

14th October, 2023

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex
Bandra (E), Mumbai – 400051
Symbol -TEXRAIL

BSE Limited
P. J. Towers,
Dalal Street,
Mumbai – 400001
Scrip Code - 533326

Dear Sirs,

We would like to inform you that the Board of Directors (**‘Board’**) at its Meeting held today has *inter-alia*, approved, a Scheme of Arrangement and Demerger between Texmaco Rail & Engineering Limited (**‘Transferor Company / ‘Demerged Company’**) and Belgharia Engineering Udyog Private Limited (**‘Transferee Company’/ ‘Resulting Company’**) and their respective shareholders and creditors, under Section 230 to 232 of the Companies Act, 2013 (**‘Act’**) and other applicable provisions of the Act and Rules framed thereunder.

The Scheme is subject to necessary approvals including that from the Securities and Exchange Board of India (**‘SEBI’**), the shareholders and creditors of the Company, and the Hon’ble National Company Law Tribunal, Kolkata Bench (**‘NCLT’**).

The Scheme shall be filed with the Stock Exchanges for obtaining their ‘No Objection Certificate’ in terms of the provisions of Regulation 37(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (**‘Listing Regulations’**) in due course.

The disclosures required under Regulation 30 of the Listing Regulations read with SEBI Circular No. SEBI/ HO/ CFD/ CFD-PoD-1/P/CIR/2023/123, dated 13th July, 2023, in respect of the Scheme is enclosed as **Annexure-1**.

The Meeting commenced at 12:25 p.m. and concluded at 2:25 p.m.

This is for your information and record.

Thanking you,

Yours faithfully,

For Texmaco Rail & Engineering Limited

K. K Rajgaria
Company Secretary &
Compliance Officer

Annexure - 1

Sl. No.	Particulars	Details
1.	Brief details of the division(s) to be demerged	<p>The Demerged Undertaking (as defined in the Scheme) means the undertaking, business, activities and operations of the Transferor Company pertaining to “INFRA – RAIL & GREEN ENERGY” Division of Transferor Company, and specifically including any and all: (i) Assets of the Demerged Undertaking; and (ii) Liabilities of the Demerged Undertaking.</p> <p>The Scheme contemplates demerger of the Demerged Undertaking from Transferor Company into and with the Transferee / Resulting Company.</p> <p>The Demerged Undertaking, i.e., “Infra – Rail & Green Energy” Division means the business of execution of projects in the area of hydro mechanical works, bridge & structural, track laying, signaling & telecommunication etc., along with related assets, customer contracts, employees and intellectual properties.</p>
2.	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding FY, based on financials of the last FY	<p>Turnover of Demerged Undertaking for the year ended 31st March, 2023 was INR 66,199 Lakhs, representing 30% of the total standalone turnover of the listed entity (Transferor Company) for the year ended 31st March, 2023.</p>
3.	Rationale for the demerger	<p>A. Transferor Company is primarily engaged in four lines of business through separate divisions as follows: (a) “Heavy Engineering Division”, engaged in the business of manufacturing of freight car & its components etc.; (b) “Steel Foundry Division”, engaged in the business of manufacturing of steel castings etc.; (c) “Infra – Electrical” engaged in the business of execution of electrical projects etc.; and (d) “Infra – Rail & Green Energy” engaged in execution of projects related to green/renewable power, track laying, signaling & telecommunication etc.</p> <p>B. Each of these businesses carried on by Transferor Company 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. The proposed demerger would result in segregation and transfer of the Infra – Rail & Green Energy Division into M/s. Belgharia Engineering Udyog Private Limited (Transferee / Resulting Company) and continued housing of the other Divisions in Transferor Company.</p>

		<p>C. This Scheme is expected to result in the following benefits for Transferor Company and/or Resulting Company (as applicable):</p> <ul style="list-style-type: none"> (i) Enable value unlocking of Infra – Rail & Green Energy Division within the Resulting Company and of the other divisions in Transferor Company by attracting different set of investors into respective businesses and enable their independent value discovery; (ii) greater management focus for Demerged Undertaking 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 the Demerged Undertaking and the other divisions, better alignment of the Demerged Undertaking 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;
4.	Brief details of change in shareholding pattern (if any) of all entities	<p>A. There will be no change in shareholding pattern of Transferor Company i.e., the Demerged Company.</p> <p>B. Upon this Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from Transferor Company to Transferee Company in accordance with the Scheme, the Transferee Company shall issue and allot equity shares as per the share entitlement ratio given in point 5 below and in the manner detailed under the Scheme.. The equity shares of Transferee Company held by Transferor Company shall stand cancelled.</p> <p>C. The shareholding pattern and inter-se shareholding percentage of shareholders of Transferee Company shall essentially mirror the shareholding pattern and inter-se shareholding percentage of the shareholders of the Transferor Company, as on the Record Date.</p>
5.	In case of cash consideration – amount or otherwise share exchange ratio	<p>No cash consideration is payable under the scheme. Consideration for demerger shall be discharged by way of issuance of fully paid equity shares by the Transferee Company (having face value of INR 1/- each), to the shareholders of the Transferor Company as on the record date (as defined in the Scheme), in 1:3 ratio, in consideration for the demerger: In other words, 1 equity share of the Transferee company (of INR 1/- each, fully paid up) to be allotted to the shareholders of the Transferor Company, against every 3 equity shares of the Transferor Company (of</p>

		<p>INR 1/- each, fully paid up) held by such shareholder as on the Record Date.</p> <p>The above Share Entitlement Ratio has been determined on the basis of Share Entitlement Report dated 13th October, 2023 issued by Mr. Harpreet Singh, a Registered Valuer (as defined in the Companies (Registered Valuers and Valuation) Rules, 2017).</p>
6.	Whether listing would be sought for the resulting entity	<p>Yes, since the Resulting Company is required to issue its equity shares as consideration for demerger, and the same shall be issued to a large number of public shareholders (who are shareholders of the Transferor Company as on the Record Date), the Resulting Company is required to, and is proposed to be listed on the BSE Limited and the National Stock Exchange of India Limited pursuant to the Scheme.</p>