

FAIRNESS OPINION REPORT





EKADRISHT CAPITAL PRIVATE LIMITED

MERCHANT BANKER (CATEGORY 1) – SEBI REGISTERED

CIN – U66190MH2023PTC401863 SEBI Reg. No. INM000013040

1102, Summit Business Park, Chakala, Andheri Kurla Rd, Andheri E, Mumbai 400093

Tel - 022 - 26830300 Email - info@ekadrisht.com Website- www.ekadrisht.com

To,

The Board of Directors
Texmaco Rail & Engineering Limited
Belgharia, Kolkata,
West Bengal, India, 700056

The Board of Directors
Belgharia Engineering Udyog Private Limited
Belgharia, 24 Parganas (North),
Kolkata, WB – 700056 IN

Dear Sir/Ma'am,

Subject: Fairness Opinion on Share Entitlement Ratio for the Scheme of Arrangement between Texmaco Rail and Engineering Limited & Belgharia Engineering Udyog Private Limited .

Ekadrisht Capital Private Limited, a SEBI Registered Category I Merchant Banker, has been engaged by Texmaco Rail & Engineering Limited (TREL) to offer a Fairness Opinion on the Valuation report prepared by Mr. Harpreet Singh, Registered Valuer, dated October 13, 2023. This opinion is integral to the proposed scheme of arrangement of TREL with Belgharia Engineering Udyog Private Limited (BEL), as per the provisions of Sections 230 to 232 and other applicable clauses of the Companies Act, 2013.

This opinion is confidential and complies with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. It should not be shared, reproduced, or circulated to any third party without prior consent from Ekadrisht Capital Private Limited. However, we acknowledge that this opinion may be employed for disclosure purposes to stock exchanges, the National Company Law Tribunal (NCLT), and in notices sent to shareholders and creditors as required by the NCLT.

Should you require further information or clarifications, please do not hesitate to reach out to us. We are here to meet your needs and assist you in this matter.

Yours Faithfully

For Ekadrisht Capital Private Limited
SEBI Registered Merchant Banker- Category I
INM000013040

Date: October 13, 2023


Suraj Jha
Director





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OVERVIEW OF COMPANIES

1. **TEXMACO RAIL & ENGINEERING LIMITED (hereinafter also referred to as ‘TREL’ or ‘Transferor Company’)**, Bearing CIN L29261 WB1998PLC087404, the Transferor Company was established on June 25th, 1998, in accordance with the Companies Act, 1956. Its registered office is situated at Belgharia, Kolkata, West Bengal, India, 700056.

TREL is primarily engaged in four lines of businesses through separate business divisions as follows: (i) “Heavy Engineering Division”, engaged in the business of manufacturing of freight car and its components, etc; (ii) “Steel Foundry Division”, engaged in the business of manufacturing of steel castings, etc; (iii) “Infra – Electrical” engaged in the business of execution of electrical projects, etc; and (iv) “Infra – Rail & Green Energy” Division engaged in execution of projects related to green/renewable power, track laying, signaling and telecommunication, etc.

The Capital Structure of TREL as on September 30, 2023, is as follows:

Authorised Share Capital	Amount (In Rs.)
197,00,00,000 Equity Shares of Re. 1 each	197,00,00,000
Total	197,00,00,000
Issued, Subscribed and Paid-up Capital	Amount (In Rs.)
32,18,69,895 Equity Shares of Re. 1 each	32,18,69,895
Total	32,18,69,895

2. **BELGHARIA ENGINEERING UDYOG PRIVATE LIMITED (hereinafter also referred to as ‘BEL’ or ‘Transferee Company’)**, Registered under CIN U30204WB2023PTC260915, the Transferee Company was incorporated on April 7th, 2023, in accordance with the Companies Act, 2013. Its registered office is located at C/o Texmaco Rail & Engineering Limited Belgharia, Kolkata, Belgharia, North 24 Parganas, North 24 Parganas, West Bengal, India, 700056. The Transferee Company's primary focus BEL is incorporated in the year 2023 only, with the intent of carrying on businesses similar to the Infra – Rail & Green Energy Division of TREL. BEL is a wholly owned subsidiary of TREL, and the shares and securities of BEL are not listed on any stock exchange.

The Capital Structure of BEL as on September 30, 2023, is as follows:

Authorised Share Capital	Amount (In Rs.)
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000





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Issued, Subscribed and Paid-up Capital	Amount (In Rs.)
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000

RATIONALE FOR PROPOSED SCHEME

TREL is primarily engaged in four lines of businesses through separate business divisions as follows: (i) “Heavy Engineering Division”, engaged in the business of manufacturing of freight car and its components, etc; (ii) “Steel Foundry Division”, engaged in the business of manufacturing of steel castings, etc; (iii) “Infra – Electrical” engaged in the business of execution of electrical projects, etc; and (iv) “Infra – Rail & Green Energy” Division engaged in execution of projects related to green/renewable power, track laying, signaling and telecommunication, etc.

Each of these businesses carried on by TREL have significant potential for growth and profitability, however, the nature of risk, competition, challenges, opportunities, management focus and expertise, requirement of working capital, construction period for the Infra – Rail & Green Energy Division is very different. Accordingly, it is intended to segregate and transfer of the Infra – Rail & Green Energy Division into BEL through demerger.

This Scheme is expected to result in the following benefits for TREL and/or BEL (as applicable):

- i. Enable value unlocking of Infra – Rail & Green Energy Division within BEL and of the other divisions in TREL and giving option of investment to public shareholders into respective businesses and enable their independent value discovery;
- ii. greater management focus for Infra – Rail & Green Energy Division and other divisions and provide opportunity to address independent business opportunities, pursue efficient capital allocation;
- iii. providing scope for independent growth, collaboration and expansion of the segregated business verticals for enhancing their valuation;
- iv. enabling independent focus towards Infra – Rail & Green Energy Division and the other divisions, better alignment of Infra – Rail & Green Energy Division and the other divisions to their customers and strengthening of their position in the relevant market segment, resulting in a more sustainable long-term growth and competitive edge.

The Scheme Entities (TREL and BEL collectively) believe that this Scheme is in the best interests of the Scheme Entities and their respective shareholders and creditors, and other stakeholders, as it is expected to provide greater financial strength and flexibility and better access to funds to both TREL and BEL.





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SOURCES OF INFORMATION

For the purpose of recommending the Share Entitlement Ratio, we have essentially relied on the information provided to us by the Management of TREL

- (i) Scheme of Arrangement and Demerger (“Scheme”);
- (ii) Statement of assets and liabilities of BEL as on the September 30, 2023;
- (iii) Unaudited carved out financial statements of the Demerged undertaking of TREL as on June 30, 2023;
- (iv) Valuers Report dated October 13, 2023 for recommended Share Entitlement Ratio for the proposed transaction.
- (v) Such other information, explanations and representations that were required and provided by the management.

SHARE ENTITLEMENT RATIO

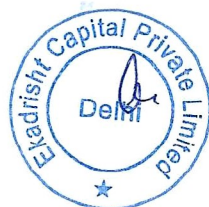
SHARE ENTITLEMENT RATIO: -

Coming into effect of the clause 3.5.2 of the scheme, the share entitlement ratio would be as follows:

“1 (one) fully paid-up equity shares of INR 1/- (Indian Rupee One only) each of the resulting company, credited as fully paid up, for every 3 (Three) equity share of INR 1/- (Indian Rupee One only) each of the Demerged Company”.

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 and NSE Circular No. NSE/CML/2017/12 dated June 1, 2017, requires the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format.

Valuation Approach	Methodology Applied	Texmaco Rail & Engineering Limited (Transferor)			Belgharia Engineering Udyog Private Limited (Transferee)		
		Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)	Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)
Asset	Adjusted Book Value	Nil	Nil	Nil	Nil	Nil	Nil
Market	Comparable Companies Multiples	Nil	Nil		Nil	Nil	
	Market Price Method	Nil	Nil		Nil	Nil	
Income	Discounted Cash Flow	Nil	Nil		Nil	Nil	





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Proposed Demerger can be classified as a ‘Mirror Demerger’ and hence valuation of equity shares of Companies is not required. As all shareholders of the Demerged Company shall become shareholders of the Resulting company and the proposed demerger does not envisage the dilution of the effective holding of any one or more shareholders as a result of the operation of the Proposed Scheme.

FINAL ASSESSMENT & OPINION

On the basis of our scope and limitations mentioned in the report and based on our examination of the draft of the proposed scheme of arrangement and demerger and Valuation Report given by registered valuer Mr. Harpreet Singh, having registration no. IBBI/RV/06/2019/12112 having office E-93, III Floor, Chanakya Place-I, Opp. C-1, Janak Puri, New Delhi-59, and on consideration of all the relevant factors as described herein above, we are of the opinion that the valuation done by the valuer for determining the fair exchange ratio is fair and reasonable.

Yours Faithfully

**For Ekadrisht Capital Private Limited
SEBI Registered Merchant Banker- Category I
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Date: October 13, 2023

**Suraj Jha
(Director)**





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DISCLAIMERS

- We want to underline that our evaluation relies on explanations and information provided by the respective management and publicly available data. While we have scrutinized this data for consistency and reasonableness, we have not conducted independent investigations or verifications.
- We have not conducted separate appraisals or valuations of the assets or liabilities of the companies, nor have we carried out audits or due diligence. Our assessment is based solely on the financial data provided to us by the Restructured Companies.
- Our review has been constrained in terms of both the areas of business and operations examined and the depth of our analysis. There may be pertinent matters, beyond those mentioned in this Scheme, that could be relevant to the transaction and might be revealed with a broader scope of analysis.
- We do not have any existing or planned future interests in the Restructured Company/ies. Our fee for this opinion is not contingent on the reported opinion.
- Please note that our Fairness Opinion should not be interpreted as investment advice. Specifically, we do not express any judgment on the suitability of entering into the proposed transaction.
- This opinion is not intended to be valid beyond the specific date stated in this Fairness Opinion Report. It is issued with the understanding that the Management of the Restructured Companies, under the Scheme, has brought to our attention all matters within their awareness that could affect our opinion up to the date of issuance. We bear no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

