

# **FAIRNESS OPINION**

**Gateway Distriparks Limited  
Gateway Rail Freight Limited**

**28<sup>th</sup> September, 2020**



**Ref. No: CPC/MB/062/2019-20**  
**SEBI Reg. No: INM000011435****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**Subject: Fairness opinion on the Valuer's Report undertaken by SSPA & Co., Chartered Accountants and Registered Valuer for the proposed Amalgamation of Gateway Distriparks Limited (post amalgamation of GEIPL with GDL) with Gateway Rail Freight Limited**

Dear Sir,

We refer to our appointment by the management of **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')** for the purpose of arriving at an opinion on the Valuer's Report on Share Exchange ratio dated 28<sup>th</sup> September, 2020 issued by SSPA & Co., Chartered Accountants and Registered Valuer to comply with the SEBI guidelines and applicable provisions of the Companies Act, 2013 for the proposed Amalgamation of Gateway Distriparks Limited (post amalgamation of GEIPL with GDL) with Gateway Rail Freight Limited on going concern basis in accordance with the provisions of sections 230 – 232 and other applicable provisions of the Companies Act, 2013 and subject to necessary approvals ("Proposed Amalgamation").

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

This opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as "Listing Regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time.

We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchange, National Company Law Tribunal ("NCLT"), RD, RoC, RBI and other related Statutory Authorities in this regard and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant the direction of NCLT and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

**Yours Faithfully****For Corporate Professionals Capital Private Limited****Dated: 28.09.2020**  
**Place: New Delhi**  
  
[Authorized Signatory]

# Contents

**Context and Background 3**

**Brief about Companies 4**

**Valuer Analysis 6**

**Conclusion & Opinion 7**

**Caveats 8**



**CONTEXT AND BACKGROUND**

We understand that the management of companies are considering the following restructuring 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 appointed date of April 01, 2020 ('Appointed Date').

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

With reference to the above, we, **Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker**, have been appointed by the management of Gateway Distriparks Limited and Gateway Rail Freight Limited to provide the "Fairness Opinion" on the Valuer's Report on Share Exchange ratio dated 28<sup>th</sup> September, 2020 issued by SSPA & Co. in the capacity of Chartered Accountants as well as Registered Valuer.

This opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as "Listing Regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018.



**BRIEF ABOUT COMPANIES**
**GATEWAY DISTRI PARKS LIMITED**

We understand that 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 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, Kochi 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 of GDL 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%
<b>Total</b>	<b>12,48,35,908</b>	<b>100.00%</b>

**GATEWAY RAIL FREIGHT LIMITED**

We understand that 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%
<b>Total</b>	<b>40,21,96,058</b>	<b>100.00%</b>

#### GATEWAY EAST INDIA PRIVATE LIMITED

We understand that 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 of GEIPL is given below:

Particulars	Number of equity shares	% shareholding
Gateway Distriparks limited	80,00,000	100.00%
<b>Total</b>	<b>80,00,000</b>	<b>100.00%</b>

## VALUER ANALYSIS

### BACKGROUND

- The valuer have mentioned in their valuation report that for the purpose of this valuation, the bases of value is 'relative value' and the valuation is based on 'going concern' premise.
- The valuation report sets out their recommendation of the fair equity share exchange ratio and discusses the methodologies and approach considered in the computation of the ratio.
- The valuation report provides for the sources of information relied upon for this valuation including the historical and projected financials and other relevant details.
- The valuation report states that their report on recommendation of fair equity share exchange ratio of GRFL and GDL is in accordance with ICAI Valuation Standards 2018.

### VALUATION APPROACH AND METHODOLOGIES

- The valuer vide their valuation report have considered premise of valuation, nature of business and different valuation approaches and decided 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.
- Considering the above and that 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.
- Under the Market approach, Valuer have considered Comparable Companies Multiple ('CCM') method for valuation of equity shares of GRFL and GDL by using Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) multiples derived from valuations of comparable companies.
- Under the 'Income' approach, shares of GRFL and GDL have been valued using 'Discounted Cash Flow' ('DCF') Method.

### RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO IN VALUATION REPORT

- The values under each of the approaches recommended by the valuer 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%
<b>Relative value per share</b>	<b>36.72</b>		<b>146.59</b>	
<b>Exchange Ratio (rounded off)</b>	<b>4:1</b>			

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.*

- In light of the above the valuer have recommended the following as fair equity exchange ratio for the proposed amalgamation of GDL (post amalgamation of GEIPL with GDL) with GRFL:  
**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.**



**CONCLUSION & OPINION**

In reference to the Valuation Report on relative Share Exchange ratio dated 28<sup>th</sup> September, 2020 issued by SSPA & Co., Chartered Accountants and Registered Valuer to comply with the SEBI guidelines and applicable provisions of the Companies Act, 2013, for the proposed Amalgamation of Gateway Distriparks Limited (post amalgamation of GEIPL with GDL) with Gateway Rail Freight Limited on going concern basis, the valuer have given their reasoning on the basis of valuation and selection of appropriate valuation methodologies for determination of relative share exchange ratio for this purpose on the valuation date.

*The valuer have thus recommended fair equity share exchange ratio for the proposed amalgamation of GDL (post amalgamation of GEIPL with GDL) with GRFL as 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.*

***“Subject to above read with the caveats as detailed later, we as a SEBI Registered Merchant Banker hereby opine that pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 we have reviewed the Valuer’s Report on Share Exchange ratio issued by SSPA & Co., Chartered Accountants and Registered Valuer and are of the opinion that the share exchange Report is fair and reasonable from the perspective of Equity Shareholders of Companies”.***



**CAVEATS**

- We wish to emphasize that, we have relied on explanations and information provided by the respective management, valuer and other public available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the management of Company.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Company and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion. This opinion is issued on the understanding that the Management of the Company under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

