

CA Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICMAI RVO/S&FA/00054)

5th February 2024

To,

The Board of Directors / Audit Committee

Mahogany Logistics Services Private Limited

TVS Supply Chain Solutions Limited

No. 10, Jawahar Road,

Chokkikulam, Madurai – 625 002.

Sub: Report on Recommendation of Share Exchange Ratio for the proposed amalgamation of Mahogany Logistics Services Private Limited with and into TVS Supply Chain Solutions Limited pursuant to the Draft Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with rules & regulations framed thereunder ("Scheme")

Dear Sirs,

I refer to my engagement letter dated 11th December 2023, whereby CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets (hereinafter referred to as "the Valuer" or "I") has been appointed by the management of Mahogany Logistics Services Private Limited [CIN: U74999TN2016PTC112949] (hereinafter referred to as "MLSPL" or "the Transferor Company") and TVS Supply Chain Solutions Limited [CIN: U63011TN2004PLC054655] (hereinafter referred to as "TVS SCS" or "the Transferee Company") to issue a report containing recommendation of the Share Exchange Ratio considering participant specific view taking into account the nature of the Scheme for the proposed merger of Mahogany Logistics Services Private Limited with and into TVS Supply Chain Solutions Limited pursuant to the Draft Scheme of Amalgamation ("Scheme") with effect from the Appointed Date, as defined in the Scheme. The Rationale for the Proposed Scheme is provided for in Part I of the Scheme. We have been informed by the management of TVS SCS that the Scheme proposed to

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be filed is inclusive of 4 wholly owned subsidiaries of TVS SCS, viz, TVS SCS Global Freight Solutions Limited, White Data Systems India Private Limited, SPC International (India) Private Limited and Flexol Packaging (India) Limited. However, the report is limited only for recommendation of the Share Exchange Ratio for the proposed merger of MLSPL with TVS SCS.

The Transferor Company and the Transferee Company are hereinafter individually referred to as "Company" and collectively referred to as "Companies", as the context may require.

As on the date of this report, I do not have any financial interest in the Companies, nor do I have any conflict of interest for the purpose of this report, as of the date of the engagement letter till the date of this Report. I further state that I am not related to the Companies or their promoter(s), or their director(s) or their relative(s). I have been associated with the Group in my independent professional capacity.

The Equity Share Exchange Ratio for this report refers to number of equity shares of TVS SCS, which would be issued to the equity shareholders of MLSPL pursuant to the Proposed Scheme.

In the following paragraphs, I have summarized my understanding of the key facts; key information relied upon, basis of recommendation and exclusions to my scope of work.

The report is structured as under:

1. Purpose of this Report
2. Background
3. Sources of Information
4. Basis of Recommendation
5. Share Exchange Ratio
6. Exclusions and Disclaimers

1. PURPOSE OF THIS REPORT

- 1.1 I understand that the Management of the Companies is contemplating a Scheme of Amalgamation ("Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules & regulations framed thereunder for the proposed amalgamation of Mahogany Logistics Services Private Limited ("MLSPL" or "the Transferor Company") with and into

TVS Supply Chain Solutions Limited ("TVS SCS" or "the Transferee Company") in accordance with the provisions of Section 2(1B) of the Income-tax Act, 1961. The merger is proposed to take effect from the Appointed Date i.e., 1st April 2023. As a consideration for the proposed Scheme, equity shareholders of MLSPL will be issued equity shares of TVS SCS.

- 1.2 In this regard, CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets has been appointed by the Companies for recommendation of the Share Exchange Ratio for the proposed Scheme. The recommendation to arrive at the Share Exchange Ratio for the aforesaid purpose is considering 31st December 2023 as the Valuation Date.

2. BACKGROUND

2.1 MAHOGANY LOGISTICS SERVICES PRIVATE LIMITED

- 2.1.1 MLSPL was incorporated on 17th October 2016 under the provisions of the Companies Act, 2013. The registered office of MLSPL is currently situated at No. 10, Jawahar Road, Chokkikulam, Madurai – 625 002.

- 2.1.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of MLSPL as on the date of this report is as under:

Particulars	Amount in Rs.
<u>Authorised Share Capital</u>	
51,01,00,000 Equity Shares of Rs. 10/- each	5,10,10,00,000
5,10,00,000 Preference Shares of Rs. 100/- each	5,10,00,00,000
Total	10,20,10,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
51,01,00,000 Equity Shares of Rs. 10/- each, fully paid-up	5,10,10,00,000
Total	5,10,10,00,000

- 2.1.3 The equity shareholding pattern of MLSPL as on the date of this report is as under:

Sr. No.	Name of the Shareholder	No. of equity shares held	(%) holding
1	M/s. Mahogany Singapore Company Pte Ltd.	51,01,99,999	100.00
2	Anand Kumar	1	0.00
Total		51,01,00,000	100.00

Source: Management Information

2.1.4 MLSPL was incorporated with the objective to be engaged in the business of distribution of spare parts and act as executors, administrators, treasurers, custodians to provide management consultancy and advisory services. MLSPL holds 3,75,02,140 equity shares of Re. 1 each fully paid-up in the Transferee Company. I have been given to understand that MLSPL does not hold any investments other than investment in the Transferee Company and MLSPL currently has no other operations and does not intend to carry on any material operating business activity in future.

Further, I understand that the Company does not hold any other significant assets or liabilities, other than the investments in the Transferee Company.

2.2 TVS SUPPLY CHAIN SOLUTIONS LIMITED

2.2.1 TVS SCS was incorporated on 16th November 2004 under the provisions of the erstwhile Companies Act, 1956. The registered office of TVS SCS is currently situated at No. 10, Jawahar Road, Chokkikulam, Madurai – 625 002.

2.2.2 The summary of equity shareholding pattern of TVS SCS as on the date of this report is as under:

Sr. No.	Category of the Shareholder	No. of equity shares held	Shareholding (%)
1	Promoter and Promoter Group	18,98,48,294	43.17
2	Public	24,99,31,562	56.83
Total		43,97,79,856	100.00

Source: <https://www.bseindia.com> (Shareholding Pattern : December 2023)

2.2.3 TVS SCS is a logistics service provider engaged in the business of integrated supply chain management, global forwarding solutions, and last mile solutions. TVS SCS is based out of Chennai, India and has operations in the domestic market and internationally across Europe, North America and Asia Pacific regions. The equity shares of TVS SCS are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

3. SOURCES OF INFORMATION

For the purpose of the recommendation of the Share Exchange Ratio, I have relied upon the following information provided by the management of the Companies:

- (a) Draft Scheme of Amalgamation (as duly certified by the Management of the Companies);

- (b) Latest available Shareholding pattern of the Companies;
- (c) Other relevant details of the Companies such as its history, past and present activities, future plans and prospects, and other relevant information; and
- (d) Such other information and explanations as required and which have been provided by the management of the Companies.

4. BASIS OF RECOMMENDATION

- 4.1. For the purpose of my opinion, I have relied upon the current shareholding of the Companies, the draft Scheme of Amalgamation and other information as provided by the management of the Companies and their respective advisors and authorized representatives.
- 4.2. Based on the review of the information made available and my discussions with the management of the Companies, authorized representatives and advisors of the Companies, some of the important factors considered for recommendation are as under:
 - (a) MLSPL holds 3,75,02,140 equity shares of Re. 1 fully paid-up in the total paid up share capital of the Transferee Company. I have been given to understand that the Transferor Company does not hold any other significant business assets / surplus assets / investments and/or any other net liabilities, which are getting transferred pursuant to the Scheme, other than the investments held in the Transferee Company. The management / shareholders of MLSPL have given an undertaking that the cash / bank balance and other receivables in the books of MLSPL immediately prior to the implementation of the Scheme or otherwise will be utilized to meet the costs, fees, charges, expenses (including stamp duty payable, if any) in relation to the Proposed Scheme. Further, in the event that MLSPL is unable to bear any expenses due to lack of sufficient funds, the shareholders of MLSPL shall bear such expenses. Hence, no value has been attributed to any other assets or liabilities except investments held in TVS SCS. Hence, TVS SCS shall not bear any expenses, pursuant to the Proposed Scheme and remain value neutral to the current shareholders of TVS SCS and shall not be adversely impacted;
 - (b) Further, I have been given to understand that the Mahogany Singapore Company Pte Ltd (being the 100% beneficial shareholder) having address at 8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Singapore 018981 shall indemnify and hold harmless TVS SCS for losses, liabilities,

costs, charges, expenses (whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interest and penalties discharged by TVS SCS but would not have been borne or payable by TVS SCS, in the form and manner as may be agreed amongst TVS SCS and the shareholders of MLSPL, which may devolve upon TVS SCS during the pendency of the Scheme or post the Scheme. Thus, as a result of the proposed amalgamation, TVS SCS will not bear any loss, liabilities, cost, charges and expenses due to any such disputes or litigations or any other actions of MLSPL, being the Transferor Company. Further, the management of the Companies have given an undertaking that the equity shareholders of MLSPL and investments held by MLSPL shall not be changed during the pendency of the Scheme;

- (c) The equity shares held by MLSPL in TVS SCS will be cancelled and extinguished pursuant to the Scheme becoming effective and equal no. of shares with same terms and rights attached thereto in the Transferee Company in proportion to their holding in the Transferor Company shall be issued to the equity shareholders of the Transferor Company as a part of the Scheme. Thus, for every fresh issue of shares by TVS SCS as a part of the Scheme, there is corresponding cancellation of an existing equity share, as held by MLSPL;
- (d) Further, there would be no change in the aggregate promoters' shareholding in the Transferee Company and hence, shall not affect the interest of any of the shareholders of the Transferee Company. Accordingly, valuation approaches as indicated in the format as prescribed under Part I - Para (A)(4) of Annexure II of SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June 2023 have not been undertaken as they are not relevant with respect to the Proposed Scheme;
- (e) Upon the Scheme becoming effective, there is no additional consideration being discharged in the form of equity shares or securities or assuming liabilities of the Transferor Company by the Transferee Company. The consideration proposed to be discharged shall be in the form of same no. of shares held by the Transferor Company in the Transferee Company. The Scheme does not envisage dilution of the holding of any one or more of the shareholders as a result of operation of the Scheme;
- (f) Post giving effect to the Scheme, 3,75,02,140 equity shares of Re. 1 each

fully paid-up of the Transferee Company would be held directly by the shareholders of MLSPL in the same proportion of their shareholding (in % terms) in MLSPL. Thereby the beneficial shareholding would remain unchanged and the interest of the shareholders of TVS SCS will effectively remain unchanged and shareholders interest would not be prejudicially affected.

- 4.3. It is universally recognized that the basis of recommendation is not an exact science and that determining the Share Exchange Ratio necessarily involves selecting an approach that is suitable for the purpose. The application of any particular approach depends upon various factors including nature of its business, overall objective of the Scheme and the purpose of recommendation.

5. SHARE EXCHANGE RATIO

- 5.1. In the ultimate analysis, recommendation will have to involve the exercise of judicious discretion and judgment 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 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.'

- 5.2. The fair basis of Share Exchange Ratio under the Scheme would have to be determined after taking into consideration all the factors and approach mentioned hereinabove and considering participant specific view taking into account the nature of the Scheme. It is however important to note that in doing so, I am not attempting to arrive at the absolute value per share of

the Companies. Upon the Scheme becoming effective, shares held by MLSPL in TVS SCS would be held directly by the shareholders of MLSPL, in the same proportion of their shareholding (in % terms) in MLSPL. Thereby, the beneficial shareholding of TVS SCS would remain unchanged and the interest of the shareholders of TVS SCS will effectively remain unchanged and shareholders interest would not be prejudicially affected, as a result of the Scheme. Hence, no relative valuation of the two entities is required to be undertaken to facilitate the determination of the Share Exchange Ratio.

- 5.3. Further, there would be no change in the aggregate promoters' shareholding in the Transferee Company and hence, shall not affect the interest of any of the shareholders of the Transferee Company for the reasons enlisted in Para 4 – Basis of Recommendation. Accordingly, valuation approaches as indicated in the format as prescribed under Part I - Para (A)(4) of Annexure II of SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June 2023 have not been undertaken as they are not relevant with respect to the proposed Scheme. For the purpose of the current exercise, I have provided following weights to the valuation methodologies based on our basis of recommendation and other various factors relevant to the valuation exercise for recommendation of Equity Share Exchange Ratio:

Particulars	Mahogany Logistics Services Private Limited		TVS Supply Chain Solutions Limited	
<i>Methods</i>	<i>Value per Share (INR)</i>	<i>Weights</i>	<i>Value per Share (INR)</i>	<i>Weights</i>
Asset Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Relative Value per share	NA		NA	

NA = Not Adopted / Not Applicable, as provided in Para 4 – Basis of Recommendation

- 5.4. In the present facts and circumstances and based on the information and explanation provided to me, I believe that the following Share Exchange Ratio, after giving due consideration to the management representations and the fact that upon Scheme becoming effective, 3,75,02,140 equity shares of Re. 1 each fully paid up of the Transferee Company shall get cancelled and same number of equity shares will be issued to the equity shareholders of the Transferor company in the manner provided under the

Scheme. Thereby the interest of the shareholders in TVS SCS will effectively remain unchanged and shareholders interest would not be prejudicially affected. Further, the Scheme does not envisage dilution of the holding of any one or more of the shareholders as a result of the Scheme becoming effective, the Share Exchange Ratio as suggested by the management of the Companies, would be fair and reasonable for the shareholders of MLSPL and TVS SCS:'

"3,75,02,140 fully paid-up equity shares of Re. 1 each of the Transferee Company shall be issued and allotted as fully paid up to the equity shareholders of the Transferor Company in proportion of their holding in the Transferor Company"

6. EXCLUSIONS AND DISCLAIMER

- 6.1. The report is subject to the exclusions and disclaimers 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.
- 6.2. I have been informed that, in the event that either of the Companies restructure their share capital by way of share split / consolidation / issue of bonus shares / merger / demerger / reduction of share capital before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the Share Exchange Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 6.3. No investigation of the title of assets of the Companies has been made for the purpose of my recommendation and their claim to such rights has been assumed to be valid as represented by the management of the Companies. Therefore, no responsibility is assumed for matters of a legal nature.
- 6.4. The work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 6.5. This report is issued on the understanding that the Companies have drawn my attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on my opinion, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

- 6.6. This Report does not look into the business / commercial reasons behind the proposed transaction or address any potential synergies to the Companies and other parties connected thereto.
- 6.7. In the course of issuing this report, I was provided with both written and verbal information. I have evaluated the information provided to me by the management of the Companies through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the management of the Companies and consequential impact on the recommendation of the Share Exchange Ratio. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me.
- 6.8. The report is not, nor should it be construed as me opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.
- 6.9. Any person/party intending to provide finance/invest in the shares/businesses 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only with prior permission in writing.
- 6.10. This document has been prepared solely for the purpose of assisting the Companies, under consideration, for the purpose of recommending the Share Exchange Ratio under the Scheme in accordance to my engagement letter. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.
- 6.11. This report is prepared exclusively for the Board of Directors of the Transferor Company and the Transferee Company for the purpose of recommending the Share Exchange Ratio for the proposed Scheme and for submission to the regulatory authorities, court, tribunal and such other authorities, regulators, if required under the applicable provisions of the governing law in relation to the aforesaid Scheme of Amalgamation. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.
- 6.12. The decision to carry out the transaction (including consideration thereof) lies entirely with the management / Board of Directors of the Companies and my work and finding shall not constitute recommendation as to whether or not the

management / the Board of Directors of the respective Companies should carry out the transaction.

- 6.13. By its very nature, my work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions / approach, opinions may differ due to application of the facts and assumptions / approach, formulaes used and numerous other factors. There is, therefore, no indisputable single or standard methodology / approach for arriving at my recommendation. Although the conclusions are in my opinion reasonable, it is quite possible that others may not agree.
- 6.14. Harsh Chandrakant Ruparelia, nor its employees or agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the report is issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

If you require any clarifications on the above, I would be happy to clarify the same. I am thankful to your team for kind co-operation and support during this assignment.

Thanking you,
Yours faithfully,

CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICMAI RVO/S&FA/00054

ICAI Membership No. 160171

Date: 5th February 2024

Place: Mumbai

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