

October 23, 2024

To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 BSE Scrip Code: 543954	To, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 NSE Symbol: ATL
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Dear Sir/Madam,

Sub: Submission of note on proposed strategic investment in Haryana Orbital Rail Corporation Limited (“HORCL”)

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the note on rationale relating to proposed strategic investment in Haryana Orbital Rail Corporation Limited (“HORCL”).

The same is also made available on the website of the Company i.e. www.allcargoterminals.com.

Kindly take the above on record.

Thanking You,

Yours faithfully,
For **Allcargo Terminals Limited**

Malav Talati
Company Secretary & Compliance Officer
Membership No.: A59947

Encl: a/a

Allcargo Terminal's Strategic Investment in HORCL for MMLP, Farukhnagar

Allcargo Terminals Limited: Current Footprint and Ambitions

ATL operates Container Freight Stations (CFS) and Inland Container Depots (ICD) across the country, offering one of India's widest CFS networks. Our seven CFS-ICD facilities strategically located close to the ports at Mumbai, Mundra, Kolkata, Chennai, and Dadri, which drive around 80 percent of India's container traffic. It is predominantly a CFS player, and operations include import / export cargo stuffing and de-stuffing, customs clearance, and other ancillary services.

ATL has established a robust presence at key ports across the country, positioning itself as a leader in CFS-ICD landscape. As part of its growth strategy, ATL aims to expand and diversify its operations into Multi-Modal Logistics Parks (MMLPs) and Inland Container Depots (ICDs). The NCR and Northern India present prime opportunities for this expansion, given the region's strategic importance in trade and logistics. By tapping into these markets, ATL seeks to enhance its service offerings, optimize supply chain efficiency, and strengthen its overall competitive position in the logistics sector.

The EXIM market in the NCR and North India is estimated at 12.6 lakh TEUs annually, with an import-export ratio of 55:45. Farukhnagar has the potential to become a key logistical node in this region, leveraging its strategic location to enhance trade operations and support the growing demand for efficient logistics services. Due to an increase in overall container traffic and the commissioning Dedicated Freight Corridor (DFC), the ICD industry of this region is expected to grow at CAGR of 7-10% in the next few years. The DFC connection to the MMLP in Farukhnagar is a significant development for EXIM trade in the NCR and Northern India. This initiative will enhance connectivity to key ports like Mundra and Nhava Sheva, facilitating faster movement of goods. By aligning with Gati Shakti and the National Logistics Policy (NLP), it aims to streamline logistics processes and reduce costs, supporting the government's vision for a more efficient logistics network and India's ambition to be a \$ 5 Trillion economy.

To ensure seamless rail connectivity, ATL plans to leverage both the DFC and Indian Railways (IR) in the region. ATL seeks to invest in the HORCL, which is executing Haryana Orbital Rail Corridor (HORC) project to connect Farukhnagar with the DFC, thus providing a significant value proposition for EXIM trade in the area and enhancing logistics efficiency.

Brief on Haryana Orbital Rail Corporation Limited (HORCL):

Haryana Orbital Rail Corporation Ltd. (HORCL) was incorporated to implement the project which include development, financing, planning, operation of HORC, **a new electrified double broad gauge rail line** from Palwal to Sonipath in state of Haryana which shall connect to both DFC Corridor and Indian Railways. It is envisaged that the HORC will facilitate the diversion of goods traffic not meant for Delhi region and will help in developing multimodal hubs in National Capital Region (NCR) region of Haryana. The project will serve open unserved areas of the state of Haryana, thereby enhancing economic and social activity of the Haryana sub-region of NCR.

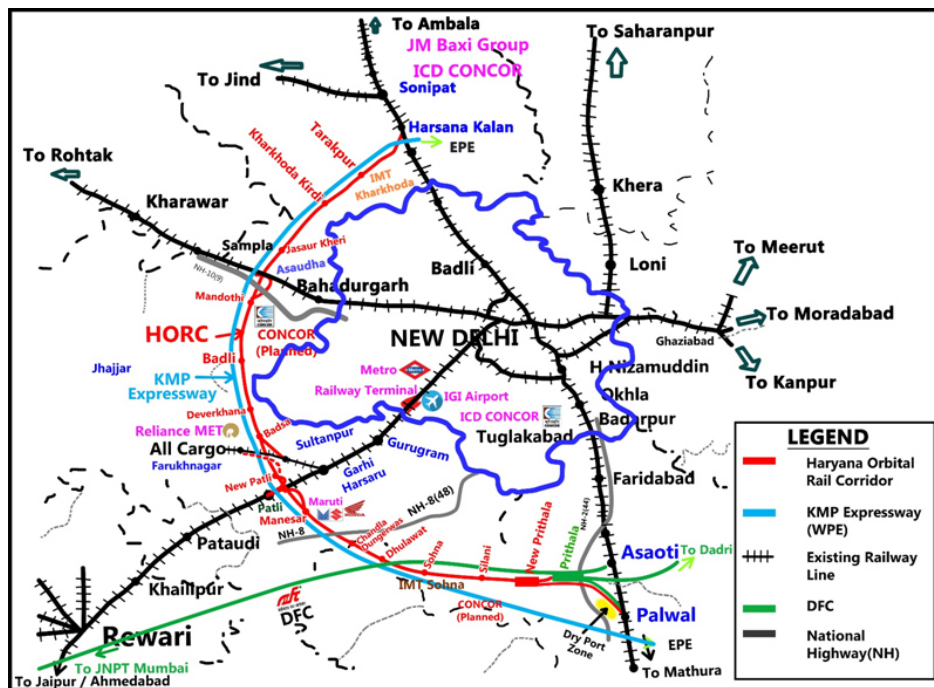
This is a BOT (Build, Operate & Transfer) project where the SPV (Special Purpose Vehicle), i.e., HORCL, will acquire the land, build a railway line, operate it for 30 years, and then transfer it to the Ministry of Railways (MoR). The construction for the total corridor started in Nov 2023 and is expected to conclude by Dec 2027.

Key Objectives of HORCL:

1. To provide connectivity to Dedicated Freight Corridor (DFC) at Prithala, thereby increasing export of agri products, automobile & automobile parts, cement, electric & electronics, stainless steel products etc.
2. To provide direct connectivity to Gurugram, Faridabad, Ballabgarh, Palwal, Manesar & Farukhnagar with all the districts of Haryana.
3. To provide peripheral link which will help in industrial growth of cities around Delhi.
4. To increase rail share by diversion of freight from existing road-based modes to railways.

To secure optimal rail connectivity for the Farukhnagar facility, Allcargo Terminals (ATL) intends to acquire 7.6% stake in HORCL from Allcargo Logistics for Rs. 115 crores. Additionally, ATL will be required to invest Rs.22.8 Cr in HORCL by subscribing to 2.28 Cr equity shares at a future date depending on when HORCL makes call for additional share subscription. The stake purchase will be financed by way of long-term debt.

Location:



MMLP Farukhnagar:

MMLP at Farukhnagar is under development by Allcargo Inland Park Private Limited (wholly owned subsidiary of TransIndia Real Estate) and will be operated by ATL. Connectivity of MMLP Farukhnagar with rail comes under Phase – I of HORCL Project and is expected to be ready by Mar 2026.

Strategic Advantages of MMLP Farukhnagar for ATL:

1. The MMLP in Farukhnagar will accelerate ATL's transformation from a leading CFS player to a robust CFS-ICD service provider in the country. This development will enhance ATL's service offerings and strengthen its position in the logistics sector.
2. Allcargo's investment in HORCL ensures strategic advantage by providing **direct connectivity to DFC through HORCL Rail Link**. With HORCL & DFC connectivity, MMLP Farukhnagar will

attract the northbound EXIM container volume to and from Mundra, Pipavav & JNPA ports, eliminating the issue of engine reversal on Indian Railway network. Out of the total travel distance, the share of high-speed rail network including Western DFC and HORCL will be significant in the case of MMLP Farukhnagar, thus enabling ATL to serve the trade with faster connectivity (potentially saving 15-20% of transit time) and greater load carrying capacity. This will enable ATL to be operationally most efficient service provider in the region.

3. **Proximity of MMLP Farukhnagar to Kundli-Manesar-Palwal (KMP) Expressway & National Highway 352** enables ATL to be responsive in terms of quick deliveries. It will also facilitate in shifting on-road cargo to rail for the customers near Western Periphery and northern hinterlands (Rohtak, Bahadurgarh and Hisar), thereby reducing their overall logistics cost. Additionally, Government of Haryana launched **Panchgram Yojana** aimed at creating five super smart cities along the 135-km KMP Expressway in the NCR. Areas on both sides of the Expressway are proposed to be developed in Public Private Partnership (PPP) mode. This project has the scope of boosting industrial sector closer to KMP Expressway, which can be an added advantage for the upcoming MMLP Farukhnagar.
4. **Exclusive MMLP for Model Economic Township Limited (METL):** Model Economic Township Limited (METL) is a fully owned subsidiary of Reliance Ventures Limited, a 100% subsidiary of Reliance Industries Limited and is engaged in the development of **Model Economic Township (MET)** in Jhajjar district of Haryana with an objective to make this a business destination of North India. MET project has received approval from the Government of Haryana to be established on the Industrial Model Township framework in the district of Jhajjar and adjoining areas of Gurgaon district where it owns over 8250 acres of land. MET Project is envisaged as a fully integrated industrial township with industrial investments from Japan, South Korea, France, UK, Sweden and Italy along with India. MMLP Farukhnagar will serve as a logistics hub, providing rail and road connectivity for industries in and around MET.
5. **ATL's existing relationships with major shipping lines and key customers** will see the Farukhnagar facility as a crucial enhancement to its multi-city footprint. This facility will not only expand ATL's logistical capabilities but also provide seamless integration of services, allowing for more efficient supply chain operations. As a result, customers will benefit from improved transit times and reduced logistics costs. The strategic location of the facility will enable ATL to better serve its partners, strengthen its market presence, and deliver immense value through enhanced service offerings, ultimately solidifying ATL's position as a leading player in the logistics sector.

Conclusion:

ATL's investment in HORCL is a strategic move aimed at advancing its Multi-Modal Logistics Park (MMLP) and Inland Container Depot (ICD) ambitions in North India. This investment in HORCL will enhance ATL's capabilities in providing efficient logistics solutions, facilitating smoother trade operations, and improving connectivity to key transport networks. This investment underscores ATL's commitment to strengthening its presence and driving economic growth in Northern India's logistics sector. Currently, only about 7-8% of ATL's total EXIM volumes comes from northern India (Dadri). After the commencement of this project in Farukhnagar, the volume contribution from north India to ATL will be in the range of 17-20%.

This investment is a strategic move that enables ATL to harness emerging opportunities in the EXIM trade and solidify its position in the logistics market. By entering the MMLP space, ATL can significantly improve operational efficiency and better serve its customers' needs. To achieve these ambitious goals,

the support of stakeholders is crucial, as it will help ATL develop a strong infrastructure that promotes collaboration and drives growth for all involved in the region's logistics ecosystem.

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