

## REPORT OF THE AUDIT COMMITTEE OF GATEWAY DISTRI PARKS LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION (MERGER BY ABSORPTION) AMONGST GATEWAY DISTRI PARKS LIMITED, GATEWAY EAST INDIA PRIVATE LIMITED AND GATEWAY RAIL FREIGHT LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

### Present:

1. Mr. Shabbir Hassanbhai, Chairman of the Meeting
2. Mr. Prem Kishan Dass Gupta,
3. Mr. Bhaskar Avula Reddy
4. Mr. Arun Kumar Gupta

### In attendance:

1. Mr. Sandeep Kumar Shaw, CFO (Chief Financial Officer)
2. Mrs. Veena Nair, Company Secretary

### By Special Invitation:

1. Mr. Prasenjit Chakravarthy, Khaitan & Co
2. Mr. Nitish Goel, Khaitan & Co
3. Ms. Sushmita Sarin, Khaitan & Co
4. Mr. Vivek Gupta, KPMG
5. Ms. Arti Venugopal, KPMG
6. Mr. Vikram Jain, SSPA
7. Mr. Parag Ved, SSPA
8. Mr. Sumit Agarwal, S R Batliboi
9. Ms. Anjali Agarwal, Corporate Professionals
10. Mr. Anuj Rastogi, Corporate Professionals

### 1. Background

- 1.1. The Audit Committee of Gateway Distriparks Limited ("**Company**") at its meeting held on [•] 2020 had considered and reviewed the draft composite scheme of amalgamation for: (i) amalgamation (merger by absorption) of Gateway East India Private Limited ("**GEIPL**") with the Company; and (ii) amalgamation (merger by absorption) of the Company (post amalgamation of GEIPL with the Company) with Gateway Rail Freight Limited ("**GRFL**") ("**Scheme**") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") read with relevant rules framed thereunder.
- 1.2. The Company, GEIPL and GRFL are all group companies. GRFL is a subsidiary of the Company. GEIPL is a wholly owned subsidiary of the Company.



Registered Office :

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CIN : L74899MH1994PLC164024

- 1.3. As per the Securities and Exchange Board of India (“SEBI”) circular no. CFD/D113/CIR/2017/21 dated 10 March 2017 and as amended from time to time (“SEBI Circular”) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“LODR Regulations”), amongst other requirements, a report of the audit committee of the listed company, recommending the draft scheme of amalgamation, after taking into consideration the valuation report recommending the share exchange ratio and the fairness opinion is required to be submitted to concerned stock exchange(s). This report of the Audit Committee is made in order to comply with the provisions of the SEBI Circular read with the LODR Regulations.
- 1.4. Pursuant to and in compliance of the SEBI Circular, the Audit Committee at their meeting held on 28 September 2020 has examined, amongst others, the following documents (“Scheme Documents”):
- Draft Scheme duly initialled by the Chairman of the Audit Committee for the purpose of identification;
  - Valuation report dated 28 September 2020 (“Valuation Report”) prepared by SSPA & Co., independent Chartered Accountants, setting out the valuation of the Company, GEIPL and GRFL for the purpose of the Scheme, the share exchange ratio for the Scheme and the methodology adopted by them in arriving at the share exchange ratio;
  - Fairness opinion dated 28 September 2020 (“Fairness Opinion”) prepared by Corporate Professionals Capital Private Limited, SEBI registered Category I Merchant Banker, providing the Fairness Opinion on the share exchange ratio as recommended by SSPA & Co., independent Chartered Accountants; and
  - Certificate dated 28 September 2020 from S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company (“Auditor Certificate”), confirming that the accounting treatment contained in the draft Scheme is in compliance with LODR Regulations and circulars issued thereunder and all the Accounting Standards specified by the Central Government under section 133 of the Act read with the rules framed thereunder or the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and other general accepted accounting principles, in terms of Sections 230 and 232 of the Act and Paragraph I(A)(5)(a) of Annexure I of the SEBI Circular.

## 2. Proposed Scheme of Amalgamation

The Audit Committee considered and observed the following in relation to the Scheme:

**Salient features of the Draft Scheme:** The salient features of the Scheme are, *inter alia*, as follows:

- GEIPL shall be amalgamated (merger by absorption) with the Company in terms of Part C of the Scheme. Post amalgamation of GEIPL with the Company, the Company shall be amalgamated (merger by absorption) with GRFL, in terms of Part D of the Scheme;

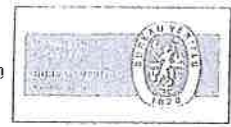


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- (b) The appointed date of merger of GEIPL with the Company in terms of Part C of the Scheme shall be opening of business hours on 1 April 2020 ("**Appointed Date 1**"). The appointed date of merger of the Company (post amalgamation of GEIPL with the Company) with GRFL in terms of Part D of the Scheme shall be opening of business hours on 1 April 2020 immediately after giving effect to the amalgamation of GEIPL with the Company in terms of Part C of the Scheme ("**Appointed Date 2**");
- (c) The Scheme is conditional on the following: (i) observation letter or no objection letter being received from stock exchanges in relation to the Scheme under Regulation 37 of the LODR Regulations; (ii) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors and/or debenture holders (if applicable) of the Company, GEIPL and GRFL as may be directed by the Hon'ble National Company Law Tribunal, Mumbai Bench ("**NCLT**"); (iii) the Scheme being approved by the Public Shareholders of the Company in terms of paragraph (I) (A) (9) (a) of Annexure I of the SEBI Circular; (iv) the sanction of the Scheme by the NCLT; and (v) certified copy of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, Mumbai by the Company, GEIPL and GRFL;
- (d) The Scheme shall become effective on the last date on which the certified copy of the order of the NCLT sanctioning this Scheme is filed with the Registrar of Companies, Mumbai by the Company, GEIPL and GRFL;
- (e) Upon the Scheme becoming effective, with effect from the Appointed Date 1, all assets, properties, licenses, contracts, rights, litigations, intellectual property rights, insurance policies, liabilities and obligations of GEIPL shall stand transferred to the Company, as a going concern, in accordance with Part C of the Scheme. Further, with effect from the Appointed Date 2, all assets, properties, licenses, contracts, rights, litigations, intellectual property rights, insurance policies, liabilities and obligations of the Company (including assets and liabilities of GEIPL transferred to the Company in terms of Part C of the Scheme) shall stand transferred to GRFL, as a going concern, in accordance with Part D of the Scheme;
- (f) In consideration of the amalgamation of GEIPL with the Company, no shares of the Company will be issued to the shareholders of GEIPL since the entire paid-up equity share capital of GEIPL is held directly by the Company. In consideration of the amalgamation of the Company with GRFL, GRFL shall allot and issue to the shareholders of the Company (whose names appear in the register of members or register of beneficial owners maintained by the registrar and transfer agent as on the Record Date (*as defined in the Scheme*)), the equity shares of GRFL in the ratio of 4:1 ("**Share Exchange Ratio**"), meaning thereby that 4 (Four) fully paid equity share of the GRFL of INR 10 (Rupees Ten) each, for every 1 (one) fully paid up Equity Share of INR 10 (Rupees ten) each held by the equity shareholders of the Company;
- (g) The equity shares of GRFL including but not limited to the equity shares issued by GRFL pursuant to the Scheme shall after the relevant approvals be listed /admitted to trading on BSE Limited and the National Stock Exchange of India Limited ("**Stock Exchanges**") where equity shares of the Company are listed and/or admitted to trading. The shares issued by GRFL pursuant to the Scheme, shall remain frozen in the depository system until the receipt of trading permission from the Stock Exchanges;

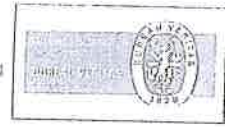
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- (h) Upon the Scheme becoming effective, subject to the requirement, if any, imposed or concession, if any, by BSE Limited, and other terms and conditions agreed with BSE Limited, the outstanding non-convertible debentures of face value of INR 10,00,000 issued by the Company as of the date of effectiveness of the Scheme, which shall stand transferred to GRFL pursuant to the Scheme shall be listed and admitted to trading on the Wholesale Debt Market Segment of BSE Limited, where the debentures are currently listed;
- (i) Upon the Scheme becoming effective, the entire issued, subscribed and paid up share capital of GEIPL shall stand cancelled. Further, all the equity shares and all compulsorily convertible preference shares of GRFL held by the Company shall stand cancelled.
- (j) Upon the Scheme becoming effective, the Company and GEIPL shall be dissolved without being wound-up;
- (k) Upon the Scheme becoming effective, the name of GRFL shall be deemed to have been changed from "Gateway Rail Freight Limited" to "Gateway Rail Distriparks Limited".
- (l) Upon the Scheme becoming effective, with effect from the Appointed Date 2, the main objects of the memorandum of association ("MOA") of GRFL shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of the Company (including the business of GEIPL transferred to the Company pursuant to Part C of the Scheme), pursuant to the provisions of section 13 of the Act and any other applicable provisions of the Act. Accordingly, in substitution of the existing main objects contained in Clause III (A) of the MOA of GRFL, the main objects shall be inserted and substituted in manner set out in clause 33.1 of the Part D of the Scheme;
- (m) Upon the Scheme becoming effective, pursuant to amalgamation of GEIPL with the Company as per Part C of the Scheme and amalgamation of the Company with GRFL as per Part D of the Scheme, the authorized share capital of GEIPL and the Company as on the Effective Date (*as defined in the Scheme*) shall get combined with the authorized share capital of GRFL. Immediately thereafter, pursuant to the Scheme, the authorized share capital of the Company comprising of an aggregate of 13,50,00,000 equity shares of face value of Rs. 10 each (including the authorized share capital of GEIPL), shall stand consolidated and deemed to be reclassified in GRFL. Pursuant immediately to the consolidation and reclassification of authorized share capital as envisaged above, the authorized share capital of GRFL shall stand enhanced to an amount of Rs. 948,50,02,500 divided into 53,77,00,000 equity shares of Rs. 10 each, 100 equity shares of Rs. 25 each, 12,00,00,000 compulsorily convertible preference shares of Rs. 24.65 each and 11,50,00,000 zero coupon redeemable preference shares of Rs. 10 each.
- (n) The stamp duty costs arising out of the Scheme shall be borne by GRFL.

**Rationale of the Draft Scheme:** The Audit Committee discussed and noted the background and rationale of the Scheme which *inter alia* includes the following:

- (a) Enable better realization of potential of the businesses of the Company, GEIPL and GRFL in the form of amalgamated GRFL which will yield beneficial results and enhanced value creation for their respective shareholders and better security and protection for their lenders and employees;

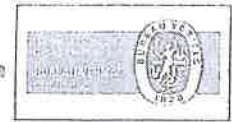
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- (b) Consolidation of businesses presently being carried on by the Company, GEIPL and GRFL, which shall create greater operational synergies and efficiencies at multiple levels of business operations and shall provide significant impetus to their growth;
- (c) Improved earnings, cash flow and debt servicing abilities of the amalgamated GRFL;
- (d) The arrangement and amalgamation would result in financial resources of the companies being efficiently pooled, leading to centralized and more efficient management of funds, greater economies of scale and a bigger and stronger resource base for future growth, which are presently divided amongst multiple corporate entities within the group;
- (e) Creation of value for shareholders of the companies and other stakeholders, by way of creation of a large asset base, facilitating access to better financial resources, stronger consolidated revenue and profitability, diversification in product portfolio and thereby reducing business risks;
- (f) Pooling of assets, proprietary information, personnel, financial, managerial and technical resources of the companies, thereby contributing to the future growth of the merged entity;
- (g) Consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions presently being carried out in each individual entity within the group such as information technology, human resources, finance, legal and general management, and this will lead to the organization becoming more efficient and capable of responding swiftly to volatile and rapidly changing market scenarios;
- (h) Simplicity in working, reducing various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it would also result in coordinated optimum utilization of resources;
- (i) The Company, GEIPL and GRFL operate businesses that complement each other and therefore, can be conveniently combined for mutual benefit of the shareholders of the companies; and
- (j) The Scheme is in beneficial interest of all the stakeholders and the shareholders of the companies.

### 3. Presentation

- (a) The management of the Company made a presentation before the Audit Committee highlighting, amongst others, the rationale of the proposed amalgamation, the potential benefits of the Scheme to the Company and its shareholders, and other important provisions of the proposed Scheme and the Scheme Documents.
- (b) Thereafter, SSPA & Co., independent Chartered Accountants made a presentation before the Audit Committee explaining the basis of valuation and the share exchange ratio recommended for the purposes of the proposed amalgamation.
- (c) Thereafter, Corporate Professionals Capital Private Limited, SEBI registered Category I Merchant Banker made a presentation before the Audit Committee on the fairness of the share exchange ratio, as recommended by the independent chartered accountants.

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After detailed consideration of the aforesaid Scheme Documents and discussions on the same, the Audit Committee, noted, amongst others, the following and gave its recommendation as given below in Paragraph 4 of this report.

#### 4. Recommendation of the Audit Committee

The Audit Committee, after perusal, deliberation and review of the provisions of the draft Scheme along with the Valuation Report, Fairness Opinion, Auditor Certificate and other documents, is satisfied with the transactions as listed in the draft Scheme, along with the Appointed Date(s) given thereof, the amalgamation and the other arrangements provided therein and the suggested Share Exchange Ratio as being fair and reasonable, and recommends the draft Scheme to (i) the Board of Directors of the Company for favourable consideration and approval; and, thereafter by, (ii) SEBI, the Stock Exchanges, the Hon'ble National Company Law Tribunal, Mumbai Bench and other regulatory authorities, as may be required, for their favourable consideration.

The Board of Directors of the Company or any committee thereof or any such person as authorized by the Board of Directors of the Company shall carry out such modifications, alterations, and changes in the Scheme as may be expedient or necessary or as the Board may think fit.

**By order of the Audit Committee**

For and on behalf of **Gateway Distriparks Limited**



Shabbir Hassanbhai

Chairman of the Audit Committee Meeting

Place: Singapore

Date: 28 September 2020

**Registered Office :**

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**REPORT OF THE AUDIT COMMITTEE OF GATEWAY RAIL FREIGHT LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION (MERGER BY ABSORPTION) AMONGST GATEWAY DISTRI PARKS LIMITED, GATEWAY EAST INDIA PRIVATE LIMITED AND GATEWAY RAIL FREIGHT LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

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**Present:**

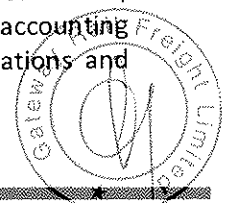
1. Mr. Anil Aggarwal - Chairmn
2. Mr. Arun Kumar Gupta - Member
3. Mr. Samvid Gupta - Member

**In attendance:**

1. Mr. Nandan Chopra – Sr VP ( F & A) and Company Secretary

**1. Background**

- 1.1. The Audit Committee of Gateway Rail Freight Limited ("**Company**") at its meeting held on 28<sup>th</sup> September, 2020 had considered and reviewed the draft composite scheme of amalgamation for: (i) amalgamation (merger by absorption) of Gateway East India Private Limited ("**GEIPL**") with Gateway Distriparks Limited ("**GDL**"); and (ii) amalgamation (merger by absorption) of GDL (post amalgamation of GEIPL with GDL) with the Company ("**Scheme**") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") read with relevant rules framed thereunder.
- 1.2. The Company, GDL and GEIPL are all group companies. The Company is a subsidiary of GDL. GEIPL is a wholly owned subsidiary of GDL.
- 1.3. The Audit Committee at their meeting held on 28<sup>th</sup> September, 2020 has examined, amongst others, the following documents ("**Scheme Documents**"):
  - (a) Draft Scheme duly initialled by the Chairman of the Audit Committee for the purpose of identification;
  - (b) Valuation report dated 28<sup>th</sup> September, 2020 ("**Valuation Report**") prepared by SSPA & Co., independent Chartered Accountants, setting out the valuation of the Company, GDL and GEIPL for the purpose of the Scheme, the share exchange ratio for the Scheme and the methodology adopted by them in arriving at the share exchange ratio;
  - (c) Fairness opinion dated 28<sup>th</sup> September, 2020 ("**Fairness Opinion**") prepared by Corporate Professionals Capital Private Limited, SEBI registered Category I Merchant Banker, providing the Fairness Opinion on the share exchange ratio as recommended by SSPA & Co., independent Chartered Accountants; and
  - (d) Certificate dated 28<sup>th</sup> September, 2020 from S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company ("**Auditor Certificate**"), confirming that the accounting treatment contained in the draft Scheme is in compliance with LODR Regulations and




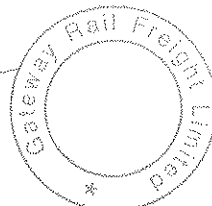
circulars issued thereunder and all the Accounting Standards specified by the Central Government under section 133 of the Act read with the rules framed thereunder or the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and other general accepted accounting principles, in terms of Sections 230 and 232 of the Act.

## 2. Proposed Scheme of Amalgamation

The Audit Committee considered and observed the following in relation to the Scheme:



**Salient features of the Draft Scheme:** The salient features of the Scheme are, *inter alia*, as follows:

- (a) GEIPL shall be amalgamated (merger by absorption) with GDL in terms of Part C of the Scheme. Post amalgamation of GEIPL with GDL, GDL shall be amalgamated (merger by absorption) with the Company, in terms of Part D of the Scheme;
- (b) The appointed date of merger of GEIPL with GDL in terms of Part C of the Scheme shall be opening of business hours on 1 April 2020 ("**Appointed Date 1**"). The appointed date of merger of GDL (post amalgamation of GEIPL with GDL) with the Company in terms of Part D of the Scheme shall be opening of business hours on 1 April 2020 immediately after giving effect to the amalgamation of GEIPL with GDL in terms of Part C of the Scheme ("**Appointed Date 2**");
- (c) The Scheme is conditional on the following: (i) observation letter or no objection letter being received from stock exchanges in relation to the Scheme under Regulation 37 of the LODR Regulations; (ii) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors and/or debenture holders (if applicable) of GDL, GEIPL and the Company as may be directed by the Hon'ble National Company Law Tribunal, Mumbai Bench ("**NCLT**"); (iii) the Scheme being approved by the Public Shareholders of GDL in terms of paragraph (I) (A) (9) (a) of Annexure I of the SEBI Circular; (iv) the sanction of the Scheme by the NCLT; and (v) certified copy of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, Mumbai by GDL, GEIPL and the Company;
- (d) The Scheme shall become effective on the last date on which the certified copy of the order of the NCLT sanctioning this Scheme is filed with the Registrar of Companies, Mumbai by GDL, GEIPL and the Company;
- (e) Upon the Scheme becoming effective, with effect from the Appointed Date 1, all assets, properties, licenses, contracts, rights, litigations, intellectual property rights, insurance policies, liabilities and obligations of GEIPL shall stand transferred to GDL, as a going concern, in accordance with Part C of the Scheme. Further, with effect from the Appointed Date 2, all assets, properties, licenses, contracts, rights, litigations, intellectual property rights, insurance policies, liabilities and obligations of GDL (including assets and liabilities of GEIPL transferred to GDL in terms of Part C of the Scheme) shall stand transferred to the Company, as a going concern, in accordance with Part D of the Scheme;



- (f) In consideration of the amalgamation of GEIPL with GDL, no shares of GDL will be issued to the shareholders of GEIPL since the entire paid-up equity share capital of GEIPL is held directly by GDL. In consideration of the amalgamation of GDL with the Company, the Company shall allot and issue to the shareholders of GDL (whose names appear in the register of members or register of beneficial owners maintained by the registrar and transfer agent as on the Record Date (*as defined in the Scheme*)), the equity shares of the Company in the ratio of [4:1] ("**Share Exchange Ratio**"), meaning thereby that 4 (Four) fully paid equity share of the Company of INR 10 (Rupees Ten) each, for every 1 (one) fully paid up Equity Share of INR 10 (Rupees ten) each held by the equity shareholder of the GDL.
- (g) The equity shares of the Company including but not limited to the equity shares issued by the Company pursuant to the Scheme shall after the relevant approvals be listed /admitted to trading on BSE Limited and the National Stock Exchange of India Limited ("**Stock Exchanges**") where equity shares of GDL are listed and/or admitted to trading. The shares issued by the Company pursuant to the Scheme, shall remain frozen in the depository system until the receipt of trading permission from the Stock Exchanges;
- (h) Upon the Scheme becoming effective, subject to the requirement, if any, imposed or concession, if any, by BSE Limited, and other terms and conditions agreed with BSE Limited, the outstanding non-convertible debentures of face value of INR 10,00,000 issued by GDL as of the date of effectiveness of the Scheme, which shall stand transferred to the Company pursuant to the Scheme shall be listed and admitted to trading on the Wholesale Debt Market Segment of BSE Limited, where the debentures are currently listed;
- (i) Upon the Scheme becoming effective, the entire issued, subscribed and paid up share capital of GEIPL shall stand cancelled. Further, all the equity shares and all compulsorily convertible preference shares of the Company held by GDL shall stand cancelled.
- (j) Upon the Scheme becoming effective, GDL and GEIPL shall be dissolved without being wound-up;
- (k) Upon the Scheme becoming effective, the name of the Company shall be deemed to have been changed from "Gateway Rail Freight Limited" to "Gateway Rail Distriparks Limited".
- (l) Upon the Scheme becoming effective, with effect from the Appointed Date 2, the main objects of the memorandum of association ("**MOA**") of the Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of GDL (including the business of GEIPL transferred to GDL pursuant to Part C of the Scheme), pursuant to the provisions of section 13 of the Act and any other applicable provisions of the Act. Accordingly, in substitution of the existing main objects contained in Clause III (A) of the MOA of the Company, the main objects shall be inserted and substituted in manner set out in clause 33.1 of the Part D of the Scheme;
- (m) Upon the Scheme becoming effective, pursuant to amalgamation of GEIPL with GDL as per Part C of the Scheme and amalgamation of GDL with the Company as per Part D of the Scheme, the authorized share capital of GEIPL and GDL as on the Effective Date (*as defined in the Scheme*) shall get combined with the authorized share capital of the Company.

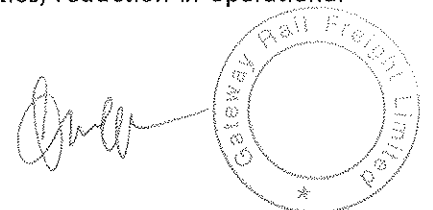
 

Immediately thereafter, pursuant to the Scheme, the authorized share capital of GDL comprising of an aggregate of 13,50,00,000 equity shares of face value of Rs. 10 each (including the authorized share capital of GEIPL), shall stand consolidated and deemed to be reclassified in the Company. Pursuant immediately to the consolidation and reclassification of authorized share capital as envisaged above, the authorized share capital of the Company shall stand enhanced to an amount of Rs. 948,50,02,500 divided into 53,77,00,000 equity shares of Rs. 10 each, 100 equity shares of Rs. 25 each, 12,00,00,000 compulsorily convertible preference shares of Rs. 24.65 each and 11,50,00,000 zero coupon redeemable preference shares of Rs. 10 each.

- (n) The stamp duty costs arising out of the Scheme shall be borne by the Company.

**Rationale of the Draft Scheme:** The Audit Committee discussed and noted the background and rationale of the Scheme which *inter alia* includes the following:

- (a) Enable better realization of potential of the businesses of the Company, GEIPL and GDL in the form of the amalgamated Company which will yield beneficial results and enhanced value creation for their respective shareholders and better security and protection for their lenders and employees;
- (b) Consolidation of businesses presently being carried on by the Company, GEIPL and GDL, which shall create greater operational synergies and efficiencies at multiple levels of business operations and shall provide significant impetus to their growth;
- (c) Improved earnings, cash flow and debt servicing abilities of the amalgamated Company;
- (d) The arrangement and amalgamation would result in financial resources of the companies being efficiently pooled, leading to centralized and more efficient management of funds, greater economies of scale and a bigger and stronger resource base for future growth, which are presently divided amongst multiple corporate entities within the group;
- (e) Creation of value for shareholders of the companies and other stakeholders, by way of creation of a large asset base, facilitating access to better financial resources, stronger consolidated revenue and profitability, diversification in product portfolio and thereby reducing business risks;
- (f) Pooling of assets, proprietary information, personnel, financial, managerial and technical resources of the companies, thereby contributing to the future growth of the merged entity;
- (g) Consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions presently being carried out in each individual entity within the group such as information technology, human resources, finance, legal and general management, and this will lead to the organization becoming more efficient and capable of responding swiftly to volatile and rapidly changing market scenarios;
- (h) Simplicity in working, reducing various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational



and administrative expenses and overheads, better cost and operational efficiencies and it would also result in coordinated optimum utilization of resources;

- (i) The Company, GEIPL and GDL operate businesses that complement each other and therefore, can be conveniently combined for mutual benefit of the shareholders of the companies; and
- (j) The Scheme is in beneficial interest of all the stakeholders and the shareholders of the companies.

### 3. Presentation

The management of the Company made a presentation before the Audit Committee highlighting, amongst others, the rationale of the proposed amalgamation, the potential benefits of the Scheme to the Company and its shareholders, and other important provisions of the proposed Scheme, Scheme Documents, basis of valuation and Share Exchange ratio recommended for the purpose of amalgamation, fairness of the exchange ratio etc.

After detailed consideration of the aforesaid Scheme Documents and discussions on the same, the Audit Committee, noted, amongst others, the following and gave its recommendation as given below in Paragraph 4 of this report.

### 4. Recommendation of the Audit Committee

The Audit Committee, after perusal, deliberation and review of the provisions of the draft Scheme along with the Valuation Report, Fairness Opinion, Auditor Certificate and other documents, is satisfied with the transactions as listed in the draft Scheme, along with the Appointed Date(s) given thereof, the amalgamation and the other arrangements provided therein and the suggested Share Exchange Ratio as being fair and reasonable, and recommends the draft Scheme to (i) the Board of Directors of the Company for favourable consideration and approval; and, thereafter by, (ii) SEBI, the Stock Exchanges, the Hon'ble National Company Law Tribunal, Mumbai Bench and other regulatory authorities, as may be required, for their favourable consideration.

The Board of Directors of the Company or any committee thereof or any such person as authorized by the Board of Directors of the Company shall carry out such modifications, alterations, and changes in the Scheme as may be expedient or necessary or as the Board may think fit.

**By order of the Audit Committee**

For and on behalf of Gateway Rail Freight Limited



A handwritten signature in black ink, appearing to read "Anil Aggarwal".

Chairman of the Audit Committee Meeting

Place: New Delhi  
Date: 28<sup>th</sup> September, 2020