SSPA & CO.
Chartered Accountants
1st Floor, " Arjun", Plot No. 6 A,
V. P. Road, Andheri (W),
Mumbai - 400 058. INDIA.
Tel. : 91 (22) 2670 4376
91 (22) 2670 3682
Fax : 91 (22) 2670 3916
Website : www.sspa.in

STRICTLY PRIVATE & CONFIDENTIAL

September 28, 2020

The Board of Directors
Gateway Distriparks Limited
Sector 6, Dronagiri, Taluka Uran,
District Raigad,
Navi Mumbai - 400 707

The Board of Directors
Gateway Rail Freight Limited
Sector 6, Dronagiri, Taluka Uran,
District Raigad,
Navi Mumbai - 400 707

The Board of Directors
Gateway East India Private Limited
Container Freight Station, VPT-Exim Park,
Opposite GAIL, Sheela Nagar,
Visakhapatnam – 530 012
Andhra Pradesh

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Gateway Distriparks Limited (post amalgamation of GEIPL with GDL) with Gateway Rail Freight Limited

Dear Sir(s) / Madam(s),

We refer to the engagement letter dated September 07, 2020 whereby we, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Valuer' or 'We'), have been appointed by Gateway Distriparks Limited (hereinafter referred to as 'GDL' or the 'Transferor Company') and Gateway Rail Freight Limited (hereinafter referred to as 'GRFL' or the 'Transferee Company'), to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of GDL (post amalgamation of GEIPL with GDL) with GRFL with effect from opening business hours on April 01, 2020 ('Appointed Date') ('hereinafter referred to as 'Proposed Amalgamation').

GDL and GRFL are hereinafter collectively referred to as the 'Companies'.

1. SCOPE AND PURPOSE OF THIS REPORT

1.1 We have been informed by the management of the Companies (hereinafter collectively referred to as the 'Management') that they are considering the following restructuring

SSPA & CO. PSV REGISTERED VALUER CHARTERED ACCOUNTANTS proposal pursuant to a composite scheme of arrangement under sections 230 to 232 and other applicable provisions of the Companies Act, 2013, including rules and regulations made thereunder (hereinafter referred to as the 'Scheme'):

Step 1 – Amalgamation of GEIPL (a wholly owned subsidiary of GDL) with GDL; and

Step 2 – Amalgamation of GDL (post amalgamation of GEIPL with GDL) with GRFL.

Subject to necessary approvals, GEIPL would be amalgamated with GDL and GDL (post amalgamation of GEIPL with GDL) would be amalgamated with GRFL, with effect from the Appointed Date.

1.2 Pursuant to the Scheme, since GEIPL is a wholly owned subsidiary of GDL, no shares of GDL would be issued and allotted to shareholders of GEIPL on amalgamation of GEIPL with GDL. Pursuant to the Scheme, the entire paid up share capital of GEIPL would be cancelled on amalgamation. Thus, there is no need for determining fair equity share exchange ratio for proposed amalgamation as envisaged in Step 1 above.

1.3 In consideration for amalgamation of GDL into GRFL, equity shares of GRFL would be issued to the equity shareholders of GDL.

1.4 In this regards, we have been appointed by the Companies to carry out the relative valuation of equity shares of GRFL and GDL and to recommend the fair equity share exchange ratio for the Proposed Amalgamation. The report is being furnished by SSPA in the capacity of Chartered Accountants as well as Registered Valuer under section 247 of the Companies Act, 2013 which would suffice the requirements of Securities Exchange Board of India and Companies Act, 2013.

1.5 For the purpose of this valuation, the bases of value is 'relative value' and the valuation is based on 'going concern' premise. For the purpose of this Proposed Amalgamation, valuation has been carried out keeping in mind the Appointed Date as envisaged in the Scheme.

1.6 The report sets out our recommendation of the fair equity share exchange ratio and discusses the methodologies and approach considered in the computation of the ratio.

2. BRIEF BACKGROUND

2.1. GATEWAY DISTRIPARKS LIMITED

GDL was incorporated on April 06, 1994. GDL and its subsidiaries / associate / joint venture are engaged in business of Container Freight Stations ('CFS') / Inland Container Depots at

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

various locations, transportation of cargo by containers on Indian Railways Network, road transportation of containers / cargo / chilled and frozen products and operating storage facilities at cold stores at various locations in India.

GDL on standalone basis has CFS located at Navi Mumbai, Chennai and Krishnapatnam.

The equity shares of GDL are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

The paid up equity share capital of the Transferor Company as on March 31, 2020 is INR 108.73 crores.

In August 2020, GDL has issued 1,61,07,859 equity shares on right basis at price of INR 72 per equity share and raised INR 113.28 crores (Total rights issue amount INR 115.98 crores less expenses relating to rights issue INR 2.70 crores).

The shareholding pattern post rights issue of equity shares is given below:

Particulars	Number of equity shares	% shareholding
Promoters and Promoter Group	4,01,23,283	32.14%
Public	8,47,12,625	67.86%
Total	**12,48,35,908**	**100.00%**

2.2. **GATEWAY RAIL FREIGHT LIMITED**

GRFL is the unlisted 99.93% subsidiary of GDL which provides inter-modal logistics and operates its own rail-linked Inland Container Depots ('ICD') at Gurugram, Faridabad, Ludhiana, and Viramgam. GRFL also operates a domestic terminal at Mumbai. The company operates a fleet of 31 trains and 338 owned road trailers at its terminals. GRFL operates regular container train services from these ICDs to the Nhava Sheva, Mundra and Pipavav ports, transporting EXIM as well as domestic containers.

The paid up equity share capital of the Transferee Company as on March 31, 2020 is INR 201.50 crores.

As on date, GRFL has two class of equity shares, 20,15,00,000 equity shares of face value of INR 10 each and 100 equity shares of face value of INR 25 each. For the purpose of this valuation 100 equity shares are presumed to be converted into 250 equity shares of face value of INR 10 each.

Further, as on date there are 12,00,00,000 compulsorily convertible preference shares ('CCPS') of face value INR 24.65 each. 12,00,00,000 CCPS are convertible into 20,06,95,808 equity shares. The CCPS are entirely held by GDL.

Based on above, the diluted equity share capital of GRFL works out to 40,21,96,058 equity shares of INR 10 each which is given below.

Particulars	Number of equity shares	% shareholding
Gateway Distriparks limited	40,18,95,854	99.9253588%
Sachin Surendra Bhanushali	100	0.0000249%
Ranjiv Kumar Bhasin	1,20,000	0.0298362%
V Srinivas Reddy	100	0.0000249%
Vani Bhasin	1,80,000	0.0447543%
Mamta Gupta	1	0.0000002%
Samvid Gupta jointly with Ishaan Gupta	1	0.0000002%
Ishaan Gupta jointly with GDL	1	0.0000002%
Prem Kishan Dass Gupta jointly with GDL	1	0.0000002%
Total	**40,21,96,058**	**100.00%**

2.3. GATEWAY EAST INDIA PRIVATE LIMITED

GEIPL is the unlisted wholly owned subsidiary (WoS) of GDL which is engaged in the business of providing services of CFS. The CFS is located on the Exim Park, Sheela Nagar, Visakhapatnam. The CFS is about 16 kms from Visakha Container Terminal Port. CFS provides common user facilities offering services for container handling, transport and storage of import/ export laden and empty containers and cargo carried under custom control.

The shareholding pattern is given below:

Particulars	Number of equity shares	% shareholding
Gateway Distriparks limited	80,00,000	100.00%
Total	**80,00,000**	**100.00%**

3. REGISTERED VALUER – SSPA & CO., CHARTERED ACCOUNTANTS

SSPA & Co., Chartered Accountants, is a partnership firm, located at 1st Floor, Arjun Building, Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

We are a firm of practicising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER

4. SOURCES OF INFORMATION

The valuation exercise is based on the following information which has been received from the Management and any information available in the public domain:

(a) Annual Reports / standalone audited financial statements of the Companies and subsidiaries & associate of GDL for the financial year ('FY') ended March 31, 2019 and March 31, 2020.

(b) Standalone financial projections of the Companies and subsidiaries & associate of GDL for FY 2020-21 to FY 2024-25 comprising of balance sheet, profit & loss statement and capital expenditure as provided by the Management.

(c) Draft Composite Scheme of Amalgamation.

(d) Other relevant details regarding the Companies such as their history, past and present activities and other relevant information and data.

(e) Such other information and explanations as we required and which have been provided by the Management including Management Representation.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

5.1. This 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 herein and in the context of the purpose for which it is made. Further our report on recommendation of fair equity share exchange ratio of GRFL and GDL is in accordance with ICAI Valuation Standards 2018.

5.2. This report has been prepared for Board of Directors of the companies solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of GRFL and GDL.

5.3. Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.

5.4. The Management has represented that the Companies have clear and valid title of assets. No investigation on the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid.

5.5. The draft of the present report (excluding the recommended fair equity share exchange

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER ratio) was circulated to the Management for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.

5.6. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies/auditors/consultants is that of the Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements by the Management may materially affect our valuation analysis/conclusions. Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, nothing has come to our attention to indicate that the information provided/obtained was materially misstated/incorrect or would not afford reasonable grounds upon which to base the report.

5.7. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed with the Management.

5.8. Our recommendation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Companies and the industry in which the Companies operate. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as being associated with or a party to such projections.

5.9. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

report is issued on the understanding that Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Companies including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.

5.10. The fee for the engagement and this report is not contingent upon the results reported.

5.11. Our report is not, nor should it be construed as opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation (including transfer pricing) and capital market related laws or as regards any legal implications or issues arising in India or abroad from such Proposed Amalgamation.

5.12. Any person/party intending to provide finance/invest in the shares/convertible instruments/business of the Companies 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.

5.13. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management and our work and our finding shall not constitute a recommendation as to whether or not the Management should carry out the transaction.

5.14. This Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law. This Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the report is disclosed or otherwise made available.

5.15. SSPA, nor our partners and employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the valuation.

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

6. VALUATION APPROACH AND METHODOLOGIES

6.1. For the purpose of valuation, generally following approaches can be considered, viz,

(a) the 'Market' approach;

(b) the 'Income' approach; and

(c) the 'Cost' approach

6.2. The 'Cost' approach represents the value with reference to historical cost of assets owned by the company and the attached liabilities. Such value generally represents the support value in case of profit-making business and thus, has limited relevance in the valuation of the business of a going concern.

In the present case, the business of GRFL and GDL are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Asset approach is not adopted for the present valuation exercise.

6.3. Considering the above, we have thought fit to consider a combination of 'Market' approach and 'Income' approach for valuation of equity shares of GRFL and GDL. The report date is the valuation date.

6.4. MARKET APPROACH

6.4.1. In the present case, the equity shares of GDL are listed and frequently traded on recognized stock exchanges. Further, the equity shares of GRFL are not listed on any stock exchanges. Since, this is a relative valuation, we have thought fit to consider Comparable Companies Multiple ('CCM') method for valuation of equity shares of GRFL and GDL under the 'Market' approach.

6.4.2. COMPARABLE COMPANIES MULTIPLE METHOD

Under CCM method, the value of equity shares of GRFL and GDL is determined by using multiples derived from valuations of comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully. In the present case, Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) multiples of comparable listed companies are used to arrive at EV of GRFL and GDL.

To the value so arrived, appropriate adjustments have been made for contingent liabilities, loan funds, lease liability, value of investments in subsidiaries / associate / other investments, value of surplus assets, cash and cash equivalents (net of interim dividend),

SSPA & CO. Ps REGISTERED VALUER CHARTERED ACCOUNTANTS net cash inflow on account of rights issue of equity shares and other adjustments after considering the tax impact wherever applicable to arrive at the equity value.

The equity value as arrived above is divided by the outstanding / diluted number of equity shares to arrive at the value per share.

6.5. **INCOME APPROACH**

6.5.1. Under the 'Income' approach, shares of GRFL and GDL have been valued using 'Discounted Cash Flow' ('DCF') Method.

6.5.2. Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

6.5.3. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to profit before tax, (i) interest on loans, if any, (ii) depreciation and amortizations (non-cash charge), and (iii) any non-operating item. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements and (iii) tax and (iv) lease rental payments.

6.5.4. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of the company's cost of equity and debt. Considering an appropriate mix between debt and equity for GRFL and GDL, we have arrived at the WACC to be used for discounting the Free Cash Flows of GRFL and GDL.

6.5.5. To the value so arrived, appropriate adjustments have been made for contingent liabilities, loan funds, value of investments in subsidiaries / associate / other investments, value of surplus assets, cash and cash equivalents (net of interim dividend) and net cash inflow on account of rights issue of equity shares after considering the tax impact wherever applicable to arrive at the equity value.

The value as arrived above is divided by the outstanding / diluted number of equity shares to arrive at the value per share.

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

7. RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

7.1. The fair basis of amalgamation of GDL with GRFL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under different methods, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of GRFL and GDL. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to work out relative value of shares of GRFL and GDL to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

7.2. As mentioned above, we have considered a combination of CCM Method under 'Market' approach and DCF Method under 'Income' approach for arriving at the value per share of GRFL and GDL. The values under each of the approaches is given in the table below:

Valuation Approach	GRFL		GDL	
	Value per share (INR)	**Weight**	**Value per share (INR)**	**Weight**
Asset Approach *	NA	NA	NA	NA
Income Approach	36.62	50%	147.05	50%
Market Approach - CCM Method	36.81	50%	146.12	50%
Relative value per share	**36.72**		**146.59**	
Exchange Ratio (rounded off)	**4:1**			

NA = Not Applied / Not Applicable

** Since, the business of GRFL and GDL are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the 'Asset' approach is not adopted for the present valuation exercise.*

7.3. The fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of GRFL and GDL based on the approaches explained herein earlier and various qualitative factors relevant to the companies and the business dynamics and growth potential of the businesses, having regard to information base, management representation and perceptions, key underlying assumptions and limitations.

7.4. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgement taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in

SSPA & CO. ★ REGISTERED VALUER ★ CHARTERED ACCOUNTANTS judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

7.5. In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion:

The fair equity share exchange ratio for the proposed amalgamation of GDL (post amalgamation of GEIPL with GDL) with GRFL is as under:

4 (Four) equity shares of GRFL of INR 10 each fully paid up for every 1 (One) equity share of GDL of INR 10 each fully paid up.

Thanking you,
Yours faithfully,

For SSPA & CO.
Chartered Accountants
ICAI Firm registration number: 128851W
IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

Parag S. Ved

SSPA & CO. ★ REGISTERED VALUER ★ CHARTERED ACCOUNTANTS

Parag Ved, Partner
ICAI Membership No. 102432
UDIN: 20102432AAAABO4255
Place: Mumbai