



INTELLIGENT MONEY MANAGERS PRIVATE LIMITED

SEBI Registered Category-I Merchant Bankers (INM000012169)
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25 Jawaharlal Nehru Road,
Kolkata – 700 087

Date: January 30, 2025

To,
The Board of Directors and Audit Committee
Texmaco Rail & Engineering Limited
Belgharia, Kolkata – 700 056,
West Bengal, India

To,
The Board of Directors
Belgharia Engineering Udyog Private Limited
C/o Texmaco Rail & Engineering Limited,
Belgharia, Kolkata, North 24 Parganas – 700 056,
West Bengal, India

Dear Sir/Ma'am,

Subject: Fairness opinion on the Valuation Report of Bishwanath Choudhary, Registered Valuer – Securities or Financial Assets in relation to the Scheme of Arrangement for the proposed transfer of Infra – Rail & Green Energy Division ('Transferred Undertaking') of Texmaco Rail & Engineering Limited into Belgharia Engineering Udyog Private Limited as a going concern on slump exchange basis

We refer to our discussion undertaken with the Management of Texmaco Rail & Engineering Limited ("*TREL*" or "*Transferor Company*") wherein the Management of TREL (*the "Management"*) has appointed Intelligent Money Managers Private Limited, a Category I Merchant Banker registered with SEBI having Registration Number – INM000012169 ("*IMMPL*" or "*We*" or "*Us*" or "*Our*") vide engagement letter dated January 28, 2025 to provide a fairness opinion on the Valuation Report of Bishwanath Choudhary, Registered Valuer - Securities or Financial Assets ("*Independent Valuer*") vide report dated January 30, 2025 in relation to the Scheme of Arrangement for the proposed transfer of '*Infra – Rail & Green Energy Division*' ("*Transferred Undertaking*") of Texmaco Rail & Engineering Limited to Belgharia Engineering Udyog Private Limited ("*BEL*" or "*Transferee Company*"), a wholly owned subsidiary of TREL, as a going concern on slump exchange basis with effect from the Appointed Date as defined in the draft scheme of arrangement ("*Proposed Transfer*" or "*Proposed Transaction*").

Transferor Company and Transferee Company shall collectively be referred to as "Transacting Companies".

We understand that the Proposed Transfer shall be implemented by the Transferor Company with the Transferee Company (in its capacity as a wholly owned subsidiary ("*WOS*") of the Transferor Company). Accordingly, the Transferor Company is evaluating transfer of the Transferred Undertaking as a going concern on slump exchange basis at a consideration based on the Book Value.

Please find enclosed our deliverables in the form of a report (*the "Report"*). This Report sets out the transaction overview, scope of work, background of the Transacting Companies, sources of information and our opinion on the Valuation Report of the Independent Valuer for the aforesaid Proposed Transfer as a going concern on slump exchange basis.

This Report is subject to the scope, assumptions, exclusions, limitations 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 therein.

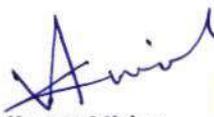


This Report has been issued only to facilitate the Proposed Transfer and should not be used for any other purpose.

For & on behalf of –

Intelligent Money Managers Private Limited

SEBI Regd. CAT-1 Merchant Banker, Regn. No.: INM000012169


Amit Kumar Mishra
Assistant Vice President



Place: Kolkata

1. BACKGROUND OF THE TRANSACTING COMPANIES

❖ **Texmaco Rail & Engineering Limited (Transferor Company)**

- Texmaco Rail & Engineering Limited ("TREL" or "Transferor Company") is a public limited company incorporated on June 25, 1998 under the provisions of the Companies Act, 1956, having Corporate Identification No. (CIN): L29261WB1998PLC087404 and registered office at Belgharia, Kolkata - 700056. The equity shares of the company are listed on BSE Limited (Scrip Code: 533326) and The National Stock Exchange of India Limited (Symbol: TEXRAIL).
- The Transferor Company is primarily engaged in three lines of businesses through separate divisions as follows: - (a) "Freight Car Heavy Engineering Division", engaged in the business of manufacturing of freight car and its components, Steel castings; (b) "Infra – Electrical" engaged in the business of execution of electrical projects; and (c) "Infra – Rail & Green Energy" engaged in execution of projects related to green/ renewable power, track laying, signalling and telecommunication.

❖ **Belgharia Engineering Udyog Private Limited ("Transferee Company")**

- Belgharia Engineering Udyog Private Limited ("BEL" or "Transferee Company") is a private limited company incorporated on April 7, 2023 under the provisions of the Companies Act 2013 having CIN - U30204WB2023PTC260915 and registered office C/o Texmaco Rail & Engineering Limited, Belgharia, Kolkata, North 24 Parganas – 700 056.
- The Transferee Company is a newly incorporated company with the intent of carrying on business similar to the Transferred Undertaking of the Transferor Company.
- The Transferee Company is a wholly owned subsidiary of the Transferor Company.

2. TRANSACTION OVERVIEW, RATIONALE OF THE SCHEME & SCOPE OF SERVICES

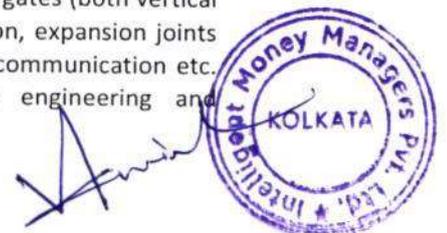
❖ **Transaction Overview**

We have been informed by the Management of the Transferor Company and as per the report issued by the Independent Valuer, that since Transferee Company will be a wholly owned subsidiary of Transferor Company, the transfer of the Transferred Undertaking is intended to be affected at consideration based on Book Value at December 31, 2024 of such Transferred Undertaking as a going concern on slump exchange basis.

Accordingly, the management has appointed Independent Valuer, registered valuer to carry out the valuation of the Transferred Undertaking as a going concern on a slump exchange basis as at December 31, 2024 ("Valuation Date") and provide a Report thereon. We have been approached by the management to provide a Fairness Opinion on the value of the undertaking at a consideration based on the Book Value computed by Independent Valuer.

❖ **Rationale of the Proposed Scheme**

The Infra – Rail & Green Energy Division of TREL is one of the premier engineering division with market leadership in this field. TREL has been a leading factor in concept to commissioning of hydro mechanical equipment for hydro power plant, industrial steel structure, flyover and bridges, track laying, signalling & telecommunication. Over the years, TREL has built strong credentials in design, erection and commissioning of various types of steel gates (both vertical & radial), Trash racks, hoists, penstocks & specials (bifurcation, trifurcation, expansion joints etc), goliath cranes, heavy steel structures, track laying, signalling & telecommunication etc. Numerous projects bear testimony to the company's marvellous engineering and



manufacturing capabilities, which has got national and international recognition for its outstanding performance.

TREL seeks to reorganize the businesses carried on by it to exploit the growth potential and attract fresh set of investors/strategic partners. Each of the businesses carried on by TREL have significant potential for growth and profitability. However, each of the businesses are distinct having their own set of strengths and dynamics in the nature of risks involved, competition, challenges, opportunities, business methods, leading to different growth potentials. Hence, segregation of the businesses would enable a focused management to explore business opportunities and potentials effectively and efficiently. Accordingly, it is intended to segregate and transfer of the Transferred Undertaking comprising the Infra – Rail & Green Energy Division of TREL into BEL.

The segregation of the business verticals shall enable them to move forward independently, with specialization building on their respective capabilities. It will also help to channelize resources required for all the businesses to focus on the growing businesses and attracting right talent and providing enhanced growth opportunities to existing talent in line with sharper strategic focus on each business segment under separate entities.

The Scheme will also enable the Transferor Company and the Transferee Company to focus and enhance their respective management structure ensuring better and more efficient management control. It shall provide greater management focus and speedy decision process to achieve strategic advantage in the separate entity.

Bifurcation of the businesses will enable unlocking value of each vertical thereby paving way for focused growth with a view to create significant stakeholder value, will attract distinct investor base and at the same time allow investors to allocate their portfolio into separate entities, focused on the distinct businesses. Further, it will enable independent and distinct capital allocation approach and balance sheet management based on the distinct needs of each business.

Accordingly, this Scheme is being proposed for transfer of the Transferred Undertaking to the Transferee Company as a going concern on slump exchange basis.

The Scheme is in the interest of the Transferor Company, the Transferee Company and their respective stakeholders.

❖ **Scope of Services**

Pursuant to SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time, we have been requested by the management to issue a fairness opinion in relation to the Valuation Report for the Proposed Transfer as a going concern on slump exchange basis.

In this regard, the management has appointed Intelligent Money Managers Private Limited, a Category I Merchant Banker registered with SEBI having Registration Number – INM000012169 to provide a fairness opinion on the Valuation Report for the Proposed Transfer issued by the Independent Valuer vide report dated January 30, 2025.

Our scope of work only includes forming an opinion on the fairness of the Valuation Report issued by the Independent Valuer for the Proposed Transfer and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se. This Report is subject to the scope, assumptions, exclusions, limitations 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.




3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management obtained and available in the public domain for this Report:

- Draft Scheme of Arrangement between TREL and BEL and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013;
- Carve out balance sheet of the Transferred Undertaking as at 31st December 2024.
- Balance sheet as on December 31, 2024 of BEL and statement of profit and loss of BEL for the quarter and nine months ended December 31, 2024;
- Signed Valuation report issued and prepared by Bishwanath Choudhary, Registered Valuer - Securities or Financial Assets vide report dated January 30, 2025;
- Relevant data and information provided by management either in written or oral form or in the form of soft copy; and discussions with representatives of the management for the matters considered relevant for the purpose of this Report.

The Management has been provided with the opportunity to review the draft fairness opinion Report (excluding our opinion on the Valuation Report) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided.

4. VALUATION – APPROACH, METHODOLOGY AND BASIS OF VALUATION

As we have learnt that it is the Transferor's Company intention to transfer the undertaking to Transferee Company at consideration based on the Book Value as presented in the carve out balance sheet of the of the Transferred Undertaking as at 31 December 2024. Thus, the Independent Valuer has considered the Net Asset Approach based on Book Value to value the Transferred Undertaking.

The Net Asset Value approach indicates the value of a company based on the net assets (i.e. total assets - total liabilities) appearing in the Balance Sheet of the company which is being valued as at the Valuation Date.

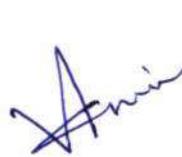
The valuation of the undertaking based on the consideration based on the Book Value as computed by Independent Valuer is INR 937.77 crores. We understand that the Scheme shall be implemented by the Transferor Company with the Transferee Company, in its capacity as a wholly owned subsidiary ("WOS") of the Transferor Company. Accordingly, the Transferor Company intends to transfer the Transferred Undertaking as a going concern on slump exchange basis for a consideration based on the Book Value. Since the Transferee Company will be a WOS of the Transferor Company when the Scheme is affected, the economic interest of the shareholders of the Transferor Company will continue to remain same.

5. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- The fairness opinion contained herein is not intended to represent a fairness opinion at any time other than the report date.
- We have no obligation to update this Report. This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed upon as per the terms of our engagement; (ii) the report date; (iii) the draft scheme of arrangement and (iv) other data detailed in the Section 3 of this Report "*Sources of Information*".



- The fairness opinion rendered in this Report only represents our opinion based upon information furnished by the Transacting Companies and gathered from the public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to make a buy or sell decision for which a specific opinion needs to be taken from expert advisors.
- We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Transacting Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Transacting Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.
- It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Transacting Companies to facilitate Transacting Companies to comply with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 as amended from time; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.
- The Report assumes that the Transacting Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Transacting Companies will be managed competently and responsibly. Further, this Report has not considered matters of a legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not represented to us by the Management. Our fairness opinion assumes that the assets and liabilities of the Transacting Companies, reflected in their respective balance sheet remain intact as of the report date.
- This fairness opinion is issued on the understanding that each of the Transacting Companies has drawn our attention to all the matters which may have an impact on our opinion including any significant changes that have taken place or are likely to take place in the financial position or businesses up to the date of approval of the Scheme by the Board of Directors. We have no responsibility to update this fairness opinion for events and circumstances occurring after this date.
- Certain terms of the Proposed Transfer are stated in our fairness opinion, however the detailed terms of the Proposed Transfer shall be more fully described and explained in the Scheme document to be submitted to relevant authorities in relation to the Proposed Transfer. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the Scheme document.
- The fee for the engagement is not contingent upon the results reported.
- We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Transacting Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Transacting Companies, their directors, employees or agents.
- This Report is not a substitute for the third party's due diligence/appraisal/inquiries/ independent advice that the third party should undertake for his purpose.




- This Report is subject to the laws of India.
- Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed scheme of arrangement and filing it with relevant authorities, without our prior written consent.
- In addition, this Report does not in any manner address the prices at which equity shares of Transacting Companies will trade following the announcement of the Proposed Transfer and we express no opinion or recommendation as to how the shareholders of Transacting Companies should vote at any shareholder's meeting(s) to be held in connection with the Proposed Transaction. Our opinion contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

6. OUR RECOMMENDATION

Transferor Company has envisaged to transfer the Transferred Undertaking as a going concern on slump exchange basis to its wholly owned subsidiary (Transferee Company) at a consideration based on the Book Value. We understand that Book Value may not be the Fair Value, which may had been computed using other methods in ordinary circumstances. However, as the transfer shall be implemented by the Transferor Company with the Transferee Company (which is a wholly owned subsidiary) as a going concern on a slump exchange basis through the Scheme of Arrangement, the transfer of the Transferred Undertaking as a going concern on a slump exchange basis shall not affect the economic interest of the shareholders of the Transferor Company.

Thus, on the basis of our scope and limitations mentioned in the Report and on consideration of all the relevant factors as mentioned above, we are of the opinion that the valuation of the Transferred Undertaking of Transferor Company as a going concern on slump exchange basis as at 31 December 2024 at a consideration based on the Book Value assessed by the Independent Valuer at INR 937.77 crores is fair considering the circumstances, and thus we hereby sign the Fairness Opinion Report on Valuation.

For & on behalf of –

Intelligent Money Managers Private Limited
SEBI Regd. CAT-1 Merchant Banker, Regn. No.: INM000012169


Amit Kumar Mishra
Assistant Vice President



Date: January 30, 2025

Place: Kolkata