



# LODHA CAPITAL MARKETS LTD

CIN NO. U67120WB1995PLC067B06

23<sup>rd</sup> September, 2015

The Board of Directors  
Titagarh Wagons Limited  
Titagarh Towers  
756 Anandapur  
Kolkata - 700 107

Re: Fairness opinion on the proposed equity share swap ratio as recommended by the valuer of TWL pursuant to the merger of Cimmco Equity Holdings Private Limited, Titagarh Marine Limited, Corporated Shipyard Private Limited and Times Marine Enterprises Limited with Titagarh Wagons Limited

Dear Sirs,

We refer to engagement letter dated 16<sup>th</sup> September, 2015 wherein Titagarh Wagons Limited ("TWL") has requested us to provide fairness opinion on the equity share swap ratio recommended by the valuer appointed by the Management of TWL, in relation to the proposed merger (the "Merger") of Cimmco Equity Holdings Private Limited ("CEHPL"), Titagarh Marine Limited ("TML"), Corporated Shipyard Private Limited ("CSPL") and Times Marine Enterprises Limited ("TIMES") (hereinafter collectively referred to as the "Merging Companies") into TWL. As requested by the Client, our fairness opinion is based on the Valuer's recommendation dated 23.09.15 (the "Recommendation").

## SCOPE AND PURPOSE OF THIS REPORT

TWL is presently engaged in the business of Railway Wagons and Coaches, Steel Castings, Bailey Bridges and Special Projects. It has its registered office at 1B Aster Court, 3 Loudon Street, Kolkata - 700 107, and is listed on both the National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE"). For the year ended 31 March 2015, it reported consolidated revenue of INR 7611 million and loss after tax of INR 98.25 million.

CEHPL is presently engaged *inter alia* in the business of acquiring, subscribing, purchasing, holding, dealing in, investing, buying and selling shares, bonds, acknowledgements and securities of any kind whatsoever and has its registered office at 756 Anandapur, EM Bypass, Kolkata - 700 107. 100% equity stake in the company is held by TWL as at the date of the Recommendation.

TML is presently engaged *inter alia* in the business of ship building, ship breaking, shipping, marine engineering, naval architecture and ocean engineering and has its registered office at 1B Aster Court, 3 Loudon Street, Kolkata-700107. 100% equity stake in the company is held by TWL as at the date of the Recommendation.

CSPL is presently engaged *inter alia* in the business of building, constructing, repairing, fitting out, renovation, conversion, alteration, breaking up of ships, floating structures, watercrafts and vessels of every description in India and/or abroad and has its registered office at 3A & B, Diamond Chamber, 4, Chowringhee Lane, Kolkata - 700 016. 100% equity stake in the company is held by TML as at the date of the Recommendation.



For TITAGARH WAGONS LIMITED

  
D. ARYA  
COMPANY SECRETARY

TIMES is presently engaged *inter alia* in the business of building, assembling, fitting, constructing, repairing, conversion, alteration and managing ships, vessels and other floating crafts and has its registered office at 4/1 Fore Shore Road, Botanical Garden, Howrah - 711 103. 100% equity stake in the company is held by TML as at the date of the Recommendation.

None of the Merging Companies are listed on any stock exchange. The Management has further informed us that there would not be any change in capital structure or ownership structure in the Merging Companies till the date the Merger becomes effective.

We understand that the management of TWL and the Companies are proposing to merge the Companies into TWL pursuant to a Scheme of Amalgamation under the provisions of Sections 391-394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 (hereinafter referred to as the "Scheme of Arrangement") and have appointed M/s. Sanjay Gupta & Associates, Chartered Accountants to give their report on valuation of shares of the companies and determine the swap ratio.

The valuer's recommendation states that since the Merging Companies are wholly owned subsidiaries of TWL, no shares are to be issued by TWL as consideration for the proposed merger. Further as informed to us by the Management, there will be no change in the shareholding pattern of TWL after the Merger takes place and hence the valuation of the Merging Companies and/or TWL has not been undertaken by the valuer as per SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4 February 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21 May 2013. We understand that the proposed appointed date for the merger is 1 April 2015.

In this connection, to comply with regulatory requirements for the Merger, the Management of TWL has engaged LCM to provide a fairness opinion on the valuer's recommendation dated 23.09.15 from the perspective of the shareholders of TWL.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimer detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Merger and should not be used for any other purpose.

## SOURCES OF INFORMATION

We have primarily relied on the Recommendation provided by the Management and the Management certified shareholding structures of the Merging Companies as at the date of the recommendation given by the Management of TWL. We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the representatives of the Management.

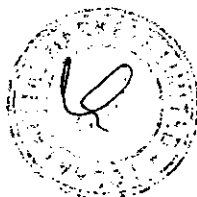
## STATEMENT OF LIMITING CONDITIONS

### Affecting results

This opinion, its contents and the results herein are specific to (i) the purpose of opinion as agreed as per the terms of our engagement and (ii) the date of this opinion. An opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

In the course of the fairness opinion, we were provided with both written and verbal information, including market, technical, financial and operating data.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information made available to us by the Client/Companies



For TITAGARH WAGONS LIMITED

  
D. ARYA  
COMPANY SECRETARY

and (ii) the accuracy of the information that was publicly available and formed a substantial basis for this report. In accordance with our Engagement Letter and in accordance with the customary approach adopted in fairness opinion exercises, we have not audited, reviewed or otherwise investigated the historical 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 Client/Companies, we have been given to understand by the Client/Companies that they have not omitted any relevant and material factors 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 conclusions are based on the assumptions and information given by/on behalf of the Client/Companies. The Management of the Client has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our opinion/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Client/Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Client/Companies.

No investigation of the Client's/Companies' claims to title of assets has been made for the purpose of this report and the Client's/Companies' claims to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We owe responsibility to only the Board of Directors of the Client, under the terms of our engagement letter and nobody else. We do not accept any liability to any third party in relation to the issue of this Report. This report is subject to the laws of India.

#### RECOMMENDATION BY THE VALUER

It has been recommended by the valuer that since the Merging Companies are 100% subsidiaries of TWL, no consideration in the form of equity shares is required to be issued by TWL for the Merger.

#### OUR COMMENTS ON THE RECOMMENDATION BY THE MANAGEMENT

Our fairness opinion has been prepared based on the Valuer's Recommendation and our discussions with the Management, having regard to the representations from the Management, key underlying assumptions and limitations.

As explained to us, upon the Merger taking place, the economic interest, shareholding and other rights of the shareholders of TWL will remain unaffected on account of the Merger since the Merging Companies are 100% subsidiaries of TWL. In light of the above, and on consideration of all the relevant factors and circumstances including the structure of the transaction as discussed and stated hereinabove, we believe that the Valuer's Recommendation that no consideration in the form of equity shares is required to be issued by TWL to the shareholders of the Merging Companies, is fair.

It should be noted that we have examined only the fairness of the Management's Recommendation for the shareholders of TWL and the Merging Companies inter-se and have not examined any other matter including fairness or economic rationale of the Merger per se or accounting and tax matters involved in the proposed Merger exercise.

Yours faithfully,  
For Lodha Capital Markets Limited

  
Director



00000000000000000000

For TITAGARH WAGONS LIMITED

  
D. ARYA  
COMPANY SECRETARY