



VC CORPORATE ADVISORS PVT LTD.

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PRIVATE & CONFIDENTIAL

Dated: August 14, 2019

The Board of Directors Titagarh Wagons Limited 756, Anandapur, E. M. Bypass, Kolkata - 700 107	The Board of Directors Cimmco Limited 756, Anandapur, E. M. Bypass, Kolkata - 700 107
The Board of Directors Titagarh Capital Private Limited 756, Anandapur, E. M. Bypass, Kolkata - 700 107	The Board of Directors Titagarh Enterprises Limited 756, Anandapur, E. M. Bypass, Kolkata - 700 107

Dear Sir,

Sub: Proposed scheme for amalgamation of Cimmco Limited ("Cimmco" or "Transferor Company 1"), Titagarh Capital Private Limited ("TCPL" or "Transferor Company 2") Titagarh Enterprises Limited ("TEL" or "Transferor Company 3") (hereinafter collectively referred to as "Transferor Companies") into Titagarh Wagons Limited ("TWL" or "Transferee Company") with effect from 01 April 2019 ("Appointed Date").

Re: Addendum to Fairness Opinion dated May 30, 2019.

1. PURPOSE:

Please refer to the engagement letter dated May 24, 2019 appointing VC Corporate Advisors Private Limited ("**VCAPL**"), a SEBI Registered Category (I) Merchant Banker, to provide a Fairness Opinion on the recommendation of fair equity shares exchange ratio issued by MSKA & Associates, Chartered Accountants ("**Valuer**") vide their report dated May 30, 2019 ("**Valuation Report**") in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**"), for the proposed scheme of amalgamation of Transferor Companies with Transferee Company and their respective shareholders pursuant to sections 230-232 and other applicable provisions of the Companies Act, 2013 (hereinafter termed as "**Original Scheme**").

Pursuant to the same, we had issued the signed Fairness Opinion dated May 30, 2019 ("**Signed Fairness Opinion**") for the purpose of complying with the provisions of Section 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013, along with the applicable provisions of the Securities and Exchange Board of India ('SEBI') and Reserve Bank of India ('RBI').

SEBI AUTHORISED MERCHANT BANKERS



Further as per the letter dated August 13, 2019, the management of TWL is considering modification in the above-mentioned Original Scheme, salient features of which are as below:

Modification in the Original Scheme of Amalgamation

1.1. Following scheme of amalgamation was proposed ("**Original Scheme of Amalgamation**"):

- A. Cimmco Limited which is a subsidiary company of Titagarh Wagons Limited, was proposed to be merged with Titagarh Wagons Limited;
- B. Titagarh Capital Private Limited, which is a wholly owned subsidiary of Titagarh Wagons Limited, was proposed to be merged with Titagarh Wagons Limited, and;
- C. Titagarh Enterprises Limited, which is an associate company of Titagarh Wagons Limited, was proposed to be merged with Titagarh Wagons Limited.

It has been further discussed by the respective Board of Directors of the Companies and decided for modification.

1.2. As per the new scheme of amalgamation ("**Revised Scheme of Amalgamation**"), the management of TWL is not considering the merger of TEL with itself as mentioned in Point C above. Hence, as per the Revised Scheme of Amalgamation, the following is proposed:

- A. Cimmco Limited is proposed to be merged with Titagarh Wagons Limited, and;
- B. Titagarh Capital Private Limited is proposed to be merged with Titagarh Wagons Limited.

1.3. Hence, in relation to the above, we have been provided an addendum to Valuation Report dated August 14, 2019 issued by the Valuer and are requested to revisit our recommendation on the fair equity share exchange ratio as on April 1, 2019 ("**Valuation Date**"), after considering the Revised Scheme of Amalgamation. Hence, we are issuing this addendum to our Signed Fairness Opinion dated May 30, 2019.

2. SOURCES OF INFORMATION:-

The cut-off date for the valuation exercise has been considered as at April 1, 2019 ('**Valuation Date**'). For the purpose of fairness opinion, we have relied upon the following sources of information -

- a) Audited financial statements of the Transferee Company and Transferor Companies for the financial years ('FY') ended March 31, 2019, March 31, 2018 and March 31, 2017.
- b) Draft of the proposed Revised Scheme of Amalgamation between the Transferee Company and the Transferor Companies,
- c) Addendum to Valuation Report dated August 14, 2019 issued by the Valuer and related



workings.

- d) Such other information, documents, data, reports, discussions and verbal & written explanations from Transferors Companies and Transferee Company as well as advisors for proposed merger/ amalgamation, information available at public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

CONCLUSION: -

Based on the addendum Valuation Report, the Valuer has confirmed that the valuation exercise carried out earlier would remain unchanged, except for the preclusion of merger of TEL with TWL as per the Revised Scheme of Amalgamation.

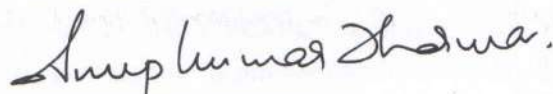
In light of the forgoing, we hereby certify that the share exchange / swap ratio as given below, recommended by the Valuer, for the proposed amalgamation of Cimmco and TCPL with TWL would be fair and reasonable:

For Equity Shareholders of Cimmco	For every 24 equity shares of face value INR 10 each fully paid up of Cimmco will get 13 equity shares of face value INR 2 each fully paid up of TWL.
For Equity Shareholders of TCPL	TWL shall not be required to issue any equity shares to the shareholders of TCPL, since the entire issued, subscribed and paid-up equity share capital of the TCPL is held by TWL.

We believe that this addendum Fairness Opinion must be considered as a whole, along with the Signed Fairness Opinion dated May 30, 2019.

Yours Faithfully,

For **VC CORPORATE ADVISORS PRIVATE LIMITED**



ANUP KUMAR SHARMA

(VICE PRESIDENT)

SEBI REGN No. INM0000011096

Place: Kolkata





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Dated: May 30, 2019

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Re: Fairness Opinion

1. PURPOSE:

Please refer to the engagement letter dated May 24, 2019 appointing VC Corporate Advisors Private Limited ("VCAPL"), a SEBI Registered Category (I) Merchant Banker, to provide a Fairness Opinion on the recommendation of fair equity shares exchange ratio issued by MSKA & Associates, Chartered Accountants ("Valuer") vide their report dated May 30, 2019 ("Valuation Report") in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular"), for the proposed scheme of amalgamation of Transferor Companies with Transferee Company and their respective shareholders pursuant to sections 230-232 and other applicable provisions of the Companies Act, 2013 (hereinafter termed as "Scheme").



SEBI AUTHORISED MERCHANT BANKERS

3. CAPITAL STRUCTURE

- (1) The share capital of Transferor Company No. 1 as on 31st March, 2019 is as follows:

Authorised Capital is Rs. 111,00,00,000 (Rupees One Hundred and Eleven Crores only) divided into 6,10,00,000 equity shares of Rs. 10/- each and 5,00,00,000 preference shares of Rs. 10/- each.

The issued, subscribed and paid up capital is Rs. 67,34,85,260/- (Rupees Sixty Seven Crores Thirty Four Lakhs Eighty Five Thousand Two Hundred and Sixty Only), divided into 2,73,48,526 equity shares of Rs. 10/- each fully paid up and 4,00,00,000 11% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each fully paid up.

- (2) The share capital of Transferor Company No. 2 as on 31st March, 2019 is as follows:

Authorised Capital is Rs. 46,00,00,000 (Rupees Forty Six Crores only) divided into 21,00,000 equity shares of Rs. 100/- each and 25,00,000 1% Non-Cumulative Compulsory Convertible Preference Shares of Rs. 100/- each.

The issued, subscribed and paid up capital is Rs. 40,00,00,000 (Rupees Forty Crores only) divided into 15,00,000 equity shares of Rs. 100/- each and 25,00,000 1% Non-Cumulative Compulsory Convertible Preference Shares of Rs. 100/- each fully paid.

- (3) The share capital of Transferor Company No. 3 as on 31st March, 2019 is as follows:

Authorised Capital is Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 equity shares of Rs. 10/- each.

The issued, subscribed and paid up capital is Rs. 25,75,00,000 (Rupees Twenty Five Crores and Seventy Five Lakhs only) divided into 2,57,50,000 equity shares of Rs. 10/- each fully paid up.

- (4) The share capital of the Transferee Company as on 31st March, 2019 is as under:

Authorised Capital is Rs. 228,10,00,000 (Rupees Two Hundred and Twenty Eight Crores and Ten Lakhs only) divided into 88,05,00,000 equity shares of Rs. 2/- each and 5,20,00,000 preference shares of Rs. 10/- each.

The issued, subscribed and paid up capital is Rs. 23,10,55,840/- (Rupees Twenty Three Crores Ten Lakhs Fifty Five Thousand Eight Hundred and Forty Only), divided into 11,55,27,920 equity shares of Rs. 2/- each fully paid up.

As on date, the authorized, issued, subscribed and paid-up capital of the Transferor Companies and the Transferee Company remains the same as stated hereinabove



4. RATIONALE FOR THE SCHEME

The Transferor Companies and Transferee Company belong to Titagrah Group.

All the entities are engaged in similar and ancillary businesses pertaining to manufacturing of wagons, transportation, warehousing and logistics etc.

Further, Transferor Company 1 and the Transferee Company both are listed which carry on similar line of businesses.

Hence, with a view to consolidate similar businesses under a single entity and to achieve simplified corporate structure by way of group reorganisation, the management has envisaged to undertake the amalgamation of the Transferor Companies in the Transferee Company under this Scheme.

The amalgamation of the Transferor Companies with the Transferee Company would *inter alia* have the following benefits:

- a) Help in achieving improved operational efficiency and optimum advantages and also to achieve greater efficiency and synergy in operations by combining the activities of the Transferor Companies with the Transferee Company;
- b) The amalgamated entity will benefit from optimum utilization of manpower through improved organizational capacity and leadership, arising from the combination of people from the Transferor Companies and Transferee Company which have diverse skills, talent, management expertise, enlarged knowledge base and vast experience to compete successfully in an increased competitive industry;
- c) The amalgamated entity shall reduce fixed costs by removing duplicate departments, operations and lower the cost of the Company relative to the same revenue stream and shall thus increase the profit margins.
- d) Under a liberalised, fast changing and highly competitive environment, the amalgamation shall strengthen the business of the Transferor Companies and the Transferee Company by pooling up the resources, business expertise, business processes and assets for common purpose and hence optimum utilization;
- e) The synergies that exist between the entities in terms of services and resources can be put to the best advantage of all stakeholders;
- f) The amalgamation will 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;



- g) Cost savings are expected to flow from more focused operational efforts, rationalisation, standardisation and simplification of business processes, productivity and improvements, improved procurement and the elimination of duplication and rationalization of administrative expenses.

The consolidation of the companies engaged in similar line of business in one entity, under a single centralized system of management, will result in the management being able to exercise greater control over the operations of the Companies. This will also result in the management being enabled to undertake any re-structuring /re-organization of the various business undertakings of the companies for the purposes of achieving optimum efficiency /and or to attract investments in the individual business undertakings of the Companies

5. SOURCES OF INFORMATION:-

The cut-off date for the valuation exercise has been considered as at April 1, 2019 ('**Valuation Date**'). For the purpose of fairness opinion, we have relied upon the following sources of information -

- a) Memorandum and Articles of Association of the Transferee Company and the Transferor Companies,
- b) Audited financial statements of the Transferee Company and Transferor Companies for the financial years ('FY') ended March 31, 2017 and March 31, 2018,
- c) Provisional financial statements of TWL, Cimmco, TCPL, TEL for the financial year ended March 31, 2019,
- d) Limited Review financial statements of TWL and Cimmco for nine months period ended December 31, 2018 which are submitted to NSE and BSE,
- e) Draft of the proposed Scheme of Amalgamation between the Transferee Company and the Transferor Companies,
- f) Equity Share Entitlement Ratio Report dated May 30, 2019 issued by the Valuer and related workings.
- g) Such other information, documents, data, reports, discussions and verbal & written explanations from Transferors Companies and Transferee Company as well as



advisors for proposed merger/ amalgamation, information available at public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

6. EXCLUSIONS AND LIMITATIONS:-

Our conclusion is based on the information furnished to us being, complete and accurate in all material aspects. We have relied upon the financials and the information and representations furnished to us and have not carried out any audit of such information.

We have not carried on any independent valuation or appraisal of any of the assets or liabilities of the companies.

Our work does not constitute verification of financials or including the working results of the companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

We assume no responsibility for updating or revising our opinion on the circumstances or events after the date hereof.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

CONCLUSION: -

We have reviewed the methodology used by the Valuer for arriving at the share entitlement ratio for the amalgamation of the Transferor Companies with the Transferee Company and also reviewed the working and underlying assumptions adopted to arrive at the values, for the purpose of recommending the share entitlement ratio as per the Report submitted by the Valuer.

In light of the forgoing and subject to the exclusions and limitations as detailed hereinbefore, we hereby certify that the share exchange / swap ratio as given below, recommended by the Valuer, for the proposed amalgamation of Cimmco, TCPL and TEL with TWL would be fair and reasonable:



For Equity Shareholders of Cimmco	For every 24 equity shares of face value INR 10 each fully paid up of Cimmco will get 13 equity shares of face value INR 2 each fully paid up of TWL.
For Equity Shareholders of TEL	For every 13 equity shares of face value INR 10 each fully paid up of TEL will get 11 equity shares of face value INR 2 each fully paid up of TWL.
For Equity Shareholders of TCPL	TWL shall not be required to issue any equity shares to the shareholders of TCPL, since the entire issued, subscribed and paid-up equity share capital of the TCPL is held by TWL.

Yours Faithfully,

For **VC CORPORATE ADVISORS PRIVATE LIMITED**

Anup Kumar Sharma

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(VICE PRESIDENT)

SEBI REGN No. INM0000011096

Place: Kolkata

