



**REPORT OF THE AUDIT COMMITTEE OF TITAGARH WAGONS LIMITED ("TWL"/"THE COMPANY") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES, (1) TITAGARH MARINE LIMITED, (2) CIMCO EQUITY HOLDINGS PRIVATE LIMITED, (3) CORPORATED SHIPYARD PRIVATE LIMITED AND (4) TIMES MARINE ENTERPRISE PRIVATE LIMITED ("SCHEME")**

**Preamble:**

The Securities and Exchange Board of India (SEBI), vide its Circular No.CIR/CFD/DIL/5/2013 dated February 04, 2013 read with Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013 has, amongst other requirements, sought a report from the Audit Committee of the company desirous of undertaking a Scheme of Arrangement under Chapter V of the Companies Act, 1956 (Amalgamation/Merger/Reconstruction/Reduction of Capital) recommending the draft Scheme after taking into consideration, *inter alia*, the Valuation Report and the Share Entitlement Ratio from Independent Chartered Accountant.

Pursuant to and in compliance of the SEBI Circular under reference, the Audit Committee of the Board of Directors of the Company has examined the draft Scheme of Amalgamation ("Scheme") at their meeting held on Thursday, September 24, 2015.

**Observation:**

1. The draft Scheme of Amalgamation provides for the amalgamation of the wholly-owned subsidiaries of the Company, namely (i) Titagarh Marine Limited [TML], (ii) Cimco Equity Holdings Private Limited [CEHPL], (iii) Corporated Shipyard Private Limited [CSPL] and (iv) Times Marine Enterprises Private Limited [TMEPL] with the Company pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.
2. CSPL and TMEPL are the wholly-owned subsidiaries of TML and the entire share capital of each of them is beneficially held by the TML. Further, TML and CEHPL are wholly-owned subsidiaries of the TWL and the entire share capital of each of them is beneficially held by TWL.
3. The Appointed Date as per as per the draft Scheme is April 01, 2015.
4. The Committee noted that all the 4 (four) transferor companies are wholly-owned subsidiaries of the Company in as much as the entire share capital of the transferor companies are beneficially held and owned by the Company, no consideration will be payable and no shares of the Company are required to be issued and allotted by way of consideration for the transfer and vesting of the transferor companies in the Company in terms of this Scheme.
5. The Valuation Report dated September 23, 2015 issued by M/s. Sanjoy Gupta & Associates, Chartered Accountants was placed before the Committee and taken on record. The 'Valuation Report' *inter alia* states:

**Quote**

***"We are of the opinion that there will not be any change in the shareholding pattern of TWL and hence no valuation process is applicable to the transactions contemplated by the aforesaid Scheme as per Para 4.2 of the Securities Exchange Board of India (SEBI) Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013".***

For TITAGARH WAGONS LIMITED



D. GRYA

COMPANY SECRETARY

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**TITAGARH WAGONS LIMITED**



**Unquote**

6. The Fairness Opinion dated September 23, 2015 issued by M/s. Lodha Capital Markets Limited was perused and taken on record.
7. The transferor companies are wholly-owned subsidiaries of TWL and the proposed amalgamation of the transferor companies with TWL in accordance with this Scheme would enable the Company to realize the substantial benefits of greater size, scale, integration and greater financial strength and flexibility and facilitate pooling of the managerial resources in the interest of maximising overall shareholder value. The amalgamation would result in better economic control, increased financial strength and flexibility and enhance the ability of the amalgamated entity to undertake large projects, thereby contributing to enhancement of future business potential. Cost savings are also expected to flow from rationalisation and simplification of business process as well as the elimination of duplication and rationalization of administrative expenses.
8. The Committee further noted that the draft Scheme does not adversely affect any of the rights of the shareholders or employees or creditors of TWL.

**Recommendation:**

The Audit Committee, after perusal, deliberation and review of the provisions of the Scheme along with the Valuation Report and the Fairness Opinion, as referred hereinabove, do hereby unanimously recommend the draft Scheme for consideration by the Board of Directors of TWL, the Stock Exchange(s) and SEBI.

Place: Kolkata  
Date: September 24, 2015



For TITAGARH WAGONS LIMITED

**D N Davar**  
Chairman, Audit Committee

COMPANY SECRETARY

For TITAGARH WAGONS LIMITED

  
**D ARYA**  
COMPANY SECRETARY