



**REPORT OF THE AUDIT COMMITTEE OF TITAGARH WAGONS LIMITED ("TWL/COMPANY/TRANSFEREE") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF CIMMCO LIMITED AND TITAGARH CAPITAL PRIVATE LIMITED WITH THE COMPANY ("SCHEME")**

Members of the Audit Committee of the Board of Directors of Titagarh Wagons Limited present in the meeting of the said Committee held on 14<sup>th</sup> August, 2019:

**Members:**

- |      |                       |            |
|------|-----------------------|------------|
| i.   | Shri D.N. Davar       | - Chairman |
| ii.  | Shri Atul Joshi       | - Member   |
| iii. | Shri Manoj Mohanka    | - Member   |
| iv.  | Shri R. Bandyopadhyay | - Member   |

**A. BACKGROUND:**

1. A meeting of the Audit Committee of the Board of Directors of Titagarh Wagons Limited ("Company") was held on Wednesday, the 14<sup>th</sup> day of August, 2019 inter alia to consider the proposal and recommend to the Board of Directors of the Company, a Scheme of Amalgamation (in review of the Scheme recommended by this Committee and approved by the Board at their respective meetings held on 30<sup>th</sup> May, 2019) under Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 and provisions of other applicable laws, for amalgamation of Cimmco Limited (Transferor Company No. 1- a listed subsidiary of the Transferee) and Titagarh Capital Private Limited (Transferee Company No. 2- wholly owned subsidiary of the Transferee) with the Company with effect from the Appointed Date, i.e. the 1<sup>st</sup> day of April, 2019, by a Scheme of Amalgamation ("Scheme") amongst the Company, Transferor Company No. 1, Transferor Company No. 2 and their respective shareholders and Creditors.
2. The equity shares of the Company are listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company will be filing the Scheme along with the necessary information/documents with both the BSE and the NSE (collectively "Stock Exchanges").
3. The Committee noted that as per SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular') it is mandatory for the Audit Committee of all listed companies to recommend to the Board of Directors the Draft Scheme of Amalgamation taking into account the Valuation Report.

This report of the Audit Committee is made in order to comply with the requirements of the aforesaid Circular. The following documents were placed before the Audit Committee:

**TITAGARH WAGONS LIMITED**

CIN: L27320WB1997PLC084819

Registered & Corporate Office: Titagarh Towers, 756 Anandapur, E. M. Bypass, Kolkata - 700 107, India  
Phone : +91 33 4019 0800 | Fax: + 91 33 4019 0823 | Email : corp@titagarh.in | Web: www.titagarh.in



- 1) Draft Scheme of Amalgamation initialled by the Company Secretary for the purpose of identification.
- 2) Valuation Report dated 14<sup>th</sup> August, 2019 (being addendum to the Valuation Report dated 30<sup>th</sup> May, 2019) issued by MSKA & Associates, Chartered Accountants ("Valuer"), describing the methodology adopted by them in arriving at and recommending the Share Exchange Entitlement Ratio (defined hereinafter) ("Valuation Report"); and
- 3) Fairness Opinion Report dated 14<sup>th</sup> August, 2019 (being addendum to the Fairness Opinion Report dated 30<sup>th</sup> May, 2019) prepared by VC Corporate Advisors Pvt Ltd, Merchant Banker ("Merchant Banker"), providing the Fairness opinion on the share entitlement ratio (defined hereinafter) recommended by the Valuer, MSKA & Associates, Chartered Accountants ("Fairness Opinion").

**B. Proposed Scheme of Amalgamation :**

4. The Audit Committee examined the draft Scheme of Amalgamation ("**Scheme**"), which *inter alia* provides for the following:
  - a) The Scheme of Amalgamation provides for amalgamation of Cimmco Limited (Transferor Company No. 1- a listed subsidiary of the Transferee) and Titagarh Capital Private Limited (Transferee Company No. 2- wholly owned subsidiary of the Transferee) with the Company, pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.
  - b) The Scheme upon being effective would help in achieving improved operational efficiency and optimum advantages, synergy in operations, optimum utilization of manpower through improved organizational capacity and leadership, strengthen the business by pooling in the resources, better economic control, increased financial strength and provide flexibility and enhanced ability of the amalgamated entity to undertake large projects, thereby contributing to enhancement of future business potential and overall be in the interest of and beneficial to all the stakeholders.
  - c) The Scheme shall come into operation from the Appointed Date as per Scheme, which is April 01, 2019.

Upon the scheme becoming effective,

1. The Transferee Company shall without any further act or deed issue and allot 13 (Thirteen) Equity Shares of Rs.2/- each fully paid up for every 24 (Twenty Four) Equity Shares of Rs.10/- each fully paid up held by the shareholders of the Transferor Company No.1 whose names

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appear in the register of members as on the Record Date (as defined in the Scheme).

2. Transferor Company No. 2: Titagarh Capital Private Limited (TCPL) being wholly owned subsidiary of the Transferee Company, no consideration is payable and the equity and preference shares held by the Transferee Company in TCPL shall, without further act or deed stand cancelled.
- d) Upon the Scheme becoming effective, all assets, liabilities, contracts, rights, obligations of the Transferor Companies shall stand transferred to the Transferee Company, as a going concern, with effect from the appointed date.
- e) The Scheme will become effective on obtaining all approvals and upon filing of the certified copy of the Order of the NCLT with the Registrar of Companies, as mentioned in the draft Scheme.
- f) The equity shares issued by the Company to the shareholders of the Transferor Company 1 pursuant to the Scheme are proposed to be listed on the Stock Exchanges in terms of the Scheme and the SEBI Circular.

**C. Recommendation of the Audit Committee :**

5. The Audit Committee, after due deliberation and consideration of the draft Scheme, the Valuation Report and the Fairness Opinion, as referred hereinabove, do hereby unanimously recommend the draft Scheme for favourable consideration by the Board of Directors of Titagarh Wagons Limited, the Stock Exchange(s) and Securities Exchange Board of India (SEBI).

Place: Delhi

Date: 14/08/2019

By Order of the Audit Committee  
For TITAGARH WAGONS LIMITED

D.N. Davar

Chairman of the Audit Committee

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