

Texmaco completes the acquisition of Jindal Rail Infrastructure Limited (“JRIL”) Expands its wagons market presence, capabilities and product offerings Final cash consideration of Rs. 614 Crores, 8.1x FY 2024 EV/ EBITDA

Kolkata, 3rd September 2024: Texmaco Rail & Engineering Limited, (“Texmaco” or the “Company”) (BSE: 533326; NSE: TEXRAIL) a leading manufacturer of freight wagons and provider of railway infrastructure in India, announced on 25th July 2024 that it has entered into definitive agreements with Jindal Rail & Infrastructure Limited (“JRIL”), and its existing securities holders namely, JITF Urban Infrastructure Services Limited and Siddeshwari Tradex Private Limited for the acquisition of 100 percent of the share capital of JRIL on a fully diluted basis. The parties have now completed all the conditions precedent and the acquisition of all of the rights, title and interest in all of the securities of JRIL held by the existing security holders of JRIL on a fully diluted basis. As a result of this, JRIL has now become a wholly owned subsidiary of Texmaco.

JRIL has leading capabilities in R&D, design and manufacturing of commodity specific freight wagons. With this acquisition, Texmaco enhances its international product portfolio and innovative approach becoming a clear leader especially in the design process. Given the growing demand for new design rolling stocks from private the sector, this transaction is a leap forward for Texmaco in providing one-stop solutions.

JRIL Acquisition Rationale

JRIL specializes in manufacturing commodity specific special purpose wagons primarily for the private sector in India. Since operational in 2012, JRIL has delivered over 8,600 wagons to customers in India and internationally. JRIL’s manufacturing facility is located in Vadodara, Gujarat spanning over 123 acres, of which half is currently utilized. JRIL meets the technical and pre-qualification criteria for major Indian and international wagon tenders. In FY 2024, JRIL manufactured over 1,650 wagons and has the capacity to increase production even further. The current orderbook is over 2,000 wagons which is expected to be delivered over the next 12 to 14 months. For FY 2024, JRIL generated Total Revenues of Rs. 750.11 Crores, an EBITDA of Rs. 84.88 Crores, and a Profit Before Tax of Rs. 57.37 Crores.

The strategic rationale for the acquisition is compelling:

1. JRIL is a G-105 certified entity and is focussed on commodity specific special purpose wagons for private sectors and has the ability to supply Indian Railways
2. Texmaco’s technical expertise is set to enhance JRIL’s wagon production with minimal capex
3. JRIL’s 60+ acres surplus land bank enables rapid expansion and flexible manufacturing opportunities for passenger and freight wagons, as well as a components ecosystem
4. Texmaco’s foundry expertise is set to drive future vertical integration at JRIL
5. Unlocking major cost savings through bulk material purchases for Texmaco and JRIL
6. Enhanced EBITDA margins on consolidated basis driven by increased private sector freight car orders
7. Strategic expansion into Western India strengthens Texmaco's national presence

This acquisition marks a significant milestone in Texmaco’s journey to expand its strategic capabilities and market presence, positioning the Company for sustained growth and innovation in the railway manufacturing industry.

For further information, please contact:



Mr. Hemant Bhuwania
Chief Financial Officer
Texmaco Rail & Engineering Ltd
Texrail_cs@texmaco.in

Churchgate
Investor Relations
Anvita Raghuram
Churchgate Partners
+91 22 6169 5988
texmaco@churchgatepartners.com

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