TITAGARH

29th May 2018

1. National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400051
Scrip Code: TWL(EQ)

2. BSE Limited
Department of Corporate Services-CRD
1st floor, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai -400001
Scrip Code: 532966

Dear Sirs,

Re: Press Release

Please find enclosed the Press Release titled "Titagarh Wagons Limited reports its financial results for the Quarter and Year Ended 31st March, 2018".

This disclosure is made in compliance with Regulation 30 of SEBI (LODR) Regulations 2015.

Please take this on record.

Thanking you,

Yours faithfully
For Titagarh Wagons Limited

DINESH ARYA
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Date: 2018.05.29 23:22:40 +05'30'

Dinesh Arya
Company Secretary

PRESS RELEASE

Kolkata, May 29, 2018

Titagarh Wagons Limited today reported its financial results for the Quarter and Year Ended 31st March, 2018.

Order Book

The order book for the Indian operations stood at Rs.1165 crore as against Rs. 654 crore in the previous year

The order book for the overseas subsidiaries stood at Rs. 1345 crore against Rs. 1590 crore as at the end of previous year

Thus the consolidated order book stood at Rs.2510 crore as compared to Rs 2245 crore in the previous year

The Board of directors recommended a dividend of Rs.0.30/- per share subject to approval of the shareholders

Titagarh Wagons Limited Standalone and Consolidated Highlights

(Rs in lacs)

	Standalone				Consolidated			
	Q4 FY 18	**Q3 FY 18**	**FY 18**	**FY 17**	**Q4 FY 18**	**Q3 FY 18**	**FY 18**	**FY 17**
Revenue from Operations	6,720	8,716	31,652	37,034	30,141	27,398	127,144	173,919
Other Income	704	412	2,328	2,431	1,355	526	2,988	2,902
Total Income from operations	**7,424**	**9,128**	**33,980**	**39,465**	**31,497**	**27,924**	**130,132**	**176,821**
EBIDTA (before exceptional and one time provision)	**-603**	**1,133**	**2,083**	**4,226**	**-3,739**	**1,127**	**1,920**	**14,159**
EBIDTA %	**-8.98%**	**13.00%**	**6.58%**	**11.41%**	**-12.41%**	**4.11%**	**1.51%**	**8.14%**
Exceptional / One time provision*	-	-	-	-	-5,472	-3,134	-8,606	-450
PBT	-1,261	569	-79	2,631	-12,403	-4,282	-16,718	4,970
Reported PAT	-533	393	292	1,928	-9,734	-3,871	-14,362	2,690
Other Comprehensive Income	-22	10	-4	-14	1,252	-202	3,527	-1,224
Total Comprehensive Income	-555	403	288	1,915	-8,483	-4,073	-10,835	1,466

* Refer items covered in the discussion below

Key operating and financial highlights

Titagarh Wagons Limited (TWL)

- The overall turnover for the quarter and year ended 31st March 2018 was impacted mainly due to delay in release of bulk orders by Indian Railways due to which Company could not utilize its capacity for wagon manufacturing for major part of the year. However, the bulk order for 1147 wagons worth Rs. 270 crores has been received on 28th December, 2017, execution of which has started from the first quarter of FY18-19.
- TWL has successfully launched its first ship for the Indian Navy before time and is privileged to be a significant part of the Make in India campaign. The construction work of the remaining three ships from Indian Navy and National Institute of Ocean Technology (NIOT) is progressing satisfactorily and is ahead of the schedule.

Cimmco Limited (Cimmco)

- Revenue from operations increased to Rs 32 crores from Rs 16 crores in the previous quarter and Rs 135 crores from Rs 128 crores in the financial year.
- During the year, there was delay in release of bulk orders by Indian Railways due to which Cimmco did not have wagon orders for major part of the year. However, the bulk order for

1191 wagons worth Rs. 286 crores has been received on 28th Dec 2017, execution of which has started from the first quarter of FY18-19.

- Cimmco is L1 in a contract for supply of BTPGLN wagons to Bharat Petroleum Corporation Limited. The approximate value of the tender is Rs 90 crores.
- The results of Cimmco include an exceptional item for the quarter and year and ended 31st March 2018 amounting to Rs. 614.12 lacs towards impairment of Plant and Machinery and Intangible assets of Tractor business acquired by Cimmco through merger of Titagarh Agrico Private Limited.
- Merger of subsidiary engaged in the manufacture of Tractors has been completed and effect of the same given in the books of accounts of Cimmco.
- The order book of Cimmco as at the close of the year was Rs. 415 crore, the execution of which would commence in the Q1 of FY 19 and would be completed in FYE 31/03/2019.

Titagarh Firema SpA, Italy (TFA)

The summary of the financial results of the TFA which has been consolidated in the above results are as under:

Rs in lacs

	Quarter			Year End	
As per IND AS	**Q4 FY 18**	**Q3 FY 18**	**Q4 FY 17**	**FY 1718**	**FY 1617**
Revenue from Operations	12,145	11,890	45,424	58,031	101,079
EBIDTA (before one time provision)	(405)	563	2,719	3,322	8,685
EBIDTA %	**-3.34%**	**4.74%**	**5.99%**	**5.72%**	**8.59%**
One time provision*	-4,963	-3,134	-	-8,097	-
Reported PAT	-5,232	-3,135	1,127	-8,023	3,313

* Refer note below on one time provision

- TFA's EBIDTA of 5.72% during the FY 2017-18 as against 8.59% in the previous year is basically due to execution of low margin orders inherited alongwith the acquisition of business. These are contracts with very low or negative margins which were a part of the acquisition agreement.
- One time provision in FY 2017-18 during the current and previous quarters represents the following:
    - Rs. 3,133.91 lacs (Euro 4.21 million) for Q3 represents one-time provision/write off of losses incurred on account of re-estimation of certain long term contracts that were inherited alongwith the acquisition of the business from the seller, Firema Trasporti SA (FAS).
    - The auditors in their quarterly results for Q3 had also commented upon the non-provisioning of estimated penalties amounting to Rs 4,963.29 lacs (Euro 6.58 million) likely to arise due to expected delay in supply of trains against contracts that were inherited. Considering the various circumstances that led to the delay, while Management is in active negotiation with the customer to renegotiate and reduce the total amount of this penalty, and the final amount will be known on conclusion of the negotiation, however, as a matter of prudence and abundant precaution necessary provision towards the above penalties has been made in the books of accounts during the quarter ended March 31, 2018 and thereby the financial statements are without any qualified opinion of the auditors in this regard.
- After considering these one-time provision and the actual consideration paid, the total cost of acquisition is substantially lower than the fair value of the fixed assets (as carried out by independent valuers) and by and large as per the original estimates made at the time of acquisition.
- The order book of TFA as 31st March 2018 was Euro 138 million. The company has booked new orders after acquisition amounting to Euro 168 million out of which Euro 76 million is now

under execution and the balance has been successfully executed. Out of the inherited contracts of Euro 225 million, Euro 163 million has been successfully executed and the balance of Euro 62 million is under execution.

- The total equity infusion by Titagarh Wagons Limited- the parent Company till date is Euro 25 million and the working capital deployed in the form of direct loan from the bank and shareholder's loan is Euro 41 million. The cash and cash equivalent including balance with government authorities and deposits against tenders/contracts with customers is Euro 25 million as on 31st march 2018.
- TFA has participated/ is prequalified for several tenders in tenders in Europe and other parts of the world and is pursuing them. The total value of the tenders participated or in the process is almost Euro 2 billion.

Titagarh Wagons AFR, France (TWA)

- TWA achieved sales of Rs. 75 crores and Rs 286 crores during the quarter and year ended 31st March 2019, as against Rs.84 crores and Rs 273 crores in the previous quarter and year ended respectively.
- TWA has reported a loss before tax of Rs 24 crores for the quarter and Rs 44 crores for the year ended 31st March 2018
- The sales and profitability of TWA was impacted due to the following:
    - technical problem in the bogies which hampered production during the year. The problem has since been resolved and the production has resumed.
    - Revenue from operations includes 33% of the revenue with negative margins taken by TWA in order to regain entry into stainless steel wagons market. The order has been fully executed during the year. TWA is now working on several strategies to bring down the cost of production of the above wagons in order to have better margins.
- The order book of the Company as on 31st March 2018 stands at Euro 24 million.

Management comments:

Mr. Umesh Chowdhary, Vice Chairman & Managing Director:

The last quarter and the year ended FY 2017-18 has been a particularly difficult year for our European operation. While Titagarh Firema (Italy) saw impact of issues mainly arising out of legacy contracts and resultant extraordinary losses, Titagarh AFR (france) had some technical problems with the bogies and a couple of onerous contracts which adversely impacted the operations during the year. The steps taken to bring back the European operations to normalcy have been taken and we expect that the situation will show a definite improvement in FY19 and should be able to get back to normalcy in the year after. The order book of titagarh Italy is Euro 138 mln and titagarh france is Euro 24 mln

The Indian operations suffered on account of subdued orders which has changed in the last few months. The combined order book of the Indian operations were Rs 1165 crores as against Rs 654 crores this time last year (twl Rs 750 crores and Cimmco Rs 415 crores and the Indian operation are expected to show a substantial improvement in FY19"

Following successful launch of the first ship for Indian Navy a few days back and three more planned in the next few months, the Company expects to take its contribution to Make in India endeavours forward by seizing a huge opportunity in the passenger coach and metro segment and will be actively participating in all the tenders that are expected to be launched in India. TFA with its robust design and technology strength would enable the Company to play key role in Passenger Rolling Stock segment.

DINESH ARYA

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Disclaimer

Statements in this press release describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in or due to the environment, Government regulations, laws, statutes, judicial pronouncements and/or other incidental factors.