18/06/2019

The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, Bandra- Kurla Complex
Bandra (E), Mumbai- 400051
Scrip Code: TWL (EQ)

Sub: Clarification for Financial results - TWL

Madam/Sir(s),

We refer to your e-mail(s) dated 4th June, 2019 as well as 10th June, 2019 on the captioned subject and our reply on the same by letters dated 8th June, 2019 & 15th June, 2019 respectively

We thank you for the telephonic conversation with the undersigned on 17th June, 2019 followed by your email which provides clarity on what exactly is the clarification for Financial Results that is sought by you.

As required by you, we submit herewith the signed copy of the Statement of Impact on Audit Qualifications on the Consolidated Financial Results of the Company for the year ended 31st March, 2019.

With regard to the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to the Stock Exchange to that effect, for Standalone Financial Results, asked by you by the email dated June 10, 2019 we draw your kinds attention to our covering letter dated 30th May, 2019 accompanied by the Financial Results, wherein it is clearly mentioned that there was no qualified opinion expressed by the statutory auditors in their report on the Standalone Financial Results and hence the Statement of Impact on Audit Qualifications on the Standalone Financial Results not being applicable, the same is not attached.

Hope you will find the above in order. Please take the same on record.

Thanking you,
Yours faithfully,
for TITAGARH WAGONS LTD.

Dinesh Arya
Company Secretary

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results of Titagarh Wagons Limited – *Consolidated for the financial year ended March 31, 2019*

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sl. No.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications) (Rs in lakhs)**	**Adjusted Figures (audited figures after adjusting for qualifications) (Rs in lakhs) (Refer Note below)**
	1	Turnover / Total income (including other income)	176,414.33	176,414.33
	2	Total Expenditure (including tax expenses)	178,666.94	178,666.94
	3	Net Profit/(Loss) (attributable to Shareholders of the Company).	(2,852.31)	(2,852.31)
	4	Earning/(Loss) Per Share	(2.47)	(2.47)
	5	Total Assets	271,625.73	271,625.73
	6	Total Liabilities	182,746.02	182,746.02
	7	Net Worth (total equity)	88,879.71	88,879.71
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
	Note: Not applicable as impact of audit qualification cannot be quantified. Hence figures are same as reported before adjusting for qualifications.			
II.	**Audit Qualification**			
	a. **Details of Audit Qualification (as reproduced from the audit report)** "We draw your attention to Note 8 to the Statements regarding public shareholding in a the company being 20.512% as at March 31, 2019, which is below the minimum requirement of 25% under Rule 19A(2) of the Securities Contracts (Regulation) Rules, 1957. The consequential impact of the aforesaid non-compliance, if any, is presently not ascertainable."			
	b. **Type of Audit Qualification :** Qualified Opinion			
	c. **Frequency of qualification:** Appeared first time.			
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Impact not quantified by the auditors since the same is not ascertainable and therefore, not applicable.			
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**			
	(i) **Management's estimation on the impact of audit qualification:** Impact of audit qualification cannot be quantified.			
	(ii) **Management response and reasons for inability to estimate the impact:** The Scheme of Amalgamation of Titagarh Agrico Private (TAPL) with Cimmco Limited (Cimmco) was sanctioned by the Hon'ble National Company Law Tribunal (NCLT) and its order filed with MCA on 14/11/2017 and thereby the Scheme became effective from the said date. On 23/11/2017 Cimmco submitted the documents prescribed to the Stock Exchanges in compliance of the Part B as per the SEBI circular CIR/CFD/CMD/16/2015 dated 30/11/2015. As per the above referred circular the transferee company (Cimmco) is required to take steps for listing of its shares within 30 days of receipt of NCLT's order and therefore in order to comply with the said circular, Cimmco allotted 72,00,000 equity shares to Titagarh Wagons Limited ('TWL') (the only shareholder of TAPL) on 02/12/2017. Consequent to the above allotment, TWL's shareholding in Cimmco went up to 81.53%. Although the allotment was made on 02/12/2017 the said 72,00,000 equity shares could be credited to TWL's account only on May 25, 2018 after the requisite listing approvals were received. The Minimum Public Shareholding (MPS) of 25% in Cimmco was to be achieved within twelve months from the date it fell below 25%.			

The Offer for Sale (OFS) being an approved method, has two categories of investors to whom shares are offered : Non Retail and Retail in the allocation prescribed by the SEBI.

The promoter reached out to several institutional shareholders in regard to OFS, however considering the stock market conditions and financial performance of Cimmco, no commitment was forthcoming. Therefore, having thus waited for so much time when it was found that no firm demand was visible from the non-institutional shareholders, TWL decided to go ahead with the OFS.

At the time of first OFS proposed to be issued by the promoter a format of Notice of OFS provided by the stock exchange was used as per which 75% allocation was for Non-Retail and 25% for Retail investors. The first OFS was issued by TWL on 14/11/2018 and a total of 242,294 equity shares only were subscribed of which 78,186 shares by Non-Retail and balance 164,108 by Retail. Thus with this dilution, public shareholding went up from 18.47% to 19.36%.

The above OFS was followed up by the second OFS on 26/12/2018 and although there was a demand for 161365 equity shares from Non-Retail and 19,85,366 equity shares from Retail (the total thereof at 21,46,731 being substantially more than the number of equity shares required to be offered for achieving MPS), due to allocation mentioned in the notice of OFS i.e. 75% for Non-Retail and 25% for Retail, a total of 3,15,674 equity shares only were allowed to be taken up by all the investors. This resulted in public shareholding going up to 20.512%.

As advised by the lawyers, an application was made by the Company in December, 2018 to SEBI, BSE and NSE requesting for extension of time till September, 2019 for achieving MPS. The SEBI replied in January, 2019 that the SCRR did not empower SEBI to grant such extension.

It was decided to issue the third OFS in early May, 2019, however BSE has advised that the Promoter must wait for trading window to re-open before making the OFS.

The trading window is scheduled to re-open on June 01, 2019. The promoter is ready to make the third OFS in June, 2019.

In view of the above it is clear that the achievement of MPS still pending is due to factors beyond the control of the promoter/Cimmco.

(iii) **Auditors' Comments on (i) or (ii) above:**
Refer details of audit qualification [para II (a) above]

III

For Titagarh Wagons Limited

Anil Agarwal
Director (Finance) & CFO

For Titagarh Wagons Limited

Umesh Chowdhary
Vice Chairman & Managing Director
* Signed at Caserta, Italy

Atul Joshi
Chairman of Audit Committee

For Price Waterhouse & Co. Charterered Accountants LLP
ICAI Firm Registration No.: 304026E/E-300009
CHARTERED ACCOUNTANTS

per Pravin Agrawal
Partner
Membership No. 099903

Place: Kolkata
Date: May 30, 2019