1 (One) fully paid equity share of Face Value INR 2 (Rupees Two) each of ARIL is to be issued for every 2 (Two) fully paid equity shares of Face Value INR 2 (Rupees Two) each held in Arshiya is Fair."

Thanking you,

Yours faithfully,

For and on behalf of,

For Chartered Capital and Investment Limited


Amitkumar Gattani
Assistant Vice President

