



9th June, 2018

National Stock Exchange of India Limited
Exchange Plaza Bandra-Kurla Complex
Bandra (E), Mumbai-400051

Kind Attn.: Mr. Kautuk Upadhyay, Chief Manager

Ref.: Your letter No. NSE/LIST/FR/6675 dated 30-May-2018 read with email dated 05 June 2018

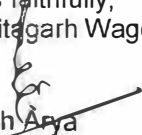
Sub.: Non-compliance as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

We refer your letter no. NSE/LIST/FR/6675 dated 30-May-2018 read with email dated 05 June 2018 on the captioned subject, and submit the signed copy of the Statement on Impact of Audit Qualifications (for audit report with modified opinion) along-with Annual Audited Financial Results of the Company – Consolidated for the financial year ended March 31, 2018. The Company had earlier submitted the declaration for no audit qualification on the Standalone Financial Results by its letter dated 29th May, 2018 to the Stock Exchange.

Please take the above on record.

Thanking you,
Yours faithfully,
For Titagarh Wagons Limited


Dinesh Arya
Company Secretary

Encl.: As above.

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

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, 2018

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [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 lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs in lacs) (Refer Note below)
	1	Turnover / Total income (including other income)	130,131.70	130,131.70
	2	Total Expenditure (including tax expenses)	144,855.13	144,855.13
	3	Net Profit/(Loss) (attributable to Shareholders of the Company)	(14,362.26)	(14,362.26)
	4	Earnings / (Loss) Per Share	(12.44)	(12.44)
	5	Total Assets	271,959.62	271,959.62
	6	Total Liabilities	180,136.76	180,136.76
	7	Net Worth (total equity)	91,822.86	91,822.86
	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 attention to Note 7(a) to the consolidated Ind AS financial statements regarding certain claims lying in the books of a subsidiary of the Holding Company amounting to Rs. 854.81 lacs (Rs. 854.81 lacs as at March 31, 2017) net of expected credit loss of Rs. 3,097.53 lacs (Rs. 3,097.53 lacs as at March 31, 2017), which has been considered good and recoverable by the management. Pending outcome of subsidiary company's appeal against the arbitration order and final decision of the Hon'ble High Court of Delhi, we are unable to comment on the recoverability of the above, and its consequential impact on these consolidated Ind AS financial statements.			
	b. Type of Audit Qualification : Qualified Opinion			
	c. Frequency of qualification: Was Emphasis of matter for FYE 2011-12, and qualification for FYE 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Impact not quantified by the auditors 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: Rs. 854.81 lacs (as at March 31, 2017 –			

Rs 854.81 lacs) (Rs 759.83 lacs as at March 31, 2016), net of expected credit loss amounting to Rs. 3097.53 lacs recoverable from Indian Railways on account of difference of lease rental for the wagons leased to Indian Railways:

In the year 1997-98 the Company (Cimmco) had entered into 3 separate sub-lease rental agreements with Indian Railways (IR) for lease to IR of 1200 wagons for a primary period of 10 years. However, owing to changes in the rate of Income Tax as well as the depreciation rate as per the Income Tax Act, the sub-lease rentals payable by IR to Cimmco in terms of the sub-lease agreements were impacted and IR, on a misinterpretation of the relevant clause in the sub-lease agreements, did not release the differential sub-lease rental to the Company. Although the issues were clarified, IR continued to withhold the differential payment and being compelled by non-recovery of its dues Cimmco invoked the Arbitration Clause and referred the matter to Arbitration on 27/10/2004. Due to the erosion of the net worth of Cimmco as at 30.06.2000 and Cimmco having become sick, the operations of Cimmco were suspended/closed with effect from 13.11.2000. As such, only a skeleton staff/personnel were available in Cimmco to actively pursue the matter. This led to lack of attention to the arbitration in the matter for a long time.

Cimmco has been aggressively pursuing with the Arbitration Tribunal to expeditiously complete the Arbitration proceedings which had been kept in abeyance for the parties to explore the possibilities of amicable settlement. However, since the Tribunal did not fix further dates of hearing, a petition was filed before the Hon'ble High Court of Delhi on 14th August, 2014 seeking reconstitution of the Arbitration Tribunal. The matter was heard on 22nd August, 2014, however the Tribunal recommenced the proceedings and arguments have been concluded on May 2, 2015. Thereafter, the Tribunal has fixed September 7, 8 and 9, 2015 for making and publishing the award. The Tribunal passed an award on 03/02/2016 whereby the Company's claims were rejected. Being aggrieved by the award the Company has filed an appeal under section 34 of the Arbitration & Conciliation Act, 1996 (as amended) before the Hon'ble High Court, Delhi on 29/04/2016 and the matter was heard on 02/06/2016 when the Court directed issue of the notice to Indian Railways. The matter was last heard on 17/05/2018 when an adjournment was requested by Indian Railways on ground of their Counsel being unwell. Matter has been directed to be listed on 29.08.2018.

Cimmco is convinced of merit of the case. The management is hopeful of getting a favourable order from the Hon'ble High Court, Delhi for recovery of the amount and hence this amount has been considered good of recovery.

(iii) Auditors' Comments on (i) or (ii) above:

Refer details of audit qualification [para II (a) above]

III

For Titagarh Wagons Limited


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


Anil Agarwal
Chief Financial Officer


D N Davar
Chairman of Audit Committee

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


Anil Mukerji
Partner
Membership No.056155

Place: Kolkata

Date: May 29, 2018