



# D & A FINANCIAL SERVICES (P) LIMITED

Merchant Banking & Corporate Advisory Services

To,  
Board of Directors  
Transport Corporation of India Limited  
TCI House, 69, Institutional Area  
Sector-32, Gurgaon

To,  
Board of Directors  
TCI Express Limited  
TCI House, 69, Institutional Area  
Sector-32, Gurgaon

**Subject: Fairness Opinion on Share Entitlement Ratio for the purpose of the Proposed Scheme of Arrangement between Transport Corporation of India Limited and TCI Express Limited and their respective shareholders and creditors**

Dear Sir/s,

In connection with the proposed Composite Scheme of Arrangement between Transport Corporation of India Limited ('TCI' or the 'Company' or 'Demerged Company') and TCI Express Limited ('TCIE' or 'Resulting Company') and their respective shareholders and creditors under the provisions of Sections 391 to 394 read with sections 100 to 103 of the Companies Act 1956 and section 52 of the Companies Act 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as and when notified and made applicable (the '**Scheme**' or the '**Scheme of Arrangement**').

We, M/s D & A Financial Services (P) Ltd, SEBI registered Merchant Banker, having license no. INM000011484, have been engaged by you to give our fairness opinion on the share entitlement ratio recommended by valuer M/s KSMN & Co., 137, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065 vide their report dated October 05, 2015.

The Scheme shall be subject to (i) Receipt of approval from the High Court(s) of Judicature at Hyderabad and (ii) other statutory approval(s) as may be required in this regard.



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Mumbai Ahmedabad CIN : U74899DL1981PTC012709

Certified True Copy  
For Transport Corporation of India Ltd.

(ARCHANA PANDEY)  
Company Secretary & Compliance Officer

**1. Background of the Scheme of Arrangement**

a. The Scheme envisages transfer and vesting of the XPS division [defined in clause (b) referred to below] of Transport Corporation of India Limited into TCI Express Limited including all related assets and liabilities and other consequential matters under the provisions of Sections 391 to 394 read with sections 100 to 103 of the Companies Act 1956 and section 52 of the Companies Act 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as and when notified and made applicable.

(b) The Company's XPS division means business activity, and operations relating to the XPS Division taken as a whole, of TCIL, on a going concern basis and shall mean and include (without limitations) the following:

All assets and properties (whether movable or immovable, real, corporeal or incorporeal, present, future or contingent, tangible or intangible, in possession or reversion and all intellectual property rights in the Brands) wherever situated as are relatable to the XPS Division, including the immoveable properties with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon ;

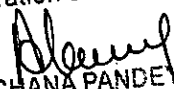
all present and future liabilities (including contingent liabilities), whether secured or unsecured, including loans, debts, current liabilities and provisions, duties and obligations, relatable to the XPS Division;

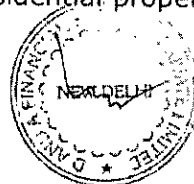
Without prejudice to the generality of the above, the XPS Division shall include in particular:

(AA) all properties required for the XPS Division wherever situated, including all current assets, loans and advances, funds, offices, plants, machinery, furniture, fixtures, office equipment, appliances, accessories and vehicles;

(BB) all permits, quotas, rights, entitlements, bids, tenders, letters of intent, expressions of interest, municipal and other statutory permissions, approvals, consents, licenses, including licenses to operate XPS Division, registrations, subsidies, concessions, exemptions, environmental clearances, remissions, tax deferrals, tenancies in relation to office and/or residential property for the

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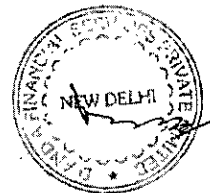
  
(ARCHANA PANDEY)  
Company Secretary & Compliance Officer



- employees, offices, goodwill, investment, insurance, the benefit of any deposit, financial assets, funds belonging to or proposed to be utilized for the XPS Division;
- (CC) cash, bank balances and bank accounts relating to the day to day operations and specific to the working of XPS Division, all earnest moneys and/or security deposits, if any, paid or received by TCIL in connection with or relating to the XPS Division, sundry debtors, receivables, actionable claims, bills, credit notes, all inventories, stock-in-trade, packaging material and finished products relatable to the XPS Division;
- (DD) privileges, all other rights and benefits, lease rights, tenancy rights, passage rights/easements licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephone, telexes, facsimile connection and installations, utilities, power lines, water pipelines, electricity and other services, provisions, funds, benefits of all agreements, subsidies, grants and incentive schemes formulated by the Central or the State Government, if any, contracts and arrangements, bonds, claims and all other interest in connection with or relating to the XPS Division;
- (EE) all intellectual property rights in respect of the Brands relatable to the XPS Division;
- (FF) all records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the XPS Division;
- (GG) all legal, quasi-judicial or other proceedings, initiated or continued by or against or in connection with or relating to the XPS Division; and
- (HH) all employees in connection with or relating to the XPS Division

For Transport Corporation of India Ltd.

  
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- (c) Upon this Scheme becoming effective and with effect from the Appointed Date, the whole of the undertaking and properties of the XPS Division, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company so as to vest in the Resulting Company all rights, title and interest pertaining to the XPS Division on a going concern basis
- (d) The Appointed Date for transfer and vesting of XPS Division would be commencement of business on April 01, 2016.

## 2. Scope and Purpose of the Opinion

The Company has appointed M/s KSMN & Co, ('Valuer'), to recommend a fair and equitable share entitlement ratio for the proposed demerger, pursuant to which the Valuer has issued the Report which had recommended that the equity shareholders of TCI will be entitled to receive 1 (One) equity shares of face value of Rs 2/- each of TCI Express Limited against 2 (Two) equity share of Rs. 2/- each fully paid up and held by the equity shareholders in TCI at the record date ('Share Entitlement Ratio').

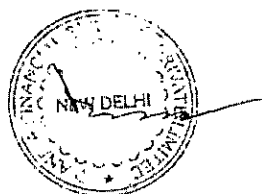
The management of TCI has engaged M/s D & A Financial Services (P) Ltd to submit an opinion to the Board of Directors of TCI on the fairness of the Share Entitlement Ratio (the 'Fairness Opinion') recommended by the Valuer. The scope of this Fairness Opinion includes commenting on the fairness of the Share Entitlement Ratio recommended by the Valuer.

The Fairness Opinion is addressed to the Board of Directors of TCI and TCI Express Limited. Further, this Fairness Opinion has been issued as per the requirements of SEBI circular no. CIR/CFD/DIL/5/2013 dated 4th February 2013 read with subsequent circular no CIR/CFD/DIL/8 /2013 dated 21st May 2013 ('SEBI Circulars').

The purpose of the opinion is to safeguard the interest of the shareholders and that of the companies involved in the Scheme and this opinion shall be made available to the shareholders of the relevant Companies at the time of their meeting to pass the necessary resolution for the Scheme and to any other relevant authority.

For Transport Corporation of India Ltd.

  
(ARCHANA PANDEY)  
Company Secretary & Compliance Officer



**Disclaimer:** We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by management of TCI for the purpose of this Opinion. We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents of the Company other than those stated herein. We have not assumed any obligation to conduct, nor have we carried out any independent physical inspection or title verification of the property, investments etc. interests of TCI and TCI Express Limited and accept no responsibility therefore.

We have not reviewed any internal management information statements or any non-public reports and instead with your consent we have relied upon information that was publicly available or provided or otherwise made available to us by TCI for the purpose of this valuation. We are not experts in the evaluation of litigation or other actual or threatened claims.

### 3. Sources of Information

For arriving at the opinion set forth below, we have:

1. Perused the Draft Scheme
2. Valuation Report including Share entitlement ratio dated October 05, 2015 given by M/s KSMN & Co., having its office at 137, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065.

### 4. Approach followed for giving Fairness Opinion on Share Entitlement Ratio.

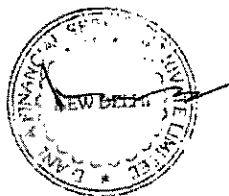
The management of the TCI proposed that upon the Scheme becoming effective, the shareholders of TCI will receive 1 (One) equity share of Re 2/- each fully paid up to be issued by TCI Express Limited, the Resulting Company, for every 2 (Two) equity shares of Re 2/- each held in TCI on record date.

In determining the criteria for arriving at the fairness opinion on the Share Entitlement Ratio for the Scheme, the following approach has been adopted and taken in to consideration:

1. Audited financials of TCI and TCI Express Limited for the year ended 31<sup>st</sup> March 2015;
2. Management's input and representation relating to the share entitlement ratio;
3. Existing shareholding pattern of TCI and TCI Express;

For Transport Corporation of India Ltd.

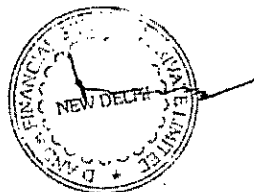
*Archana Pandey*  
(ARCHANA PANDEY)  
Company Secretary & Compliance Officer



4. Level of share capital in TCI Express having regards to its serviceability.
5. Sustainable profitability of XPS Undertaking and TCIL (Post Demerger).
6. Value of Net Assets attributable to XPS Undertaking and TCIL (Post Demerger).
7. We understand from the management that in the proposed demerger of XPS Division of TCIL into TCI Express, the swap ratio of allotment of shares in TCI Express is decided based upon the management desired capital structure of TCI Express. The shareholders of TCI will get the shares of TCI Express in the same proportion as their holding in TCI.
8. Also the transaction being value neutral, the shareholder will be entitled to hold shares in the same proportion.
9. The ratio is being considered that all the shareholders of TCI upon demerger shall become the shareholders of TCI Express and the ultimate beneficial owner of TCI Express; and there is no reduction in shareholding of the shareholders in TCI.
10. As per the draft scheme provided to us and discussion with the management, we understand that upon demerger, transfer and vesting of the XPS Division of TCI into TCI Express, and issue of shares as per the proposed swap ratio in this report, the beneficial/economic interest of the shareholders of TCI in TCI Express will be in the same ratio inter se as it is in the share capital of TCI.
11. The draft scheme also provides that scheme upon the scheme coming into effect on the effective date and immediately after issuance of the Equity shares of TCI Express to the shareholders of TCI, the 50,000 (fifty thousand) equity shares of TCI Express having face value of Rs. 10 (ten) each held by TCI comprising 100% of the total issued and paid-up share capital of TCI Express as on the effective date shall stand cancelled without any further act or deed on the part of TCI Express. The reduction in share capital shall be effected as an integral part of the scheme in accordance with the provision of Section 100 to 104 of Companies Act 1956 (or the corresponding section of Companies act 2013, if applicable). The order of the court sanctioning the scheme shall be deemed to also be the order passed by the court under section 102 of Companies Act 1956(or the corresponding section of Companies Act 2013, if applicable).
12. Therefore the shareholding pattern in TCI Express pursuant to Demerger shall remain in the same ratio as it is in TCI before Demerger.

For Transport Corporation of India Ltd.

  
(ARCHANA PANDEY)  
Company Secretary & Compliance Officer



**5. Conclusion**


Based on our examination of the draft of the Proposed Scheme of Arrangement and the Draft Report of M/s KSMN & Co., dated October 05, 2015, we are of the opinion that the proposed share entitlement ratio of issuance of 1 (One) equity shares of face value of Re 2/- each of TCI Express Limited fully paid-up against 2 (Two) equity share of Re. 2/- each fully paid up held by the shareholders in TCI at the record date is fair in relation to the Proposed Scheme of Arrangement.

Thanking You

For **D & A Financial Services (P) Ltd**

  
(M.K. Doogar)

Director

 Date: October 08, 2015

Place: New Delhi



For Transport Corporation of India Ltd.

  
(ARCHANA PANDEY)  
Company Secretary & Compliance Officer