



26th 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 FIREMA SpA- Subsidiary of Titagarh Wagons Limited declares Financial Results for FY 2017-18”.

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
Company Secretary

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

**TITAGARH FIREMA SpA- Subsidiary of Titagarh Wagons Limited
declares Financial Results for FY 2017-18**

Kolkata, May 26, 2018

Titagarh Firema SpA, Italy (TFA), a wholly owned subsidiary of Titagarh Wagons Limited (the Company), at its meeting on 25th May, 2018 approved the annual financial statement prepared for the purpose of consolidation into the financial statements of the Company. The financial highlights of the subsidiary during the year are as under:

| As per IND AS | Quarter | | | In Euro mln Annual | |
|-----------------------------------|----------|----------|----------|-----------------------|---------|
| | Q4 FY 18 | Q3 FY 18 | Q4 FY 17 | FY 1718 | FY 1617 |
| Revenue from Operations | 15.16 | 15.40 | 62.47 | 76.93 | 137.33 |
| EBIDTA (before onetime provision) | (0.55) | 0.69 | 3.74 | 4.46 | 11.80 |
| EBIDTA % | -3.63% | 4.50% | 5.99% | 5.80% | 8.59% |
| One time Provision* | 6.58 | 4.21 | - | 10.79 | - |
| Reported PAT | (6.88) | (4.23) | 1.55 | (10.64) | 4.50 |

*Refer note below on one time provision

Key operating and financial highlights

- TFA 's EBIDTA of 5.80% during 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 quarter represents the following:
 - 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 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 orders worth Euro 76 million are 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 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.

Management comments:

Mr. Umesh Chowdhary, Vice Chairman & Managing Director said:

"The Italian operations have been adversely affected on account of certain losses relating to the contracts inherited during the acquisition and potential penalties on account of delays on the inherited contracts. Most of these delays were due to the difficult nature of the contracts as these were pending execution for almost 10 years and many changes in designs and market landscape happened in the interim period. The products of the company have a great potential in India in view of planned investments in the metro and modern trains and also globally, there are adequate opportunities. The biggest challenge for TFA is to build up a good order book and with the tenders in the pipeline, we are very hopeful to clinch some of them. This along with a host of other improvements that have been planned, and completing the execution of the old unfavourable contracts, we are very confident that TFA will become a strong and profitable part of the Titagarh Group apart from being a strategically adding value to the Group's strategy for the Indian passenger train market"

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.