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TITAGARH WAGONS LIMITED

Titagarh Towers

756, Anandapur, E M Bypass, Kolkata 700 107

Phone: 91 33 4019 0800, Fax: 91 33 4019 0823

CORPORATE INFORMATION*

Board of Directors

Shri J P Chowdhary	<i>Executive Chairman</i>
Shri Umesh Chowdhary	<i>Vice Chairman and Managing Director</i>
Shri D N Davar	<i>Independent Director</i>
Shri Manoj Mohanka	<i>Independent Director</i>
Shri Sunirmal Talukdar	<i>Independent Director</i>
Shri Shekhar Datta	<i>Independent Director</i>
Shri Sudipta Mukherjee	<i>Wholtime Director</i>
Smt. Rashmi Chowdhary	<i>Non-Executive Director</i>
<hr/>	
Shri Anil Kumar Agarwal	<i>Chief Financial Officer</i>
Shri Dinesh Arya	<i>Company Secretary</i>

Audit Committee

Shri D N Davar	<i>Chairman</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Sunirmal Talukdar	<i>Member</i>

Stakeholders' Relationship Committee

Shri Manoj Mohanka	<i>Chairman</i>
Shri Umesh Chowdhary	<i>Member</i>
Shri Sunirmal Talukdar	<i>Member</i>

Auditors

S R Batliboi & Co. LLP
Chartered Accountants, Kolkata

Bankers

AXIS Bank Limited
Citi Bank
HSBC Limited
ICICI Bank Limited
IDBI Bank Limited
Indusind Bank Ltd.
State Bank of India
Syndicate Bank
Yes Bank Limited
Standard Chartered Bank
RBL Bank Limited

Nomination & Remuneration Committee

Shri D N Davar	<i>Chairman</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Shekhar Datta	<i>Member</i>
Shri J P Chowdhary	<i>Member</i>

Corporate Social Responsibility Committee

Shri D N Davar	<i>Chairman</i>
Shri J P Chowdhary	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>
Smt. Rashmi Chowdhary	<i>Member</i>

Registrar & Transfer Agent (RTA)

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad 500 032
Phone : 91 40 6716 2222, Fax : 91 40 2300 1153
Email for Investors : einward.ris@karvy.com

Registered & Corporate Office

Titagarh Towers
756, Anandapur, E M Bypass, Kolkata 700 107
Phone: 91 33 4019 0800, Fax: 91 33 4019 0823
Email: investors@titagarh.in
Website: www.titagarh.in

* As on 19th May, 2017



TITAGARH WAGONS LIMITED

Titagarh Towers

756, Anandapur, E M Bypass, Kolkata 700 107

Phone: 91 33 4019 0800, Fax: 91 33 4019 0823

NOTICE

NOTICE is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the members of **TITAGARH WAGONS LIMITED** ("the Company") will be held at Manovikas Kendra, 482, Madudah, Plot I-24, Sector-J, E M Bypass, Kolkata-700107 (Landmark: Near Ruby Hospital) on Monday, the 31st July, 2017 at 10.00 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2017, the consolidated financial statement for the said financial year and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Sudipta Mukherjee (DIN: 06871871), Wholetime Director, who retires by rotation and, being eligible, offers himself for re-appointment.
4. **To appoint Auditors and fix their remuneration by passing, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants (FRN 304026E/E-300009), be and is hereby appointed as the Statutory Auditors of the Company (in place of S. R. Batliboi & Co LLP, Chartered Accountants, retiring due to mandatory rotation of Auditors) for a term of five consecutive years commencing from the financial year ending March 31, 2018 to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty-fifth AGM of the Company subject to ratification of their appointment by the members at every subsequent AGM and the Board of Directors be and is hereby authorized to fix their remuneration plus other applicable expenses in connection with Statutory Audit and/or continuous audit and such other remuneration, as may be decided to be paid by the Board/Committee of the Board for performing

duties if any other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

SPECIAL BUSINESS:

5. **To approve the re-appointment of Shri J.P. Chowdhary, Executive Chairman for a term of five years and in this regard to consider and if thought fit to pass, with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments(s) thereof for the time being in force) and pursuant to Article 28 of Articles of Association of the Company and the recommendation of the Nomination and Remuneration Committee (NRC), the Audit Committee and as decided by the Board at their respective meetings held on 14th December, 2016, the consent of the members of the Company be and is hereby accorded to the re-appointment of Shri Jagdish Prasad Chowdhary (DIN: 00313685) as Chairman and Managing Director (designated as 'Executive Chairman') of the Company for a term of 5 (five) years w.e.f. 8th January, 2017 on the terms and conditions, including remuneration and in the event of inadequacy of profits or loss, minimum remuneration, as recommended by the NRC and set out in the explanatory statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors be and

is hereby authorised to alter or vary the remuneration of Shri J.P. Chowdhary, Executive Chairman including the monetary value thereof, to the extent recommended by the NRC from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Act and do all necessary acts, deeds and things, which may be considered necessary or expedient to give effect to the aforesaid Resolution.”

6. **To approve the change in minimum remuneration of Shri Umesh Chowdhary, Vice Chairman and Managing Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution :**

“RESOLVED THAT pursuant to the provisions of Sections 196,197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act) (including any statutory modification(s) or re-enactments(s) thereof for the time being in force) and pursuant to Article 28 of Articles of Association of the Company and the recommendation of the Board, the Audit Committee and Nomination and Remuneration Committee (NRC) at their respective meetings held on 14th December, 2016, the consent of the members of the Company be and is hereby accorded to change in minimum remuneration to ₹240 lakhs (Rupees Two Crore Forty Lakhs) per annum of Shri Umesh Chowdhary (DIN: 00313652), Vice Chairman & Managing Director (VCMD) of the Company w.e.f. 1st January, 2017 in the event of inadequacy of profits or loss during the remaining period of his term ending on 30th September, 2020.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the scope of remuneration of Shri Umesh Chowdhary, VCMD including the monetary value thereof, to the extent recommended by the NRC from time to time as may be considered appropriate, subject to the overall limits specified by these resolutions and the Act and do all necessary acts, deeds and things, which may be considered necessary or expedient to give effect to the aforesaid Resolutions.”

7. **To approve the payment of remuneration to Shri Umesh Chowdhary, Vice Chairman and Managing Director, from Titagarh Singapore Pte. Limited, Singapore, a wholly owned subsidiary and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section

188 and other applicable provisions of the Companies Act, 2013 (‘the Act’) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactments(s) thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to Shri Umesh Chowdhary (DIN: 00313652), Vice Chairman and Managing Director (VCMD) of the Company to draw remuneration of a sum which taken together with the remuneration drawn by Shri Umesh Chowdhary as VCMD of the Company shall not exceed the minimum remuneration in accordance with the provisions of Schedule V to the Act as approved by the members of the Company, from Titagarh Singapore Pte. Limited, Singapore, a wholly owned subsidiary of the Company, deemed to be office or place of profit within the meaning of section 188 of the Act.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the scope of remuneration of Shri Umesh Chowdhary, VCMD including the monetary value thereof, to the extent recommended by the NRC from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Act and do all necessary acts, deeds and things, which may be considered necessary or expedient to give effect to the aforesaid Resolutions.”

8. **To ratify the Remuneration of Cost Auditor and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹2,00,000 (Rupees Two Lacs only) plus taxes as may be applicable and reimbursement of reasonable out of pocket expenses as may be actually incurred by the firm, payable to M/s. M. R. Vyas and Associates; Cost Accountants (Registration No. 2032) of D-219, Vivek Vihar, Phase-I, New Delhi- 110095 appointed by the Board as Cost Auditors of the Company for the financial year 2017-18 be and is hereby ratified.”

9. **To approve continuing contract/arrangement with Cimmco Limited and in this regard to consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder and pursuant

to the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other enabling/applicable provisions of law as may be applicable and subject to such approvals, consents, permissions of the authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract or arrangement or Continuing Contract/Arrangement for purchase/sale of materials and/or supply of services between Cimmco Limited, subsidiary Company (Cimmco) and the Company from time to time during three financial years ending on the 23rd May, 2020 with an estimated ceiling of ₹60 crores per financial year and on the terms and conditions as may be mutually agreed upon between the Board of Directors of Cimmco and the

Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Registered Office:
756, Anandapur
E M Bypass, Kolkata -700107
19th May, 2017

Dinesh Arya
Company Secretary

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Members /Proxies/Authorised representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting. Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).
- The Register of Members and Share Transfer Register shall remain closed with effect from Monday, July 24, 2017, to Monday, July 31, 2017 (both days inclusive) for the purpose of determining the members eligible for dividend, if declared at the Meeting.
- Members are requested to note that dividends not encashed/claimed, and warrants for fractional entitlements of shares within seven years from the date of declaration of dividend/IPO will, as per Section 124 of the Act, be transferred to Investor Education and Protection Fund (IEPF). Members concerned are requested to refer carefully to the provisions

of Sections 124(6) and 125 of the Act. Please browse the link <http://www.titagarh.in/investor.php> for the list of shareholders whose unclaimed dividend for the financial year ended March 31, 2010 is due for transfer to IEPF in September, 2017.

- The Company shall also display full text of these communications/documents/reports at its website **www.titagarh.in** and physical copies of such communications/documents/Annual Reports will be made available at the Registered Office of the Company for inspection by the shareholders during the office hours on working days.

Please note that as a member of the Company upon receipt of your request, you will be entitled to receive free of cost, copy of such communications/ documents/Annual Reports and all other documents required to be attached thereto.

In case you desire to receive the documents mentioned above in physical form, please write to us at investors@titagarh.in quoting your Folio No./Client ID and DP ID.

All those members who have not registered their e-mail addresses or are holding shares in physical form are requested to immediately register their e-mail addresses with NSDL/CDSL along with Folio No. /Client ID and DP ID.

- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.

7. Details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR') with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
8. Electronic copy of the Annual Report for 2017 is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2017 is being sent in the permitted mode.
9. Electronic copy of the Notice of the 20th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 20th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
10. Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report for 2017 will also be available on the Company's website www.titagarh.in for download. The physical copies of the aforesaid documents will also be available at the Company's Registered/Corporate Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@titagarh.in.
11. Voting through electronic means:
 - a. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of LODR, the company is pleased to provide members the facility to exercise their vote through remote e-voting in respect of the resolutions proposed to be passed at the ensuing Annual General Meeting (AGM) by using the electronic voting facility provided by the Karvy Computershare Private Limited.
 - b. The remote e-voting period commences at 9:00 a.m. on Thursday, the 27th July, 2017 and ends at 5:00 p.m. on Sunday, the 30th July, 2017. The remote e-voting module shall be disabled by Karvy for voting thereafter.
 - c. During the remote e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. Monday, the 24th July, 2017 may cast their vote electronically.
 - b. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - e. Voting rights of the member shall be in proportion to their respective shareholding as on the cut-off date i.e. Monday, the 24th July, 2017.
 - f. The facility for voting through polling paper shall be made available at the AGM and members attending the meeting who have not cast their vote by remote e-voting shall be eligible to exercise their right to vote at the meeting through polling paper.
 - g. The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - h. Any person who acquires shares of the Company and becomes a member of the Company after the dispatch of this Notice and holds shares as on the cut-off date i.e. Monday, the 24th July, 2017 should follow the instructions for e-voting as mentioned below for FIRST TIME USER. In case of any queries, the shareholder may also contact the Registrar & Transfer Agent.
 - i. The Board of Directors has, at its meeting held on 19th May, 2017, appointed Sushil Goyal & Co; Company Secretaries as the scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
 - j. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through ballot paper.
 - k. The Instructions for Shareholders voting electronically are as under:
 - A. In case a Member receiving an email of the AGM Notice from Karvy [for Members whose email IDs are registered with the Company/ Depository Participant(s)] :

- i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii) Enter the login credentials (i.e., User ID and password mentioned below). Event No. followed by Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii) After entering these details appropriately, click on "LOGIN".
 - iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v) You need to login again with the new credentials.
 - vi) On successful login, the system will prompt you to select the "EVENT" i.e., Titagarh Wagons Limited.
 - vii) On the voting page, you may select the option, 'Yes' or 'No' as desired. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
 - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - x) You may then cast your vote by selecting an appropriate option and click on "Submit"
 - xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
 - xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: csskgoyal@gmail.com with a copy marked to evoting@karvy.com . The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."
 - xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 24th July, 2017, may write to the Karvy on the email Id: evoting@karvy.com or to Ms. Shobha Anand, Contact No. 040-67162222, at [Unit: Titagarh Wagons Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Depository Participant(s)]:
 - i) User ID and initial password as provided at the bottom of the Attendance Slip :
 - ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
 - C. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).
 - D. The Scrutinizer shall, after the conclusion of the AGM, first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least 2 (Two) witnesses not in the employment of the Company. The Scrutinizer shall, within a period of not more than three days from the conclusion of the AGM, prepare a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, and submit to the Chairman or any person authorised by him in writing, who shall countersign the same and declare the results of the voting.

- E. The results so declared along with Scrutinizer's Report shall be placed on the website link : <https://evoting.karvy.com> and subject to the receipt of requisite number of votes, the resolution set out in the Notice shall be deemed to be passed on the date of the Annual General Meeting. The results shall also be forwarded to the BSE and NSE.
12. Members are requested to preferably send their queries to the Registered Office at least 7 days before the date of the Annual General Meeting.
13. The documents pertaining to all the special businesses set out in the Notice are available for inspection at the Registered Office of the Company during 10.30 A.M. to 1.00 P.M. on all working days.
14. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
15. Route-map to the venue of the meeting is provided at the end of the Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ('the Act')

Items No. 5 & 6

Reappointment and remuneration of Shri J P Chowdhary, Executive Chairman and Shri Umesh Chowdhary, Vice Chairman & Managing Director were approved by the members at the Annual General Meetings held on 15/09/2012 and 24/09/2015 respectively.

The Board, pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) and the Audit Committee in their respective meetings held on 14th December, 2016 had accorded its approval to the reappointment of Shri J P Chowdhary as the Executive Chairman (EC) of the Company for a further period of 5 (five) years w.e.f. 8th January, 2017 and the change in minimum remuneration of Shri Umesh Chowdhary, Vice Chairman & Managing Director (VCMD), to ₹240 lakhs (Rupees Two Crore Forty Lakhs) w.e.f. 1st January, 2017 in the event of inadequacy of profits or loss during the remaining period of his term ending on 30th September, 2020.

Shri J P Chowdhary at present draws remuneration as contained in the service agreement dated 14th December,

2016 i.e. Salary- Basic: ₹12,00,000/-, HRA: 60% of Basic and Special Allowance: ₹80,000 per month, plus perquisites and Performance Bonus such that aggregate of Salary, Perquisites and Performance Bonus shall not exceed 5% of net profit of the Company computed in the manner prescribed under the Act. Shri Umesh Chowdhary at present draws remuneration as contained in the supplemental service agreement dated 14th December, 2016 i.e. Salary- Basic: ₹12,00,000/-, HRA: 60% of Basic and Special Allowance: ₹80,000 per month plus perquisites and Performance Bonus such that aggregate of Salary, Perquisites and Performance Bonus shall not exceed 3.5% of net profit of the Company computed in the manner prescribed under the Act. In the event of inadequacy or loss during the tenure of the aforementioned managerial personnel, they would be paid the minimum remuneration equivalent to monthly fixed remuneration or such other higher amount as may be stipulated by the provisions of the Act. The other terms and conditions in detail are contained in their respective Service Agreements to be placed before the meeting and also available for inspection as stated hereinafter.

Shri J P Chowdhary at 77 years has vast experience of about 55 years in railway sector/heavy engineering industry and besides being the promoter of Titagarh Group has been the driving force behind the Company and Group's growth. In order to avail of the excellent and proven leadership of Shri J P Chowdhary, it would be in the interest of the Company to reappoint him as Executive Chairman as set out at Resolution No. 5.

A copy each of the aforesaid agreements dated 14th December, 2016 are available for inspection at the registered office of the Company till the date of the 20th AGM and a copy thereof shall be provided to a member upon request.

The remuneration payable to Shri J P Chowdhary and Shri Umesh Chowdhary respectively is in accordance with the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.

The Directors recommend passing of the aforesaid Special Resolutions.

None of the Directors or key managerial personnel or their relatives, except Shri J P Chowdhary and Shri Umesh Chowdhary and their relatives are concerned or interested respectively in the said Resolutions.

Details pursuant to Schedule V to the Companies Act, 2013

I. GENERAL INFORMATION				
Name	Shri J P Chowdhary		Shri Umesh Chowdhary	
Nature of industry	Rail Rolling Stock, Defence, Heavy Engineering and Infrastructure			
Date or expected date of commencement of commercial production	Existing Company, already commenced from 11/07/1997			
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Existing Company - Not Applicable			
Financial performance based on given indicators	₹in Lakhs			
		2016-17	2015-16	2014-15
	Sales	37033.60	32585.61	37613.73
	Net Profit	1928.37	(898.18)	985.71
Foreign investments or collaborators, if any	The Company has invested in wholly owned/subsidiaries namely, Titagarh Singapore Pte. Limited ₹11149.35 Lakhs and Titagarh Wagons AFR: ₹2864.60 lakhs and in its subsidiary Titagarh Firema Adler SpA ₹127.75 Lakhs as at 31st March, 2017.			
II. INFORMATION ABOUT TWO MANAGERIAL PERSONNEL				
Name	Shri J P Chowdhary		Shri Umesh Chowdhary	
Background details	Shri J P Chowdhary aged about 77 years is an industrialist with 55 years' experience in railways sector/heavy engineering industry.		Shri Umesh Chowdhary, aged 42 years, has 24 years' experience in railway wagons/heavy engineering industry.	
Past remuneration	5% of the net profits per annum including fixed components of Salaries & allowance ₹20 Lacs per month and the balance by way of commission at the end of financial year.		3.5% of the net profits per annum including fixed components of Salaries & allowance ₹20 Lacs per month and the balance by way of commission at the end of financial year.	
Recognition or awards	Shri J P Chowdhary has been awarded by various Institutions like Confederation of Indian Industry (CII), Calcutta Management Association and All India Management Association. He also served as Sheriff of Kolkata in 1995.		Shri Umesh Chowdhary is Honorary Consul of Switzerland and bestowed National Order of Merit ("Chevalier du Ordre National du Mérite") by the French Republic.	
Job profile and his suitability	Shri J P Chowdhary is known as a turnaround expert having rehabilitated sick companies with his astute leadership and has vast experience as an Industrialist. He was re-appointed Executive Chairman for a term of five years w.e.f. 08.01.2012.He is also the Executive Chairman of Cimmco Ltd., the company's subsidiary. Shri J P Chowdhary has been providing exemplary leadership.		He has been on the Board of the Company since incorporation and played a key role in the growth of the Company under guidance of the Executive Chairman. He has been re-appointed as Managing Director and designated as Vice Chairman and Managing Director on 1st October, 2015 for a period of five years.	

Remuneration proposed	<p>The existing remuneration for EC and VCMD not aggregating 5% and 3.5% respectively to continue.</p> <p>Minimum Remuneration: Where in any financial year during the respective term of Shri J P Chowdhary and Shri Umesh Chowdhary, the Company has no profits or its profits are inadequate, the Company will pay minimum remuneration equivalent to the fixed components of ₹20 lacs only per month to each of them or such other remuneration as may be stipulated by Schedule V to Companies Act, 2013.</p>
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The proposed remuneration is comparable with the remuneration drawn by the peers and is necessitated due to complexities of business
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Shri J P Chowdhary, Executive Chairman and Shri Umesh Chowdhary, Vice Chairman & Managing Directors are related to each other and also related to Smt. Rashmi Chowdhary, Non-Executive Director of the Company.

III. OTHER INFORMATION

Reasons of loss or inadequate profits	The Company's profit improved during FYE 31/03/2107, however the financial performance for the past 3 years had been impacted mainly due to successive lack of orders for procurement of Wagons from Indian Railways during the past 3-4 years, the largest customer, compounded by predatory pricing resorted to by some of the manufacturers aimed at securing larger allocation in the tender rendering the Wagons business unremunerative.
Steps taken or proposed to be taken for improvement	Implementation of the Company's plans to achieve growth in the other segments viz. Coaches, Castings, Bailey Bridges and Special Projects/Defence products has been taken up with greater focus and is being pursued aggressively. Cost efficiency and improvement in productivity for optimisation of resources are consistently practiced in order to achieve further improvement in performance while simultaneously de-risking the Company's business from predominant dependence on wagons procurement by Indian Railways. Growth through diversification into related areas of competence including by acquisitions and setting up of joint ventures is being pursued, however, the benefits thereof would take some time and accrue in future. During the year ended 31/03/2017 the Company has successfully secured prestigious orders for its shipbuilding vertical.
Expected increase in productivity and profits in measurable terms	Productivity improvement is assured but the increase in production will depend upon orders for other segments. Profitability is expected to improve from the measures inter alia aggressive marketing efforts to secure orders for wagons from private sector customers, repeat orders for customized wagons for export market and favourable result of participation in tender(s) for metro coaches.

IV. DISCLOSURES

The following disclosures are mentioned in the Board of Director's report under the heading "Corporate Governance Report" of the Company in the Annual Report 2016-17:

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iii) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Item No. 7

Shri Umesh Chowdhary, Vice Chairman & Managing Director (VCMD) of the Company was appointed as a Director of Titagarh Singapore Pte. Limited (TSPL), Singapore, wholly owned subsidiary of the Company, with effect from 31st August, 2016. The purpose of appointment of Shri Umesh Chowdhary is to provide greater focus on the Company's overseas subsidiaries from the Dubai Branch of TSPL: Titagarh Singapore Pte. Limited, DMCC (TSPL DMCC) i.e. the place from outside India that offers the following advantages: presents ease of compliance and regulations; ensures more convenient accessibility to the overseas subsidiaries and is also the hub for seizing business opportunities from abroad for the Group with the underlying objective being to strengthen monitoring the operations of the overseas subsidiaries, augment export business, generate larger revenues for the Group and simultaneously protect the Company's investment in the overseas subsidiaries which ultimately would enhance overall stakeholders' value by the VCMD associating in a suitable capacity with TSPL DMCC, Dubai. The Board of the Company pursuant to recommendation of Nomination and Remuneration Committee at their respective meetings held on 22nd August, 2016 determined remuneration of Shri Umesh Chowdhary as a Director of TSPL of a sum which taken together with the remuneration drawn by Shri Umesh Chowdhary as VCMD of the Company shall not exceed the remuneration or minimum remuneration in the event of inadequacy of profit, or loss in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013. Shri Umesh Chowdhary has not drawn any remuneration from TSPL, DMCC till date.

Pursuant to the provisions of Section 188(1)(f) of the Act read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, consent of the shareholders is, inter alia, required by passing a Resolution, where a Director holds an

office or place of profit in any subsidiary of the Company. Shri Umesh Chowdhary is the VCMD of the Company and also a Director on the board of the wholly owned subsidiary company.

The Directors recommend passing of the Resolution as set out in Item No. 7 as a special resolution.

None of the Directors or key managerial personnel or their relatives, except Shri Umesh Chowdhary and his relatives are concerned or interested in the said Resolution.

ITEM NO. 8

The Company with the recommendation of Audit Committee and approval of the Board at its meeting held on 19th May, 2017, has appointed M/s. M.R. Vyas and Associates; Cost Accountants as Cost Auditor of the Company for the financial year 2017-18 at a remuneration of ₹2,00,000/-. Pursuant to Section 148 of the Act read with The Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditor is to be ratified by the shareholders.

The Board recommends the resolution set forth at this Item for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolution.

ITEM NO. 9

Cimmco Limited (Cimmco) and the Company (TWL) propose to enter into transactions of sale/purchase of certain materials and/or provide services related thereto for manufacture of Wagons/products in the ordinary course of business under a continuing contract/arrangement. As Cimmco is a 'related party' within the meaning of Section 2(76) of the Act, the transaction requires the approval of members by a resolution under Section 188 of the Act. The particulars of such contract/arrangement are as under:

(a) Name of the related party and Relationship	Cimmco Limited (Cimmco)	Remark
	TWL is holding company of Cimmco Limited	
(b) the nature, duration of the contract and particulars of the contract or arrangement	Continuous/recurring contract for sale/ purchase of goods/ materials for three years w.e.f. May 24, 2017	

(c) material terms of the contract or arrangement including the value, if any;	<p>TWL supplies to Cimmco bogies, couplers and steel castings etc. used in manufacture of Wagons and provides related services from time to time and Cimmco supplies steel plates and/or other raw materials/components as and when requisition/ Purchase order is placed by the purchaser, of such value or amount as specified in the requisition/Purchase order broadly on the following terms and conditions:</p> <p>a) Delivery terms: Ex-works of supplier b) Freight charges: To be paid by purchaser c) Packing and Loading charges: To be paid by supplier d) Payment: Within 30 days e) Amount payable will include all applicable taxes. f) Other terms and conditions as may be mutually agreed by TWL and Cimmco g) The terms and conditions stated above are standard in nature and subject to mutually agreed modifications in accordance with purchase order/requisition.</p>	If the aggregate value of transaction exceeds the threshold of 10% of annual turnover of the Company u/s 188 of the Act, approval of the shareholders is being hereby obtained as an enabling power.
(d) any advance paid or received for the contract;	No	
(e) the manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of contract;	<p>Price and other terms of contract for the materials/services are fixed after obtaining generally three quotations from unrelated parties/manufacturer(s)/supplier(s) and are included as part of the contract.</p> <p>Commercial terms not as part of contract: not applicable.</p>	
(f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering	All factors have been considered	
(g) any other information relevant or important to take a decision on the proposed transaction	As both the parties viz. TWL and Cimmco have the expertise in the area of manufacture of materials/services involved in the contract and their respective strengths/ relevant aspects are known, as long as the pricing is competitive and in sync with market conditions, the transaction works in their mutual interests	

The Board recommends the resolution set forth at Item No. 9 above for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives except Shri J P Chowdhary, Shri Umesh Chowdhary and Shri Anil Kumar Agarwal, is in any way concerned or interested in the Resolution.

By Order of the Board

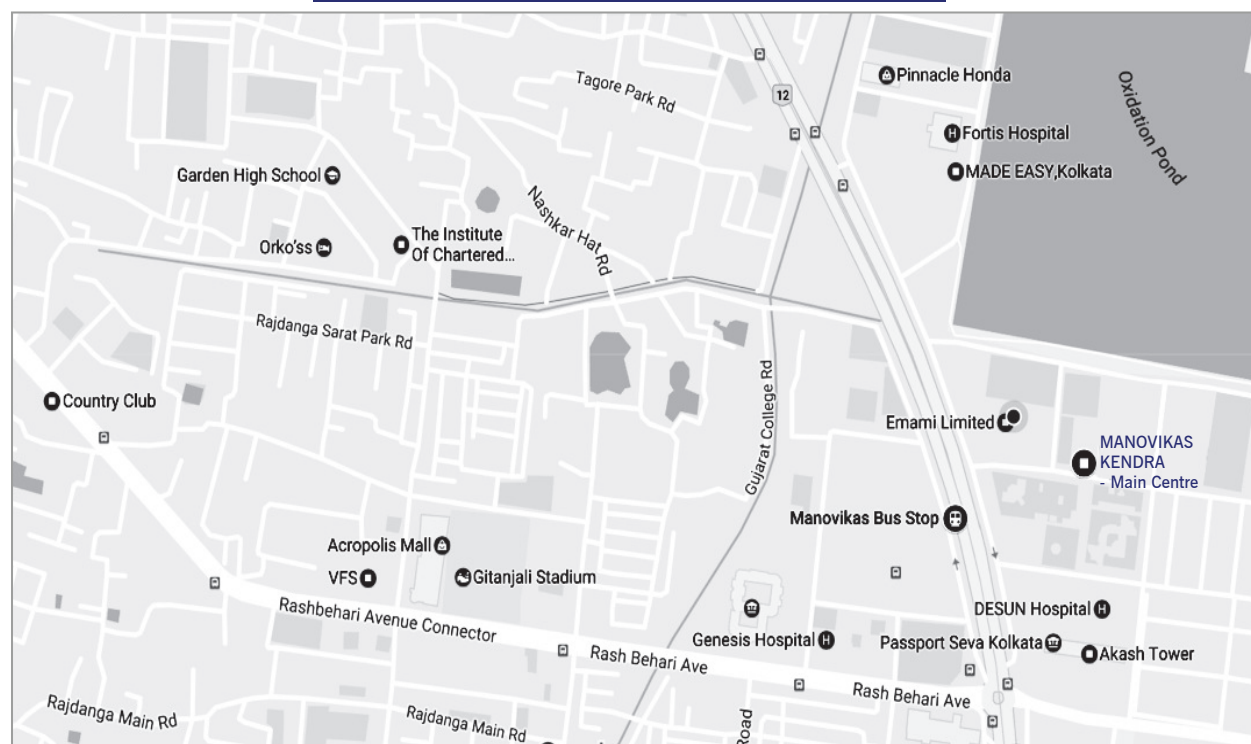
Registered Office:
756, Anandapur
E M Bypass, Kolkata -700107
19th May, 2017

Dinesh Arya
Company Secretary

Detail of Directors seeking Appointment/Re-appointment at the Annual General Meeting

Particulars	Shri J P Chowdhary	Shri Umesh Chowdhary	Shri Sudipta Mukherjee
Date of Birth	23.09.1940	24.04.1974	01.01.1975
Date of Appointment as director	24.09.2009	01.07.2002	15.05.2014
Qualifications	B. Com.	B. Com. (Hons.)	Post Graduate from Calcutta University in Industrial Law
Expertise in Specific Functional Areas	Management leadership with experience of about 55 years in railways sector/heavy engineering industry	Management leadership with about 25 years of experience in the manufacturing sector	Wagons Operations with about 18 years' experience.
Directorship held in other companies (excluding foreign companies)	1. Cimmco Limited 2. Titagarh Capital Management Services Private Limited	1. Cimmco Limited 2. Titagarh Capital Management Services Private Limited	Nil
Memberships/ Chairmanships of Committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Stakeholders' Relationship Committee • Cimmco Limited	Nil
No. of shares held in the Company	1,56,540 equity shares	77,530 equity shares	12,500 equity shares

Route Map to the Venue: Manovikas Kendra



Directors' Report

Dear Shareholders,

The Directors hereby present their Twentieth Annual Report on the business and operations of the Company ('the Company' or 'TWL') along with the audited financial statements, for the financial year ended March 31, 2017. The consolidated performance for the Titagarh Group (the Company and its subsidiaries) has been referred to wherever so required.

1. Profit, Retention & Dividend

Titagarh Group's financial performance during the financial year ended March 31, 2017 was as follows:

₹ In lacs

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from operations	37,033.60	32,585.61	173,807.58	97,463.20
Other income	2,431.36	2,664.02	3,013.13	4,101.62
Total Income (TI)	39,464.96	35,249.63	176,820.71	101,564.82
Earnings before interest, tax, depreciation and amortisation (EBIDTA)	4,225.87	2,318.62	13,708.70	7,125.59
Less: Finance Cost	438.44	542.09	3,130.89	1,728.99
Less: Depreciation and amortization expenses	1,156.02	1,212.65	5,152.44	4,591.71
Profit before exceptional items & tax	2,631.41	563.88	5,425.37	804.89
Share of Loss of a joint venture	-	-	5.80	-
Exceptional items	-	1,954.16	449.91	2,085.71
Profit / (Loss) before tax	2,631.41	(1,390.28)	4,969.66	(1,280.82)
Tax Expenses	703.04	(492.10)	2,226.59	671.41
Profit / (Loss) for the year after tax	1,928.37	(898.19)	2,743.07	(1,952.23)
Other Comprehensive Income	(13.76)	26.18	(43.37)	21.16
Total Comprehensive Income for the year	1,914.61	(872.00)	2,699.69	(1,931.07)
Profit / (Loss) attributable to:				
Equity holders of the parent	-	-	2,647.67	(1,625.98)
Non- controlling interests	-	-	52.02	(305.09)

2. Performance and Outlook

During the Financial Year 2016-17 the Company's performance on a standalone basis improved significantly compared to the previous financial year, and in fact the topline would have been markedly better but for the impact of substantially reduced quantity of Wagons procured by the Indian Railways (IR), the largest customer.

With continuing emphasis on diversification as part of de-risking strategy adopted by the Company, the other verticals, particularly special equipments for defence and bridges enabled overall the EBITDA and PBT to improve substantially during the financial year under review. The merger of four wholly owned subsidiaries with the Company sanctioned by the Hon'ble High Court of Calcutta on July 11, 2016 has been given effect to and reflected in the relevant numbers appearing hereinabove.

On a consolidated basis, the Group's performance improved impressively mainly owing to enhanced topline of the recently incorporated overseas subsidiary: Titagarh Firema Adler SpA, Italy.

Management Discussion and Analysis

Overall Review

The overall performance of the Company during the financial year 2016-17 improved notably both at standalone and consolidated levels owing largely to part fruition of the focused efforts of the Company to change the product mix and also the products as part of diversification drive boosted by inorganic growth through acquisition of rolling stock manufacturing unit in Italy; and this was achieved despite the uncertainty and irregular procurement of Wagons by Indian Railways.

		₹ In lacs			
		Standalone		Consolidated	
	Particulars	2016-17	2015-16	2016-17	2015-16
1	Segment revenue (gross)				
	Wagons & coaches	29,341.56	29,738.79	165,829.60	94,402.12
	Specialised Equipments & Bridges	7,171.51	1,938.40	7,171.52	1,938.40
	Others	520.53	908.42	917.81	1,138.38
	Net sales/ Income from operations	37,033.60	32,585.61	173,918.93	97,478.90
2	Segment Results				
	Wagons & coaches	2,023.09	655.86	7,151.42	2,533.85
	Specialised Equipments & Bridges	1,398.55	159.89	1,392.75	159.89
	Others	106.29	(1,955.11)	(747.24)	(3,327.97)
	Total	3,527.93	(1,139.36)	7,796.93	(634.23)
	Less / (Add)				
	Interest Expense	233.36	349.79	1,860.21	1,311.80
	Interest Income	(1,225.70)	(1,932.15)	(921.69)	(2,491.32)
	Depreciation and amortisation	139.42	145.66	139.42	145.66
	Other corporate income	(944.48)	(668.30)	(944.48)	(668.29)
	Other corporate expenses	2,693.92	2,355.92	2,693.82	2,348.73
	Profit before taxes	2,631.41	(1,390.28)	4,969.65	(1,280.81)
	Tax Expenses	703.04	(492.10)	2,226.59	671.41
	Profit after taxes	1,928.37	(898.18)	2,743.06	(1,952.22)

Segment Review – Standalone

- Revenue from operations on a standalone basis increased to ₹37,033.60 lacs from ₹32,585.61 lacs in the previous year, recording growth of 13.65%.
- Successful de-risking from dependence on railways business is manifested in significantly increased share of revenue from the non-railways segment, mainly from specialized equipments and bridges.
- The EBITDA margins (before exceptional items) went up from 7.12% of revenue in the previous year to 11.41% during the year under review due to change in the product mix from railway segment to non-railway segment as stated above.

Revenues and EBITDA – Consolidated

- Revenue from operations grew on a consolidated basis to ₹173,918.93 lacs from ₹97,478.90 lacs in the previous financial year, i.e. increase of 78.42%. The total consolidated Group revenue comprised 27.26% from Indian operations and 72.74% from overseas operations. The increase in the European business was mainly due to increase in revenue achieved by Titagarh Firema Adler SPA, Italy (TFA), which had the first full year of operations since it was acquired by the Group by setting up a subsidiary on June 30, 2015. TFA's top line during the FYE 31/03/2017 was INR 101,079.23 lacs (Euro 137.33 million).
- The consolidated EBITDA margin (before exceptional items) at 7.31% of the consolidated revenue in the previous year marginally improved to 7.88% in the year under review.

Performance of segments

1. **Wagons and Coaches** (the segment consists of entire solution for the rolling stock requirements of customers, from freight wagons, to passenger coaches, metro trains, train electrical, bogies, couplers, crossings and all allied products.)

Standalone Performance

- The Wagons and Coaches segment ended the year with almost the same level of turnover as compared to the previous year, however, the turnover from the freight wagons business included in the above segment saw a steep reduction in the volume by 19%. The decline in the freight business was compensated by increase in business from foundry castings by around 93% and scheduled progress in execution of order from Kolkata metro for refurbishment of the metro rakes.

- Although turnover of the segment remained at the same level as the previous year, it recorded a change in the geographical mix wherein the export sales increased by 243%.
- The Company has received some major export orders during the year ended March 31, 2017 for supply of freight wagons and reasonably expects to increase its order book over the period through increased synergy with its foreign subsidiary Titagarh Wagons AFR, which has the patented designs of specialized wagons and also a pool of highly talented design engineers conceptualizing and designing the new wagons for the global market.
- Execution of some of the orders for export of wagons in addition to other freight wagons enabled the segment results to go up by 208% during the FYE 31/03/2017 at higher average realization as compared to previous year.

Highlights

- On 22 April 2017, the Company launched a special wagon keeping in view the special freight train operation (SFTO) scheme. Railway Minister, Sri Suresh Prabhu inaugurated the first SFTO carrying steel coils. The rake was manufactured by the Company at its Uttarpara unit in West Bengal.
 - The Metro & Electric Division is a recent addition to the wagons and coaches segment of the Company. In July 2015, the Company acquired the business of Firema Trasporti SpA, Italy, by setting up Titagarh Firema Adler SpA (TFA). Firema, with over 100 years of experience in the Industry in Italy, has a portfolio of rolling stock products and a range of illustrious projects. Titagarh Group through TFA would initially cater primarily to the Metro industry in South Asia, providing integrated solutions, including car bodies, bogies, light railway vehicles, metro trains, electric and diesel locomotives, coaches, tramways, electric and electronic equipment etc.
 - The Group is poised to expand its client base internationally to include Malaysia, Indonesia, Sri Lanka, Bangladesh, and nationally to Mumbai, Bhopal, Indore and Vijaywada and other places.
2. **Specialised Equipments & Bridges** (consists of bailey / other modular bridges, nuclear biological shelters and other defence related products)
 - The revenue from this segment saw a commendable increase of 270% during the year and the segment results were up by 775% over the corresponding numbers in the previous year. The increase is mainly due to higher volume from the contract for manufacturing of new equipments awarded by the Ministry of Defence.

- The segment is in the process of completing the designs for EMI/EMP Protected Shelters. Commercial Orders for the same are expected thereafter.
- The company has leveraged its joint venture¹ with Matiere SAS France, to bid for tenders for the construction of Unibridges as well as explore entry into more joint ventures for different models of bridges.

3. Shipbuilding

- The shipbuilding segment though clubbed with the other miscellaneous segment pending revenue, profit and other thresholds as required under IND AS 108 on Operating Segments, for disclosure as a separate business segment, is a separate vertical and with the receipt of new prestigious orders would become a separate reportable segment from the next financial year.
- Existing facilities being sufficient and in proximity to Hooghly river combined with the available captive engineering competence, this vertical was commissioned with marginal capital expenditure only.

Highlights

- On 7th December 2016, Titagarh Wagons factory received the capacity assessment certificate from the Ministry of Defence (Navy) wherein the Shipyard has been cleared for undertaking construction of non-weapon platforms upto 120 metres in length and all types of Yardcraft.
- Received the maiden order for construction of 4 ships, two each from Indian Navy and National Institute of Ocean Technology (under the Ministry of Earth and Sciences) at a total order value of approx ₹170 crores. The said orders are to be executed over a period of next 18 to 36 months.

Industry overview of Business Segments

Wagons and Coaches

India has the world's fourth largest railway network comprising 119,630 kilometres of total track and 92,081 kilometres of running track over a route of 66,687 kilometres (by the end of FY16). The Indian Railways have a fleet of more than 2.51 lac wagons, 70,241 coaches and 11,112 locomotives. Over 2015-16, the Indian Railways carried 22.2 million passengers and 3.03 million tonnes of freight per day, and earned a gross revenue of ₹1,68,379.60 crore, a 33% increase from 2012-13 revenue levels of ₹1,26,180.43 crore. During the FY07-16

period, revenues have increased at a CAGR of 6.4%. The traffic carried by the Indian Railways can be split into two segments: passenger and freight. In the last eight years, revenues from the passenger segment have expanded at a CAGR of 6.9% resulting in total revenue earnings of ~\$6.9 billion. \$16.9 billion was generated as earnings from commodity freight traffic during FY16. (Source: www.indianrailways.gov.in)

Growth drivers

- Passenger traffic is expected to increase from 8,152 million (FY16) to 15.18 billion by FY20
- The Central Government's decision to allow 100%-FDI in the railway sector
- Construction of the Eastern and the Western Dedicated Freight Corridors will lead freight volumes to more than double to 2,165 million tonnes by FY 2020
- Increasing carrying capacity, cost effectiveness and improved quality of service will escalate railway's share of freight movement from 35% to 50% by 2020
- The Ministry of the Railways decision to construct six high-capacity, high-speed dedicated freight corridors along the Golden Quadrilateral and its diagonals.

Budgetary support

For the first time in India, the previously separate Railway Budget was merged with the Union Budget thereby bringing the railways to the centre stage of Government's fiscal policy. This would facilitate multi-modal transport planning between railways, highways and inland waterways. The functional autonomy of Railways will, however, continue. The four main focus areas for the railways are: passenger safety, capital and development works, cleanliness and financial and accounting reforms. A rail safety fund – Rashtriya Rail Sankraksha Kosh will be created with a corpus of ₹1 lac crore over the next five years. 3,500 kilometres of new railway lines will be commissioned in 2017-18 as against 2,800 kilometres in 2016-17. For 2017-18, ₹1.31 lac crore was allocated to under capital expenditure – the highest such sum ever.

Highlights over the past two years

- Indian Railways generated an investment of ₹15,000 crore through PPP (public-private-partnership) projects during FY15-16 – the highest till date
- As much as 2,828 kilometres of broad gauge lines were

¹ Pursuant to the Joint Venture Agreement (JVA) entered into between TWL and Matiere (one of the global leaders in supply of bridges), Matiere Titagarh Bridges Private Limited has been incorporated in January, 2017 with equal stake of the joint venture partners to manufacture metallic/modular bridges in India and other territories agreed in the JVA. This is in addition to the bailey bridges business which TWL has been engaged in the past many years.

commissioned in FY16-17– the highest till date

- Over 2015-16, ₹24,000 crore was awarded for setting up dedicated freight corridors
- Capital investment in the railways sector increased to ₹93,795 crore in FY16
- Cumulative FDI inflows (April 2014 and September 2016) stood at \$216.77 million
- The Indian Railways is set to manufacture semi-high-speed (160 kilometres per hour) trains with 16 fully air-conditioned coaches at half of the import cost at the Integral Coach Factory

Government policy on rail network operations and procurement of Wagons and Coaches including emphasis on obtaining supply from its own units, withdrawal of incentive schemes to the private sector freight operators, unhealthy competition are some of the major challenges.

Outlook

The Government has set aside a sum of ₹8,56,020 crore to carry out medium-term structural reforms as well as infrastructure development such as electrification and expansion of the existing network, improving safety, increasing its fleet of rolling stock, providing for high speed rail and freight corridors and providing better passenger amenities. The Government of India has decided to create a ₹30,000 crore Rail India Development Fund (with assistance from World Bank). This will support commercially viable investment in the railway sector in India over the next seven years. Indian Railways is all set to introduce the Spanish-made Talgo trains (running up to a speed of 180-km per hour) that can operate using India's existing infrastructure. The Central Government plans to connect all capital cities in North Eastern Indian with broad gauge lines by 2020. More than 100 stations are to be modernised as per international standards. The Indian Railways aims to be the engine for India's economic growth and development by aiming to earn gross revenues worth \$44.5 billion by FY20.

Metro railways

Metro trains are rail-based mass rapid transit systems that operate on a privileged right-of-way – either underground or elevated over street level, separated from all other modes of transport in an urban area. Currently, there are eight operational metro systems in India. As of September 2016, India had 324 km of operational metro lines in the cities of Delhi and NCR, Gurgaon, Kolkata, Chennai, Bengaluru, Jaipur and Mumbai. A further 520-km-long lines are under construction and a further 553-km are under consideration. There has been a rapid increase in the expansion

of urban mass transportation systems across India thanks to continued support from the Central and State Governments and multi-lateral development agencies.

Governmental initiatives

- 100% FDI under the automatic route has been permitted
- ₹17,810 crore was allocated under the 2017-18 Union Budget
- The Ministry of Urban Development plans to invest more than \$20 billion in the metro rail network

Metro rail policy

- A proposal for a new Metro Rail Policy was announced in February 2017 with a renewed focus on innovative models of implementation and financing, as well as standardisation and indigenisation of hardware and software. Key factors include:
 - Provision for private initiatives or PPP in metro railways
 - State Governments going for the PPP model will get 20% support in the form of viability gap funding
 - As in rail, road and irrigation sectors, metro corporations can now issue tax-free bonds to raise funding
 - The private metro rail administration will be allowed to take up property development and commercial activities to cover costs
 - Eligibility criteria for cities relaxed by reducing the population threshold from 20 lac to 10 lac

Growth drivers

- Metro rail system enables large-scale, rapid and low-cost movement of people while causing very little pollution as compared to conventional modes of transport
- Only 35-40% in India's metropolitan cities have a metro rail network
- Metro rails can also serve in old, congested and thickly populated areas where traffic is a major challenge

Making available the land for laying tracks, very large project expenditure, infrastructural issues are some of the major threats in Metro Coaches segment.

Outlook

Given rising urbanisation and increasing population levels in India, implementation of metro rail systems will become imperative as mass rapid transit systems are the best way to decongest traffic. The implementation of the 2016 Metro Rail Policy also augurs positively for the sector.

Defence sector overview

Global defence spending rose by 1% to \$1.57 trillion in 2016 (after adjusting for currency fluctuations) against a 0.6% rise in 2015. India surpassed Russia and Saudi Arabia to have the fourth biggest defence budget – spending \$50.67 billion (an 8.5% increase over the previous year) against Russia's \$48.5 billion. The United States remained the largest military spender with a defence budget of \$622 billion (a 40% share of the year's global defence spend).

Governmental initiatives

- FDI limit in defense projects has been increased to 49% from 26% in most cases, and 100% where advanced technology is being transferred to India.
- Lock-in period of three years on equity transfer has been removed for FDI in defense
- The 'Buy Indian IDDM' (indigenously designed, developed and manufactured) has been introduced to encourage indigenous design, development and manufacture of defense equipment.
- The Central Government has implemented a Defense Offset Policy that counterbalances the nation's huge defense imports.

India's defence budget, 2017-18

India's Defence budget was increased to Rs 2.74 lac crore for 2017-18, a rise of 6% from the 2016-17 allocation of ₹2.58 lac crore. This budget includes ₹86,448 crore allocated solely towards capital outlay for the modernisation of the military. Although procurement spending in India has been constrained over the last three years due to increased personnel costs, there will be a renewed focus from 2017 onwards on the modernisation of India's military. Increase in military spending will be driven by a \$250 billion investment towards the modernisation of its firepower procurement programme. The Central Government aims to raise domestic arms procurement from 40% to 70% of the total within five years, thereby also cementing India's status as the world's largest arms importer. The Central Government has already signed deals to buy new submarines, howitzers, fighter jets and helmets.

Growth drivers

- Changing geo-political scenarios on India's borders and internal security requirements may necessitate continual augmentation of its defense and homeland-security equipment.
- India's current Defence-based requirements are mainly met through imports. The opening up of the Defence sector

for private sector participation will allow foreign original equipment manufacturers (OEMs) to enter into strategic partnerships with domestic companies.

- A recommendation was made by a key Defence ministry panel that Indian military spending should be at least 2.5% of the GDP. This year, the defense budget forms a scarce 1.62% share of the GDP.
- The Make in India campaign was launched in 2014. Its objective in the realm of defense was boosting manufacturing, promoting self-reliance, indigenisation, achieving economies of scale, developing capabilities for export, transfer of technology and domestic research and development.
- Contractual offset obligations worth approximately \$4.53 billion are likely to materialise over the next five or six years.

Highlights over the last three years

- The Ministry of Commerce has granted 333 industrial licenses to private firms for Defence manufacturing as per the Department of Industrial Policy and Promotion
- Over the last three years (FY15-FY17), 147 contracts worth >Rs 2.96 lac have been signed and 134 proposals worth >₹4.45 lac crore have been approved (100 of them fell under the 'Buy and Make' in India category).

Indian defence industry is faced with inter alia policy and structural challenges, slow pace of indigenisation, modernisation, R&D/technologies, pricing, processing time involved for procurement tenders, long period required for contract execution etc. challenges.

Outlook

India's Defence sector has already picked up some best practices such as putting a structured procurement process in place and implementing an offset policy. In 2010, India's Defence spending was pegged at \$38.17 billion. This is expected to almost double to \$64.07 billion in 2020. India is all set to become the third largest military spender in the world by 2018, third only to the United States and China. (Source: Financial Times).

Shipbuilding sector overview

As of April 2016, the global shipbuilding order book was estimated to be ~280 million deadweight tonnages. China, South Korea and Japan accounted for more than 90% of this global order book. The Indian shipbuilding industry accounted for a mere 0.45%. The Indian shipbuilding industry comprises companies that build ships and other underwater equipment for the naval defense, shipping and fishing sectors. There are 28

major shipyards in India currently –two under the Ministry of Shipping, four under the Ministry of Defense, two under State Governments and the remaining 20 in the private sector. As on 31st December 2015, India had a fleet strength of 1,246 vessels.

Importance of the shipbuilding industry

- The shipbuilding industry has a similar impact on the Indian economy as the infrastructure sector due to higher multiplier effect on investment and turnover (11.6 and 4.2 respectively) and high employment potential due to multiplier effect of 6.4
- The shipbuilding industry is strategically important due to its role in national defense, energy security and for developing heavy engineering.
- As per a Ministry of Defence press release, at present all major warships and submarines under construction are being built at Indian shipyards (both DPSUs as well as Private Shipyards)

(Source: www.pib.nic.in)

Governmental initiatives

As per the tenets laid down under the Shipbuilding and Ship Repair Policy, 2015, infrastructure status has been given to shipyards. With this inclusion, shipyards will be able to avail flexible long-term loans with relaxed ECB norms and issue infrastructure bonds to meet working capital requirements. The Central Government has introduced a ₹4000 crore-Shipbuilding Financial Assistance Policy for a period of 10 years (starting April 1st 2016) to encourage domestic shipbuilding. Financial assistance will be granted to Indian shipyards equivalent to 20% of the lower of 'contract price' or the 'fair price' beginning 1 April, 2016. This rate of 20% will be scaled down by three percentage points every three years, starting with 20% during the first three years, 17% for the next three and so on. All governmental departments or agencies shall undertake bulk tendering for their vessel-related requirements with deliveries starting from 2016-17, with a right of first refusal for Indian shipyards. From 2025 onwards, only procurement of Indian-built vessels will be permitted. Finally, to promote ease of doing business, the Government of India has simplified tax compliance procedures for shipyards while procuring duty-free goods for shipbuilding and repair.

Growth drivers

- India's Maritime Agenda 2010-20 targets to increase India's share of the global shipbuilding Industry to 5%
- India has a coastline of 7,517-km with potentially navigable

waterways of up to 14,500-km

- The Indian Navy is on a modernisation drive and looks to introduce various new naval vessels in the coming years
- India's maritime industry supports 90% of India's trade by volume

Although the global shipping industry has been beset with slowdown due to declining demand and overcapacity, the demand for various vessels and barges etc. from the Government establishment/Indian Navy offsets the challenges.

Outlook

The revival of the shipbuilding sector is a key part of the Central Government's Make in India initiative. New orders should trickle in FY17 onwards on the basis of the 10-year policy package. The Central Government is targeting to increase India's share of the global shipbuilding industry from current levels of 0.45% to 5% by 2020.

Discussion on Financial Performance with respect to Operational Performance

Continuing focus of the management is consistently on undertaking better manufacturing processes, improved productivity and optimization of resource for improvement in performance aimed at achieving results better than the trend witnessed in the industries in which the Company operates. Viewed in this backdrop, the Company's performance for the year under review is considered to be reasonably satisfactory.

Overall outlook for the current year

Wagons procurement order by IR for the current year is yet to be announced and uncertainty in this area has become a norm. The efforts of the Company to develop other verticals for mitigating dependence on a single product resulted in award of two prestigious orders by Indian Navy and National Institute of Ocean Technology under the Ministry of Earth Sciences for naval barges and coastal research vessels respectively, execution of which has already commenced with the Steel Cutting Ceremony held in the august presence of the senior officials of the respective customers at Titagarh plant in Barrackpore on May 9, 2017

The Company is in a unique position of being equipped with the technology for manufacture of Metro Coaches and is geared to seize the opportunity presented by this segment which is manifested in it being technically qualified in a tender floated in Maharashtra, though the contract was awarded to a foreign entity. However, the Company would continue to pursue orders for supply of Metro Coaches in collaboration with the Company's recently set up subsidiary- Titagarh Firema Adler SpA in Italy.

Apart from being the first mover in manufacture of Rail Coaches and having successfully executed the repeat orders for EMU/MEMU to Indian Railways, the other vertical the Company has identified with great potential for growth is- Defence. Pursuant to issue of Industrial License by the Government of India (GOI) to the Company, the participation in the tenders of the Defence establishment of India has been continuing and orders expected from this business should propel the Company's performance to greater heights in future.

A joint venture company: Matiere Titagarh Bridges Private Limited has been set up in India in January, 2017 with equal stake in its equity of Matiere and the Company as per the joint venture agreement signed with Matiere SAS, France (Matiere) for manufacture of metallic bridges. The infrastructure being a key driver for Indian economy, the Directors believe the Bridges space is going to play an important role in the Company's portfolio.

Overall the Board is reasonably confident of significantly improved performance during the current financial year.

3. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the official gazette dated February, 16, 2015, notified the Indian Accounting Standards (IND AS) applicable to certain classes of Companies. IND AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For Titagarh Group, IND AS is applicable from April 1, 2016, with a transition date of April 1, 2015. The reconciliation and the effect of the transition from IGAAP to IND AS have been provided in the notes to standalone and consolidated financial statements.

4. Dividend

The Board of Directors at its meeting held on 19th May, 2017 has recommended dividend of Forty percent i.e. Re 0.80 per share on 11,54,45,620 equity shares of ₹2/- each fully paid up for the Financial Year ended 31st March, 2017 subject to declaration by shareholders at the ensuing Annual General Meeting.

5. Employee Stock Options Scheme/Change in Share Capital

Pursuant to approval of the shareholders, Nomination and Remuneration Committee (also functioning as Compensation Committee) at its meeting held on March 4, 2015 in accordance with the TWL Employees Stock Options Scheme, 2014 (ESOS) granted to the eligible employees 5,00,000 options to be converted into equivalent number of

equity shares of ₹2/- each fully paid as per the ESOS.

Options resulting 27,500 Equity shares and 33750 equity shares allotted on August 22, 2016 and May 19, 2017 respectively to the eligible employees upon exercise by them in conformity with ESOS led to increase in the paid up equity share capital to ₹23,08,23,740/- as at 31st March, 2017 and ₹23,08,91,240/- as at May 19, 2017 consisting of 11,54,45,620 equity shares of ₹2/- each fully paid up. The equity shares so allotted rank pari-passu with the existing equity shares of the Company.

Further, in accordance with the order of the Hon'ble High Court of Calcutta sanctioning the Scheme of Amalgamation of the Company's four wholly owned subsidiaries with the Company which became effective from July 13, 2016, Authorised Share Capital of the Company was increased to ₹228.10 crore divided into 88,05,00,000 equity shares of ₹2 each and 52,00,00,000 preference shares of ₹10 each. The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 have been placed on the corporate website of the Company www.titagarh.in.

6. Material Changes and Commitments after the balance sheet date:

No material changes and commitments have occurred from the date of close of the financial year, to which the financial statements relate, till the date of this report, which might affect the financial position of the Company.

7. Investor Education Protection Fund (IEPF)

As stipulated by the applicable provisions of the Companies Act, 2013 read with IEPF (Accounting, Audit, Transfer & Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividend required to be transferred by the Company to the IEPF has been transferred and underlying shares shall also be transferred to the demat account to be created by IEPF Authority according to the Rules, details whereof are provided on the Company's website: www.titagarh.in.

8. Transfer to Reserves

The Directors do not propose to transfer any amount to the general reserves.

9. Risk Management, Risks and Concerns

A Risk Management Policy to identify and assess the key risk areas, monitor mitigation measures and report compliance has been adopted. Based on a review, major elements of risks have been identified and are being monitored for

effective and timely mitigation.

Risk management is an integral part of the Company's risk management policy adopted by the Board with periodic review by the Audit Committee and the Board. Prudence and conservative dealing with risks is at the core of risk management strategy being followed by the Company. The risks, both internal and external which the Company is exposed to include macro-economic, regulatory, strategic, financial, operational, value chain, human resources etc. and each of them is taken into consideration for development and maintaining a robust mechanism for mitigation which is evolving with time and developments within which the Company operates.

10. Subsidiary Companies and Joint Venture

A report containing the details required under Section 134 of the Companies Act, 2013 ('the Act') read with Rule 8(1) of the Companies (Accounts) Rules, 2014 in respect of performance and financial position for the financial year ended March 31, 2017, of subsidiaries: Cimmco Limited ("Cimmco"), Titagarh Agrico Private Limited (TAPL) (to be merged with Cimmco), Titagarh Capital Private Limited, Titagarh Wagons AFR, France, Titagarh Singapore Pte. Ltd., Singapore; and Titagarh Firema Adler SpA and Joint Venture Company: Matiere Titagarh Bridges Private Limited included in the Consolidated Financial Report (CFS) in the Form AOC-1 is annexed to this Report and marked as Annexure DR-1. The CFS is attached to this Annual Report.

Pursuant to approval of the respective Board of Directors of Cimmco and TAPL, a scheme of amalgamation (the Scheme) has been filed before the Honourable National Company Law Tribunal (NCLT) and pursuant to its order, received the approval of the shareholders and creditors in May, 2017 while the other formalities for obtaining sanction of the NCLT are being met.

Pursuant to the order dated May 17, 2016 of the Hon'ble High Court of Calcutta becoming effective on and from July 13, 2016, the following wholly owned subsidiaries: Cimco Equity Holdings Private Limited (CEHPL), Titagarh Marine Limited, Corporated Shipyard Private Limited and Times Marine Enterprises Private Limited have been amalgamated with the Company. Consequently Cimmco Limited, a subsidiary of CEHPL has become direct subsidiary of the Company w.e.f. July 13, 2016.

11. Extract of Annual Return

The details forming part of the extract of the annual return

in the Form MGT-9 are annexed and marked as Annexure DR-2.

12. Number of Board Meetings

The Board of Directors met Eight (8) times during the financial year 2016-17 as per the details provided in the Corporate Governance Report forming part of Annual Report.

13. Loans, Guarantee and Investments

Particulars of loans, guarantees and investments made by the Company pursuant to the Section 186 of the Act are furnished under notes to financial statements. The Company has been informed that the said loan, guarantee and security are proposed to be utilised by each recipient for its general business/corporate purposes.

14. Significant and Material orders

There were no material/significant orders passed by any regulator, tribunal impacting the going concern status and the Company's operations in future.

15. Composition of Audit Committee

The Audit Committee constituted by the Board has Shri D N Davar as Chairman and Shri Sunimal Talukdar and Shri Manoj Mohanka as the members. Further details are provided in the Corporate Governance Report.

During the year all recommendations made by the Audit Committee were accepted by the Board.

16. Related Party Transactions

All Related Party Transactions (RPTs) are entered into by the Company pursuant to compliance with the applicable laws and also in accordance with the policy adopted by the Board. Audit Committee reviews and approves all the RPTs as stipulated by the SEBI (LODR) Regulations, 2015 and based thereon final approval of the Board is obtained. The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act and as mentioned in form AOC-2 of the Rules prescribed in the Companies (Accounts) Rules, 2014 under the Act are annexed hereto and marked as Annexure DR-3.

17. Corporate Governance Report

The Company has complied with the corporate governance requirements under the Act and SEBI (LODR) Regulations, 2015. A separate section on Corporate Governance under Listing Regulations along with a certificate from a Company Secretary in Practice confirming compliance is annexed to and forms part of the Annual Report.

18. Management Discussion and Analysis (MDA)

In compliance with the Regulation 34 of the LODR, MDA forms part of this Report. The contents of MDA with respect to Industry view/macro data are sourced from the information available in public domain.

19. Internal Control System

The Company has system of internal controls and necessary checks and balances so as to ensure

- a. That its assets are safeguarded
- b. that transactions are authorised, recorded and reported properly; and
- c. that the accounting records are properly maintained and its financial statements are reliable.

The Company has appointed external firm of Chartered Accountants to conduct internal audit whose periodic reports are reviewed by the Audit Committee and management for bringing about desired improvement wherever necessary.

20. Vigil Mechanism

A fraud and corruption free environment as part of work culture of the Company is the objective and with that in view a Vigil Mechanism Policy has been adopted by the Board which is uploaded on the web site of the Company at www.titagarh.in. No complaint of this nature has been received by the Audit Committee during the year under review.

21. Internal Complaints Committee

As per the requirement of Section 4 of The Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013 an Internal Complaints Committee has been formed by the Company, the details of which are given in the Corporate Governance Report. One complaint lodged with the Committee during the financial year 2016-17 was duly disposed of/resolved satisfactorily.

22. Directors and Key Managerial Personnel

Shri Sudev Chandra Das, Independent Director, resigned from the Board of Directors with effect from 27th October, 2016.

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC), the Audit Committee and subject to the approval of the members, the Board in its meeting held on 14th December, 2016 had accorded its approval to the reappointment of Shri J P Chowdhary as the Executive Chairman of the Company for a further period of 5 (five) years w.e.f. 8th January, 2017 and the change in minimum remuneration of Shri Umesh Chowdhary, Vice

Chairman & Managing Director, w.e.f. 1st January, 2017 in the event of inadequacy of profits or loss during the remaining period of his term ending on 30th September, 2020.

Shri Sudipta Mukherjee, Wholetime Director retires by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act and is eligible for re-appointment.

The information prescribed by SEBI (LODR) Regulations, 2015 in respect of the above named Directors is given in the Notice of Twentieth Annual General Meeting.

During the year under review, there was no change in the Key Managerial Personnel of the Company.

23. Evaluation of the Board's performance, Committee and Individual Directors

In compliance with the Act and SEBI (LODR) Regulations, 2015, the performance evaluation of the Board, Committees and Individual Directors was carried out during the FY 2016-17 as per the details set out in Corporate Governance Report.

24. Declaration by Independent Directors

Declarations pursuant to the Sections 164 and 149(6) of the Act and SEBI (LODR) Regulations, 2015 and affirmation of compliance with the Code of Conduct as well as the Code for Regulation of Insider Trading adopted by the Board, by all the Independent Directors of the Company have been made.

25. Remuneration Policy and remuneration

A policy approved by the Nomination and Remuneration Committee and adopted by the Board is practiced by the Company on remuneration of Directors and Senior Management Employees, as per the details set out in the Corporate Governance Report.

26. Directors' Responsibility Statement

The Directors state that:

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended March 31, 2017 had been followed in preparation of the said accounts and there were no material departures therefrom requiring any explanation;
- The directors had selected and followed the accounting policies as described in the Notes on Accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company

at the end of financial year and of the profit of the Company for that period;

- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the Annual Accounts on a going concern basis; and
- The directors had laid down internal financial controls (IFC) to be followed by the Company and that such IFC are adequate and operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

27. Statutory Auditors

S R Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company appointed at the Seventeenth AGM until the conclusion of the ensuing Twentieth AGM complete their term on rotation basis and the Board has pursuant to the recommendation of Audit Committee, decided to place the appointment of Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants, at the ensuing AGM for a term of five years.

28. Consolidated Financial Statements

In accordance with IND-AS 24 issued by the Institute of Chartered Accountants of India, consolidated financial accounts prepared on the basis of financial statements received from subsidiary companies as approved by their respective Boards, form part of this Report & Accounts.

As regards the qualified opinion expressed by Statutory Auditors in their Report, the Note No. 7(a) in the Notes on Accounts is self-explanatory, requiring no specific response from the Directors at this stage, however the recoverable amount aggregating ₹854.81 lacs is subject to ongoing legal proceedings which are being closely monitored and expedited to the extent within the Company's control.

29. Cost Auditors

M R Vyas & Associates, Cost Accountants have been reappointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of the products manufactured by the Company, for the Financial Year 2017-18 subject to ratification of their remuneration

by the shareholders in accordance with the provisions of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014. The Cost Audit Report for the financial year ended 31st March, 2017 would be filed as stipulated by the applicable provisions of law.

30. Secretarial Auditor

Secretarial Audit has been conducted by Vanita Sawant & Associates, Practicing Company Secretaries appointed by the Board and their report is annexed hereto and marked as Annexure **DR-4**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

31. Deposits

The Company did not accept any deposits covered under Chapter V of the Companies Act, 2013 during the financial year ended March 31, 2017.

32. Particulars of Remuneration of Directors/KMP/ Employees

Disclosure pertaining to Remuneration and other details as required under Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (the Rules) is annexed and marked as Annexure **DR-5**. The information pursuant to Rules 5(2) and 5(3) of the Rules not annexed to this Report, is readily available for inspection by the members at the Company's Registered Office between 10.30 A.M. to 1 P.M. on all working days upto the date of ensuing AGM. Should any member be interested in obtaining a copy including through email (corp@titagarh.in), may write to the Company Secretary at the Company's Registered office.

Human Resources

A. Empowering the employees

The Company considers its organizational structure to be evolving consistently over time while continuing with its efforts to follow good HR practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices.

B. Industrial Relations

Industrial relations at all sites of the Company remained cordial.

C. No. of Employees:

Manpower employed as at March 31, 2017 was 506.

33. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement pursuant to Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to and marked as Annexure **DR-6**.

34. Corporate Social Responsibility

A report on Corporate Social Responsibility (CSR) activities undertaken during the financial year ended March 31, 2017 pursuant to the provisions of Section 135 of the Act and rules made thereunder is annexed to this Board's Report and marked as Annexure **DR-7**.

Apart from the above, the Company makes, inter alia, donations to the charitable institutions directly and through philanthropic organisations engaged in providing medical, education and other reliefs to the economically weaker sections of the society. Industrial Training Institute (the "ITI") set up on the Company's land at Titagarh plant situated in Barrackpore, North 24 Parganas under Private Public Partnership (PPP) is yet another area. The ITI with access to the requisite infrastructure provided by the Company imparts hands-on training to the local people. More than 500 students in various batches have passed and significant number of them are engaged in various jobs in the industry. The ITI has been recognised by the State Government as one of the best in the country and it caters to the requirement of skilled workmen by industrial units.

35. Listing

The Company's Equity Shares are listed at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The listing fees for the financial year ending on March 31, 2018 have been duly paid.

36. Forward Looking Statement

The statements in this report describing the Company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

37. Acknowledgement

The Directors place on record their appreciation of the cooperation and support extended by the Government, Banks/Financial Institutions and all other business partners.

For and on behalf of the Board

Kolkata
May 19, 2017

J P Chowdhary
Executive Chairman

Annexure DR – 1

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

Part - "A": Subsidiaries

Sl. No.	1	2	3	4	5	6
Name of the subsidiary	Titagarh Capital Pvt. Ltd.	Titagarh Agrico Pvt. Ltd.	Cimmco Limited	Titagarh Firema Adler Spa, Italy	Titagarh Wagons AFR, France	Titagarh Singapore Pte Ltd
Date since when subsidiary was acquired	13.10.2008	24.08.2012	16.04.2014	30.06.2015	18.06.2010	22.08.2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.4.2016 to 31.3.2017					
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign subsidiaries	₹/Lacs			EURO ₹69.0391	EURO ₹69.0391	EURO ₹69.0391
Share capital	4000.00	3600.00	2014.85	7115.70	5652.99	155.52
Reserves & surplus	(1451.26)	(2116.31)	14992.76	3665.92	4320.76	(7.84)
Total assets	3598.26	1950.51	34411.77	131253.42	25571.70	375.45
Total Liabilities	3598.26	1950.51	34411.77	131253.42	25571.70	375.45
Investments	-	0.20	1.21	-	-	142.23
Turnover	-	573.93	12281.70	101079.23	27322.68	-
Profit before taxation	(27.83)	(861.99)	(1183.34)	4945.42	(117.32)	2.40
Provision for taxation	-	-	(128.49)	1632.37	(28.74)	0.35
Profit after taxation	(27.83)	(861.99)	(1054.85)	3313.05	(88.58)	2.05
Proposed Dividend	-	-	-	-	-	-
% of shareholding	100.00	100.00	74.77	90	100	100

Notes:

1. A scheme of Arrangement for amalgamation of Titagarh Agrico Private Limited with Cimmco Limited with April 01, 2016 as the appointed date has been approved by their shareholders and creditors and the sanction of Hon'ble National Company Law Tribunal (NCLT) is awaited.
2. Names of subsidiaries which are yet to commence operations: Nil
3. Names of subsidiaries which have been liquidated or sold during the year: Nil

Part - "B": Associates and Joint Ventures**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Sl. No.	1
Name of Associates/ Joint ventures	Matiere Titagarh Bridges Private Limited
1. Latest audited Balance Sheet Date	N.A.
2. Date on which the Associate or Joint Venture was associated or acquired	02/01/2017
3. Shares of Associates or Joint Ventures held by the company on the year end:	
No.	5,000
Amount of investment in Associates or Joint Ventures	₹50,000
Extend of Holding (in percentage)	50%
4. Description of how there is significant influence	50% of the paid up Equity capital is held by the Company
5. Reason why the associate/ joint venture is not consolidated	N.A.
6. Net worth attributable to Shareholding as per latest Audited Balance Sheet	N.A.
7. Profit/ Loss for the year	N.A.
i. Considered in Consolidation	N.A.
ii. Not Considered in Consolidation	N.A.

Notes:

- Names of associates or joint ventures which are yet to commence operations: Nil
- Names of associates or joint ventures which have been liquidated or sold during the year: Nil

Annexure DR – 2

Form No. MGT-9 EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L27320WB1997PLC084819
2	Registration Date	03.07.1997
3	Name of the Company	Titagarh Wagons Limited
4	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
5	Address of the Registered office and contact details	756, Anandapur, E M Bypass, Kolkata -700107 Contact: +91 33 40190800, Fax: +91 33 40190823 E Mail: corp@titagarh.in
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computer Share Private Limited Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Telephone: +91 040 6716 2222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated (Based on Audited Financial Results 2016-17)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Wagons & Coaches	3020	79.23
2	Specialized Equipments & Bridges	4210	19.36

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Names and Address of Company	CIN	Holding/ Subsidiary/ Associate	Percentage of Shares held	Applicable Section
1	Titagarh Capital Pvt. Ltd. 756 Anandapur, E M Bypass, Kolkata-7000107	U01122WB1994PTC138832	Subsidiary	100.00%	2(87)
2	Titagarh Singapore Pte Ltd 391B Orchard Road #23-01 Ngnee Ann City Tower-B, Singapore-238874	Company incorporated outside India	Subsidiary	100.00%	2(87)
3.	Titagarh Wagons AFR 12 rue de la Chaussee d Antin Paris-750009	Company incorporated outside India	Subsidiary	100.00%	2(87)

Annexure to Directors' Report

Sl. No.	Names and Address of Company	CIN	Holding/ Subsidiary/ Associate	Percentage of Shares held	Applicable Section
4.	Titagarh Agrico Private Limited 756 Anandapur E.M Bypass, Kolkata-700107	U74999WB2012PTC177154	Subsidiary	100.00%	2(87)
5.	Cimmco Limited 756, Anandapur, E M Bypass, Kolkata- 700107	L28910WB1943PLC168801	Subsidiary	74.77%	2(87)
6.	Titagarh Firema Adler SpA Gianni, Origoni, Grippio, Cappeli Partners, Via delle Quattro, Fontane No. 20, 00184 Rome (Italy)	Company incorporated outside India	Subsidiary	90.00%	2(87)
7.	Matiere Titagarh Bridges Pvt. Ltd. 756 Anandapur, E M Bypass, Kolkata-7000107	U28900WB2017PTC218811	Joint Venture Company	50.00%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1. Indian									
a.Individual/HUF	31169140	Nil	31169140	27.01	31168175	Nil	31168175	27.01	N.A
b. Central Govt.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
c. State Govt.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
d. Bodies Corp.	22037945	Nil	22037945	19.10	21682820	Nil	21682820	18.79	(0.31)
e. Bank/FI	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
f. Any other	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
Sub-Total-A(1)	53207085	Nil	53207085	46.11	52850995	Nil	52850995	45.79	(0.31)
2. Foreign									
a.NRI-Individuals	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
b.Other Individuals	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
c.Body Corporate	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
d. Bank/FI	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
e. Any Other	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
Sub-Total-A(2)	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
Total Shareholders of Promoters (1+2)	53207085	Nil	53207085	46.11	52850995	Nil	52850995	45.79	(0.31)
B. Public Shareholding									
1. Institution									
a. Mutual Funds	21108989	Nil	21108989	18.29	17071825	Nil	17071825	14.79	(3.5)
b. Bank/FI	550146	Nil	550146	0.48	627118	Nil	627118	0.54	0.06
c. Cent. Govt./ State Govt.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
d. Venture Capital	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
e. Insurance Co.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A

Annexure to Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. FII's	5323450	88060	5411510	4.69	Nil	Nil	Nil	N.A	(4.69)
g. Foreign Portfolio Corporate	6004230	Nil	6004230	5.20	4819545	Nil	4819545	4.18	(1.02)
h. Foreign Venture Capital Fund	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
i. Others	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
Sub Total B(1)	32986815	88060	33074875	28.66	22518488	Nil	22518488	19.51	(9.15)
2. Non-Institution									
a. Body Corp									
(i) Indian	5870633	Nil	5870633	5.09	5495117	Nil	5495117	4.76	(0.33)
(ii) Overseas	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
b. Individual									
i. Individual Shareholders holding nominal share capital up to ₹1 Lakh.	18178684	42105	18220789	15.79	23709916	41880	23751796	20.58	4.79
ii. Individual Shareholders holding nominal share capital in excess of ₹1 Lakh.	3539785	Nil	3539785	3.07	3623808	Nil	3623808	3.14	0.07
b. Others									
(i) NBFCs registered with RBI	49105	Nil	49105	0.04	70110	Nil	70110	0.06	0.20
(ii) Clearing Members	596873	Nil	596873	0.52	367633	Nil	367633	0.32	0.07
(iii) Foreign Bodies	Nil	Nil	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
(iv) Foreign Bodies Corporate	Nil	Nil	Nil	N.A.	5323200	88060	5411260	4.69	4.69
(v) Non Resident Indians	824415	60	824475	0.71	1319553	60	1319613	1.14	0.43
(vi) Trust	750	Nil	750	Nil	3050	Nil	3050	Nil	N.A.
Sub-Total-B(2)	29060245	42165	29102410	25.22	39912387	130000	40042387	34.69	9.47
Net Total (1 + 2)	62135100	42165	62177285	53.88	62430875	130000	62560875	54.20	0.32
c. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
Grand Total (A+B+C)	115342185	42165	115384370	100.00	115281870	130000	115411870	100.00	

Annexure to Directors' Report

ii) Shareholding of Promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Titagarh Capital Management Services Private Limited	21670165	18.78	Nil	21670165	18.78	Nil	Nil
2	Smt. Savitri Devi Chowdhary	18116035	15.70	Nil	18116035	15.70	Nil	Nil
3	Smt. Rashmi Chowdhary	12816105	11.10	Nil	12816105	11.10	Nil	Nil
4	Shri J P Chowdhary	156540	0.14	Nil	156540	0.14	Nil	Nil
5	Shri Umesh Chowdhary	77530	0.07	Nil	77530	0.07	Nil	Nil
6	Titagarh Logistics Infrastructures Private Limited	150000	0.13	Nil	Nil	Nil	Nil	(0.13)
7	Singhal Contractors & Builders Private Limited	23455	0.02	Nil	Nil	Nil	Nil	(0.02)
8	Tecalemit Industries Limited	12655	0.01	Nil	12655	0.01	Nil	Nil
9	Navyug Business Private Limited	11875	0.01	Nil	Nil	Nil	Nil	(0.01)
10	Simplex Development Private Limited	18035	0.02	Nil	Nil	Nil	Nil	(0.02)
11	Traco International Investment Private Limited	151760	0.13	Nil	Nil	Nil	Nil	(0.13)
12	Smt.Vinita Bajoria	80	0.00	Nil	80	0.00	Nil	Nil
13	Smt. Sumita Kandoi	85	0.00	Nil	85	0.00	Nil	Nil
14	Shri Saket Kandoi*	965	0.00	Nil	Nil	Nil	Nil	Nil
15	Smt. Bimla Kajaria	1800	0.00	Nil	1800	0.00	Nil	Nil
	Total	53207085	46.11	Nil	52850995	45.79	Nil	(0.31)

*No longer part of promoter group since reclassified pursuant to the SEBI (LODR), Regulations, 2015.

iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	10641417	53.05	10641417	53.05
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease(e.g.allotment/ transfer/bonus/ sweat equity etc)	53207085	46.11	3,55,125 shares has been sold by few promoter companies on various dates	45.79
	At the End of the year	53207085	46.11	52850995	45.79

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1.4.16		Shareholding at the end of the year 31.3.17	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	HDFC TRUSTEE COMPANY LIMITED- HDFC PRUDENCE FUND	6151556	5.33	6151556	5.33
2	GE CAPITAL INTERNATIONAL (MAURITIUS)	5322200	4.61	5322200	4.61
3	RELIANCE CAPITAL TRUSTEE CO LTD- A/C RELIANCE MID & SMALL CAP FUND	2566790	2.22	3106190	2.69
4	TATA AIA LIFE INSURANCE CO LTD- WHOLE LIFE MID CAP	2289837	1.98	1755572	1.52

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1.4.16		Shareholding at the end of the year 31.3.17	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5.	POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	1587062	1.37	1587062	1.38
6.	HDFC SMALL & MIDCAP FUND	1509045	1.30	1509045	1.30
7.	L & T MUTUAL FUND TRUSTEE LTD- L & T TAX ADVANT	1458605	1.26	956282	0.83
8.	AKASH BHANSALI	1435745	1.24	1435745	1.24
9.	HDFC TRUSTEE COMPANY LTD- HDFC CORE AND SATELLITE	1255900	1.09	1755900	1.52
10.	L & T MUTUAL FUND TRUSTEE LIMITED-L & T BUSINESS CYCLE	1007416	0.87	-	-

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1.4.16		Shareholding at the end of the year 31.3.17	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Shri J P Chowdhary	156540	0.14	156540	0.14
2.	Shri Umesh Chowdhary	77530	0.07	77530	0.07
3.	Smt. Rashmi Chowdhary	12816105	11.10	12816105	11.10
4.	Shri Sudipta Mukherjee	Nil	N.A.	5000	Nil
5.	Shri Anil Kumar Agarwal	Nil	N.A.	5000	Nil
6.	Shri Dinesh Arya	Nil	N.A.	2500	Nil

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs/Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	1329.80	Nil	Nil	1329.80
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1 + 2 + 3)	1329.80	Nil	Nil	1329.80
Change in Indebtedness during the financial year				
+ Addition	4324.73	-	-	4324.73
-Reduction	1319.46	-	-	1319.46
Net Change	3005.27			3005.27
Indebtedness at the end of the financial year				
i) Principal Amount	4335.07	-	-	4335.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total of (1 + 2 + 3)	4335.07	-	-	4335.07

Annexure to Directors' Report

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Shri J P Chowdhary	Shri Umesh Chowdhary	Shri Sudipta Mukherjee	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,27,32,000/-	1,27,32,000/-	37,35,050/-	2,91,99,050/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	4,63,868/-	4,63,868/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	12,28,941/- (5000 Equity Shares)	12,28,941/-
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	1,27,32,000/-	1,27,32,000/-	54,27,859/-	3,08,91,859/-
	Ceiling as per the Act				

Note: Shri J P Chowdhary and Shri Umesh Chowdhary have not drawn any remuneration from any of the subsidiary companies.

B. Remuneration to other directors:

(₹)

Particulars of Remuneration	Name of Directors					Total Amount
	Independent Directors					
	Shri D N Davar	Shri Manoj Mohanka	Shri Shekhar Datta	Shri Sunirmal Talukdar	Shri Sudev Chandra Das*	
Fee for attending board committee meetings:	7,20,000/-	8,00,000/-	3,60,000/-	5,60,000/-	1,80,000/-	26,20,000/-
Commission	3,76,000/-	2,08,000/-	2,08,000/-	2,08,000/-	Nil	10,00,000 /-
Others	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)	10,96,000 /-	10,08,000/-	5,68,000/-	7,68,000/-	1,80,000/-	36,20,000/-
	Non-Executive Director					
Name of Directors	Smt. Rashmi Chowdhary					
Fee for attending board committee meetings:	2,40,000/-					2,40,000/-
Commission	Nil					Nil
Others	Nil					Nil
Total (2)	2,40,000/-					2,40,000/-
Total (B)=(1 + 2)						38,60,000 /-
Total Managerial Remuneration						3,67,03,620/-
Overall Ceiling as per the Act						

*Shri S C Das resigned from the Board w.e.f. October 27, 2016

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(₹)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Shri Anil Kumar Agarwal (CFO)	Shri Dinesh Arya (CS)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,70,019/-	25,94,867/-	70,64,886/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	12,28,941/-	6,14,470/-	18,43,411/-
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	Rs 56,98,960/-	Rs 32,09,337/-	Rs 89,08,297/-
	Ceiling as per the Act			

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board

Kolkata
May 19, 2017

J P Chowdhary
Executive Chairman

Annexure DR – 3

Form AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Not Applicable.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. NO.	Name (s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date (s) of approval by the Board, if any	Amount paid as advances, if any
1.	Titagarh Wagons AFR [Related party as per section 2(76)(viii) of the Companies Act, 2013]	Continuing contract for manufacture & supply of wagons with components & spare parts	Continuing contract for three years	1. To manufacture and supply wagons with components/parts/spares etc. for which design, marketing, procurement and R&D would be provided by TWA 2. Price ceiling aggregate to an amount of Euro equivalent to INR Seventy Five crore per financial year	26.05.2016	Nil
		Purchase of design for manufacture of Clinker Wagons	One-time	1. To purchase design from TWA for manufacture of Clinker Wagons by the Company 2. Total cost of design would be Euro 250,000 plus 10% mark-up	26.05.2016	Nil
		Purchase of 100 Air Brake system for manufacture of Clinker Wagons	One-time	1. To purchase 100 Air Brake assembly from TWA under urgent requirement for manufacture of Clinker Wagons 2. Cost: Euro 3,90,600	26.05.2016	Nil

For and on behalf of the Board

Kolkata
May 19, 2017

J P Chowdhary
Executive Chairman

Annexure DR – 4

19th May, 2017

To
The Board of Directors,
Titagarh Wagons Limited,
756 Anandapur EM Bypass,
Kolkata, West Bengal
India – 700107

SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

FOR THE FINANCIAL YEAR 2016-17

Foreword

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Titagarh Wagons Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Titagarh Wagons Limited books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/We have examined books, papers, minutes books, forms and returns filed and other records maintained by Titagarh Wagons Limited ("the Company") for the financial year ended on 31st March 2017, (to the extent applicable) according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder ;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;

- iv) Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The other laws applicable specifically to the auditee company
 - a. Factories Act, 1948
 - b. The Contract Labour (Regulation & Abolition) Act, 1970
 - c. The Minimum Wages Act, 1948
 - d. The Equal Remuneration Act, 1976
 - e. The Workmen Compensation Act, 1923
 - f. The Industrial Disputes Act 1947 & Industrial Disputes (Central) Rules, 1957.
 - g. The Industrial Employment (Standing Orders) Act, 1946

- h. The Apprenticeship Act, 1961 & Rules 1991
- i. The Environment (Protection) Act, 1986
- j. Indian Standard Code of Practice for Selection, Installation & Maintenance of Portable First Aid Fire Extinguishers
- k. Water (Prevention & Control of Pollution) Cess Act, 1977 & Water (Prevention & Control of Pollution) Cess Rules, 1977
- l. The Employees Compensation Act, 1923
- m. The Employment Exchange (Compulsory Notification on Vacancies) Act, 1959
- n. The Payment of Bonus Act, 1965 & Bonus Rules, 1975
- o. The Apprenticeship Act 1961 & Rules 1991
- p. Motor Vehicles Act 1988 & Central Motor Vehicles Rules, 1989
- q. Finance Act 1994 & Works Contract (Composition Scheme for payment of Service Tax) Rules, 2007
- r. The Maternity Benefit Act, 1961
- s. The Payment of Gratuity Act, 1972
- t. The Employees State Insurance Act, 1948
- u. The Service Tax
- v. Income Tax Act, 1961
- w. The Employees Provident Fund & Misc Provisions Act, 1952
- x. The Information Technology Act, 2000

I/We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange & National Stock Exchange;

During the period under review, based on my/our examination and verification of the books, papers, minute books, forms and returns filed and other records produced to me/us and according to information and explanations given to me/us by the Company, I/We report that the Company has in my/our opinion, generally complied with the provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements, etc., subject to the following observations:

I/We report that, during the year under review:

- 1. The status of the Company during the financial year has been that of a Listed Public Company.
- 2. The Company is a holding of other company(ies).
- 3. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members' views are captured and recorded as part of the minutes.

- 4. The Company has complied with the provisions of the Act and Rules made under that Act in carrying out the following changes:
 - (a) Registered Office
 - (b) Principal business in conformity with the Objects
 - (c) Particulars of holding and subsidiary companies
 - (d) Promoters
 - (e) Auditors
 - (f) Directors
 - (g) Managerial Remuneration
 - (h) Officers in default
 - (i) Share Capital (authorized, issued, subscribed, paid-up, conversion/redemption, reclassification, sweat).
 - (j) The changes in the provisions of:
 - (i) The Memorandum of Association.
 - (ii) The Articles of Association.

- 5. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
- 6. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities.

7. The company has advanced loans, given guarantees and provided securities to companies in which directors were interested, and has complied with the provisions of the Companies Act, 2013.
 8. The Company has made loans and investments; or given guarantees or provided securities to other business entities and has complied with the provisions of the Companies Act, 2013 and any other statutes as may be applicable.
 9. The amount borrowed by the Company from its directors, members, bank(s)/ financial institution(s) and others were within the approved borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
 10. The Company has not defaulted in the repayment of public deposits, unsecured loans and debentures, facilities granted by bank(s)/financial institution(s) and non-banking financial companies.
 11. The Company has created, modified or satisfied charges on the assets of the company and complied with the applicable laws.
 12. All registrations under the various state and local laws as applicable to the company are valid as on the date of report.
 13. The Company has issued and allotted the securities to the persons-entitled thereto and has also issued letters, coupons, warrants and certificates thereof as applicable to the concerned persons within the stipulated time in compliance with the provisions of the Companies Act, 2013 and other relevant statutes.
 14. The Company has declared and paid dividends to its shareholders as per the provisions of the Companies Act, 2013 and other relevant statutes.
 15. The Company has credited and paid to the Investor Education and Protection Fund within the stipulated time, all the unpaid dividends, refund of application money, repayment of principal and interest on debentures, repayment of principal and interest on fixed deposits as required to be so credited to the Fund.
 16. The Company has paid all its Statutory dues and satisfactory arrangements have been made for arrears of any such dues.
 17. The Company (being a listed entity) has complied with the provisions of the Listing Agreement.
 18. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.
 19. The MCA, SEBI, (any other regulatory authority) carried out inspection of the company during the year and there are no major findings/and the major findings are given below – N.A.:
 20. During the year the company has become a sick company or otherwise (amalgamated) etc. – N.A.
- I further report that:**
- (a) the Company has complied with the provisions of Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;
 - (b) the Company has complied with the provisions of Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;
 - (c) the Company has generally followed &/or is in the process of complying with the Secretarial Standards issued by the Institute of Company Secretaries of India;
 - (d) the Company has complied with the provisions of Equity listing Agreements entered into with Bombay & National Stock Exchange(s);
 - (e) the Company has complied with the provisions of The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - (f) the Company has complied with the provisions of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - (g) the Company has complied with the provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (h) the Company has complied with the provisions of The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to grant of Stock Options and implementation of the Schemes (NA);
 - (i) the Company has complied with the provisions of The Securities and Exchange Board of India (Issue and

Annexure to Directors' Report

Listing of Debt Securities) Regulations, 2008 – N.A.;

- (j) the Company has complied with the provisions of the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (k) the Company has complied with the provisions of The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 with regard to delisting of Equity shares from the Exchange(s) – N.A. ;
- (l) the Company has complied with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 with regard to buy back of Equity shares – N.A.

I/We further report that:

There are systems and processes in place in the company. However, the registers in electronic form shown to us indicated that the company is lax in effecting sound satisfactory safety procedures inbuilt within the system as prescribed by law.

I/We further report that:

During the audit period the Company has effected the following activities/ events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:-

- (i) Changed its registered office within the jurisdiction of the same Registrar of Companies.
- (ii) Entered into ship building business.
- (iii) Re-appointed Vice Chairman & Managing Director (VCMD)
- (iv) Variation in the remuneration of Executive Chairman, VCMD, & other Key Managerial Personnel.
- (v) Changed the designation of Mr. Sudipta Mukherjee to WTD.
- (vi) Scheme of Amalgamation of 4 of its wholly owned subsidiaries (WOS) with the Company viz.: Titagarh Marine Limited and its two WOS- Corporated Shipyard Pvt. Ltd. & Times Marine Enterprises Pvt. Ltd.; and Cimco Equity Holdings Pvt. Ltd. (CEHPL) was approved by the court.

- (vii) The Company approved allotment of shares to its employees under the Employees Stock Option Scheme, 2014.
- (viii) Issued Patronage Letters on behalf of Titagarh Firema Adler SpA.
- (ix) Availed working capital from RBL Bank.
- (x) Entered into a Joint Venture Agreement with Matiere SaS France and pursuant thereto incorporated a joint venture company in India on 02/01/2017.
- (xi) The company has merged certain non-mandatory committees & decided to constitute a couple of new committees.
- (xii) The company has extended the terms of the Company Secretary.
- (xiii) The company has approved investments in the following companies:
 - a. Titagarh Agrico Private Ltd
 - b. Titagarh Singapore Pte Ltd
 - c. Titagarh Wagons AFR
- (i) The interim dividend paid by the company based on the decision taken at the Board meeting dated 17/03/2016 was placed before the AGM held on 29/09/2016 as the final dividend.
- (ii) The company is required to spend 2% of its net profits towards CSR activities, aggregating to ₹93.26 Lakhs. The company has till March 31, 2017 date spent an amount of ₹44.002 lacs and till date ₹47.95 lacs.
- (iii) Made Related Party Transactions as below:
 - a. Invested in the equity of Titagarh Agrico Pvt Ltd
 - b. Given a collateral for non-fund based facilities sanctioned by Barclays to Titagarh Singapore Pte Ltd
 - c. Taken premises on rent for the company's shipbuilding vertical from Titagarh Enterprises Ltd
 - d. Titagarh Firema Adler SPA purchased design developed by TWL for manufacture of clinker wagons
 - e. Purchased 2 dismantled sheds from Titagarh Industries Ltd

Place: Mumbai
Date: 19th May 2017

Vanita Sawant & Associates
Practising Company Secretary
FCS 6210. CP No. 10072

Note: This report is to be read with our letter of even date, which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A TO SECRETARIAL AUDIT REPORT

To
The Members
Titagarh Wagons Limited,
756 Anandapur E M Bypass,
Kolkata, West Bengal
India – 700107

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My/our responsibility is to express an opinion on these secretarial records based on our audit.
2. I/We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I/We believe that the processes and practices I/We followed provide a reasonable basis for my opinion.
3. I/We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I/We have obtained the Management Representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My/our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Vanita Sawant & Associates
Membership No: 6210
Certificate of Practice No: 10072

Date: 19th May 2017
Place: Mumbai

Annexure DR – 5

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Rule	Particulars			
(i)	The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	a	Shri J P Chowdhary, Executive Chairman	123.63
		b	Shri Umesh Chowdhary, Vice Chairman & Managing Director	123.63
		c	Shri Sudipta Mukherjee, Wholetime Director	19.44
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year.	a	Shri J P Chowdhary, Executive Chairman	209%
		b	Shri Umesh Chowdhary, Vice Chairman & Managing Director	209%
		c	Shri Sudipta Mukherjee, Wholetime Director	Nil
		d	Shri Anil Kumar Agarwal, Chief Financial Officer	Nil
		e	Shri Dinesh Arya, Company Secretary	Nil
(iii)	The percentage increase in the median remuneration of employees in the financial year			11.32%
(iv)	The number of permanent employees on the rolls of the Company			506
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.			
	There has been no increase in the remuneration of managerial personnel and others			
(vi)	It is hereby affirmed that the remuneration is as per the Remuneration policy of the Company			

Annexure DR – 6

Particulars required under Section 134(3)(m) read with Rule 8 of the Companies Act, 2013.

A. CONSERVATION OF ENERGY

i) **Steps taken or impact on conservation of energy :**

a) Energy audit has been conducted and inter alia in accordance therewith-

1. Use of transparent sheets in sheds to utilize sunlight for illumination and thus reducing electrical energy input for illumination.
2. Installation of power saver compressor units replacing old and inefficient compressors.
3. Installation of capacitor bank at load end to reduce Reactive Energy intake and thus improving Power Factor.
4. Welding machines with power savers (inverter base) installed to save power.
5. Use of HSD in DG sets.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

1. Usage of CFL/Energy Efficient lighting system for shop floor illumination.
2. Energy saving units being installed in lighting circuit to reduce consumption by 20%.
3. One power efficient 500 cfm compressor to be installed replacing old and inefficient compressor.
4. System being designed for reduction in No-Load Losses of Welding transformers, by automatically cutting off supply when not in operation.
5. Replacement of rewound and inefficient drives.
6. Water management by delinking industrial and domestic use.

ii) **Steps taken by the Company for utilizing alternate sources of energy :**

The measures taken as above have resulted in saving of non renewable sources of power and energy which are scarce and expensive in the country thereby lowering the cost of production as well as saving the non renewable sources of energy.

iii) **Capital investment on energy conservation equipments :**

As per the Note 8f the Financial Statements for the year ended 31st March, 2017.

B. TECHNOLOGY ABSORPTION

i) **Efforts made towards technology absorption**

- Techno-commercial activity in advanced stage for development of the following special purpose Wagons:
- Railway Wagons of BCNA-HL specification;
- Roll-on Roll-off Wagons (Ro-Ro);
- Cars on Rail (CoR) Wagons for carrying automobiles;
- Defence Wagons of MBVT specifications.

A highly cost effective 'Break-van' for Freight Container Rake (BLCA) has been designed and the Company has obtained the Patent for 'Ro-Ro' Wagons. Applications submitted for patents pertaining to the 'COR' Wagons for carrying automobiles and 'Break-van' for Freight Container Rake are under consideration of the appropriate authority.

Efforts, in brief, made towards technology absorption, adaptation and innovation:

- a) A few critical wagon parts were produced by using specially developed Press Tools. More accurate parts by this innovative process have been achieved. Earlier these parts were produced by Plasma Cutting process.

Annexure to Directors' Report

- b) Saving a considerable amount of Man-hours after making a few innovative process changes during the fabrication of wagons has been attended. As a result, re-work was reduced considerably.
- c) After the implementation of various innovative press tools, our NBC (IFS) productivity as well as Quality, has been improved substantially.
- d) Some of the Hydraulic Tanks required chilling plant from outside sources which are very costly. Own innovative design has been made and two machines in place of Hydraulic Tanks installed. Results were very effective.

ii) Benefits derived like product improvement, cost reduction, product development or import substitution :

The benefits from the above are expected to be significant, however, the same can only be ascertained in tangible terms in future.

Future plan of action:

While implementation of the plans described hereinbefore is being pursued, the Company is focused on value addition in the manufacture & marketing of Wagons and Coaches. The Company has already set up an EMU manufacturing facility at its Uttarpara unit and a few rakes of the same have already been despatched.

iii) In case of Imported Technology (imported during the last three years reckoned from the beginning of the Financial Year) :

- a) The details of the technology imported: A large size VMC has been imported to machine co-co bogies in-house.
- b) Year of import : 2009-10
- c) Whether the technology has been fully absorbed: Partially absorbed till date.
- d) If not fully absorbed, areas where this has not taken place, reasons thereof: Step by step absorption is taking place.

iv) Expenditure on R & D:

(₹in lacs)

	2016-17	2015-16
Capital	Nil	Nil
Recurring	54.10	31.10
Total	54.10	31.10
Total R & D expenditure as a percentage of total turnover	0.15%	0.10%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets and export plans :
 - (i) A Memorandum of Understanding is proposed to be signed with the Government of India's agency RITE International for cooperation in respect of exclusive export market.
 - (ii) Efforts are being made to secure an order for limestone carrying wagons for Malaysian railway tracks.
- b) Total foreign exchange earned and used :

As per Note No. 41 of the Notes to Accounts and used: ₹2,443.25 lacs

For and on behalf of the Board

J P Chowdhary
Executive Chairman

Kolkata
May 19, 2017

Annexure DR – 7

Report on CSR Activities

Annual Report on the CSR Activities pursuant to Section 135 of the Companies Act,
2013 read with the Companies (Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy:

To actively contribute to the social and economic development of the society in which we operate and participate in the endeavor to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index. Education is vital for inclusive growth. As the education is the best possible way to attempt achievement of inclusive growth, due emphasis is on setting up/supporting imparting of basic education to the underprivileged sections of society, particularly girl child and differently abled children. In addition to providing medical interventions to the young people suffering from cancer, free health checkups to the elderly and filtered water to the school children, from economically weaker sections of society, providing shelter and care to the street animals are some of the activities approved by the CSR Committee of the Company.

The Company has adopted a CSR Policy in compliance with the provisions of the Companies Act, 2013 which can be accessed on the Company's website through the following link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>.

2. Composition of CSR Committee:

Sl. NO.	Name	Designation	Category
1	Shri D N Davar	Chairman	Independent Director
2	Shri J P Chowdhary	Member	Executive Chairman
3	Shri Umesh Chowdhary	Member	Vice Chairman & Managing Director
4	Smt. Rashmi Chowdhary	Member	Non- Executive Director

3. Average net profit of the Company for last three years: ₹1008.32 Lacs

4. Prescribed CSR Expenditure (2% of the amount as in Sl. No. 3): ₹ 20.17 Lacs

5. Details of CSR spend during the financial year:

a) Total amount to be spent for the financial year: ₹38.99 Lacs

b) Amount unspent: ₹44.00 Lacs

c) Manner in which the amount spent during the financial year ended 31/03/2017 is detailed below:

¹Part of the amount unspent during 2015-16 and bought forward, spent during this financial year ended 31/03/2017 and suitable project(s) being identified for the balance.

₹/Lacs							
1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects and Programs 1) Local area or other 2) Specify the state or district where project or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub-heads: 1. Direct Expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
a)	Jeevan Nirog	Health	-Free health checkups and medicines near Factory premises at Titagarh and Uttarpara	2.00	1.72	1.72	Direct
			-Treatment of Cancer in Kolkata, W.B.	6.50	6.45	8.17	Tata Medical Centre and Disha Foundation

Annexure to Directors' Report

₹/Lacs							
1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects and Programs 1) Local area or other 2) Specify the state or district where project or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub-heads: 1. Direct Expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
b)	Gyan Jyoti	Education	-Support to Dhankhet School, Bonhooghly, W.B.	6.25	6.25	14.42	Manovikas Kendra
			-Scholarship to meritorious students of Jadavpur University, W.B.	1.00	1.00	15.42	Alumni Association NCE Bengal & Jadavpur University
			-Education, therapy and environment for children of women in prostitution	4.50	4.43	19.85	South Kolkata Hamari Muskan, Kolkata WB
			-School bags for children Education of tribal children	4.00	4.00	23.85	Friends for Tribal Society
			Mid-day meal and school education	5.00	5.00	28.85	Annamrita, ISKCON
			School Bags for children	0.35	0.35	29.15	Marudyan, WB
c)	Shail Ganga	Water	Clean, safe and filtered drinking water in schools	5.25	5.19	34.34	Splash
d)	Parvaah	Care	Animal care	5.00	5.00	39.34	Animal Shelter Hospital And Research Institute
e)	Implementation	All projects	Need assessment study, capacity building programs such as training, workshops, etc. and communication strategies for engagement of all stakeholders to implement	5.00	4.66	44.00	Direct

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending in the Board Report: Not applicable.

The Company has been carrying on philanthropic activities which in terms of the provisions of the Companies Act, 2013 may not be part of CSR, however having supported several economically challenged entities, the Company would carry on with such activities.

As approved by the CSR Committee and Board, the Company has taken up various CSR interventions in the areas of education including of those differently able, health and empowerment of children particularly girl-child/women, systems for safe, filtered and clean drinking water in schools, providing environment for children of women in prostitution and animal care etc. in right earnest.

With the emphasis on interventions and its benefits to reach the most needy persons and right kind of implementation partners, some of the projects take time to be commenced and the relative spend thereon may happen in a year beyond the financial year for which the same was meant to start.

The CSR Committee and Board members are committed to bringing about the pace in CSR spend without however compromising on the objective of ensuring that the benefits of the same reach the target population i.e. the most deserving ones.

7. The CSR Committee affirms that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and policies of the Company.

For and on behalf of the Board

D N Davar
Chairman, CSR Committee

Kolkata
May 19, 2017

Umesh Chowdhary
Chief Executive Officer and VCMD

Corporate Governance Report

Titagarh Wagons Limited (TWL's) Philosophy on Code of Governance

TWL's corporate culture is imbued with high standards of integrity and transparency by adhering to the sound & pragmatic corporate policies laid down by the Board of Directors based on business needs aimed at sustainability maintained by two important principles of 'team-work' and 'professionalism' and value maximisation for the stakeholders is at the core.

Board of Directors

TWL's Board as at March 31, 2017 comprised eight directors including Executive Chairman, Vice Chairman & Managing Director, Wholetime Director being the three Executive Directors, four Independent Directors and one Woman Director (Non-Executive). The composition of the Board is in compliance with the provisions of the Companies Act, 2013 and Regulation

17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Managing Director(s), the Wholetime Director and the Non-Executive Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders. The composition of the Board and other provisions as to Board and Committees are in compliance with the Listing Regulations. The Independent Directors of the Company fulfil the criteria for "independence" and/or "eligibility" as prescribed under the Listing Regulations and Section 149 of the Companies Act, 2013 (the Act).

None of the directors on the Board is a member of more than 10 committees and/or Chairman of more than 5 committees, reckoned in terms of Regulation 26 of the Listing Regulations. The Independent Directors of the Company do not serve in more than the prescribed number of companies as independent directors in terms of the requirements of the Listing Regulations.

Composition, Attendance at the Board Meetings and the last Annual General Meeting ('AGM'), Outside Directorships and other Board Committees:

Sl. No.	Director	Category	No. of Board Meetings attended	Attendance at previous AGM on 29.09.2016	No. of Shares held (Face value of ₹2 each)	No. of other directorships Held		Chairmanship in other Committees Chairman	Membership in other Committees Member
						Total	Listed		
1	Shri J P Chowdhary DIN: 00313685	Promoter & Executive Chairman	8	Present	1,56,540	2	1	Nil	Nil
2	Shri Umesh Chowdhary DIN: 00313652	Promoter & Vice Chairman and Managing Director	6	Present	77,530	2	1	Nil	1
3	Shri Sudipta Mukherjee DIN: 06871871	Wholetime Director	7	Present	Nil	Nil	Nil	Nil	Nil
4	Shri D N Davar DIN:00002008	Independent & Non-executive	7	Present	Nil	8	5	4	4
5	Shri Manoj Mohanka DIN: 00128593	Independent & Non-executive	7	Present	Nil	8	3	Nil	3
#6	Shri Sudev Chandra Das DIN: 01072628-	Independent & Non-executive	4	Present	Nil	-	-	-	-
7	Shri Sunirmal Talukdar DIN: 00920608	Independent & Non-executive	5	Absent	Nil	7	3	2	1
8	Shri Shekhar Datta DIN: 00045591	Independent & Non-executive	6	Present	Nil	5	3	2	2
9	Smt Rashmi Chowdhary DIN: 06949401	Non-Independent & Non-executive	6	Present	128,16,105	Nil	Nil	Nil	Nil

Notes:

- Shri Umesh Chowdhary is son of Shri J P Chowdhary. Smt. Rashmi Chowdhary is wife of Shri Umesh Chowdhary.
 - Independent Directors meet with the criteria of their Independence as mentioned in Regulation 25 (3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.
 - Other directorships do not include directorship of Section 8 companies and of companies incorporated outside India.
 - Chairmanships/Memberships of Board Committees include Audit and Stakeholders' Relationship Committees only.
- #Shri Sudev Chandra Das resigned from the Board of Directors of the Company with effect from 27th October, 2016.

Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 11th March, 2017 to review the performance of Non-independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

Agenda:

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board Meeting for ratification/approval.

Invitees & Proceedings:

Apart from the Board members, the Company Secretary and the CFO are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The Chairpersons of various Board Committees brief the Board on all the important matters discussed and decided at their respective committee meetings, which are generally held prior to the Board meeting.

Directors' Induction, Familiarization & Training of Board Members:

Pursuant to Regulation 25 (7) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the Company is mandatorily required to provide suitable training to the Independent Directors to familiarize them with the Company, their role, nature of the industry in which the Company operates, business model of the Company etc. the details of such training imparted are also required to be disclosed in the Annual Report.

The Directors are offered visits to the Company's plants, where plant head makes them aware of the operational and sustainability aspects of the plants to enable them to have full understanding on the activities of the Company and initiatives taken on safety, quality, CSR, Sustainability etc.

At various Board meetings during the year, presentations are made to the Board on safety, health and environment and sustainability issue, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates, with areas of improvement and

other relevant issue.

Quarterly presentations on operations made to the Board include information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, subsidiary information, donations, regulatory scenario etc.

The details of such familiarization programmes have been placed on the website of the Company under the web link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>

Evaluation of the Board's Performance:

The Board had adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience and competencies, performance of specific duties and obligations, governance issues etc.

Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest etc. Criteria for evaluation of Board is annexed hereto - **Annexure CG - 1**.

Board Meetings held during the Financial Year Ended the 31st March, 2017

Eight (8) meetings of the Board of Directors were held in the year 2016 on 29th April, 26th May, 22nd August, 9th September, 29th September, 28th October, 14th December and 6th February, 2017 in the financial year ended March 31st, 2017.

Appointment/Re-appointment of Directors

The details of the directors proposed to be appointed/reappointed at the ensuing Annual General Meeting (AGM) are given in the Notice of AGM and the same should be considered as compliance of Regulation 36 of SEBI (LODR), Regulations, 2015.

Board Committees

Audit Committee

The Audit Committee as at 31st March, 2017 comprises Shri D N Davar, Shri Manoj Mohanka, and Shri Sunirmal Talukdar (all Independent Directors). Shri D N Davar, Ex-Chairman of Industrial Finance Corporation of India who is an expert inter alia in banking, development banking, financial and internal control areas, is the Chairman of the Audit Committee. The Audit Committee at its meetings exercised the role and duties, which had been defined by the Board of Directors pursuant to provisions of the Companies Act read with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Shri Dinesh Arya, Company Secretary acts as Secretary to the Audit Committee.

Shri Sudev Chandra Das's membership of Audit Committee ceased upon his resignation from the Board with effect from 27th

October, 2016.

The role and duties of the Audit Committee have been defined by the Board of Directors under Section 177 of the Companies Act, 2013 and cover the areas mentioned under Regulation 18 Part C of Schedule –II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

At least one meeting of the Audit Committee was held in every quarter and the time gap between two consecutive meetings of the Audit Committee did not exceed 120 days during the financial year 2016-17.

Terms of Reference of Audit Committee are broadly as follows:

The terms of reference of the Audit Committee are as per the guidelines set out in Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the stock exchanges read with Section 177 of the Companies Act, 2013. These broadly include (i) overseeing the financial reporting process (ii) review of financial statements (iii) ensuring compliance with

the regulatory guidelines (iv) compliance with listing and other legal requirements concerning financial statements (v) scrutiny of inter-corporate loans and investments (vi) review of internal audit reports (vii) recommending appointment and remuneration of auditors to the Board of Directors and (viii) to review adequacy of internal control systems and internal audit function and other matters specified for Audit Committee under the Listing Regulations and Section 177 of the Act. The Audit Committee also reviews the information as per the requirement of Part C of Schedule II of the Listing Regulations.

Attendance of the Directors at the Audit Committee Meetings held:

During the year 9 meetings of the Audit Committee of the Company were held i.e. on 29th April 2016, 26th May 2016, 22nd August 2016, 9th September 2016, 28th October 2016, 5th November 2016, 14th December 2016, 6th February 2017 and 11th March, 2017. The attendance of Directors at these meetings was as under:

Sl. No.	Name of Director	Designation	No. of meetings attended
1	Shri D N Davar	Chairman	8
2	Shri Sunirmal Talukdar	Member	7
3	Shri Manoj Mohanka	Member	8
4	Shri Sudev Chandra Das	Member	3

Shri Sudev Chandra Das ceased to be a member of the Audit Committee upon his resignation from the Board w.e.f 27th October, 2016

The previous Annual General Meeting (AGM) of the Company was held on 29th September, 2016 and was attended by Mr. D N Davar, Chairman of the Audit Committee.

Risk Management Committee has been merged with Audit Committee w.e.f. 29th September, 2016.

Stakeholders' Relationship Committee

Stakeholders' Relationship Committee which considers and resolves the grievances of the security holders of the Company is headed by Shri Manoj Mohanka, an Independent Director with Shri Sudev Chandra Das and Shri Umesh Chowdhary being the other two members. Shri D N Davar is a Special Invitee. The attendance at and dates of Stakeholders' Relationship Committee meetings held and the Status of Investors' complaints are as follows:

Attendance at the Stakeholders' Relationship Committee meetings

During the year 4 meetings of the Stakeholders' Relationship Committee of the Company were held i.e. on 26th May, 2016, 22nd August, 2016, 14th December, 2016 (adjourned to 26th December, 2016) and 6th February, 2017. The attendance of Directors at these meetings is as under:

Sl. No.	Name of Director	Designation	No. of meetings attended
1	Shri Manoj Mohanka	Chairman	4
2	Shri Umesh Chowdhary	Member	4
3	Shri Sunirmal Talukdar	Member	2
4	Shri Sudev Chandra Das*	Member	1

*Shri Sudev Chandra Das resigned w.e.f 27th October, 2016.

Mr. Sunirmal Talukdar has been inducted in the Committee with effect from 14th December, 2016.

In aggregate 49 cases of Investors' Grievances (including routine queries) were received during the Financial year 2016-17 pertaining to Non-Receipts of Dividend Warrants, Annual Reports, Non-Receipt of Credit of share(s) which were duly redressed in time and no Investors' Grievance is pending as at 31st March, 2017. There was also no Investor complaint pending against the Company as at 31st March, 2017 on SCORES, the web based complaint redressal system of SEBI.

Share transfers and requests for other services are disposed of by the RTA within the time stipulated in the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. Shri Dinesh Arya, Company Secretary is the Compliance Officer.

All valid requests for transfer of shares in physical mode received during the financial year ended the 31st March, 2017 have been acted upon by the Company and no such transfer is pending.

Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) comprised of Shri D N Davar, Shri Shekhar Datta, Shri Manoj Mohanka, all Independent Directors and Shri J P Chowdhary, Executive Chairman, and is headed by Shri D N Davar. The Nomination and Remuneration Committee shall act in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure

Requirements) Regulations, 2015.

Terms of Reference of NRC are broadly as follows:

The NRC shall act in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and shall be responsible for:

- Formulate the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising the policy on Board Diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Directors' performance.

Attendance of the Directors at the Nomination & Remuneration Committee Meetings held:

During the year 3 meetings of the NRC of the Company were held i.e. 22nd August 2016, 14th December, 2016 and 11th March, 2017

The attendance of Directors at these meetings are as under:

Sl. No.	Name of Director	Designation	No. of meetings attended
1	Shri D N Davar	Chairman	3
2	Shri Shekhar Datta	Member	2
3	Shri Manoj Mohanka	Member	3
4	Shri J P Chowdhary*	Member	3

*Shri J P Chowdhary has been inducted in the committee w.e.f. 22nd August, 2016.

The previous AGM of the Company held on 29th September, 2016 was attended by Shri D N Davar, Chairman of the Committee.

Remuneration Policy

Remuneration policy of the Company is based on the need to attract the best available talent and is in line with the prevailing trends in the industry. The remuneration policy therefore is market led and aimed at leveraging the performance appropriately. The remuneration of Non-Executive Directors is decided by the NRC in accordance with the Remuneration Policy of the Company. The Remuneration Policy is attached hereto - **Annexure CG-2**.

The criteria for making payments to Non-Executive Directors have been placed on the website of the Company under the web link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>

Remuneration of Managing and whole time Directors for the financial year ended the 31st March, 2017 and their shareholding in the Company:

₹ in Lacs

	Shri J P Chowdhary	Shri Umesh Chowdhary	Shri Sudipta Mukherjee
Salary and Perquisites	127.32	127.32	41.99
Commission	Nil	Nil	Nil
Total	127.32	127.32	41.99
Stock Option Granted	Nil	Nil	5000 Options of ₹2/- each on 22nd August, 2016
Period for which appointed by the Board	5 years w.e.f. 08/01/2017	5 years w.e.f. 01/10/2015	5 years w.e.f. 15/05/2014
Appointment by shareholders on	15th AGM on 15/09/2012 (Proposed reappointment at 20th AGM on 31/07/2017)	18th AGM on 24/09/2015	17th AGM on 11/09/ 2014
No. of Shares held	156540	77530	5000

Note: Shri J P Chowdhary and Shri Umesh Chowdhary have not drawn any remuneration from any subsidiary company.

Remuneration of Non-Executive Directors :

₹ in Lacs

Name of the Director	Sitting Fees	Salary & Perquisites	Commission	Total
Shri D N Davar	7.20	NIL	3.76	10.96
Shri Manoj Mohanka	8.00	NIL	2.08	10.08
Shri Shekhar Datta	3.60	NIL	2.08	5.68
Shri Sunirmal Talukdar	5.60	NIL	2.08	7.68
Shri Sudev Chandra Das	1.80	NIL	Nil	1.80
Smt. Rashmi Chowdhary	2.40	NIL	Nil	2.40
Total	28.60	NIL	10.00	38.60

Corporate Social Responsibility Committee

Shri D N Davar heads the Corporate Social Responsibility (CSR) Committee and Shri J P Chowdhary, Shri Umesh Chowdhary and Smt. Rashmi Chowdhary are the other members. CSR policy adopted by the Board is available on the web site of the Company - <http://titagarh.in/downloads/Policies-and-Codes.pdf>.

During the year 3 meetings of the CSR Committee of the Company were held i.e. on 29th April, 2016, 22nd August, 2016 and 6th February, 2017.

Attendance of the directors at the Corporate Social Responsibility Committee meetings:

Sl. No.	Name of Director	Designation	No. of meetings attended
1	Shri D N Davar	Chairman	3
2	Shri J P Chowdhary	Member	3
3	Shri Umesh Chowdhary	Member	3
4	Smt. Rashmi Chowdhary	Member	3

Internal Complaints Committee

The Committee has been formed by the Board as per the requirement of Section 4 of The Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committee is headed by Smt. Vinita Bajoria as Presiding Officer, Smt. June Coelho, Smt. Tapati Chakraborty and Smt. Indira Lily Pichler - Member representing Family India Foundation & Calcutta Marudyan, NGO are the other members.

There was no complaint of any issue falling under the purview of the Committee during the Financial Year ended March

31st, 2017.

Special Committee

The non-mandatory committees of the Company were merged into Special Committee w.e.f 29th September, 2016. No Meeting of the Special Committee was held during the financial year ended 31st March, 2017.

Compliance Officer

Shri Dinesh Arya, Company Secretary is the Compliance Officer and acts as the Secretary to all the Committees.

General Body Meetings

Annual General Meetings held during the last three years are as follows:

Year	Annual General Meeting	Venue	Date	Time	No. of Special Resolutions passed
2013-2014	17th	Rotary Sadan, 94/2, Chowringhee Road, Kolkata-700020	11.09.2014	01.00 P.M	Four
2014-15	18th	Bharatiya Bhasha Parishad 36A Shakespeare Sarani Kolkata 700017	24.09.2015	02.00 P.M	Five
2015-2016	19th	Manovikas Kendra, 482, Madudah, Plot-I-24, Sector-J, E M Bypass, Kolkata-700107	29.09.2016	10.00 A.M	Three

Postal Ballot

No postal ballot exercise was conducted during the financial year ended 31st March, 2017.

Remote e-voting and ballot voting at AGM

To allow the shareholders to vote on the Resolutions proposed at the AGM, Company has arranged for remote e-voting facility. The Company has engaged Karvy to provide e-voting facility to all the members. Members whose names appear on the Register of Members as on the cut-off date i.e. Monday, the 24th day of July, 2017, shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM and the members who have not already cast their vote by remote e-voting can exercise their vote at AGM.

Disclosures

(i) Related Party Transactions

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the financial year 2016-17 were in the ordinary course of business and on arm's length pricing basis. Suitable disclosures as required by applicable Accounting Standard have been made in the Financial Statements. The Board has approved a policy for related party transactions which can be accessed at the Company website link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>

(ii) Compliance with Accounting Standard

In the preparation of the financial statements, the Company has followed the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

(iii) Disclosures on materially significant related party transactions that may have potential conflict with the interest of Company at large

Details of transactions with the related parties as specified in applicable Accounting Standard have been reported in the Financial Statements. There was no transaction of a material

nature with any of the related parties which was in conflict with the interest of the Company.

(iv) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years

There was no such instance in the last three years.

(v) Whistle-Blower Policy and affirmation that no personnel has been denied access to the Audit Committee

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Company has framed a Vigil Mechanism/Whistle Blower Policy and the same has also been placed in the website of the Company. The Company affirms that no personnel have been denied access to the Audit Committee. Vigil Mechanism Policy is available on the website of the Company - www.titagarh.in. No grievance has been reported to the Audit Committee during the year. The Board has approved a policy for the same which can be accessed at the Company website link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>.

(vi) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company is compliant with all the mandatory requirement of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for 2016-17.

The following non-mandatory requirement under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which has been adopted is mentioned below:

- The Internal Auditors of the Company directly make presentation to the Audit Committee on their reports.

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. The Code of Conduct is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance with the Code.

Chief Executive Officer's certificate of compliance of the Code of Conduct by the Directors and Senior Management is appended to this Report.

Code of Conduct to Regulate, Monitor and Report Trading by Insiders

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 the Board has approved and adopted a code of conduct governing all the directors, senior management and other employees at all locations of the Company. Shri Dinesh Arya, Company Secretary has been designated Compliance Officer in respect of compliance of the Code. Code of Conduct is posted on the Company's website.

Code of Conduct for Independent Directors

The Board has adopted the Code of Conduct for Independent Directors as per Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Means of Communication

Half-yearly report to shareholders, Quarterly Results, Newspapers in which published, Website etc.

The Quarterly, Half-yearly and Annual Results are published by the Company generally in English (Business Standard and/or Mint) and Vernacular (Aajkal or Ekdin) dailies. Interim Results/reports are not sent to the household of shareholders since the same are posted on the web sites of the Company and BSE and NSE. The address of the Company's web site is www.titagarh.in

General Shareholder Information

Annual General Meeting

Day, Date and Time: Monday, 31st July, 2017 at 10 A.M.
Venue: Manovikas Kendra, 482, Madudah, Plot I-24, Sector-J, E M Bypass, Kolkata-700107

Dividend Payment Date: Shall be paid within the statutory time limit (If approved by the members at AGM)

Dates of Book Closure: 24th July, 2017 to 31st July, 2017

Financial Calendar

First Quarter Results: August/September, 2017

Second Quarter Results: November/December, 2017

Third Quarter Results: January/February, 2018

Fourth Quarter Results: April/May, 2018

Listing on Stock Exchanges and Stock Codes

Shares of the Company are listed at the BSE Limited and National Stock Exchange of India Limited (NSE) [Scrip Codes 532966 & TWL (EQ) respectively]. Listing fees for the year 2017-18 have been paid to both BSE and NSE. ISIN for dematerialization is INE 615H01020.

Details of unclaimed shares pursuant to Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, 2015

In accordance with the SEBI (LODR) Regulations, 2015, the Company dematerialized 2774 equity shares of the shareholders who had not responded to the reminder letters issued. Subsequently due to one equity share having been claimed and stock split, the balance in the demat (suspense) account with Karvy Stockbroking Limited was 13,865 equity shares.

Ten Equity shares of ₹10/- each (post split: 50 equity shares of ₹2/- each) of the Company allotted to an individual shareholder in the Initial Public Offer of the Company on April, 9, 2008 could not be credited to his account, both at the beginning and end of the Financial year since operation of the Demat account of the shareholder had been suspended. Despite reminders from the Company the shareholder has not got his account regularized and the voting rights on these shares shall remain frozen till the shareholder concerned claims the shares.

Market Price Data: High/Low in each month of Financial Year

(A) BSE Limited

Month	High (₹)	Low (₹)	Quantity Traded (Shares)	Sensitive Index	
				High	Low
2016					
April	105	91.05	51705	26100.54	24523.2
May	94.5	84	45055	26837.2	25057.93
June	95.4	85.65	28208	27105.41	25911.33
July	103.7	90.25	35416	28240.2	27034.14
August	124.6	96.1	63105	28532.25	27627.97
September	122.9	105	38758	29077.28	27716.78
October	119.65	110.4	18373	28477.65	27488.3
November	119.4	94.5	30019	28029.8	25717.93
December	135.75	108	75224	26803.76	25753.74
2017					
January	132.8	115.25	65096	27980.39	26,447.06
February	117.4	97.5	51005	29065.31	27590.1
March	118.7	100	33244	29824.62	28716.21

(B) National Stock Exchange of India Limited

Month	High (₹)	Low (₹)	Quantity Traded (Shares)	CNX NIFTY	
2016				High	Low
April	105.4	92.8	3647984571	7974.5	7526.7
May	94.45	84	449611311	8213.6	7697.25
June	95.45	86.25	4322691978	8294.95	7927.25
July	103.8	90.75	3424492172	8674.7	8500.7
August	123.35	96	4216391552	8819.2	8529.6
September	122.75	115.4	40221130225	8968.7	8558.25
October	118.45	110	3273141693	8806.95	8555.9
November	118.95	98	4727258064	8669.6	7916.4
December	135.8	110.1	3215108521	8274.95	7893.8
2017					
January	132.9	115.35	4132833516	8662.6	8148.6
February	117.95	97.3	4534658808	8982.15	8537.5
March	116.85	102.25	4984931104	9218.4	8879.8

Share Transfer System & Registrars and Transfer Agent ('RTA')

The Company has engaged the services of Karvy Computershare Private Limited, as the RTA for both physical and dematerialised share maintenance. Share transfers are generally effected within 15 days of lodgement or such period as may be permissible by law/regulatory authority.

Categories of Shareholding as on the 31st March, 2017

Category	No. of Shares held	% of Total Shares
• Promoter & Promoter Group	52850995	45.79
• Indian Public		
Mutual Funds & UTI	17071825	14.79
Financial Institutions & Banks	627118	0.54
Private Corporate Bodies	5495117	4.76
Individuals/Others	27448764	23.79
• Non-Residents		
Foreign Institutional Investors/ Non-Residents	11550418	10.01
• Clearing Members	367633	0.32
Total	115411870	100.00

Dematerialisation of shares and liquidity: 99.87% of total equity shares of the Company have been dematerialised as on 31st March, 2017

Distribution of Shareholding as on 31st March, 2017

Range of Shares	Number of Shares	No. of Shareholders	% to Total Shares
1 to 5000	14996300	59393	12.99
5001 to 10000	4137933	1119	3.59
10001 to 20000	3297926	450	2.86
20001 to 30000	1688961	134	1.46
30001 to 40000	1135454	64	0.98
40001 to 50000	878719	38	0.76
50001 to 100000	2188890	60	1.90
100001 & above	87087687	66	75.46
TOTAL	115411870	61324	100.00

Subsidiary Companies

In line with the requirements of the listing agreement a policy to determine a material subsidiary has been framed and the same may be accessed on the Company's website at the link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>.

The Company does not have any material non-listed Indian subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or generated 20% of the consolidated income of the Company during the previous financial year.

Plant Locations: The Company's plants are located at :

Wagons Division

P.O.: Titagarh -743 188

District : 24 Parganas (N), W. Bengal, India

Fax : 91 33 2501 0736

Coaches/Heavy Engineering Division (HED)

Hind Motor-712 233

District : Hooghly, W. Bengal, India

Telephone : 91 33 2664 1755; Fax : 91 33 2664 7333

Steel Castings Division

1 Abdul Quddus Road, Titagarh-743 188

District : 24 Parganas (N), W.Bengal, India

Telephone : 91 33 2545 7067; Fax : 91 33 2545 7068

Address for Correspondence:**Registered Office:****Titagarh Wagons Limited**

Titagarh Towers

756, Anandapur, E. M. Bypass, Kolkata 700 107

Telephone : 91 33 4019 0800 Fax: 91 33 4019 0823

Email : investors@titagarh.in

Registrar & Transfer Agent (RTA) :

Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda, Hyderabad 500 032, Phone : 91 40 6716 2222, Fax : 91 40 2300 1153

Email for Investor complaints : einward.ris@karvy.com

For and on behalf of the Board

Kolkata

Date : May 19th, 2017

J P Chowdhary
Executive Chairman

Declaration Affirming Compliance of Provisions of the Code of Conduct

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the senior management personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended 31st March, 2017.

For Titagarh Wagons Limited

Kolkata
Date: May 19th, 2017

Umesh Chowdhary
Vice Chairman and Managing Director

Certificate on Corporate Governance

To
The Members
Titagarh Wagons Limited
756, Anandapur
E M Bypass
Kolkata- 700107

I have examined the compliance of conditions of Corporate Governance by Titagarh Wagons Limited for the year ended on 31st March, 2017, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company ensuring for compliance of the conditions of Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company.

In our opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance, as stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Kolkata
Date: May 19th, 2017

Vanita Sawant & Associates
(Practicing Company Secretary)
Membership No. : 6210
C.P. No. : 10072

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
Titagarh Wagons Limited

We have reviewed the financial statements read with cash flow statement of Titagarh Wagons Limited for the year ended on the 31st day of March, 2017 and to the best of our knowledge and belief, we state that:

- a) These statements do not contain any materially untrue statement or omit any material fact or contain statements, that might be misleading;
- b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- c) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
- d) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies;
- e) We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Kolkata
19th May, 2017

Umesh Chowdhary
Vice Chairman and Managing Director & CEO

Anil Kumar Agarwal
Chief Financial Officer

ANNEXURE TO CG REPORT

ANNEXURE CG - 1

Criteria For Performance Evaluation of Board & Independent Directors

An effective Board consciously creating a culture of leadership and transparent corporate governance with a long term vision and requisite strategies to enable the Company to become a responsible entity working for maximization of the stakeholders' value while contributing to society is at the core of its approach. Towards this Titagarh Wagons Limited ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

Titagarh Wagons Limited also recognizes the importance of Independent Directors in achieving the effectiveness of the Board and aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board carries out an annual evaluation of its own performance, as well as the evaluation of the working of its Committees and Individual Directors. The performance evaluation of all the Directors was carried out by Nomination and Remuneration Committee. The performance evaluation was

carried out in accordance with the Remuneration Policy framed by the Company within the framework of applicable laws.

QUALIFICATION AND CRITERIA OF INDEPENDENCE

- The Nomination and Remuneration Committee (NRC) and the Board shall review on an annual basis appropriate skills, knowledge and experience required of the Board as a whole and its individual members.
- NRC shall also assess the independence of the directors at the time of appointment/reappointment and the Board shall assess the same annually.
- The Board shall reassess determinants of independence when any new interest or relationships are disclosed by a Director.
- In evaluating the suitability of the individual members NRC may take into account factors such as, general understanding of the Company's business dynamics, global business and social perspective.

The Board may review and update the criteria from time to time as it may deem appropriate.

ANNEXURE CG - 2

Remuneration Policy

Titagarh Wagons Limited recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Remuneration policy is designed to attract, motivate and retain talented employees in a competitive market.

Therefore, the Remuneration Policy has been formulated with the following objectives and features:

- a. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees, to run the Company successfully.
- b. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c. Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal.
- d. Aligning the remuneration of Directors, KMPs and Senior Management Personnel with the Company's financial position as well as with trends in the industry to the extent applicable to the Company.
- e. Performance evaluation of the Committees of the Board and Directors including Independent Directors.

- f. Ensuring Board Diversity.
- g. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down.

POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL

- The Board on the recommendation of the Nomination & Remuneration Committee shall review and approve the remuneration payable to the directors/KMPs which shall be within the limits approved by the shareholders.
- It is to be ensured that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

REVIEW

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.

The Remuneration Policy is available on the Company's website under the following web link: <http://titagarh.in/downloads/Policies-and-Codes.pdf>

Independent Auditor's Report

To
The Members of
Titagarh Wagons Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Titagarh Wagons Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 14(b) (i) and 36 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. The Company has provided requisite disclosures in Note 39 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

Other Matter

The financial information of the Company as at and for the corresponding year ended March 31, 2016 and the opening balance sheet as at April 01, 2015, have been prepared considering the merger of certain subsidiary companies with effect from April 01, 2015 pursuant to Court Order dated July 11, 2016 more fully described in note no. 46 to the financial statements. The financial statements and other financial information of these subsidiaries prepared under previous GAAP, were audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management and has been relied upon by us. Adjustments made to the previously issued financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 after considering the effect of the aforesaid order and on transition to Ind AS have been audited by us. Our opinion is not qualified in respect of this matter

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**

Place of Signature: Kolkata

Partner

Date: May 19, 2017

Membership Number: 058652

Annexure 1 referred to in paragraph 1 of the section on “Report on other legal and regulatory requirements” of our report of even date

To The Members of **Titagarh Wagons Limited**

- | | |
|--|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) Fixed assets were physically verified by the management during the previous year in accordance with the planned programme of verifying all assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.</p> <p>(c) According to information and explanations given by the management, the title deeds of immovable properties included in property plant and equipment's (PPE) are held in the name of the Company except for following:</p> <ul style="list-style-type: none"> • 6 number of immovable properties aggregating to gross block of Rs. 3,622.65 lacs and net block of Rs. 3,614.15 lacs as at March 31, 2017 for which original registered sale deed / conveyance deed / transfer deed / assignment deed were not available with the Company and we have been provided with the scan / photo copies of the same. Hence, we are unable to comment on the same. Also refer note 3(a) of the financial statements. • 4 number of immovable properties aggregating to gross block of Rs. 10,011.82 lacs and net block of Rs. 9,985.20 lacs as at March 31, 2017 for which the sale deed / conveyance deed / transfer deed / assignment deed are not registered with the relevant government / regulatory authority. Also refer note 3(b) of the financial statements. <p>(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and discrepancies noted on physical verification of inventories were material and have been properly dealt with in the books of account.</p> <p>(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other</p> | <p>parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon. Provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees and securities given have been complied with by the company.</p> <p>(v) The Company has not accepted any deposits from the public.</p> <p>(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of wagons, coaches and engineering products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, done a detailed examination of the same.</p> <p>(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> |
|--|---|

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
The West Bengal Sales Tax Act, 1944	Short payment of sales tax	5.24	2004-2005	West Bengal Taxation Tribunal
The Value Added Tax Act, 2003	Demand of additional Sales tax under various sections,	810.34	2012-13 and 2013-14	West Bengal Taxation Tribunal
	Demand of additional Sales tax under various sections,	17.43	2010-11	Additional Commissioner Commercial Taxes
The Central Sales Tax Act, 1956	Demand of additional Sales tax, disallowance of input tax, Non submission of form C etc.	73.96	2013-14	West Bengal Appellate & Revisional Board
The West Bengal Tax on Entry of Goods into Local Area Act, 2012	Demand of entry tax	171.71	2013-14	West Bengal Taxation Tribunal
		204.60	2014-15	Additional Commissioner Commercial Taxes
The Central Excise Act, 1944	Incorrect availment of CENVAT credits, short payment of duty including interest, additional demand etc.	12,024.88	November 2006 to Feb 2016	Commissioner of Central Excise and Service Tax (LTU)
		244.09	2011-2015	Additional Commissioner of Central Excise and Service Tax (LTU)
		401.79	1995-97, 2006 to 2014	Commissioner of Central Excise (Appeal)
		1,403.73	Apr 2012 to June 2012, 2006-07 to 2008-09	CESTAT, Kolkata
		31.32	2011-15	Assistant Commissioner of Central Excise and Service Tax (LTU)
The Customs Act, 1962	Non-fulfilment of Export Obligation	1280.61	2006-07 and 2012-13	CESTAT, Kolkata
Foreign Trade Development and Regulation Act, 1992	Terminal excise duty for sale of wagons under EPCG scheme, earlier refunded	693.20	2008-10	DGFT, Kolkata

(viii) In our opinion and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings in respect of a financial institution or Government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**

Place of Signature: Kolkata

Partner

Date: May 19, 2017

Membership Number: 058652

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Titagarh Wagons Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TITAGRAH WAGONS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**

Place of Signature: Kolkata

Partner

Date: May 19, 2017

Membership Number: 058652

Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017	As at March 31, 2016	₹ in Lacs As at April 1, 2015
I. ASSETS				
Non current assets				
a) Property, Plant and Equipment	3	29,142.79	29,849.43	30,772.18
b) Capital work-in-progress		172.70	19.09	84.58
c) Other Intangible assets	3	1,580.59	59.90	53.52
d) Intangible assets under development		315.73	165.69	165.69
e) Financial assets				
i) Investments	4	36,308.82	23,280.82	16,717.71
ii) Trade Receivables	5	169.98	207.37	356.99
iii) Loans and Deposits	6	164.90	942.63	1,638.81
iv) Others Financial Assets	7	173.77	347.47	652.66
f) Non-current tax asset	8	2,429.31	2,311.55	1,724.64
g) Other non current assets	9	733.98	262.47	195.96
		71,192.57	57,446.42	52,362.74
Current assets				
a) Inventories	10	15,007.14	13,880.86	14,178.86
b) Financial assets				
i) Trade receivables	5	11,005.52	7,147.60	8,745.28
ii) Cash and cash equivalents	11.1	468.55	157.25	586.71
iii) Other bank balances [other than (ii) above]	11.2	1,146.89	14,712.58	10,098.88
iv) Loans and Deposits	6	2,858.44	1,823.71	2,929.56
v) Others Financial Assets	7	1,425.46	2,361.14	1,958.84
c) Current tax asset	8	306.77	306.77	-
d) Other current assets	9	4,353.86	3,076.60	1,894.52
		36,572.63	43,466.51	40,392.65
TOTAL-ASSETS		107,765.20	100,912.93	92,755.39
II. EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	12	2,308.24	2,307.69	2,005.91
b) Other equity	13	87,174.48	85,164.71	73,965.73
		89,482.72	87,472.40	75,971.64
Liabilities				
Non-current liabilities				
a) Provisions	14	318.07	333.96	368.36
b) Deferred tax liabilities (Net)	15	3,512.23	3,348.10	3,620.18
c) Other non-current liabilities	19	25.71	186.19	101.36
		3,856.01	3,868.25	4,089.90
Current liabilities				
a) Financial Liabilities				
i) Borrowings	16	4,336.63	1,331.36	1,786.43
ii) Trade payables	17	3,653.30	3,614.65	4,051.33
iii) Other Financial Liabilities	18	610.89	699.11	2,312.23
b) Other current liabilities	19	4,537.60	2,308.27	2,575.95
c) Provisions	14	1,288.05	1,618.89	1,967.91
		14,426.47	9,572.28	12,693.85
TOTAL - LIABILITIES		18,282.48	13,440.53	16,783.75
TOTAL - EQUITY AND LIABILITIES		107,765.20	100,912.93	92,755.39

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Statement of Profit & Loss for the year ended March 31, 2017

₹ in Lacs

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	20	37,033.60	32,585.61
Other income	21	2,431.36	2,664.02
Total Income		39,464.96	35,249.63
Expenses			
Cost of raw materials & components consumed	22	21,357.12	20,114.15
Changes in inventories of finished goods, Work in progress and saleable scrap	23	(1,638.90)	(466.83)
Employee benefits expense	24	2,255.15	2,000.74
Excise duty on sale of goods and on increase in inventories of finished goods, Work-in-progress and saleable scrap		2,115.42	1,437.18
Finance costs	26	438.44	542.09
Depreciation and amortization expenses	27	1,156.02	1,212.65
Other expenses	25	11,150.30	9,845.77
Total Expenses		36,833.55	34,685.75
Profit before exceptional items & tax		2,631.41	563.88
Exceptional items	28	-	1,954.16
Profit / (Loss) before tax		2,631.41	(1,390.28)
Tax expenses			
Current tax			
Pertaining to profit for the current year		531.64	-
Less: MAT Credit Entitlement		531.64	-
Adjustment of tax relating to preceding year		-	(206.56)
Deferred tax		703.04	(285.54)
Total tax expenses		703.04	(492.10)
Profit / (Loss) for the year after tax		1,928.37	(898.18)
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods :			
Re-Measurement gains/(losses) on defined benefit plans		(21.04)	39.66
Income tax relating to above		7.28	(13.48)
Other Comprehensive Income for the year (net of taxes)		(13.76)	26.18
Total Comprehensive Income for the year		1,914.61	(872.00)
Earnings per equity share [Nominal value of share Rs. 2/- (Rs 2/-)]	29		
Basic (In Rs.)		1.67	(0.81)
Diluted (In Rs.)		1.66	(0.81)

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Statement of Changes in Equity for the year ended March 31, 2017

A) Equity Share Capital

	Number (in Lacs)	Amount ₹ in Lacs
Equity Shares of Rs 2 each issued, subscribed and fully paid		
At the beginning of April 1, 2015 (Par value Rs. 10 per share, refer note no. 12 for Share split)	200.59	2,005.91
Changes in equity share capital during the year ended March 31, 2016:		
Increase in number of shares on account of stock split (Refer Note 12a)	802.36	-
Shares Issued during the period pursuant to Qualified Institutional Placement (Refer Note 12d)	150.89	301.78
Balance as at the end of March 31, 2016	1,153.84	2,307.69
Issue of equity shares pursuant to Employee Stock Options Scheme (ESOP) during the year ended March 31, 2017 (Refer Note 12e)	0.28	0.55
Balance as at the end of March 31, 2017	1,154.12	2,308.24

B) Other Equity

Particulars	Reserves and Surplus				₹ in Lacs
	Securities Premium Reserve	Capital Reserve	Employee Stock Options Outstandings	Retained Earnings	Total
Balance at the beginning of April 1, 2015	26,194.44	9.18	-	47,762.11	73,965.73
Loss for the year ended March 31, 2016	-	-	-	(898.18)	(898.18)
Re-Measurement gains on defined benefit plans (Refer Note 31)	-	-	-	26.18	26.18
Total comprehensive income	-	-	-	(872.00)	(872.00)
Adjustments carried out during the year ended March 31, 2016					
Shares Issued during the year pursuant to Qualified Institutional Placement (Refer Note 12d)	14,698.22	-	-	-	14,698.22
Expenses on Shares Issued during the year pursuant to Qualified Institutional Placement (Refer Note 12d)	(459.59)	-	-	-	(459.59)
ESOP granted during the year (Refer Note 12e)	-	-	54.33	-	54.33
Final dividend for financial year 2014-15 (Rs 4/- per share)	-	-	-	(802.36)	(802.36)
Tax on final dividend for financial year 2014-15	-	-	-	(163.34)	(163.34)
Interim & final dividend for financial year 2015-16 (Re 0.80/- per share)	-	-	-	(1,043.79)	(1,043.79)
Tax on interim dividend for financial year 2015-16	-	-	-	(212.49)	(212.49)
Balance at the end of March 31, 2016	40,433.07	9.18	54.33	44,668.13	85,164.71
Profit for the year ended March 31, 2017	-	-	-	1,928.37	1,928.37
Re-Measurement losses on defined benefit plans (Refer Note 31)	-	-	-	(13.76)	(13.76)
Total comprehensive income	-	-	-	1,914.61	1,914.61
Adjustments					
Issue of equity shares pursuant to Employee Stock Option Scheme during the year	29.37	-	-	-	29.37
Transferred to securities premium on exercise of stock option (Refer Note 12e)	-	-	(17.78)	-	(17.78)
ESOP granted during the year (Refer Note 32)	-	-	83.57	-	83.57
Balance at the end of March 31, 2017	40,462.44	9.18	120.12	46,582.74	87,174.48

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For and on behalf of the Board of Directors of Titagarh Wagons Limited

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Cash Flow Statement for the year ended March 31, 2017

₹ in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	2,631.41	(1,390.28)
Adjustments for:		
Depreciation and amortization expenses	1,156.02	1,212.65
Interest Expenses	233.36	356.99
Employee Stock Option Expenses	83.57	54.33
Unrealised foreign exchange loss / (gain)	95.19	(368.34)
Irrecoverable debts/ advances written off	10.26	16.25
Provision for doubtful debts and advances	53.32	59.43
Loss/(gain) on sale/discard of property, plant and equipments (PPE) (net)	15.43	(23.86)
Gain on fair valuation of Investments	(263.94)	(175.31)
Gain on sale of Investments	-	(1.05)
Dividend Received	(122.57)	-
Unspent liabilities / provisions no longer required written back	(234.14)	(208.87)
Guarantee income accrued on financial guarantees	(60.96)	(40.17)
Interest Income	(1,225.70)	(1,932.15)
Operating Profit / (Loss) before Working Capital Changes	2,371.25	(2,440.38)
Movements in working capital:		
Increase / (Decrease) in financial liabilities, other liabilities and provisions	1,416.56	(2,328.04)
Decrease/ (increase) in trade receivables	(4,019.35)	1,631.54
Decrease / (Increase) in inventories	(1,126.28)	367.14
Decrease in loans, other financial assets and other assets	(1,537.05)	(966.85)
Cash used in Operations	(2,894.87)	(3,736.59)
Direct Taxes Paid (net of refunds)	(122.99)	(687.12)
Net Cash used in Operating Activities	(3,017.86)	(4,423.71)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of PPE including capital work in progress and capital advances	(2,633.49)	(271.15)
Proceeds from sale of PPE	7.48	8.43
Loan given to a Subsidiary	(450.00)	(1,269.50)
Loan refunded by Subsidiaries	-	3,147.87
Investment in Subsidiaries	(6,758.89)	(6,183.15)
Investment in Joint venture	(0.50)	-
Investments in Bank Fixed Deposits and Tax Free Bonds	(10,634.30)	(27,659.52)
Fixed Deposits encashed/matured	18,395.66	23,059.02
Dividend received from a subsidiary company	122.57	-
Interest Received	2,269.95	1,667.45
Net Cash generated from / (used in) Investing Activities	318.48	(7,500.55)

Cash Flow Statement for the year ended March 31, 2017

₹ in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in cash credit from banks	(1,317.97)	106.53
Proceeds from issue of Share Capital	12.14	15,000.00
Expenses on issue of shares through Qualified Institutional Placement	-	(459.59)
Proceeds of Buyers credit loan	-	(568.67)
Proceeds from Packing Credit loan	4,536.99	-
Interest Paid	(230.97)	(361.51)
Dividend Paid (including corporate dividend tax)	-	(2,208.76)
Net Cash from Financing Activities	3,000.19	11,508.00
Net increase / (decrease) in Cash & Cash Equivalents (A+B+C)	300.81	(416.26)
Cash and Cash Equivalents - Opening Balance	193.62	609.88
Cash and Cash Equivalents - Closing Balance	494.43	193.62
Components of Cash & Cash Equivalents :		
Cash on hand	8.72	7.61
Effect of exchange differences on cash & cash equivalents held in foreign currency	(0.23)	0.09
Balances with banks:		
On current accounts	442.48	148.10
On unpaid dividend account*	14.42	24.79
On Unpaid share application money*	0.48	0.48
On unpaid fractional share entitlement*	10.98	11.10
Deposits with original maturity of less than three months	17.58	1.45
Total Cash and Cash Equivalents (Refer Note No. 11.1 and 11.2)	494.43	193.62

* Amount available for restricted use only.

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Notes to Financial Statements as at and for the year ended March 31, 2017

1 Corporate Information

Titagarh Wagons limited (the Company) is a public company domiciled in India and incorporated under the provisions of the erstwhile Company's Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The Company is engaged in the manufacturing and selling of Freight Wagons, Passenger Coaches, Steel Castings, Specialised Equipments & Bridges, Ships, Heavy Earthmoving and mining equipments etc. The Company caters to both domestic and export market. The registered office of the Company is located at 756, Anandapur, EM-Bypass, Kolkata - 700107.

These Separate financial statements were authorised for issue in accordance with a resolution of the Directors on May 19, 2017.

2 Basis of preparation

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) (as amended) issued by the Ministry of Corporate Affairs. These are the first Ind-AS financial statements of the Company, wherein the Company has prepared its Balance Sheet as at 1st April 2015 and financial statements for the year ended and as at 31st March 2016 also as per Ind-AS.

The financial statements have been prepared on a historical cost basis, except for certain items which are measured at fair value such as Employee Stock Options, investment in equity shares covered under IND AS 109 "financial instruments" etc.

2.1 Significant accounting policies

a. Foreign Currency

Transactions in foreign currencies are initially recorded in functional currency by the Company at spot rates at the date of transaction. The Company's functional currency is Indian Rupees.

Foreign currency monetary items are reported using the closing rate. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

b. Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment for them is made. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Excise duty is a liability of the manufacturer irrespective of whether the goods are sold or not. Hence, the recovery of excise duty flows to the Company on its own account and accordingly revenue includes excise duty. However, Sales tax/ value added tax (VAT) are collected on behalf of the government and accordingly, it is excluded from revenue.

Construction contracts

Revenue on construction contracts is recognized on percentage completion method based on the stage of completion of the contract. The stage of completion is determined as a proportion that contract costs incurred for work performed upto the reporting date bears to the estimated total costs. When it is probable that the total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Notes to Financial Statements as at and for the year ended March 31, 2017

c. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry forwards of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

For items recognised in Other Comprehensive Income (OCI) or equity, deferred / current tax is also recognised in OCI or equity.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

d. Property, plant and equipment (PPE)

PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes, commissioning expenses, etc. upto the date the asset is ready for its intended use.

Expenditure directly attributable to expansion projects is capitalised. Administrative, general overheads and other indirect expenditure (including borrowing costs) incurred during the project period which are not directly related to the project nor are incidental thereto, are expensed.

Machinery spare which meets the criteria of PPE is capitalized and depreciated over the useful life of the respective assets.

PPE awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately. Capital work-in-progress includes machinery to be installed and construction & erection materials lying in stock.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Paticular	Useful life
Factory building / Other building	30 / 60 years
Plant and equipment	1 - 15 years
Furniture and fixtures	10 years
Office equipment and computers	3 - 5 years
Railway siding	15 years
Vehicles	8 years

The Company, based on technical assessment made by technical expert and management's estimate, depreciates certain

Notes to Financial Statements as at and for the year ended March 31, 2017

items of building, plant and equipment over useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used

The Company has considered the residual values of the above assets at 5% of the original cost. It believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- (i) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- (ii) Its intention to complete and its ability and intention to use or sell the asset
- (iii) How the asset will generate future economic benefits
- (iv) The availability of resources to complete the asset
- (v) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit and the expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Notes to Financial Statements as at and for the year ended March 31, 2017

During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Brand / Trade Mark	Indefinite	No amortisation, tested for impairment annually	Acquired
Design and Drawings	Finite (10 years)	Amortised on a straight-line basis over the life	Acquired
Computer Software's	Finite (5 years)	Amortised on a straight-line basis over the life	Acquired

f. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, Components, Stores and Spares: These are valued at lower of cost and net realisable value. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Notes to Financial Statements as at and for the year ended March 31, 2017

- (ii) Finished goods and work in progress: These are valued at lower of cost and net realisable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods also includes excise duty. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

i. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

j. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold. Initial recognition is based on historical experience i.e. claims received upto the year end and the management's estimate of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims. The initial estimate of warranty-related costs is revised annually.

Liquidated Damages

Liquidated damages on supply of materials are provided based on the contractual obligations or deduction made by the customers, as the case may be.

Onerous Contract

Provision is recognized for the contract, where unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

k. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method done at the end of each financial year.

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, done at the end of each financial year. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the

Notes to Financial Statements as at and for the year ended March 31, 2017

net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

In case of gratuity, current and non current bifurcation is done as per Actuarial report.

I. Financial instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not measured at fair value through profit or loss, are added/deducted to the fair value on initial recognition.

Subsequent measurement

(i) Non-derivative financial instruments

(a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value except equity investments in subsidiaries which are measured at cost as per Ind AS 27. For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the Fair Value Through Profit and Loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit & Loss. Equity investments in Subsidiaries are carried at Cost.

(c) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Derivative financial instrument

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks and interest rate risks. Such derivative financial instruments are recorded at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised when the rights to receive cash flows from the asset have expired. A financial liability is de-recognised when obligation under the liability is discharged or cancelled or expired.

Notes to Financial Statements as at and for the year ended March 31, 2017

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (i) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade and other receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

m. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprises cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

n. Earning per share

Earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Segment reporting

The Company has identified three operating segments viz, Wagons & Coaches, Specialised Equipment's & Bridges and others consisting of miscellaneous business like heavy earth moving machineries, shipping etc. which comprises of less than 10% revenue on individual basis. The analysis of geographical segments is based on the areas in which customers of the Company are located.

p. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q. Employee Stock Options

Employees (including senior executives) of the Company also receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model

That cost is recognised, together with a corresponding increase in Employee Stock Option Scheme (ESOP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Notes to Financial Statements as at and for the year ended March 31, 2017

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

r. Business Combination

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date have been carried forward with minimal adjustment.

Any business combinations involving entities or businesses under common control are accounted for using the pooling of interests method :

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

- s. In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and IND AS 102 Share Based Payments. The amendments are applicable from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The Company does not have any cash settled awards and hence the amendment has no impact on the Company.

The company will adopt these amendments from their applicability date.

Notes to Financial Statements as at and for the year ended March 31, 2017

3 Property, Plant and Equipment and Intangible Assets

	Land - Freehold	Land - Leasehold	Buildings	Plant & Equipment	Railway Sidings	Furniture & Fixtures	Office equipments & Computers	Vehicles	Total Property, Plant & Equipment	Computer Software	Brand (Refer Note d)	Design and Drawings (Refer Note d)	Total Intangibles	Grand Total
Deemed Cost as at April 1 2015 (e)	18,679.66	335.61	5,820.17	5,119.44	244.75	199.97	194.52	178.06	30,772.18	53.52	-	-	53.52	30,825.70
Additions	5.60	-	283.34	323.57	-	6.24	23.87	15.52	658.14	50.96	-	-	50.96	709.10
Disposals	-	-	123.73	541.14	-	-	-	8.51	673.38	-	-	-	-	673.38
At March 31 2016	18,685.26	335.61	5,979.78	4,901.87	244.75	206.21	218.39	185.07	30,756.94	104.48	-	-	104.48	30,861.42
Additions	0.90	-	258.30	154.14	-	16.84	25.55	48.11	503.84	25.45	227.79	1,298.22	1,551.46	2,055.30
Disposals	-	-	-	66.44	-	-	-	40.77	107.21	-	-	-	-	107.21
At March 31 2017	18,686.16	335.61	6,238.08	4,989.57	244.75	223.05	243.94	192.41	31,153.57 (a,b)	129.93	227.79	1,298.22	1,655.94	32,809.51
Depreciation and Amortization														
Charge for the year	-	4.32	190.91	823.67	27.00	22.33	61.28	38.56	1,168.07	44.58	-	-	44.58	1,212.65
Adjustment on disposals	-	-	9.66	247.52	-	-	-	3.38	260.56	-	-	-	-	260.56
At March 31 2016	-	4.32	181.25	576.15	27.00	22.33	61.28	35.18	907.51	44.58	-	-	44.58	952.09
Charge for the year	-	4.33	210.36	779.58	23.45	23.43	53.97	30.13	1,125.25	30.77	-	-	30.77	1,156.02
Adjustment on disposals	-	-	-	1.47	-	-	-	20.51	21.98	-	-	-	-	21.98
At March 31 2017	-	8.65	391.61	1,354.26	50.45	45.76	115.25	44.80	2,010.78	75.35	-	-	75.35	2,086.13
Net book value														
At March 31 2017	18,686.16	326.96	5,846.47	3,635.31	194.30	177.29	128.69	147.61	29,142.79	54.58	227.79	1,298.22	1,580.59	30,723.38
At March 31 2016	18,685.26	331.29	5,798.53	4,325.72	217.76	183.88	157.12	149.89	29,849.43	59.90	-	-	59.90	29,909.33
At April 1 2015	18,679.66	335.61	5,820.17	5,119.44	244.75	199.97	194.52	178.06	30,772.18	53.52	-	-	53.52	30,825.70

a) Freehold land and buildings includes land and building aggregating to Deemed cost of Rs. 3,622.65 lacs and net book value of Rs. 3,614.15 lacs of which original registered sale deed / conveyance deed / transfer deed / assignment deed are not traceable. However, Company has photo copy / scan copy of the same.

b) Deed of conveyance in respect of freehold land and buildings amounting to Deemed cost Rs 10,011.82 lacs and Net book value Rs. 9,985.20 lacs is pending registration.

c) Refer Note no. 16 and 40 for information on property, plant and equipment pledged as security by the Company.

d) During the year, the Company has acquired the brand name of "Sambre et Meuse" alongwith all the available designs and drawings for manufacturing of bogies, Sambre et Meuse (France) is the world's leading manufacturer of Bogies for the Railway Freight Market with intensive design knowledge. The design and drawings are amortised over its useful lives as estimated by the management and the brand is tested for impairment.

e) The Company has opted to fair value its property, plant and equipment as on 1st April 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards' and considered the same as deemed cost as at 1st April 2015.

Notes to Financial Statements as at and for the year ended March 31, 2017

4 Non-Current Investments

	No of Shares/Units As at March 31,			Face value per share/ unit (₹)	As at March 31, 2017 (₹ in Lacs)	As at March 31, 2016 (₹ in Lacs)	As at March 31, 2015 (₹ in Lacs)
	2017	2016	2015				
Investment in Equity Shares							
In Subsidiary Companies (Quoted) (at Cost)							
Cimmco Limited	15,065,350	15,065,350	15,065,350		4,402.70	4,402.70	4,402.70
In Subsidiary Companies (Unquoted) (at Cost)							
Titagarh Singapore Pte Limited** (a)	17,383,612	9,025,000	1,225,000	USD 1	11,149.35	5,525.47	568.25
Titagarh Capital Private Limited (d)	1,500,000	1,500,000	1,500,000	100	1,542.57	1,542.57	1,542.57
Titagarh Wagons AFR** (a) (f)	4,500,000	4,500,000	4,500,000	EURO 1	2,864.60	2,989.60	2,864.60
Titagarh Agrico Private Limited	36,000,000	23,400,000	13,500,000	10	3,600.00	2,340.00	1,350.00
Titagarh Firema Adler SpA (a)	180,000	180,000	-	EURO 1	127.75	127.75	-
In Joint Venture (Unquoted) (at Cost)							
Matiere Titagarh Bridges Pvt Ltd	5,000	-	-	10.00	0.50	-	-
In Others (Quoted) (at FVTPL) (e)							
Continental Valves Limited #	160,000	160,000	160,000	10	38.08	31.44	28.13
In Others (Unquoted) (at FVTPL) (e)							
Titagarh Enterprises Limited	4,933,000	4,933,000	4,933,000	10	2,311.73	2,045.46	1,869.08
Tecalemit Industries Limited	685,000	685,000	685,000	10	15.98	25.71	31.40
Bhatpara Papers Limited	50,000	50,000	50,000	10	29.83	29.06	27.74
					26,083.09	19,059.76	12,684.47
Investment in Preference Shares							
In Subsidiary Company in Compulsorily Convertible Cumulative Preference Shares in Subsidiary Companies (fully paid up) (at cost) (Unquoted)							
Titagarh Capital Private Limited (b), (d)	2,500,000	2,500,000	2,500,000	100	2,500.00	2,500.00	2,500.00
In Non cumulative, Non convertible, Redeemable Preference Shares (NCNCRPS) in Subsidiary Companies (fully paid up) (at amortised cost) (Unquoted)							
Cimmco Limited (c)	25,000,000	25,000,000	25,000,000	10	1,931.89	1,721.06	1,533.24
					4,431.89	4,221.06	4,033.24
Investment in Tax Free Bonds (Quoted) (at amortised cost)							
7.40% India Infrastructure Finance Company Limited***	140,000	-	-	1,000	1,474.53	-	-
7.04% Indian Railways Finance Corporation Limited	50	-	-	1,000,000	507.20	-	-
7.38% Indian Railways Finance Corporation Limited***	100	-	-	1,000,000	1,105.26	-	-
7.39% National Highway Authority of India***	180,000	-	-	1,000	1,949.39	-	-
7.39% National Highway Authority of India***	50	-	-	1,000,000	523.83	-	-
8.67% Power Finance Corporation Limited	20,000	-	-	1,000	233.63	-	-
					5,793.84	-	-
Total - Non Current Investments					36,308.82	23,280.82	16,717.71
Aggregate book value of quoted investments					10,234.62	4,434.14	4,430.83
Aggregate book value of unquoted investments					26,074.20	18,846.68	12,286.88
Market value of quoted investments					20,186.47	10,831.99	14,340.85

Quotations not available

** Represents following shares pledged with the bank for loan taken by the respective subsidiary companies:

Notes to Financial Statements as at and for the year ended March 31, 2017

(₹ in lacs)

Name of the Subsidiary	Amount Pledged
Titagarh Singapore Pte Limited	5,525.47
Titagarh Wagons AFR	2,864.60
	8,390.07

*** All the units are pledged against the working capital loan taken by Titagarh Singapore Pte Limited

Notes:

- Valued at exchange rate prevailing on the date of transaction.
- The Compulsorily Convertible Cumulative Preference Shares are convertible into equity shares on or before August 27, 2022 at par.
- The 8% Non Convertible Non Cumulative Redeemable Preference Shares (NCNCRPS) are redeemable within five years from the date of allotment i.e. by June 27, 2019 at par.
- The Company has investment in the equity and preference capital aggregating to Rs. 4,042.57 lacs in its wholly owned subsidiary company "Titagarh Capital Private Limited" (TCPL). As at March 31, 2017, being the last audited balance sheet date, the accumulated losses in the books of TCPL is Rs. 1,451.26 lacs. However, certain fixed assets of TCPL, having net block of Rs 1,035.48 lacs representing 887 wagons, are in possession of Indian Railways as lease since 1998 which have significant residual value. Considering the above, the management believes there is no impairment on this investment.
- Investments at fair value through statement of profit and loss reflects investment in unquoted equity securities. Refer Note 43 for determination of their fair values.
- On March 31, 2016, Rs. 125 lacs was accounted on account of fair valuation of the corporate guarantee given by the Company for the working capital loan obtained by the subsidiary. Subsequently, the Company has started charging commission for the said financial guarantee, including for earlier years, and hence the amount recognised as investment on March 31, 2016 has been adjusted during the year ended March 31, 2017.

5 Trade Receivables (at Amortised Cost)

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
TRADE RECEIVABLES						
Considered good	169.98	207.37	356.99	11,005.52	7,147.60	8,745.28
Considered doubtful	-	-	-	55.00	158.31	53.96
	169.98	207.37	356.99	11,060.52	7,305.91	8,799.24
Less: Allowance for doubtful debts	-	-	-	55.00	158.31	53.96
Total	169.98	207.37	356.99	11,005.52	7,147.60	8,745.28

- For terms and conditions relating to related party receivables refer Note 42.
- Refer Note 16 and 40 for information on trade receivables pledged as security by the Company.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Notes to Financial Statements as at and for the year ended March 31, 2017

6 Loans and Deposits (at Amortised Cost)

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Loans to related parties (Refer Note 42)	-	871.72	1,565.77	2,766.54	1,711.81	2,712.86
Security Deposits						
Considered good	164.90	70.91	73.04	91.90	111.90	216.70
Considered doubtful	38.13	46.62	42.50	-	-	-
	203.03	117.53	115.54	91.90	111.90	216.70
Provision for doubtful security deposits	38.13	46.62	42.50	-	-	-
	164.90	70.91	73.04	91.90	111.90	216.70
Total	164.90	942.63	1,638.81	2,858.44	1,823.71	2,929.56

Notes:

- Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
- Refer Note 16 and 40 for information on loan and deposits pledged as security by the Company.
- Loans to related parties are receivable on demand except loan amounting to ₹1,731.53 lacs given to Titagarh Wagons AFR, which is receivable in 4 structured annual instalments by March 31, 2018.

7 Other Financial Assets (at Amortised Cost)

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Non-Current Bank Balances (Refer Note No. 11)	-	169.72	-	-	-	-
Receivable from Related Parties (Refer Note No. 42)	-	-	-	238.79	247.71	317.96
Interest accrued on						
Fixed deposits with banks	-	-	-	224.53	409.96	359.26
Loans to subsidiaries (Refer Note No. 42)	-	-	-	12.04	1,015.62	927.03
Income tax refundable	-	-	-	223.84	178.40	-
Derivative instruments at fair value through profit and loss:						
Foreign exchange forward contracts (a)	-	-	-	169.89	79.27	13.39
Other receivables	173.77	177.75	652.66	556.37	430.18	341.20
Total	173.77	347.47	652.66	1,425.46	2,361.14	1,958.84

- Derivative instruments at fair value through profit and loss (Foreign exchange forward contracts)
While the Company entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.
- Refer Note 16 and 40 for information on other financial assets pledged as security by the Company.

Notes to Financial Statements as at and for the year ended March 31, 2017

8 Tax Assets

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Advance tax (net of provision for taxation)	2,429.31	2,311.55	1,724.64	306.77	306.77	-
Total	2,429.31	2,311.55	1,724.64	306.77	306.77	-

9 Other Assets

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Capital Advances	423.15	100.00	121.40	-	-	-
Security Deposits	154.48	124.40	35.22	-	-	-
Advance recoverable in cash or kind						
Considered good - To Others	19.42	12.18	37.34	1,024.64	835.74	564.84
Considered good - To Directors or Officers (Refer note 42)	-	2.00	2.00	42.80	1.23	1.23
Considered doubtful - To Others	88.40	88.40	88.40	16.90	8.74	8.74
	107.82	102.58	127.74	1,084.34	845.71	574.81
Provision for doubtful advances - To Others	88.40	88.40	88.40	16.90	8.74	8.74
	19.42	14.18	39.34	1,067.44	836.97	566.07
Unbilled Revenue	-	-	-	2,385.90	988.35	-
Other advances						
Balance with statutory / government authorities	-	-	-	664.83	1,060.15	961.30
Prepaid expenses	136.93	23.89	-	235.69	191.13	367.15
Total	733.98	262.47	195.96	4,353.86	3,076.60	1,894.52

Refer Note 16 and 40 for information on other assets pledged as security by the Company.

10 Inventories

(Valued at lower of cost and net realizable value)

(₹ in lacs)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Raw materials & components [Includes Goods in transit Rs.24.98 lacs (31st March 2016: Rs 401.49 lacs; 1st April 2015: Rs 176.01 lacs)]	7,513.33	8,141.32	8,436.18
Work in progress	4,245.55	2,743.60	3,624.79
Finished goods	2,370.48	2,112.87	1,220.75
Saleable scrap	106.88	227.54	237.76
Stores and spares	770.90	655.53	659.38
Total	15,007.14	13,880.86	14,178.86

Refer Note 16 and 40 for information on inventory pledged as security by the Company.

Notes to Financial Statements as at and for the year ended March 31, 2017

11 Cash and Bank Balances

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
11.1 Cash and cash equivalents						
Balances with banks:						
On current accounts	-	-	-	442.48	148.10	386.06
Deposits with original maturity of less than three months	-	-	-	17.58	1.45	187.45
Cash on hand	-	-	-	8.49	7.70	13.20
	-	-	-	468.55	157.25	586.71
11.2 Other bank balances (other than included in note 11.1 above)						
Balances with banks:						
On unpaid dividend account	-	-	-	14.42	24.79	11.57
On Share application refundable account	-	-	-	0.48	0.48	0.48
On unpaid fractional share entitlement	-	-	-	10.98	11.10	11.12
Deposits with original maturity for more than 12 months	-	-	-	693.10	6,304.72	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	2.58	7,498.46	8,897.47
Deposits held as margin money #	-	169.72	-	425.33	873.03	1,178.24
	-	169.72	-	1,146.89	14,712.58	10,098.88
Amount disclosed under non-current assets (Refer Note No. 7)	-	(169.72)	-	-	-	-
Total	-	-	-	1,615.44	14,869.83	10,685.59

Receipts lying with banks as security against loans, guarantees/letters of credits issued by them.

Refer Note 16 and 40 for information on cash and bank balances pledged as security by the Company.

Notes to Financial Statements as at and for the year ended March 31, 2017

12 Share Capital

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs
Authorised Shares						
Equity shares of Rs. 2/- (31st March 2016: Rs. 2/-, 1st April 2015: Rs. 10/-) each	8,805.00	17,610.00	8,805.00	17,610.00	960.00	9,600.00
Equity shares of Rs. 2/- each (Refer Note f)	-	-	-	-	4,005.00	8,010.00
Preference shares of Rs. 10/- each	520.00	5,200.00	520.00	5,200.00	520.00	5,200.00
		22,810.00		22,810.00		22,810.00
Issued, Subscribed and fully paid-up Shares						
Equity shares of Rs. 2/- (31st March 2016: Rs. 2/-, 1st April 2015: Rs. 10/-) each	1,154.12	2,308.24	1,153.84	2,307.69	200.59	2,005.91
	1,154.12	2,308.24	1,153.84	2,307.69	200.59	2,005.91

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2016-17		2015-16		2014-15	
	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs
At the beginning of the year	1,153.84	2,307.69	200.59	2,005.91		
Increase in number of shares on account of stock split (Refer Note below)	-	-	802.36	-		
Shares Issued pursuant to Qualified Institutional Placement (Refer Note d) below)	-	-	150.89	301.78		
Shares issued pursuant to the Employee Stock Option Scheme (ESOP) (Refer Note e)	0.28	0.55	-	-		
Outstanding at the end of the year	1,154.12	2,308.24	1,153.84	2,307.69	200.59	2,005.91

Note: During the year ended 31st March 2016, the Company has split its equity shares having face value of Rs 10 each into five equity shares having face value of Rs 2 each pursuant to approval of shareholders obtained through postal ballot on April 13, 2015. The record date for the sub-division was April 24, 2015.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2/- (31st March 2016: Rs. 2/- , 1st April 2015: Rs. 10/-) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

For the year ended March 31, 2017, the Company has proposed a dividend of Rs. 0.80 per share (March 31, 2016: Re. 0.80 per share and March 31, 2015: Rs. 4/- per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company.

Notes to Financial Statements as at and for the year ended March 31, 2017

The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	As at Mar 31, 2017		As at Mar 31, 2016		As at April 1, 2015	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs 2/- (31st March 2016: Rs. 2/- , 1st April 2015: Rs. 10/-) each fully paid (Refer note a) above)						
Titagarh Capital Management Services Private Limited	21,670,165	18.78%	21,670,165	18.78%	4,334,033	21.61%
Savitri Devi Chowdhary	18,116,035	15.70%	18,116,035	15.70%	3,623,207	18.06%
Rashmi Chowdhary	12,816,105	11.10%	12,816,105	11.11%	2,563,221	12.78%
HDFC Trustee Company Limited - HDFC Capital Builder Fund	11,028,301	9.56%	6,151,556	5.33%	-	0.00%
G E Capital International (Mauritius)	5,322,200	4.61%	5,322,200	4.61%	2,459,499	12.26%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

- d) Pursuant to the approval of shareholders on April 13, 2015, the Company had issued and allotted 15,089,025 Equity Shares of Rs.2/- each at an issue price of Rs.99.41 per share (including premium of Rs.97.41 per share) aggregating to Rs. 15,000.00 lacs under Qualified Institutional Placement (QIP) in accordance with Chapter VIII-A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009, which was completed on July 15, 2015.
- e) Shares reserved for issue under Employee Stock Options
During the year, 27,500 equity shares of Rs 2 each were issued and allotted to the eligible employees of the Company under the Employee Stock Option Scheme (ESOP) and listing formalities were duly completed.
For details of shares reserved for issue under ESOP of the Company, please refer note 32.
- f) Pursuant to merger of certain subsidiaries (refer note 46), the authorised share capital of the company was enhanced by Rs 8,010 lacs divided into 4,005 lacs shares of Rs 2/- each w.e.f April 1, 2015.

13 OTHER EQUITY

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
a. Securities Premium			
Premium received on equity shares issued are recognised in the securities premium account			
Balance as per the last financial statements	40,433.07	26,194.44	-
Add: Premium on Shares Issued pursuant to Qualified Institutional Placement and ESOP (Refer Note d, e) of Schedule 12 above)	29.37	14,698.22	-
Less: Expenses on Shares Issued pursuant to Qualified Institutional Placement (Refer Note d) of Schedule 12 above)	-	(459.59)	-
	40,462.44	40,433.07	26,194.44

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
b. Retained Earnings			
Retained earnings includes General Reserve, Surplus in Statement of Profit and Loss reclassified upon application of IND AS			
Balance as per the last financial statements	44,668.13	47,762.11	
Profit/ (loss) for the year	1,928.37	(898.18)	
Less: Appropriations			
Actuarial losses / (gains) on Defined Benefit Obligations	13.76	(26.18)	-
Final equity dividend For FY 2014-15 (amount per share Rs 4/-)	-	802.36	-
Tax on final equity dividend	-	163.34	-
Interim and final dividend For FY 2015-16 (amount per share Re. 0.80)	-	1,043.79	-
Tax on interim and final dividend	-	212.49	-
Total appropriations	13.76	2,195.80	-
Net surplus in the statement of profit and loss	46,582.74	44,668.13	47,762.11
c. Capital Reserve (as per the last financial statements)	9.18	9.18	9.18
d. Employee Stock Option Outstanding (Refer Note 32)			
Employee Stock Options Outstanding includes shares reserved for issue under Employee Stock Option Plan of the Company			
Balance as per the last financial statements	54.33	-	-
Add: Compensation options granted during the year	83.57	54.33	-
Less: Transferred to securities premium on exercise of stock options (refer note 12e)	(17.78)	-	-
	120.12	54.33	-
Total Other Equity	87,174.48	85,164.71	73,965.73

14 Provisions

₹ in Lacs

	Long - Term			Short - Term		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Provisions for employee benefits:						
Gratuity (Refer Note 31)	318.07	333.96	368.36	73.61	67.63	62.16
Leave benefits	-	-	-	72.87	95.90	126.17
	318.07	333.96	368.36	146.48	163.53	188.33
Other provisions:						
Warranties	-	-	-	184.06	207.85	104.72
Liquidated damages	-	-	-	432.94	533.37	288.89

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	Long - Term			Short - Term		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Loss on Onerous Contract	-	-	-	137.88	-	877.47
Litigation, claims and contingencies	-	-	-	386.69	714.14	508.50
	-	-	-	1,141.57	1,455.36	1,779.58
Total	318.07	333.96	368.36	1,288.05	1,618.89	1,967.91

a) Movement of provisions for warranty and liquidated damages are as follows:

₹ in Lacs

	(i) Warranties		(ii) Liquidated damages	
	2016-17	2015-16	2016-17	2015-16
At the beginning of the year	207.85	104.72	533.37	288.89
Made during the year	116.28	158.36	414.67	364.37
Utilized during the year	(47.21)	(55.23)	(515.10)	(119.89)
Unused amounts reversed during the year	(92.86)	-	-	-
At the end of the year	184.06	207.85	432.94	533.37

b) Movement of provisions for Litigation, Claims and Contingencies and Onerous Contract are as follows:

₹ in Lacs

	(i) Litigation Claims and Contingencies		(ii) Onerous Contract	
	2016-17	2015-16	2016-17	2015-16
At the beginning of the year	714.14	508.49	-	877.47
Made during the year	2.99	214.44	137.88	-
Utilized during the year	(206.93)	-	-	(877.47)
Unused amounts reversed	(123.51)	(8.79)	-	-
At the end of the year	386.69	714.14	137.88	-

Note - The management has estimated the provisions for pending litigations, claims and demands relating to indirect taxes based on its assessment of probability for these demands crystallising against the Company in due course.

15 Deferred Tax Liability

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Deferred tax liabilities			
Arising out of temporary difference in depreciable assets	4,282.92	4,345.62	4,404.82
Unrealised gain on FVTPL equity securities	288.34	243.01	217.61
Fair valuation of forward contracts	58.79	-	4.09
Fair valuation of loan to subsidiary	-	50.65	88.82
Gross Deferred tax liabilities	4,630.05	4,639.28	4,715.34
Deferred tax assets			
Provision for doubtful debts and advances	42.07	74.27	35.76
Provision for Onerous Contracts	47.72	-	298.25
Provision for Warranties and Liquidated Damages	149.83	-	133.79
Provision for Contingencies	134.34	193.38	106.48
Provision for Leave	6.87	14.90	24.86
Provision for Gratuity	135.55	139.16	145.65

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
MAT Credit Entitlement	531.64	-	-
Expected credit loss on financial assets	51.77	85.99	106.11
Fair valuation of forward contracts	-	1.83	-
Brought Forward Losses	-	431.67	244.26
Unabsorbed Depreciation	18.03	349.98	-
Gross Deferred tax assets	1,117.82	1,291.18	1,095.16
Net Deferred Tax Liabilities	3,512.23	3,348.10	3,620.18

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended on March 31, 2017 and March 31, 2016

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Accounting profit before tax	2,631.41	(1,390.28)
At India's statutory income tax rate of 34.61% (March 31, 2016: 34.76%)	910.68	(483.26)
Non-deductible (income) / expenses for tax purposes		
Expense not allowed as deduction	73.29	156.98
Impact of fair valuation of financial assets	(40.72)	34.05
Interest income accrued on expected credit loss recognised on financial assets	(6.03)	(5.49)
Interest income accrued on debt category financial instruments	(72.96)	(65.29)
Exempt income	(104.86)	-
Impact of lower tax rate (Capital gains tax rate) on the fair valuation of land and investment in equity shares through FVTPL	(157.41)	(129.08)
Excess provision for deferred tax assets now reversed	101.05	-
	703.04	(492.09)

16 Borrowings (at Amortised Cost)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Secured			
From Banks			
Cash credits	11.90	1,329.87	1,223.34
Packing Credit Loan (in foreign currency)	4,324.73	-	-
Buyers' credit (in foreign currency)	-	-	561.60
Borrowing from director (Refer note (d) below)	-	1.49	1.49
Total	4,336.63	1,331.36	1,786.43

Notes:

- Cash Credits and Packing credit loan (in foreign currency) are secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium member banks.
- Cash credits carry interest at banks's MCLR plus spread ranging from 1% to 2% p.a and are repayable on demand.
- Packing credit loan (in foreign currency) carry interest rate ranging from 2.20% to 2.62% p.a and are repayable within six months from the date of drawdown.
- Relates to merged subsidiaries

Notes to Financial Statements as at and for the year ended March 31, 2017

17 Trade Payables (at Amortised Cost)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Trade payables	3,653.30	3,614.65	4,051.33
	3,653.30	3,614.65	4,051.33

* Trade payables are non-interest bearing and are normally settled on 60 days term.

18 Other Financial Liabilities (at Amortised Cost)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Interest accrued and due on borrowings	2.42	0.02	4.54
Investor education and protection fund will be credited by following amounts (as and when due)			
Unpaid dividends	14.42	24.79	11.57
Unpaid share application	0.48	0.48	0.48
Unpaid fractional share	10.98	11.10	11.12
Others			
Employee related liabilities	270.84	284.97	215.94
Payable for purchase of PPE	60.05	73.76	81.79
Other liabilities	251.70	303.99	1,986.79
Total Other Financial Liabilities	610.89	699.11	2,312.23

a) Other financial liabilities are non-interest bearing and have an average term of 30 days

b) Interest payable is normally settled monthly throughout the financial year.

19 Other Liabilities

₹ in Lacs

	Long - Term			Short - Term		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Deferred Guarantee Income	25.71	186.19	101.36	14.69	40.17	40.17
Advance from customers	-	-	-	3,557.21	1,601.84	2,064.25
Statutory Dues	-	-	-	931.84	629.98	471.53
Other Liabilities	-	-	-	33.86	36.28	-
	25.71	186.19	101.36	4,537.60	2,308.27	2,575.95

20 Revenue from Operations

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Sale of products (including excise duty)		
Finished Goods	35,057.39	31,499.44
Raw Materials & Components	757.00	292.37
Other operating revenues		
Scrap sales	931.20	604.61
Duty Drawback	69.11	15.70
Management Fees	176.66	173.49
Others	42.24	-
Revenue from operations	37,033.60	32,585.61

Sale of goods includes excise duty collected from customers amounting to Rs. 2,111.85 lacs (Rs. 1,380.76 lacs)

Notes to Financial Statements as at and for the year ended March 31, 2017

21 Other Income

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
21.1 Interest Income		
Interest Income on		
Bank deposits	743.48	1,147.74
Loan to Subsidiaries	208.53	177.41
Income tax refunds	45.44	178.40
Interest accrued on fair valuation of financial assets	228.25	203.60
Others	-	225.00
Total	1,225.70	1,932.15
21.2 Others		
Dividend Income on non current investments	122.57	-
Unspent liabilities / provisions no longer required written back	234.14	208.87
Net gain on sale of investments in mutual funds	-	1.05
Gain on sale of fixed assets (net)	-	23.86
Commission income	159.08	82.24
Foreign exchange fluctuations and mark to market gain on forward contracts	417.16	182.99
Fair value gain on investment in equity securities at FVTPL	263.94	175.31
Other non operating income	8.77	57.55
Total	1,205.66	731.87
	2,431.36	2,664.02

22 Cost of Raw Materials & Components Consumed

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Inventories at the beginning of the year	8,141.32	8,436.18
Add: Purchases	20,729.13	19,819.29
	28,870.45	28,255.47
Less: Inventories at the end of the year	7,513.33	8,141.32
Cost of raw materials & components consumed	21,357.12	20,114.15

23 (Increase)/ Decrease in Inventories of Finished Goods, Work-in-progress and Saleable Scrap

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Closing Stock		
Finished Goods	2,370.48	2,112.87
Work in Progress	4,245.55	2,743.60
Saleable Scrap	106.88	227.54
	6,722.91	5,084.01
Opening Stock		
Finished Goods	2,112.87	1,220.75
Work in Progress	2,743.60	3,624.79

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Saleable Scrap	227.54	237.76
	5,084.01	5,083.30
	(1,638.90)	(0.71)
Less: Transferred to exceptional items	-	(466.12)
Changes in inventories of finished goods, Work in progress and saleable scrap	(1,638.90)	(466.83)

24 Employee Benefits Expense

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Salaries, wages and bonus	1,808.96	1,605.25
Employee Stock Option Expenses	83.57	54.33
Contribution to provident & other funds	161.96	169.45
Gratuity Expense (Refer Note 31)	57.95	59.97
Staff Welfare Expenses	142.71	111.74
Total	2,255.15	2,000.74

25 Other Expenses

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Consumption of stores & spares	2,323.77	2,573.86
Job Processing and other machining charges (including contract labour charges)	2,790.04	2,023.26
Power & Fuel	1,626.77	1,637.42
Design & development expenses	43.25	182.34
Repairs and maintenance		
Plant & machinery	360.53	155.60
Buildings	37.83	37.92
Others	36.87	57.77
Rent & Hire charges	269.25	225.49
Rates & Taxes	167.96	174.72
Insurance	48.43	42.43
Security Services	154.37	143.46
Freight and forwarding charges [Net of recovery of Rs. 218.16 lacs (Rs 64.18 lacs)]	498.72	82.60
Advertising and sales promotion	182.74	156.29
Brokerage and commission	57.26	57.82
Travelling and conveyance	340.93	451.88
Legal and professional fees	702.51	492.61
Commission to non-whole time directors	10.00	10.00
Directors sitting fees	32.65	28.34
Payment to Auditors		
As auditors		
Audit fee*	29.00	34.85

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	For the year ended Mar 31, 2017		For the year ended Mar 31, 2016	
Limited review	24.00		24.00	
Other Certification services	20.95		7.75	
Reimbursement of expenses	2.76	76.71	2.35	68.95
Warranty Claims	57.04		83.50	
Less: Adjusted with provision	47.21	9.83	55.23	28.27
Provision for warranties		116.28		158.36
Liquidated Damages	532.09		244.10	
Less: Adjusted with provision	515.10	16.99	119.89	124.21
Provision for liquidated damages		414.67		364.37
Irrecoverable debts/ advances written off	63.58		16.25	
Less: Adjusted with provision	53.32	10.26	-	16.25
Provision for doubtful debts and advances		53.32		59.43
Loss on sale of fixed assets (net)	-	15.43	-	-
Corporate Social Responsibility expenses		44.00		67.31
Miscellaneous expenses		708.93		424.81
Total		11,150.30		9,845.77

*Audit Fees for the year ended 31st March 2016 includes Rs 5.85 lacs paid to the auditors of merged subsidiaries (refer note 46)

26 Finance Costs

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest expenses	233.36	356.99
Bank charges	205.08	185.10
Total	438.44	542.09

27 Depreciation and Amortisation

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Depreciation of tangible assets (refer note 3)	1,125.25	1,168.07
Amortisation of intangible assets (refer note 3)	30.77	44.58
Total	1,156.02	1,212.65

28 Exceptional Item

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Irrecoverable Advances, debts and claims receivable written off	-	1,319.04
Provision for Advances	-	88.40
Provision for Inventory	-	546.72
Total	-	1,954.16

The management of Corporated Shipyard Private Limited (wholly owned step down subsidiary merged with effect from 1st April 2015) had provided/written off Rs 1,954.16 lacs in the previous year relating to trade receivables, inventory and other advances / Claims receivable as significant time has elapsed without any recovery / realisation in the balances. The said amount has been disclosed as exceptional items.

Notes to Financial Statements as at and for the year ended March 31, 2017

29 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

	₹ in Lacs	
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Profit / (loss) after taxes (Rs.in Lacs)	1,928.37	(898.18)
Weighted average number of equity shares in calculating basic EPS	115,402,377	111,055,551
Effect of Dilution:		
Employee Stock Options	321,993	325,355
Weighted average number of equity shares in calculating diluted EPS	115,724,370	111,380,907
Nominal value of each share (Rs)	2.00	2.00
Earning per share:		
Basic (Rs.)	1.67	(0.81)
Diluted (Rs.)	1.66	(0.81)

30 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions, as described below, that affect the reported amounts and the disclosures.

There is no significant area involving high degree of judgement or complexity.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Employee benefit plans

The cost of the employment benefit plans and their present value are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. For further details refer to Note 31.

(b) Fair value measurement of investments

The fair value of unquoted investments are determined using valuation methods which involves making various assumptions that may differ from actual developments in the future. For further details refer Note 43.

(c) Revenue Recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the total cost to be incurred in order to determine the percentage of completion as on the reporting date. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

(d) Warranty

The Company estimates the provision for warranty based on past trend of sales. As at 31 March 2017, the estimated liability towards warranty amounted to approximately Rs. 184.06 lacs (March 31, 2016: Rs 207.85 lacs, April 1, 2015: Rs 104.72 lacs).

Notes to Financial Statements as at and for the year ended March 31, 2017

(e) ESOP

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

31 Retirement and other Employee Benefit Plans

The Company has a defined benefit gratuity plan which is unfunded (except for Titagarh Steels unit where it is administered through a trust and funded with a bank through its special deposit scheme with State Bank of Bikaner and Jaipur). Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.

The following tables summaries the components of employee benefit expenses recognised in the statement of profit and loss and balance sheet for the Gratuity plans..

(₹ in Lacs)

	Gratuity (funded)			Gratuity (unfunded)		
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	As at April 1, 2015	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	As at April 1, 2015
Statement of profit and loss						
Net employee benefit expense recognized in the employee cost						
Current service cost	4.41	7.15		22.74	22.02	
Interest cost on benefit obligation	11.34	12.05		23.26	22.83	
Expected return on plan assets	(3.80)	(4.08)		-	-	
Total	11.95	15.12		46.00	44.85	
Expenses recognised in OCI						
Net actuarial (gain)/ loss recognised in OCI during the year	(2.42)	(12.45)		23.46	(23.13)	
Total	9.53	2.67		69.46	21.72	
Net Liability recognised in Balance Sheet						
Benefit liability						
Present value of defined benefit obligation	135.32	147.32		309.58	303.69	
Fair value of plan assets	53.22	49.42		-	-	
Net Liability	82.10	97.90	123.13	309.58	303.69	307.39
Changes in the present value of the defined benefit obligation are as follows:						
Opening defined benefit obligation	147.32	168.47		303.69	307.39	
Current service cost	4.41	7.14		22.74	22.02	
Interest cost	11.34	12.05		23.26	22.83	
Benefits paid	(25.33)	(27.89)		(63.58)	(25.42)	
Actuarial (Gains) / Losses						
Financial assumption changes	2.80	0.49		14.03	1.54	
Experience variance	(5.22)	(12.94)		9.43	(24.68)	
Total	(2.42)	(12.45)		23.46	(23.13)	
Closing defined benefit obligation	135.32	147.32	168.47	309.58	303.69	307.39

Notes to Financial Statements as at and for the year ended March 31, 2017

(₹ in Lacs)

	Gratuity (funded)			Gratuity (unfunded)		
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	As at April 1, 2015	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	As at April 1, 2015
Changes in the fair value of plan assets are as follows:						
Opening fair value of plan assets	49.42	45.34	41.60			
Expected return	3.80	4.08	3.74			
Closing fair value of plan assets	53.22	49.42	45.34			
Actual Return on plan assets	3.80	4.08	3.74			
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:						
Investments with insurer	100%	100%	100%			

(₹ in Lacs)

Maturity profile of the defined benefit obligation	Mar 31, 2017		Mar 31, 2016	
	Gratuity (funded)	Gratuity (unfunded)	Gratuity (funded)	Gratuity (unfunded)
Weighted average duration of the defined benefit obligation	3 years	6 years	4 years	6 years
Expected benefit payments for the year ending				
Not later than 1 year	54.09	72.72	24.52	67.63
Later than 1 year and not later than 5 years	72.01	99.51	111.54	99.83
Later than 5 year and not later than 10 years	33.62	138.55	45.11	122.06
More than 10 years	9.92	224.47	21.15	201.09

(₹ in Lacs)

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
The principal assumptions used in determining gratuity obligation are shown below:				
Discount rate	6.95%	7.70%	6.95%	7.70%
Expected rate of return on assets	7.70%	9.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%	100.00%	100.00%

Amounts for the current and previous years are as follows:

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Defined benefit obligation - unfunded	309.58	302.43	305.39
Defined benefit obligation - funded	135.32	147.33	168.47
Plan assets	53.22	49.42	45.34
Liability	(391.68)	(400.33)	(428.52)
Experience adjustments on plan liabilities - unfunded [(gains)/Losses]	9.43	(23.13)	
Experience adjustments on plan liabilities - funded [(gains)/losses]	(5.22)	(12.45)	

Notes to Financial Statements as at and for the year ended March 31, 2017

The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

The Company expects to contribute Rs. 105.98 lacs (Rs 264.05 lacs) to the gratuity fund during 2017-18.

The amounts paid to defined contribution plans are as follows:

	₹ in Lacs	
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Provident fund	146.29	113.44
Superannuation fund	2.52	7.18
Total	148.81	120.62

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is an unfunded plan.

A quantitative sensitivity analysis for significant assumption on the gratuity plan is as shown below:

	₹ in Lacs							
Sensitivity level	Gratuity (funded)				Gratuity (unfunded)			
	March 31, 2017		March 31, 2016		March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Variable Factors								
Discount Rate (+/- 1%)	131.71	139.21	142.61	152.39	291.28	330.29	287.76	318.88
Future salary increases (+/- 1%)	139.24	131.61	152.48	142.44	328.90	292.11	318.00	288.20
Life expectancy (+/- 50%)	135.59	135.02	147.61	147.02	314.90	302.74	307.39	296.33
Mortality (+/- 10%)	135.34	135.31	147.34	147.31	309.70	309.44	302.53	302.30

32 Employee Stock Option Plans (ESOP)

The company provides share-based payment schemes to its employees. The Company has formulated an employee stock option scheme namely ESOP Scheme 2014 during the year ended 31 March 2015.

On 11 September 2014, the shareholders, by way of a special resolution passed at the Annual General Meeting, approved the issue of shares to eligible employees under Employee Stock Option Scheme (Scheme 2014). The scheme has been approved by the authorized Compensation Committee pursuant to a resolution passed at its meeting held on March 4, 2015. According to the Scheme 2014, the employee selected by the ESOP compensation committee from time to time will be entitled to the stock options. The total number of options granted should not exceed 25,00,000 options and will be granted in one or more tranches over a period of 5 years. Each option, when exercised, will be converted into 1 equity share of Rs 2 each fully paid up. During the year, the company has issued the first tranche of stock options amounting to 500,000 options. Other relevant terms of the grant are as below:

Vesting period	As stated below
Exercise period	Any point in time after vesting
Expected life	2.90 years
Exercise price	Rs 44.20
Market price at 4th March 2015	Rs 135.60
Vesting schedule for the option is as follows:	
At the end of first year from the date of grant	10%
At the end of second year from the date of grant	15%
At the end of third year from the date of grant	25%
At the end of fourth year from the date of grant	50%

Notes to Financial Statements as at and for the year ended March 31, 2017

The details of activity under the Scheme 2014 are summarized below:

₹ in Lacs

	For the year ended Mar 31, 2017		For the year ended Mar 31, 2016	
	No. of Options	Weighted Average Exercise Price (WAEF) (Rs)	No. of Options	Weighted Average Exercise Price (WAEF) (Rs)
Outstanding at the beginning of the year	340,000	44.20	-	-
Granted during the year	-	-	500,000	44.20
Forfeited / lapsed during the year	-	-	160,000	44.20
Exercised during the year	27,500	44.20	-	-
Outstanding at the end of the year	312,500	44.20	340,000	44.20
Exercisable at the end of the year	57,500	44.20	34,000	44.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2017 is 1.90 years (31st March 2016: 2.90 years).

The weighted average fair value of stock options granted was Rs 137.90 lacs (31 March 2016: Rs 54.33 lacs). The Monte Carlo valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Dividend yield	0.69%	0.84%
Expected volatility	42.54%	62.15%
Risk-free interest rate	6.31%	6.85%
Share price (Rs)	116.35	95.10
Exercise price (Rs)	44.20	44.20
Expected remaining life of options granted in years	1.90	2.90

The expected life of the stock Option is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

During the year ended the Company recorded an employee compensation expense of Rs 83.57 lacs (Rs. 54.33 lacs) in the Statement of Profit and loss.

33 Leases

Certain office premises and land are obtained by the Company on operating lease. The lease term is for 1-10 years and renewable for further period on mutual consent. These are cancellable by giving a notice period ranging from one month to three months. Lease agreements have price escalation clause and rent is not based on any contingencies. There is no restriction under the lease agreement. There are no subleases.

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
The amount of rent expenses included in statement of profit and loss towards operating leases aggregate to	225.50	87.40

34 Interest in Joint Ventures

The Company has formed a Joint Venture Company 'Matiere Titagarh Bridges Pvt Ltd' with Matiere SAS, France on January 2nd, 2017 to carry the business of manufacturing, marketing and selling Matiere panel bridges, unibridges, and other auxiliary products.

Notes to Financial Statements as at and for the year ended March 31, 2017

Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in financial statements are set out below:

₹ in Lacs

	As at Mar 31, 2017
Current assets	1.00
Non-current liabilities	(11.61)
Equity	(10.61)
Proportion of the Group's ownership	50%
Value of investment	(5.31)
Summarised statement of profit and loss:	
Employee benefit expense	7.53
Other expense	4.08
Loss before tax	(11.61)
Income-tax expense	-
Loss after tax	(11.61)
Total Comprehensive loss for the year	(11.61)
Company's share of loss for the year	(5.81)

The company has no contingent liability and capital commitments relating to its interest in Matiere Titagarh Bridges Pvt Ltd as at 31st March 2017.

35 Capital and Other Commitments

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Estimated amount of capital commitments (net of advances) remaining to be executed	794.75	323.15	5.24

- b) Titagarh Wagons Limited (TWL), the holding company of Cimmco Limited (Cimmco) owns majority of equity and preference shares, directly or indirectly, in Cimmco Limited. Cimmco has been incurring losses over the last few years due to low volume. The company has given commitment to provide financial support, to the best of its ability, to Cimmco Ltd so as to ensure its business continuity.
- c) Titagarh Wagons Limited (TWL), the holding company of Titagarh Agrico Private Limited (TAPL), holding 100% equity shares has issued a comfort letter to RBL Bank Limited for the working capital facility sanctioned by it that it will not reduce its financial interest in TAPL.

36 Contingent Liabilities

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
Claims against the company not acknowledged as debts			
A Disputed claims contested by the Company and pending at various courts/arbitration	1,457.50	1,724.12	930.27
Matters under appeal with:			
Sales tax authorities	1,027.30	1,357.66	819.00
Income tax authorities	868.07	941.64	535.79

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
Customs and excise authorities	11,745.25	11,654.75	11,015.15
Letter of Credit and Bank Guarantees outstanding	21,191.44	17,807.82	19,046.84
Corporate Guarantee given/fixed deposits/tax free bonds/current and non current assets pledged on behalf of subsidiaries for working capital limits sanctioned to the subsidiaries	37,447.86	25,607.57	7,426.14
Custom Duty on import of equipments and spare parts under EPCG-scheme	983.72	981.01	981.01
	74,721.14	60,074.57	40,754.20

In respect of above cases, based on favourable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

- B** The Company, has given a put option for a loan obtained by Cimmco limited from ICICI Bank for Rs.4,000 lacs. In terms of the said put option, upon occurrence of any event of default as per the terms of the facility agreement, ICICI bank shall have the right to call upon TWL to pay the entire outstanding within such time as may be prescribed, the outstanding amount as at 31st March 2017 being Rs. 3,142.85 lacs.

37 Details of dues to Micro & Small Enterprises as defined under Micro, Small and Medium Enterprises Act, 2006 (MSMED Act) is as follows:

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	16.55	27.34	93.19
Interest Due on Above (II)	-	-	-
Total of (I) and (II)	16.55	27.34	93.19
b) Amount of interest paid/adjusted by the Company to the suppliers in terms of Section 16 of MSMED Act	-	-	-
c) Amounts paid to the suppliers beyond the respective due date	83.14	165.33	-
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	1.53	0.88	-
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.53	0.88	0.01
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	1.53	2.45	2.44

38 List of subsidiaries and joint venture of the Company

The Company has following subsidiaries and joint venture for which the Company prepares Consolidated Financial Statements as per Ind AS 110 "Consolidated Financial Statements". Investment in these subsidiaries and Joint ventures has been recognised at

Notes to Financial Statements as at and for the year ended March 31, 2017

cost.

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2017	March 31, 2016
Titagarh Capital Private Limited (TCPL)	India	100%	100%
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100%	100%
Titagarh Wagons AFR (TWA) *	France	100%	100%
Titagarh Firema Adler S.p.A (TFA) **	Italy	90%	90%
Cimmco Limited	India	74.76%	74.76%
Titagarh Agrico Private Limited (TAPL)	India	100%	96.43%

*The Company holds 100% equity in TWA together with a wholly owned subsidiary company, TSPL.

**The Company holds 90% equity in TFA together with a wholly owned subsidiary company, TSPL.

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2017	March 31, 2016
Matiere Titagarh Bridges Pvt Ltd (Refer Note 34)	India	50%	-

39 Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the table below:

Particulars	SBNs	Other denomination notes	₹ in Lacs
			Total
Closing cash in hand as on 08.11.2016	10.20	5.47	15.67
(+) Permitted receipts *	-	5.40	5.40
(-) Permitted payments	-	10.52	10.52
(-) Amount deposited in Banks	10.20	-	10.20
Closing cash in hand as on 30.12.2016	-	0.35	0.35

* Represents cash withdrawals from bank accounts across various locations for petty cash purposes.

40 Assets Pledged as Security for working capital loan availed by the subsidiary companies

The foreign subsidiaries of the Company has been sanctioned with a working capital facility for Rs 15,234.47 lacs (Euro 22 million) during the year which is secured by the following assets of the Company:

First charge on the current assets, both present and future and by way of collateral charge on entire fixed assets (excluding vehicles) of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium working capital bankers.

The Company is in the process of creation of the above security subject to necessary approval of the consortium bankers. The total working capital facility that has been drawn out of the above sanctioned facility as on March 31, 2017 is Rs 8,315.44 lacs (Euro 12 million).

41 Segment Information

The Company is organised into business units based on its products and services and has three reportable segments, as follows

- Wagons & Coaches – Consists of manufacturing of wagons, coaches, bogies, couplers and crossings as per customer specification.
- Specialised Equipments & Bridges - Consists of bailey / other modular bridges, nuclear biological shelters and other defence related products
- Others - Consists of miscellaneous business like heavy earth moving machineries, ship building, etc which comprises of less than 10% revenue on individual basis.

Notes to Financial Statements as at and for the year ended March 31, 2017

No operating segments have been aggregated to form the above operating segments.

Total revenue includes sale to Indian Railways of Rs 17,882.21 lacs (Rs 15,792.36 lacs) and to Ministry of Defence of Rs 4,523.38 lacs (Rs 601.26 lacs).

Information about operating segments

For the year ended 31st March 2017

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Revenue from operations				
Segment revenue (external)	29,341.56	7,171.51	520.53	37,033.60
Depreciation and amortisation	985.46	21.32	9.82	1,016.60
Segment profit	2,023.09	1,398.55	106.29	3,527.93
Non cash (income) / expenses:				
Provision for doubtful debts and advances	88.56	20.00	-	108.56
Unspent liabilities / provisions no longer required written back	(154.45)	(0.70)	(7.09)	(162.24)
Segment assets	50,108.67	5,366.14	1,410.90	56,885.71
Segment liabilities	6,299.61	2,394.44	930.35	9,624.40
Expenditure for non-current assets				
Tangible assets	225.61	-	-	225.61
Intangible assets	1,551.46	-	-	1,551.46
Capital work-in-progress	71.44		101.26	172.70
Reconciliation of reportable segment's revenue to company's revenue				
Segment revenue (external)				37,033.60
Unallocated revenue				-
				37,033.60
Reconciliation of reportable segment's profit to company's profit				
Total profit for reportable segments				3,527.93
Unallocated (income) / expenses				
Interest expense				233.36
Interest income				(1,225.70)
Depreciation and amortisation				139.42
Other corporate income				(944.48)
Other corporate expenses				2,693.92
				896.52
Profit before taxes				2,631.41
Tax expenses				703.04
Profit after taxes				1,928.37

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Reconciliation of reportable segment's assets to company's assets				
Segment assets				56,885.71
Unallocated assets				
Investments				36,308.82
Cash and cash equivalents				468.55
Other bank balances				1,146.89
Other unallocated assets				12,955.23
Total assets				107,765.20
Reconciliation of reportable segment's liabilities to company's liabilities				
Segment liabilities				9,624.40
Unallocated liabilities				
Deferred tax liabilities				3,512.23
Borrowings				4,336.63
Other unallocated liabilities				809.22
Total liabilities				18,282.48

For the year ended 31st March 2016

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Revenue from operations				
Segment revenue (external)	29,738.79	1,938.40	908.42	32,585.61
Depreciation and amortisation	951.20	21.11	94.67	1,066.98
Segment profit / (loss)	655.86	159.89	(1,955.11)	(1,139.36)
Non cash (income) / expenses:				
Provision for doubtful debts and advances	10.29	89.23	-	99.52
Irrecoverable debts/ advances written off (net of provisions)	16.25	-	-	16.25
Unspent liabilities / provisions no longer required written back	-	-	(18.04)	(18.04)
Segment assets	44,740.20	4,370.37	1,765.17	50,875.74
Segment liabilities	6,505.44	522.01	405.42	7,432.87
Expenditure for non-current assets				
Tangible assets	495.21	-	162.93	658.14
Intangible assets	50.96	-	-	50.96

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Capital work-in-progress	19.09	-	-	19.09
Reconciliation of reportable segment's revenue to company's revenue				
Segment revenue (external)				32,585.61
Unallocated revenue				-
				32,585.61
Reconciliation of reportable segment's profit / (loss) to company's profit / (loss)				
Total loss for reportable segments				(1,139.36)
Unallocated (income) / expenses				
Interest expense				349.79
Interest income				(1,932.15)
Depreciation and amortisation				145.66
Other corporate income				(668.30)
Other corporate expenses				2,355.92
				250.92
Profit before taxes				(1,390.28)
Tax expenses				(492.10)
Profit after taxes				(898.18)
Reconciliation of reportable segment's assets to company's assets				
Segment assets				50,875.74
Unallocated assets				
Investments				23,280.82
Cash and cash equivalents				157.25
Other bank balances				14,712.58
Other unallocated assets				11,886.54
Total assets				100,912.93
Reconciliation of reportable segment's liabilities to company's liabilities				
Segment liabilities				7,432.87
Unallocated liabilities				
Deferred tax liabilities				3,348.10
Borrowings				1,331.36
Other unallocated liabilities				1,328.20
Total liabilities				13,440.53

* Includes execptional item relating to merged subsidiaries as mentioned in note no. 28.

Notes to Financial Statements as at and for the year ended March 31, 2017

As at April 1, 2015

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Segment assets	45,642.54	1,887.53	4,333.57	51,863.64
Segment liabilities	9,401.31	439.15	373.43	10,213.89
Reconciliation of reportable segment's assets to company's assets				
Segment assets				51,863.64
Unallocated assets				
Investments				16,717.71
Cash and cash equivalents				586.71
Other bank balances				10,098.88
Other unallocated assets				13,488.45
Total assets				92,755.39
Reconciliation of reportable segment's liabilities to company's liabilities				
Segment liabilities				10,213.89
Unallocated liabilities				
Deferred tax liabilities				3,620.18
Borrowings				1,786.43
Other unallocated liabilities				1,163.25
Total liabilities				16,783.75

Geographical Segment:

The following table shows the distribution of the Company's sales by geographical market:

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Revenue from external customers		
Domestic	34,018.46	31,707.76
Overseas	3,015.14	877.85
Total	37,033.60	32,585.61
Non-current operating assets		
Domestic	34,375.10	32,668.13
Overseas	-	-
Total	34,375.10	32,668.13

Notes to Financial Statements as at and for the year ended March 31, 2017

42 Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists:

Subsidiary Companies:

Titagarh Singapore Pte Limited, Singapore
 Titagarh Firema Adler S.p.A, Italy
 Titagarh Wagons AFR, France
 Cimmco Limited
 Titagarh Capital Private Limited
 Titagarh Agrico Private Limited

Other related parties with whom transactions have taken place during the period:

Joint Venture Companies:

Matiere Titagarh Bridges Pvt Ltd
 (Jointly controlled Entity w.e.f 2nd January 2017)

Key Management Personnel (KMPs):

Mr. J P Chowdhary – Executive Chairman
 Mr. Umesh Chowdhary – Vice Chairman & Managing Director
 Mr. Dharmendar Nath Davar - Independent Director
 Mr. Manoj Mohanka - Independent Director
 Mrs. Rashmi Chowdhary - Non-Executive Director
 Mr. Shekhar Dutta - Independent Director
 Mr. Sunirmal Talukdar - Independent Director
 Mr. Sudev Chandra Das - Independent Director - Resigned w.e.f 27th October 2016
 Mr. Sudipta Mukherjee - Wholetime Director
 Mr. Anil Agarwal - Chief Financial Officer
 Mr. Dinesh Arya - Company Secretary

Close member of the family of KMPs:

Ms. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary
 Ms. Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary
 Ms. Vinita Bajoria, Daughter of Mr. J P Chowdhary
 Ms. Sumita Kandoi, Daughter of Mr. J P Chowdhary
 Mrs. Bimla Devi Kajaria, Mother of Mrs. Rashmi Chowdhary

Enterprises over which KMP/ Shareholders/

Close family members have significant influence:

Titagarh Logistics Infrastructures Private Limited
 Titagarh Capital Management Services Private Limited
 Traco International Investment Private Limited
 Titagarh Enterprises Limited (formerly Titagarh Papers Limited)
 Panihati Rubber Limited
 Singhal Contractors & Builders Private Limited
 Simplex Developments Private Limited
 Tecalemit Industries Limited
 Navyug Business Private Limited
 OCL India Ltd
 HEG Ltd

Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
In relation to the statement of profit and loss							
Revenue from operations							
Cimmco Limited	2016-17	1,789.64					1,789.64
	2015-16	(543.00)					(543.00)
Titagarh Wagons AFR	2016-17	134.12					134.12
	2015-16	(-)					(-)
Management Fees							
Titagarh Wagons AFR	2016-17	176.66					176.66
	2015-16	(173.49)					(173.49)
Liability written back							
OCL India Ltd	2016-17			1.92			1.92
	2015-16			(-)			(-)
Rent Income							
Titagarh Agrico Private Limited	2016-17	2.94					2.94
	2015-16	(5.63)					(5.63)
Interest income on Loans							
Titagarh Wagons AFR	2016-17	125.44					125.44
	2015-16	(282.61)					(282.61)
Titagarh Capital Pvt. Ltd.	2016-17	134.91					134.91
	2015-16	(54.51)					(54.51)
Corporate Guarantee Commission							
Titagarh Singapore Pte Limited	2016-17	62.70					62.70
	2015-16	(42.07)					(42.07)
Titagarh Wagons AFR	2016-17	18.51					18.51
	2015-16	(-)					(-)
Titagarh Firema Adler SpA	2016-17	16.90					16.90
	2015-16	(-)					(-)
Purchase of raw material & components							
Cimmco Limited	2016-17	126.76					126.76
	2015-16	(153.71)					(153.71)
Titagarh Wagons AFR	2016-17	408.63					408.63
	2015-16	(-)					(-)
Titagarh Industries Limited	2016-17			32.06			32.06
	2015-16			(-)			(-)
HEG Ltd	2016-17			69.76			69.76
	2015-16			(-)			(-)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
OCL India Ltd	2016-17			-			-
	2015-16			(4.79)			(4.79)
Adarsh Imports & Exports Private Limited	2016-17			158.69			158.69
	2015-16			(43.30)			(43.30)
Kanishk Fabricators Private Limited	2016-17			44.33			44.33
	2015-16			(137.38)			(137.38)
Job Processing and other machining charges (including contract labour charges)							
Cimmco Limited	2016-17	475.10					475.10
	2015-16	(96.32)					(96.32)
Reimbursement of Expenses paid							
Cimmco Limited	2016-17	1.86					1.86
	2015-16	(20.15)					(20.15)
Reimbursement of Expenses received							
Titagarh Singapore Pte Limited	2016-17	64.22					64.22
	2015-16	(-)					(-)
Titagarh Firema Adler S.p.A	2016-17	178.87					178.87
	2015-16	(164.50)					(164.50)
Rent paid							
Titagarh Enterprises Limited (formerly Titagarh Papers Limited)	2016-17			169.77			169.77
	2015-16			(131.41)			(131.41)
Dividend paid							
Ms. Savitri Devi Chowdhary	2016-17					-	-
	2015-16					(289.86)	(289.86)
Ms. Rashmi Chowdhary	2016-17				-		-
	2015-16				(205.06)		(205.06)
Mr. J P Chowdhary	2016-17				-		-
	2015-16				(2.50)		(2.50)
Mr. Umesh Chowdhary	2016-17				-		-
	2015-16				(1.24)		(1.24)
Traco International Investment Private Limited	2016-17			-			-
	2015-16			(2.42)			(2.42)
Titagarh Capital Management Services Private Limited	2016-17			-			-
	2015-16			(346.72)			(346.72)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Titagarh Logistics Infrastructures Private Limited	2016-17			-			-
	2015-16			(2.40)			(2.40)
Singhal Contractors & Builders Private Limited	2016-17			-			-
	2015-16			(0.38)			(0.38)
Simplex Developments Private Limited	2016-17			-			-
	2015-16			(0.29)			(0.29)
Tecalemit Industries Limited	2016-17			-			-
	2015-16			(0.20)			(0.20)
Navyug Business Private Limited	2016-17			-			-
	2015-16			(0.19)			(0.19)
Bimla Devi Kajaria	2016-17					-	-
	2015-16					(0.03)	(0.03)
Remuneration (including contribution to Provident and other funds)							
Mr. J P Chowdhary	2016-17				127.32		127.32
	2015-16				(68.43)		(68.43)
Mr. Umesh Chowdhary	2016-17				127.32		127.32
	2015-16				(64.57)		(64.57)
Ms. Vinita Bajoria	2016-17					27.64	27.64
	2015-16					(27.64)	(27.64)
Mr. Anil Agarwal	2016-17				44.70		44.70
	2015-16				(31.43)		(31.43)
Mr. Dinesh Arya	2016-17				25.95		25.95
	2015-16				(19.62)		(19.62)
Mr. Sudipta Mukherjee	2016-17				41.99		41.99
	2015-16				(31.43)		(31.43)
Sitting Fees & Commission to Directors							
Mr. Sudev Chandra Das	2016-17				2.68		2.68
	2015-16				(4.38)		(4.38)
Mr. Dharmendar Nath Davar	2016-17				11.36		11.36
	2015-16				(10.02)		(10.02)
Mr. Manoj Mohanka	2016-17				10.48		10.48
	2015-16				(8.81)		(8.81)
Mrs. Rashmi Chowdhary	2016-17				2.40		2.40
	2015-16				(1.75)		(1.75)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Mr. Shekhar Dutta	2016-17				5.28		5.28
	2015-16				(4.18)		(4.18)
Mr. Sunirmal Talukdar	2016-17				7.68		7.68
	2015-16				(7.10)		(7.10)
Employee Stock Option Plan Cost							
Mr. Anil Agarwal	2016-17				12.29		12.29
	2015-16				(7.99)		(7.99)
Mr. Sudipta Mukherjee	2016-17				12.29		12.29
	2015-16				(7.99)		(7.99)
Mr. Dinesh Arya	2016-17				6.14		6.14
	2015-16				(3.99)		(3.99)
In relation to the balance sheet							
Purchase of Fixed Asset, Brand & Design							
Titagarh Wagons AFR	2016-17	1,526.02					1,526.02
	2015-16	(9.99)					(9.99)
Cimmco Limited	2016-17	14.82					14.82
	2015-16	(-)					(-)
Sale of Fixed Asset							
Cimmco Limited	2016-17	3.06					3.06
	2015-16	(-)					(-)
Advance against contract for supply of wagons							
Titagarh Wagons AFR	2016-17	608.28					608.28
	2015-16	(-)					(-)
Advance against salary given							
Mr. Anil Agarwal	2016-17				60.00		60.00
	2015-16				(-)		(-)
Loans given							
Titagarh Capital Pvt. Ltd.	2016-17	450.00					450.00
	2015-16	(900.00)					(900.00)
Investments made							
Titagarh Agrico Private Limited	2016-17	1,260.00					1,260.00
	2015-16	(990.00)					(990.00)
	2016-17	-					-
	2015-16	(-)					(-)
Titagarh Singapore Pte. Ltd.	2016-17	5,623.88					5,623.88
	2015-16	(4,957.22)					(4,957.22)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Titagarh Firema Adler S.p.A	2016-17	-					-
	2015-16	(127.75)					(127.75)
Matiere Titagarh Bridges Pvt Ltd	2016-17		0.50				0.50
	2015-16		(-)				(-)
Allotment of shares against share application money							
	2016-17	-					-
	2015-16	(-)					(-)
Loans refunded							
Titagarh Wagons AFR	2016-17	-					-
	2015-16	(2,134.50)					(2,134.50)
Titagarh Capital Pvt. Ltd.	2016-17	-					-
	2015-16	(665.00)					(665.00)
Guarantees / Investment in Mutual Fund pledged / Put Options Outstanding							
Titagarh Wagons AFR	2016-17	7,617.24					7,617.24
	2015-16	(8,260.51)					(8,260.51)
	2014-15	(7,426.14)					(7,426.14)
Titagarh Singapore Pte. Ltd.	2016-17	20,689.95					20,689.95
	2015-16	(17,347.06)					(17,347.06)
	2014-15	(-)					(-)
Titagarh Firema Adler S.p.a	2016-17	9,140.68					9,140.68
	2015-16	(-)					(-)
	2014-15	(-)					(-)
Cimmco Limited (Refer Note 30B)	2016-17	4,000.00					4,000.00
	2015-16	(4,000.00)					(4,000.00)
	2014-15	(4,000.00)					(4,000.00)
Balance outstanding as at the year end - Debit							
Titagarh Wagons AFR	2016-17	1,754.50					1,754.50
	2015-16	(3,014.67)					(3,014.67)
	2014-15	(5,074.57)					(5,074.57)
Titagarh Capital Pvt. Ltd.	2016-17	1,035.00					1,035.00
	2015-16	(634.06)					(634.06)
	2014-15	(366.36)					(366.36)
Cimmco Limited	2016-17	1,664.03					1,664.03
	2015-16	(776.60)					(776.60)
	2014-15	(1,187.85)					(1,187.85)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Titagarh Singapore Pte. Ltd.	2016-17	25.57					25.57
	2015-16	(42.07)					(42.07)
	2014-15	(-)					(-)
Titagarh Firema Adler S.p.a	2016-17	196.22					196.22
	2015-16	(164.50)					(164.50)
	2014-15	(-)					(-)
Matiere Titagarh Bridges Pvt Ltd	2016-17		16.32				16.32
	2015-16		(-)				(-)
	2014-15		(-)				(-)
Titagarh Agrico Private Limited	2016-17	-					-
	2015-16	(7.76)					(7.76)
	2014-15	(-)					(-)
Mr. Anil Agarwal	2016-17				34.50		34.50
	2015-16				(-)		(-)
	2014-15				(-)		(-)
Balance outstanding as at the year end - Credit							
Mr. J P Chowdhary	2016-17				14.04		14.04
	2015-16				(4.06)		(4.06)
	2014-15				(35.89)		(35.89)
Mr. Umesh Chowdhary	2016-17				14.04		14.04
	2015-16				(4.06)		(4.06)
	2014-15				(16.58)		(16.58)
Ms. Vinita Bajoria	2016-17				1.45		1.45
	2015-16				(1.51)		(1.51)
	2014-15				(1.48)		(1.48)
Mr. Anil Agarwal	2016-17				2.65		2.65
	2015-16				(0.83)		(0.83)
	2014-15				(1.13)		(1.13)
Mr. Dinesh Arya	2016-17				1.12		1.12
	2015-16				(0.97)		(0.97)
	2014-15				(1.13)		(1.13)
Mr. Sudipta Mukherjee	2016-17				1.88		1.88
	2015-16				(1.71)		(1.71)
	2014-15				(1.65)		(1.65)
OCL India Ltd	2016-17			-			-
	2015-16			(1.92)			(1.92)
	2014-15			(-)			(-)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Nature of transactions	Year	Subsidiary Companies	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
HEG Ltd	2016-17			11.56			11.56
	2015-16			(-)			(-)
	2014-15			(-)			(-)
Kanishk Fabricators Private Limited	2016-17			13.47			13.47
	2015-16			(11.74)			(11.74)
	2014-15			(0.07)			(0.07)
Adarsh Imports & Exports Private Limited	2016-17			11.71			11.71
	2015-16			(9.67)			(9.67)
	2014-15			(27.40)			(27.40)
Titagarh Wagons AFR	2016-17	844.47					844.47
	2015-16	(9.99)					(9.99)
	2014-15	(-)					(-)

Notes

a) Terms and conditions of transactions with related parties

The sales / services to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except loan given to subsidiaries) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Advance against salary to KMP are interest free and are repayable within 1 year.

- b) The remuneration to key managerial personnel does not include provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

43 Fair values

(i) Class wise fair value of the Company's financial instruments:

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at March 31, 2015
Investments in equity shares	2,395.62	2,131.67	1,956.35
	2,395.62	2,131.67	1,956.35

Notes to Financial Statements as at and for the year ended March 31, 2017

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets

	Date of valuation	₹ in Lacs Fair value measurement using Significant unobservable inputs (Level 3)
Quantitative disclosures fair value measurement hierarchy for assets:		
Assets measured at fair value:		
Investments	31 March 2017	2,395.62
	31 March 2016	2,131.67
	01 April 2015	1,956.35

(iii) Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTPL assets in equity shares / units	DCF method	WACC	31 March 2017: 31 March 2016: 01 April 2015:	1% increase (decrease) in WACC would result in increase (decrease) in fair value by Rs 194.28 lacs (31 March 2016: Rs 152.36 Lacs, 1 April 2015 Rs. 139.77 lacs)
		Change in circle rate for land owned by the respective investee Company	31 March 2017: 31 March 2016: 01 April 2015:	5% Increase (decrease) in the circle rate would result in increase (decrease) in fair value by Rs 75.51 lacs (31 March 2016: Rs 73.46 lacs, 1 April 2015: Rs 69.66 lacs)

(iv) Reconciliation of fair value measurement of equity shares classified as FVTPL assets:

	₹ in Lacs Investment in unquoted equity shares
Opening Balance as on April 1, 2015	1,956.35
Re-measurement recognised in PL	175.32
Closing Balance as on March 31, 2016	2,131.67
Re-measurement recognised in PL	263.95
Closing Balance as on March 31, 2017	2,395.62

(iv) The fair value of financial assets (except investment classified as FVTPL) and liabilities approximates their carrying value as at balance sheet date.

44 Financial Risk Management Objectives and policies

The Company's financial liabilities comprise short-term borrowings, capital creditors and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents, investment in subsidiaries, loan to subsidiaries and deposits. The Company also holds other investments.

Notes to Financial Statements as at and for the year ended March 31, 2017

The Company has a Risk Management Committee that ensures that risks are identified, measured and managed in accordance with Risk Management Policy of the Company. The Board of Directors also review these risks and related risk management policy which are summarised below:

I) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTPL investments, trade payables, trade receivables, borrowings, loan to foreign subsidiaries, other receivables etc

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. Such foreign currency exposures are hedged by the Company through use of foreign exchange forward contracts. The Company has a treasury team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on the Company.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Changes in Euro rate	Foreign currency (Payable) / Receivable (net)	Effect on profit before tax	Changes in USD rate	Foreign currency (Payable) / Receivable (net)	Effect on profit before tax
	%	₹ in Lacs	₹ in Lacs	%	₹ in Lacs	₹ in Lacs
March 31, 2017	5%	(624.92)	(31.25)	5%	(14.04)	(0.70)
	-5%		31.25	-5%		0.70
March 31, 2016	5%	1,286.84	64.34	5%	172.05	8.60
	-5%		(64.34)	-5%		(8.60)

(ii) Equity price risks

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Company only invests in the equity shares of the subsidiaries and some of the group companies as part of the Company's overall business strategy and policy. The Company manages the equity price risk through placing limits on individual and total equity investment in each of the subsidiaries and group companies based on the respective business plan of each of the companies. Reports on the investment portfolio alongwith the financial performance of the subsidiaries and group companies are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all investment decisions.

The Company's investment in quoted equity instruments (other than subsidiaries) is not material. For sensitivity analysis of Company's investments in equity instruments, refer note no 43.

II) Credit risks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credibility of the customers.

Notes to Financial Statements as at and for the year ended March 31, 2017

Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 5 as the Company does not hold any collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

III) Liquidity risks

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

Maturity profile of Financial liabilities

Maturity profile of all financial liabilities is within one year from the end of balance sheet date

45 Capital Management

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company.

- 46 The Hon'ble High Court of Calcutta vide order dated 11th July 2016, sanctioned the Scheme of amalgamation of the wholly owned subsidiaries namely Cimco Equity Holdings Private Limited and Titagarh Marine Limited (alongwith its two wholly owned subsidiary companies i.e. Corporated Shipyard Private Limited and Times Marine Enterprises Private Limited) with Titagarh Wagons Limited pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act 1956. The certified true copy of the said order has been received and filed with the Registrar of Companies, West Bengal on 13th July 2016. Since, the appointed date of the Scheme was 1st April 2015, the effect of amalgamation has been considered in the books retrospectively as per the requirements of Ind AS 103 'Business Combinations'.

The financial information as at and for the corresponding year ended March 31, 2016, has been prepared considering the impact of aforesaid merger with effect from April 01, 2015. The financial statement and other financial information of these subsidiaries were prepared under Previous GAAP. Adjustments have been made to the previously issued financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 after considering the effect of the aforesaid order and on transition to Ind AS.

47 Utilization of Money Raised Through Qualified Institutional Placement

	₹ in Lacs	
	As at Mar 31, 2017	As at March 31, 2016
Unutilized amount at the beginning of the year	3,292.25	-
Amount raised during the year	-	15,000.00
Less: amount utilized during the year	3,292.25	11,707.75
Unutilized amount at the end of the year	-	3,292.25

Details of short-term investments made from unutilized portion of Qualified Institutional Placement raised:

	₹ in Lacs	
	As at Mar 31, 2017	As at March 31, 2016
Investment in fixed deposits of banks	-	3,292.25

Notes to Financial Statements as at and for the year ended March 31, 2017

48 First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

(I) Reconciliation of Balance Sheet

₹ in Lacs

	Foot Note Reference No.	As at 31st March, 2016 (End of Last Period presented under previous GAAP)				As at 1st April, 2015 (Date of Transition)			
		Previous GAAP	Impact of Merger of wholly owned Subsidiaries (Refer Note f)	Effect of Transition to IND AS	Ind AS	Previous GAAP	Impact of Merger of wholly owned Subsidiaries (Refer Note f)	Effect of Transition to IND AS	Ind AS
I. ASSETS									
Non current assets									
Property, Plant and Equipment	a , g (i)	10,880.23	258.64	18,710.56	29,849.43	11,256.46	586.72	18,929.00	30,772.18
Capital work-in-progress	g (i)	19.09	380.11	(380.11)	19.09	84.58	380.11	(380.11)	84.58
Other Intangible assets		59.90	-	-	59.90	53.52	-	-	53.52
Intangible assets under development		165.69	-	-	165.69	165.69	-	-	165.69
Financial assets									
Investments	b , c (i)	27,642.36	(5,718.86)	1,357.32	23,280.82	21,567.39	(5,718.81)	869.13	16,717.71
Trade Receivables	h(iv)(b)	207.37	-	-	207.37	-	-	356.99	356.99
Loans and Deposits	c(ii), h (i)	3,095.63	83.86	(2,236.86)	942.63	3,123.97	242.07	(1,727.23)	1,638.81
Other financial assets	h (i)	-	-	347.47	347.47	-	-	652.66	652.66
Other non-current tax asset	h (i)	-	-	2,311.55	2,311.55	-	-	1,724.64	1,724.64
Other non-current assets	h (i)	347.47	-	(85.00)	262.47	167.74	484.92	(456.70)	195.96
		42,417.74	(4,996.25)	20,024.93	57,446.42	36,419.35	(4,024.99)	19,968.38	52,362.74
Current assets									
Inventories	g (ii)	13,847.29	119.23	(85.66)	13,880.86	13,548.77	630.09	-	14,178.86
Financial assets									
Trade receivables	g (ii), h(iv)(b)	6,983.42	402.89	(238.71)	7,147.60	7,863.42	1,427.57	(545.71)	8,745.28
Cash and cash equivalents	h (i)	14,862.17	7.66	(14,712.58)	157.25	10,494.12	191.47	(10,098.88)	586.71
Other bank balances	h (i)	-	-	14,712.58	14,712.58	-	-	10,098.88	10,098.88
Loans and Deposits	c(ii) , h(i)	5,636.63	(893.26)	(2,919.66)	1,823.71	5,917.59	(704.98)	(2,283.05)	2,929.56
Other financial assets	h(i)	-	-	2,361.14	2,361.14	-	-	1,958.84	1,958.84
Current tax assets	h(i)	-	-	306.77	306.77	-	-	-	-
Other current assets	h(i)	3,161.16	(15.61)	(68.95)	3,076.60	1,926.03	(145.30)	113.79	1,894.52
		44,490.67	(379.09)	(645.07)	43,466.51	39,749.93	1,398.85	(756.13)	40,392.65
TOTAL - ASSETS		86,908.41	(5,375.34)	19,379.86	100,912.93	76,169.28	(2,626.14)	19,212.25	92,755.39

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	Foot Note Reference No.	As at 31st March, 2016 (End of Last Period presented under previous GAAP)				As at 1st April, 2015 (Date of Transition)			
		Previous GAAP	Impact of Merger of wholly owned Subsidiaries (Refer Note f)	Effect of Transition to IND AS	Ind AS	Previous GAAP	Impact of Merger of wholly owned Subsidiaries (Refer Note f)	Effect of Transition to IND AS	Ind AS
II. EQUITY AND LIABILITIES									
Equity									
Equity share capital	Equity Reconciliation	2,307.69	-	-	2,307.69	2,005.91	-	-	2,005.91
Other equity	Equity Reconciliation	74,665.79	(5,779.65)	16,278.57	85,164.71	60,998.11	(3,086.90)	16,054.52	73,965.73
		76,973.48	(5,779.65)	16,278.57	87,472.40	63,004.02	(3,086.90)	16,054.52	75,971.64
Liabilities									
Non-current liabilities									
Provisions		332.71	1.25	-	333.96	366.36	2.00	-	368.36
Deferred tax liabilities (Net)	e, f	476.04	-	2,872.06	3,348.10	83.97	(286.55)	3,822.76	3,620.18
Other non-current liabilities	c(i)	-	-	186.19	186.19	-	-	101.36	101.36
		808.75	1.25	3,058.25	3,868.25	450.33	(284.55)	3,924.12	4,089.90
Current liabilities									
Financial Liabilities									
Borrowings		1,329.80	1.56	-	1,331.36	1,459.49	326.94	-	1,786.43
Trade payables		3,574.91	47.63	(7.89)	3,614.65	3,969.73	81.60	-	4,051.33
Other financial liabilities	h(i)	-	-	699.11	699.11	4,758.40	-	(2,446.17)	2,312.23
Other current liabilities	c (i), h(i)	2,915.84	353.87	(961.44)	2,308.27	-	336.77	2,239.18	2,575.95
Provisions	d, g (iii)	1,305.63	-	313.26	1,618.89	2,527.31	-	(559.40)	1,967.91
		9,126.18	403.06	43.04	9,572.28	12,714.93	745.31	(766.39)	12,693.85
TOTAL - EQUITY AND LIABILITIES		86,908.41	(5,375.34)	19,379.86	100,912.93	76,169.28	(2,626.14)	19,212.25	92,755.39

(II) Reconciliation of Total Equity as on 31st March, 2016 and 1st April, 2015

₹ in Lacs

Particulars	Footnote Reference	As at 31st March, 2016 (End of Last Period presented under previous GAAP)	As at 1st April, 2015 (Date of Transition)
Total Equity (Shareholders' funds) under previous GAAP		76,973.48	63,004.02
Add / (Less) : Adjustments on account of Ind AS:			
(i) Interest income accrued on debt category financial assets in preference shares of subsidiary at below market interest rate	b (ii)	318.67	130.82
(ii) Guarantee Income accrued on financial guarantees issued to subsidiaries/lenders	c (i)	105.16	64.99
(iii) Interest income accrued on financial assets	c (ii), c (iii)	64.81	-
(iv) Fair valuation of Property, Plant and Equipments as on the date of transition	a)	18,976.91	18,976.91
(v) Fair valuation of Equity Investments at FVTPL	b (i)	2,011.26	1,835.95
(vi) Fair valuation of Loan to Subsidiary	c (ii)	69.08	212.09
(vii) Derecognition of proposed dividend (including corporate dividend tax) liability	d)	-	965.70
(viii) Equity portion arising due to split of investment in preference shares of the subsidiary debited to retained earnings	b (ii)	(1,097.60)	(1,097.60)

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

Particulars	Footnote Reference	As at 31st March, 2016 (End of Last Period presented under previous GAAP)	As at 1st April, 2015 (Date of Transition)
(ix) Fair valuation of financial guarantees issued to subsidiaries/lenders debited to retained earnings	c (i)	(206.53)	(206.53)
(x) Expected credit loss on financial assets	c (iii)	(312.21)	(312.19)
(xi) Fair valuation of forward contracts	c (iv)	(5.26)	12.04
(xii) Incremental depreciation on fair valuation of Property, Plant and Equipments	a)	(117.59)	-
(xiii) Prior period expenses accounted for including of merged subsidiaries debited to retained earnings as on the date of transition	g)	(704.89)	(704.89)
(xiv) Prior period expenses accounted for including of merged subsidiaries	g)	(236.49)	-
Sub Total		18,865.32	19,877.29
Add/ (Less): Adjustments on account of Merger:			
(i) Accumulated losses of the subsidiaries merged pursuant to scheme of amalgamation	f)	(5,779.65)	(3,086.92)
(ii) Reversal of current tax provision for financial year 2015-16 due to benefit of brought forward losses on merger of subsidiaries	f)	285.31	-
Sub Total		(5,494.34)	(3,086.92)
Net deferred tax asset accounted for on the brought forward losses of the merged subsidiaries and on other Ind AS adjustments as above	e), f)	(2,872.06)	(3,822.75)
Net Adjustments		10,498.92	12,967.62
Total Equity under IND AS		87,472.40	75,971.64

(III) Reconciliation of Statement of Profit and Loss for the year ended 31st March 2016

₹ in Lacs

	Notes	Previous GAAP	Impact of Merger of wholly owned Subsidiaries (Refer Note f)	Effect of Transition to IND AS	Ind AS
Income					
Revenue from operations	h (iii) , h (iv)(d)	30,974.70	40.96	1,569.95	32,585.61
Other income	b , c , h (iv)(d)	2,696.02	(101.59)	69.59	2,664.02
Total Revenue (I)		33,670.72	(60.63)	1,639.54	35,249.63
Expenses					
Cost of raw materials & components consumed	g(ii), h (iv)(a)	19,771.35	46.16	296.64	20,114.15
(Increase) / Decrease in inventories of finished goods, Work in progress and saleable scrap	g(ii)	(488.61)	(38.22)	60.00	(466.83)
Employee benefits expenses	h (ii)	1,876.37	84.71	39.66	2,000.74
Excise duty	h (iii) , h (iv)(c)	-	-	1,437.18	1,437.18
Finance costs		534.88	7.21	-	542.09
Depreciation and amortization expenses	a	1,000.38	94.67	117.60	1,212.65
Other expenses	g(i), h (iv)(a) & (c)	9,874.52	196.83	(225.58)	9,845.77
Total Expenses (II)		32,568.89	391.36	1,725.50	34,685.75
Profit before tax & exceptional items		1,101.83	(451.98)	(85.97)	563.88
Exceptional items			1,954.16	-	1,954.16
Profit / (Loss) before tax		1,101.83	(2,406.14)	(85.97)	(1,390.28)
Tax expenses					
Current tax					
Pertaining to profit for the current year	f	285.31	(285.31)	-	-

Notes to Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	Notes	Previous GAAP	Impact of Merger of wholly owned Subsidiaries (Refer Note f)	Effect of Transition to IND AS	Ind AS
Adjustment of tax relating to earlier years		(206.56)	-	-	(206.56)
Deferred tax	e , f	392.08	(781.63)	104.01	(285.54)
Total tax expenses		470.83	(1,066.94)	104.01	(492.10)
Profit / (Loss) for the year		631.00	(1,339.20)	(189.98)	(898.18)
Other Comprehensive Income					
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods :					
Re-Measurement gains/(losses) on defined benefit plans	h (ii)	-	-	39.66	39.66
Income tax effect on above	e	-	-	(13.48)	(13.48)
Other Comprehensive Income for the year, net of taxes		-	-	26.18	26.18
Total Comprehensive Income for the year		631.00	(1,339.20)	(163.80)	(872.00)

(IV) Footnotes to the reconciliation of Balance Sheet and Equity as at 1st April 2015 and 31st March 2016 and Profit or Loss for the year ended 31 March 2016.

a) Fair value of Property, Plant and Equipment (PPE)

The Company has opted to fair value its property, plant and equipment as on 1st April 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards'. Consequently, impact of incremental depreciation because of such fair valuation have been accounted for.

b) Investments in equity shares

- Under Indian GAAP, all investments in equity shares were measured at cost less provision for other than temporary diminution in the value of investments. As explained in accounting policy in Note 2l (ib) Under Ind AS, investment in shares (other than investment in subsidiaries) are accounted for at fair value. These estimates are based on conditions existing on the respective Balance Sheet date.
- The Company has subscribed to Non cumulative non convertible redeemable preference shares (NCNCRPS) of a subsidiary company, Cimmco Limited. The NCNCRPS have been fair valued as on the date of investment and the difference between the fair value and the carrying value has been take to retained earnings. The company recognises interest on the said financial asset.

c) Financial Instruments

- The Company has issued Corporate Guarantee / Put Option for loans taken by the subsidiary companies. These instruments are accounted for at their respective fair values which were earlier not required to be recognised under Indian GAAP. The company recognises guarantee income on the said financial asset.
- The Company has given loan to a foreign subsidiary which has been fair valued as per IND AS 109 on the date of loan and the difference between the fair value and the carrying value of the loan has been take to retained earnings.
- The Company has measured and recognised expected credit loss (ECL) on certain receivables as on the date of transition as the management expects such receivables to be collected over a longer period than the usual time required. The Company has discounted the cash flows that it expects to receive at the effective interest rate determined at initial recognition, or an approximation thereof in order to calculate ECL.
- Under Indian GAAP, foreign exchange forward contracts were accounted for based on premium amortisation method and no fair valuation was required. However, as per Ind AS all derivatives are measured at fair value and the impact (gain/loss) of such changes in fair values is recorded in the statement of profit or loss.

d) Dividend

Under Indian GAAP, proposed final dividends including Dividend Distribution Taxes (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are approved. Under Ind AS, such dividend is recognised as a liability when approved by the shareholders.

Notes to Financial Statements as at and for the year ended March 31, 2017

e) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Further, the various transitional adjustments arising on adoption of IND-AS also create temporary differences, deferred tax adjustments whereon are also recognised in Retained earnings, Statement of Profit and Loss or OCI alongwith the corresponding item of adjustment.

f) Impact of Merger of wholly owned Subsidiaries - Common Control business combination

As mentioned in note no. 46, during the year, the Hon'ble High Court of Calcutta has sanctioned the Scheme of amalgamation of the wholly owned subsidiaries namely Cimco Equity Holdings Private Limited and Titagarh Marine Limited (alongwith its two wholly owned subsidiary companies i.e. Corporated Shipyard Private Limited and Times Marine Enterprises Limited) with Titagarh Wagons Limited pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act 1956. The certified true copy of the said order has been received and filed with the Registrar of Companies, West Bengal on 13th July 2016, thus making the Scheme effective. As all the Transferor Companies were wholly owned subsidiaries of the Company, it is a common control business combination and accordingly accounted for using pooling of interest method with effect from 1st April 2015 i.e. appointed date of the scheme of amalgamation as per Ind AS 103 "Business Combinations".

The financial information as at and for the corresponding year ended March 31, 2016, has been prepared considering the impact of aforesaid merger with effect from April 01, 2015. In view of the brought forward business losses and unabsorbed depreciation of one of the merged subsidiaries now available to the Company, current tax recognised earlier has now been reversed. Also, deferred tax asset on the accumulated brought forward business losses and unabsorbed depreciation of the said merged subsidiary as of 31st March 2016 has been recognised in the books of accounts.

g) Prior Period Items

Under Indian GAAP, prior period errors did not require retrospective restatement of the financial statements. However, Ind AS 8 requires prior period errors to be corrected at the beginning of the earliest prior period presented. Accordingly, following adjustments have been done for the errors relating to the previous year's:

- (i) Certain items of cost included in the capital work in progress/PPE did not meet the definition of cost and certain PPE of merged subsidiaries were not available, hence charged off to retained earnings as on the date of transition / Statement of Profit and Loss of previous year.
- (ii) Provision done for certain irrecoverable receivables and inventories of a merged subsidiary, not recognised in earlier years by such subsidiary.
- (iii) Provision done for the demand raised by sales tax department on a merged subsidiary, not recognised in earlier years by such subsidiary.

h) Re-classifications

The Company has made following reclassification as per the requirements of Ind-AS:

- i) Assets / liabilities which meet / do not meet the definition of financial asset / financial liability have been reclassified from / to other asset / liability respectively.
- ii) Re-measurement gain/loss on defined benefit plans are re-classified from statement of profit and loss to OCI.
- iii) Excise duty on sale of goods earlier netted off with Sales has been disclosed as a separate item in expenses.
- iv) Other reclassifications.
 - a) Cost of raw material and components sold has been regrouped from other expenses to cost of raw material and components consumed.

Notes to Financial Statements as at and for the year ended March 31, 2017

- b) Trade receivables has been regrouped and classified as non-current and other receivable as on 1st April, 2015.
 - c) Excise duty on changes on inventory earlier classified in other expenses has been disclosed as a separate item in expenses.
 - d) Management Fee has been reclassified to revenue from operations from other income
- i) **Other comprehensive income**
IND-AS requires preparation of Statement of Other Comprehensive Income in addition to Statement of Profit and Loss.
- j) **IND-AS 101 Exemption applied**
The Company has adopted following exemptions from retrospective application of certain requirements under IND-AS, as allowed by IND-AS 101 - First-time Adoption of Indian Accounting Standards:
- (i) The Company has opted not to apply IND-AS 103 - Business Combinations, to acquisitions occurred before 1st April 2015 i.e. date of transition.
 - (ii) The Company has opted to fair value its property, plant and equipment as on 1st April 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards' and considered the same as deemed cost as at 1st April 2015.
 - (iii) The Company has designated investment in equity instruments (other than investment in subsidiaries) held at 1 April 2015 as FVTPL investments.

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Independent Auditor's Report

To
The Members of
Titagarh Wagons Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Titagarh Wagons Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group, including its Joint Venture, in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

We draw attention to note no. 7(a) regarding lease rent receivable from Indian Railways by a subsidiary of the Company amounting to Rs 854.82 lacs (Rs 759.84 lacs as at March 31, 2016), net of expected credit loss amounting to Rs. 3,097.53 lacs, measured and recognized as on the date of transition based on the management's estimate of time for final outcome of the matter in Court/ Arbitration proceedings and adjusted with opening retained earnings. Pending outcome of Subsidiary

Company's appeal against the arbitration order and final decision of the Court, we are unable to comment on recoverability of the above, and its consequential impact on these consolidated financial statements. Our audit opinion on the consolidated financial statements for the year ended March 31, 2016 was also modified on this matter

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated the state of affairs of the Group and its joint venture as at March 31, 2017, of their consolidated profit including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 40 to the consolidated financial statements in respect of Scheme of Amalgamation to merge the business of Cimmco Limited and Titagarh Agrico Private Limited with effect from 1st April, 2016 subject to necessary approvals more fully described therein. Pending completion of necessary approvals, no adjustment has been made in these consolidated financial statements. Our opinion is not qualified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, as noted in the 'other matter' paragraph, to the extent applicable, we report that:

- (a) Except for the matters described in paragraph (b) of the Basis for Qualified Opinion paragraph, we / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion

proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;

- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint venture incorporated in India, none of the directors of the Group's companies and its joint venture incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Group Companies and its joint venture incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture, as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture – Refer Note 37 to the consolidated Ind AS financial statements;
- ii. The Group and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint venture incorporated in India during the year ended March 31, 2017.
- iv. The Holding Company, subsidiaries, and its joint venture incorporated in India, have provided requisite disclosures in Note 49 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including its joint venture and as produced to us by the Management of the Holding Company.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of 3 subsidiaries, and 1 joint venture whose Ind AS financial statements include total assets of Rs 168,745.48 lacs and net assets of Rs 32,588.42 lacs as at March 31, 2017, and total revenues of Rs 127,915.69 lacs and net cash outflow of Rs 2,633.32 lacs for the year ended

on that date. These financial statement and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of such other auditors.

- (b) The financial information of the Parent Company as at and for the corresponding year ended March 31, 2016 and opening balance sheet as at April 01, 2015, has been prepared considering the merger of certain subsidiary companies with effect from April 01, 2015 pursuant to Court Order dated July 11, 2016 more fully described in note no. 39 to the consolidated financial statements. The financial statements and other financial information of these subsidiaries prepared under Previous GAAP, have been audited by other auditors, which financial statements, other financial information and auditor's report have been furnished to us by the management and has been relied upon by us. Adjustments made to the previously issued financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 after considering the effect of the aforesaid order and on transition to Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**

Place of Signature: Kolkata

Partner

Date: May 19, 2017

Membership Number: 058652

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Titagarh Wagons Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Titagarh Wagons Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Titagarh Wagons Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its subsidiary companies, its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over

financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, in case of subsidiary companies and its joint venture companies, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2017:

Attention is drawn to Basis for qualified opinion paragraph of Auditors' Report on Consolidated Financial Statements more fully described therein, regarding lease rent receivable from Indian Railways by a Subsidiary Company amounting to Rs 854.81 lacs (Rs 759.83 lacs as at March 31, 2016), net of expected credit loss amounting to Rs. 3097.53 lacs, measured and recognized as on the date of transition based on the management's estimate of time for final outcome of the matter in Court/ Arbitration proceedings and adjusted with opening retained earnings. Pending outcome of Subsidiary Company's appeal against the arbitration order and final decision of the Court, we are unable to comment on the recoverability of the above, and its consequential impact on these financial statements. This could potentially result in misstatement of Company's other financial assets.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company, its subsidiary companies and its joint venture company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on, "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 19, 2017 expressed a qualified opinion thereon.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**

Place of Signature: Kolkata

Partner

Date: May 19, 2017

Membership Number: 058652

Consolidated Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017	As at March 31, 2016	₹ in Lacs As at April 1, 2015
I. ASSETS				
Non current assets				
a) Property, Plant and Equipment	3.1	88,491.36	94,362.89	68,077.04
b) Capital work-in-progress		1,230.06	1,115.56	896.69
c) Investment property	3.3	821.24	-	-
d) Goodwill on Consolidation		402.25	402.25	402.25
e) Other Intangible assets	3.2	3,591.37	2,961.46	1,544.38
f) Intangible assets under development		315.73	202.61	1,046.58
g) Financial assets				
i) Investments	4	8,190.88	2,133.14	1,957.33
ii) Trade Receivables	5	301.59	330.05	123.75
iii) Loans and Deposits	6	302.23	235.88	111.81
iv) Others Financial Assets	7	1,903.99	1,710.72	1,328.09
h) Deferred Tax Assets	17	694.12	-	-
i) Other non current assets	9	2,701.15	2,788.62	2,174.39
		108,945.97	106,243.18	77,662.31
Current assets				
a) Inventories	10	53,728.43	71,624.00	22,433.98
b) Financial assets				
i) Trade receivables	5	23,401.49	22,991.67	11,445.25
ii) Cash and cash equivalents	11.1	3,382.25	5,574.46	4,457.60
iii) Other bank balances [other than (ii) above]	11.2	1,238.19	14,798.70	10,264.70
iv) Loans and Deposits	6	4,253.91	117.46	216.70
v) Others Financial Assets	7	2,070.28	14,543.78	1,460.87
c) Current tax asset	8	306.77	306.77	-
d) Other current assets	9	72,863.80	31,619.03	3,826.63
		161,245.13	161,575.87	54,105.73
TOTAL-ASSETS		270,191.10	267,819.05	131,768.04
II. EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	12	2,308.24	2,307.69	2,005.91
b) Other equity	13	94,449.06	92,950.95	82,119.87
Equity Attributable to equity shareholders of the parent		96,757.30	95,258.64	84,125.78
Non Controlling Interest		7,881.07	7,893.10	7,404.56
Total Equity		104,638.37	103,151.74	91,530.34
Liabilities				
Non-current liabilities				
a) Financial Liabilities				
i) Borrowings	14	15,978.01	16,405.55	4,232.17
ii) Other financial liabilities	15	3,657.25	5,794.54	-
b) Provisions	16	339.80	9,278.56	394.99
c) Deferred tax liabilities	17	6,923.94	7,047.85	7,290.98
		26,899.00	38,526.50	11,918.14
Current liabilities				
a) Financial Liabilities				
i) Borrowings	14	18,206.23	5,227.02	5,352.12
ii) Trade payables	19	44,249.17	37,778.35	8,438.86
iii) Other Financial Liabilities	20	8,086.61	7,068.13	7,989.23
b) Other current liabilities	21	54,139.52	66,257.41	3,375.53
c) Provisions	16	13,972.20	9,809.90	3,163.82
		138,653.73	126,140.81	28,319.56
TOTAL - LIABILITIES		165,552.73	164,667.31	40,237.70
TOTAL - EQUITY AND LIABILITIES		270,191.10	267,819.05	131,768.04
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

Umesh Chowdhary

Vice Chairman & Managing Director

D N Davar

Director

Manoj Mohanka

Director

Anil Kumar Agarwal

Chief Financial Officer

Dinesh Arya

Company Secretary

Consolidated Statement of Profit & Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
₹ in Lacs			
Income			
Revenue from operations	22	173,918.93	97,478.90
Other income	23	2,901.78	4,085.92
Total Income (I)		176,820.71	101,564.82
Expenses			
Cost of raw materials & components consumed	24	91,519.83	55,868.12
(Increase) / Decrease in inventories of finished goods, work in progress, traded goods and saleable scrap	25	16,460.11	(362.19)
Excise duty on sale of goods and on increase in inventories of finished goods, work in progress, traded goods and saleable scrap		2,559.05	1,562.29
Employee benefits expense	26	21,213.14	16,815.93
Finance costs	27	3,130.89	1,728.99
Depreciation and amortization expense	3	5,152.44	4,591.71
Other expenses	28	31,359.88	20,555.06
Total Expenses (II)		171,395.34	100,759.91
Profit before share of loss of a joint venture, exceptional items and tax (I-II)		5,425.37	804.91
Share of Loss of a joint venture		5.80	-
Profit before exceptional items and tax		5,419.57	804.91
Exceptional items	29	449.91	2,085.71
Profit / (Loss) before tax		4,969.66	(1,280.80)
Tax expenses			
Current tax			
Pertaining to profit for the current year		3,056.41	1,157.65
Less: MAT Credit Entitlement		531.64	-
Adjustment of tax relating to preceding years		3.34	(155.36)
Deferred tax		(301.52)	(330.88)
Total tax expenses		2,226.59	671.41
Profit / (Loss) after tax		2,743.07	(1,952.21)
Attributable to:			
Equity holders of the parent		2,690.27	(1,646.21)
Non- controlling interests		52.80	(306.00)
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods :			
Re-Measurement gains/(losses) on defined benefit plans		(69.41)	21.97
Income tax relating to above		26.04	(0.81)
Other Comprehensive Income for the year (net of taxes)		(43.37)	21.16
Total Comprehensive Income for the year		2,699.70	(1,931.05)
Attributable to:			
Equity holders of the parent		2,647.68	(1,625.96)
Non- controlling interests		52.02	(305.09)
Earnings per equity share [Nominal value of share Rs. 2/- (Rs 2/-)]	30		
Basic (In Rs.)		2.38	(1.76)
Diluted (In Rs.)		2.38	(1.76)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Consolidated Statement of Changes in Equity for the year ended March 31, 2017

A) Equity Share Capital

	Number (in Lacs)	Amount ₹ in Lacs
Equity Shares of Rs 2 each issued, subscribed and fully paid		
At the beginning of April 1, 2015 (Par value Rs. 10 per share, refer note no. 12 for Share split)	200.59	2,005.91
Changes in equity share capital during the year ended March 31, 2016:		
Increase in number of shares on account of stock split (Refer Note 12a)	802.36	-
Shares Issued during the period pursuant to Qualified Institutional Placement (Refer Note 12d)	150.89	301.78
Balance as at the end of March 31, 2016	1,153.84	2,307.69
Issue of equity shares pursuant to Employee Stock Options Scheme (ESOP) during the year ended March 31, 2017 (Refer Note 12e)	0.28	0.55
Balance as at the end of March 31, 2017	1,154.12	2,308.24

B) Other Equity

Particulars	Reserves and Surplus							Total
	Securities Premium Reserve	Retained Earnings	Capital Reserve	Special reserve under Section 45IC of RBI Act	Legal Reserve	Foreign Currency Translation Reserve	Employee Stock Options Outstanding	
Balance at the beginning of April 1, 2015	26,194.45	55,900.97	9.18	15.27	-	-	-	82,119.87
Loss for the year ended March 31, 2016	-	(1,646.21)	-	-	-	-	-	(1,646.21)
Re-Measurement gains on defined benefit plans (Refer note 32)	-	20.25	-	-	-	-	-	20.25
Total comprehensive income	26,194.45	54,275.01	9.18	15.27	-	-	-	80,493.91
Adjustments carried out during the year ended March 31, 2016								
Shares Issued during the year pursuant to Qualified Institutional Placement (Refer Note 12d)	14,698.22	-	-	-	-	-	-	14,698.22
Expenses on Shares Issued during the year pursuant to Qualified Institutional Placement (Refer note 12d)	(459.59)	-	-	-	-	-	-	(459.59)
ESOP granted during the year (Refer note 12e)	-	-	-	-	-	-	54.33	54.33
Foreign currency translation reserve on non integral foreign operations	-	-	-	-	-	386.06	-	386.06
Final dividend for FY 2014-15 (Rs 4 per share)	-	(802.36)	-	-	-	-	-	(802.36)
Tax on final dividend for FY 2014-15	-	(163.34)	-	-	-	-	-	(163.34)
Interim and final dividend for FY 2015-16 (Re 0.80 per share)	-	(1,043.79)	-	-	-	-	-	(1,043.79)
Tax on interim and final dividend for FY 2015-16	-	(212.49)	-	-	-	-	-	(212.49)
Balance at the end of March 31, 2016	40,433.08	52,053.03	9.18	15.27	-	386.06	54.33	92,950.95
Profit for the year ended March 31, 2017	-	2,690.27	-	-	-	-	-	2,690.27
Re-Measurement losses on defined benefit plans (Refer note 32)	-	(42.60)	-	-	-	-	-	(42.60)
Total comprehensive income	40,433.08	54,700.70	9.18	15.27	-	386.06	54.33	95,598.62
Adjustments carried out during the year ended March 31, 2017								
Issue of equity shares pursuant to Employee Stock Option Scheme during the year	29.37	-	-	-	-	-	-	29.37
ESOP granted during the year (Refer Note 34)	-	-	-	-	-	-	83.57	83.57
Transferred to securities premium on exercise of stock options (Refer note 12e)	-	-	-	-	-	-	(17.77)	(17.77)
Loss on purchase of minority's interest in TAPL	-	(63.43)	-	-	-	-	-	(63.43)
Foreign currency translation reserve on non integral foreign operations	-	-	-	-	-	(1,181.30)	-	(1,181.30)
Transfer to Legal Reserve	-	(52.23)	-	-	52.23	-	-	-
Balance at the end of March 31, 2017	40,462.45	54,585.04	9.18	15.27	52.23	(795.24)	120.13	94,449.06

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2017

₹ in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	4,969.66	(1,280.80)
Adjustments for:		
Depreciation & amortization expenses	5,152.44	4,591.71
Interest Expenses	1,860.21	1,311.80
Unrealised foreign exchange gain	(71.40)	(69.49)
Irrecoverable debts/ advances written off	10.30	39.28
Gain on fair valuation of Investments	(263.94)	(175.80)
Net gain on sale of investments in mutual funds	(0.04)	(1.05)
Loss / (gain) on sale / discard of PPE (net)	15.43	(18.47)
Employee Stock Options Expense	83.57	54.33
Unspent liabilities / provisions no longer required written back	(514.90)	(497.05)
Interest on Deposits from banks/ loans, advances etc.	(921.69)	(2,491.32)
Provision for doubtful debts and advances	263.76	75.59
Operating profit before working capital changes	10,583.40	1,538.73
Movements in working capital:		
Increase / (Decrease) in financial liabilities, other liabilities and provisions	(12,540.42)	33,878.10
Increase in trade receivables	(722.86)	(11,867.59)
Decrease / (Increase) in inventories	17,895.57	(11,734.12)
Increase in loans, other financial assets and other assets	(33,137.40)	(27,084.65)
Cash used in operations	(17,921.72)	(15,269.53)
Direct Taxes Paid (net of refunds)	(1,060.30)	(134.17)
Net cash used in operating activities	(18,982.02)	(15,403.70)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of PPE including capital work in progress and capital advances	(2,183.27)	(2,191.77)
Proceeds from sale of PPE	7.48	8.43
Sale of Investment	0.08	-
Purchase of Business in TFA (Refer Note 43)	-	(1,060.41)
Investments in Bank Fixed Deposits and Tax Free Bonds	(10,639.52)	(27,659.53)
Fixed Deposits encashed/matured	18,585.96	22,947.51
Interest received	1,052.67	2,549.82
Net cash generated from / (used in) investing activities	6,823.40	(5,405.95)

Consolidated Cash Flow Statement for the year ended March 31, 2017

₹ in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on issue of equity shares	12.16	15,000.00
Expenses on issue of shares through Qualified Institutional Placement	-	(459.59)
Purchase of equity shares from minority shareholder of a subsidiary	(127.49)	-
Proceeds from issue of equity shares to minority shareholder in a subsidiary	-	793.63
Proceeds from long-term borrowings	3,038.55	12,365.22
Repayment of long-term borrowings	(849.16)	(2,665.25)
Net movement in cash credit from banks	8,654.48	436.50
Proceeds of Buyers credit loan	-	(568.67)
Proceeds from Packing Credit loan	4,536.99	-
Interest paid	(2,856.33)	(1,139.42)
Dividend Paid (including corporate dividend tax)	-	(2,208.76)
Net cash generated from financing activities	12,409.20	21,553.66
D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN SUBSIDIARIES	(2,453.32)	386.05
Net increase / (decrease) in cash & cash equivalents (A+B+C+D)	(2,202.74)	1,130.06
Cash and cash equivalents - opening balance	5,618.40	4,488.34
Cash and cash equivalents - closing balance	3,415.66	5,618.40
Components of Cash & cash equivalents :		
Cash on hand	11.77	11.10
Effect of exchange differences on cash & cash equivalents held in foreign currency	(0.23)	0.09
Balance with banks:		
On current accounts	3,253.13	5,561.82
Deposits with original maturity of less than three months	117.58	1.45
On unpaid dividend account #	14.42	24.79
On unpaid debenture #	5.05	5.08
On unpaid fractional share entitlement #	13.46	13.59
On share application refundable account	0.48	0.48
	3,415.66	5,618.40

The company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid fractional share entitlement and share application refund.

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal

Partner

Membership No. 58652

Place: Kolkata

Dated: 19th May, 2017

For and on behalf of the Board of Directors of Titagarh Wagons Limited

J P Chowdhary

Executive Chairman

D N Davar

Director

Anil Kumar Agarwal

Chief Financial Officer

Umesh Chowdhary

Vice Chairman & Managing Director

Manoj Mohanka

Director

Dinesh Arya

Company Secretary

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

- a. The Consolidated Financial Statements present the consolidated accounts of the Company and its Subsidiaries and Joint Ventures. The subsidiary companies considered for consolidation in the financial statements are as follows:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2017	March 31, 2016
Titagarh Capital Private Limited (TCPL)	India	100%	100%
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100%	100%
Titagarh Wagons AFR* (TWA)	France	100%	100%
Titagarh Firema Adler S.p.A (TFA) **	Italy	90%	90%
Cimmco Limited	India	74.76%	74.76%
Titagarh Agrico Private Limited (TAPL)	India	100%	96.43%

*The Company holds 100% equity in TWA together with a wholly owned subsidiary company, TSPL.

**The Company holds 90% equity in TFA together with a wholly owned subsidiary company, TSPL.

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2017	March 31, 2016
Matiere Titagarh Unibridge Products Pvt Ltd	India	50%	-

- b. The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits/losses. The excess of the cost of investments over the proportionate value of interest in the subsidiaries has been recognised as "Goodwill". Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- c. Non-controlling interest in net profit/loss of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately.
- d. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any, to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.

The financial statements of TSPL have been prepared in accordance with Singapore Financial Reporting Standards (SFRS). The management of the Company has made necessary adjustments on account of significant differences due to adoption of different accounting standards as stated above, in comparison to the Indian Accounting Standards (Ind AS) for preparing consolidated Financial Statements.

- e. In translating the financial statements of the non-integral foreign subsidiary for consolidation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing exchange rate, while income and expenses are translated at average exchange rates and all resulting exchange differences are accumulated in Foreign Currency Translation Reserve in Note 13F.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

- f. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance
- g. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
 - Derecognises the assets (including goodwill) and liabilities of the subsidiary
 - Derecognises the carrying amount of any non-controlling interests
 - Derecognises the cumulative translation differences recorded in equity
 - Recognises the fair value of the consideration received
 - Recognises the fair value of any investment retained
 - Recognises any surplus or deficit in profit or loss
 - Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities"

h. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any business combinations involving entities or businesses under common control are accounted for using the pooling of interests method :

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

2 BASIS OF PREPARATION

For all periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) (as amended) issued by the MCA. These are the first Ind-AS consolidated financial statements of the Group, wherein the Group has prepared its Consolidated Balance Sheet as at 1st April 2015 and consolidated financial statements for the year ended and as at 31st March 2016 also as per Ind-AS.

The consolidated financial statements have been prepared on a historical cost basis, except for certain items which are measured at fair value such as Employee Stock Options, investment in equity shares covered under IND AS 109 "financial instruments" etc..

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

2.1 Significant accounting policies

a. Foreign Currency

Transactions in foreign currencies are initially recorded in functional currency by the Group at spot rates at the date of transaction. The Company's functional currency is Indian Rupees.

Foreign currency monetary items are reported using the closing rate. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in consolidated statement of profit and loss.

b. Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment for them is made. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Excise duty is a liability of the manufacturer irrespective of whether the goods are sold or not. Hence, the recovery of excise duty flows to the Company on its own account and accordingly revenue includes excise duty. However, Sales tax/ value added tax (VAT) are collected on behalf of the government and accordingly, it is excluded from revenue.

A subsidiary company provides fixed number of free services to customers against sale of tractors. Consideration received by the Company on sale of tractors is allocated between the tractors sold and free services at their fair values. The fair value of free services is deferred and recognised as revenue when the services are obtained by the customers.

Income from Services

Revenues from Services are recognized pro-rata over the period of the contract as and when services are rendered.

Construction contracts

Revenue on construction contracts is recognized on percentage completion method based on the stage of completion of the contract. The stage of completion is determined as a proportion that contract costs incurred for work performed upto the reporting date bears to the estimated total costs. When it is probable that the total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

c. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For items recognised in Other Comprehensive Income (OCI) or equity, deferred / current tax is also recognised in OCI or equity.

Minimum alternate tax (MAT) paid in a year is charged to the Consolidated Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

d. Property, plant and equipment

PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes, commissioning expenses, etc. upto the date the asset is ready for its intended use.

Expenditure directly attributable to expansion projects is capitalised. Administrative, general overheads and other indirect expenditure (including borrowing costs) incurred during the project period which are not directly related to the project nor are incidental thereto, are expensed.

Machinery spare which meets the criteria of PPE is capitalized and depreciated over the useful life of the respective assets.

PPE awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately. Capital work-in-progress includes machinery to be installed and construction & erection materials lying in stock.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Paticular	Useful life
Factory building / Other building	30 / 60 years
Plant and equipment	1 - 15 years
Railway sidings	15 years
Furniture and fixtures	10 years
Office equipment & computers	3 - 10 years
Vehicles	8 years

The Group, based on technical assessment made by technical expert and management's estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used

The Group has considered the residual values of the above assets at 5% of the original cost. It believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognised.

e. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on valuation performed by an accredited external independent valuer applying a valuation model recommended by the Management.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- (i) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- (ii) Its intention to complete and its ability and intention to use or sell the asset
- (iii) How the asset will generate future economic benefits
- (iv) The availability of resources to complete the asset
- (v) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit and the expense is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Brand / Trade Mark	Indefinite	No amortisation	Acquired
Design and Drawings	Finite (10 years)	Amortised on a straight-line basis over the life	Acquired
Research and Development	Finite (10 years)	Amortised on a straight-line basis over the life	Internally generated
Patents	Finite (10 years)	Amortised on a straight-line basis over the life	Acquired
Prototypes	Finite (10 years)	Amortised on a straight-line basis over the life	Internally generated
Computer Softwares	Finite (5 years)	Amortised on a straight-line basis over the life	Acquired

g. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs (See note 2.1.h). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments as per terms of the agreement are recognised as an expense in the consolidated statement of profit and loss.

i. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) Raw materials, Components, Stores and Spares: These are valued at lower of cost and net realisable value. However,

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- (ii) Finished goods and work in progress: These are valued at lower of cost and net realisable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods also includes excise duty. Cost is determined on weighted average basis.
- (iii) Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

k. Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold. Initial recognition is based on historical experience i.e. claims received upto the year end and the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims. The initial estimate of warranty-related costs is revised annually.

Liquidated Damages

Liquidated damages on supply of materials are provided based on the contractual obligations or deduction made by the customers, as the case may be.

Onerous Contract

Provision is recognized for the contract, where unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

l. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial period

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

In case of gratuity, current and non current bifurcation is done as per Actuarial report.

m. Financial instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

(i) Non-derivative financial instruments

(a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. Equity investments in Subsidiaries are carried at Cost.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Derivative financial instrument

The Group uses derivative financial instruments, such as forward currency contracts, cross currency interest rate swaps to mitigate its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are recorded

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised when the rights to receive cash flows from the asset have expired. A financial liability is de-recognised when obligation under the liability is discharged or cancelled or expired.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (i) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade and other receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

n. Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

o. Cash dividend to equity holders

The Group recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

p. Earning per share

Earnings per share is calculated by dividing the consolidated net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Segment reporting

The Group has identified three operating segments viz, Wagons & Coaches, Specialised Equipments & Bridges and others consisting of miscellaneous business like heavy earth moving machineries, shipping etc. which comprises of less than 10% revenue on individual basis. The analysis of geographical segments is based on the areas in which customers of the Group are located.

r. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

s. Employee Stock Options

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

- t.** In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and IND AS 102 Share Based Payments. The amendments are applicable from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The Company does not have any cash settled awards and hence the amendment has no impact on the Company.

The Group will adopt these amendments from their applicability date.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

3.1 Property, Plant and Equipment and Intangible Assets

₹ in Lacs

	Land - Freehold	Land -Leasehold	Buildings	Plant & Equipment	Railway Sidings	Furniture & Fixtures	Office equipments & Computers	Vehicles	Total Property, Plant & Equipment
Deemed Cost as at April 1 2015 (e)	24,708.15	20,122.86	11,632.34	10,688.45	283.25	258.47	222.03	212.77	68,128.32
Property plant and equipment acquired on acquisition of business of Firema Transporti SPA in Titagarh Firema Adler SPA. [refer note (43)]	9,176.26	-	13,176.48	4,946.37	-	-	-	-	27,299.11
Additions	150.38	7.78	305.32	1,245.43	-	8.01	25.57	15.52	1,758.01
Disposals	-	-	123.73	546.44	-	-	-	8.97	679.14
Exchange differences on consolidation	312.14	-	841.84	593.26	-	-	-	-	1,747.24
At March 31 2016	34,346.93	20,130.64	25,832.25	16,927.07	283.25	266.48	247.60	219.32	98,253.54
Additions	39.83	-	321.37	1,185.41	-	16.84	26.84	48.11	1,638.40
Disposals	-	-	-	75.79	-	-	-	40.77	116.56
Transfer to Investment Property	821.24	-	-	-	-	-	-	-	821.24
Exchange differences on consolidation	(789.26)	-	(1,426.46)	(854.19)	-	-	-	-	(3,069.91)
Transfer from Computer Software	-	-	-	-	-	-	553.96	-	553.96
At March 31 2017	32,776.26	20,130.64	24,727.16	17,182.50	283.25	283.32	828.40	226.66	96,438.19
Depreciation and Amortization	-	-	-	-	-	-	-	-	-
At April 1, 2015	-	-	-	49.01	-	0.38	1.85	0.04	51.28
Charge for the year	-	191.70	874.49	2,770.02	38.26	28.90	69.57	50.84	4,023.78
Adjustment on disposals	-	-	9.66	247.52	-	-	-	3.46	260.64
Exchange differences on consolidation	-	-	16.60	59.63	-	-	-	-	76.23
At March 31 2016	-	191.70	881.43	2,631.14	38.26	29.28	71.42	47.42	3,890.65
Charge for the year	-	187.52	1,093.09	2,919.89	23.45	30.02	62.37	39.20	4,355.54
Adjustment on disposals	-	-	-	1.96	-	-	-	20.51	22.47
Exchange differences on consolidation	-	-	(85.74)	(270.51)	-	-	-	-	(356.25)
Transfer from Computer Software	-	-	-	-	-	-	79.36	-	79.36
At March 31 2017	-	379.22	1,888.78	5,278.56	61.71	59.30	213.15	66.11	7,946.83
Net book value									
At March 31 2017	32,776.26	19,751.42	22,838.38	11,903.94	221.54	224.02	615.25	160.55	88,491.36
At March 31 2016	34,346.93	19,938.94	24,950.82	14,295.93	244.99	237.20	176.18	171.90	94,362.89
At April 1 2015	24,708.15	20,122.86	11,632.34	10,639.44	283.25	258.09	220.18	212.73	68,077.04

- Freehold land and buildings includes land and building aggregating to deemed cost of Rs. 3,622.65 lacs and net book value of Rs. 3,614.15 lacs of which original registered sale deed / conveyance deed / transfer deed / assignment deed are not traceable. However, Company has photocopy / scan of the same.
- Deed of conveyance in respect of freehold land and buildings amounting to deemed cost of Rs 10,011.82 lacs and net book value of Rs. 9,985.20 lacs is pending registration.
- In case of Cimmco Limited, freehold land aggregating to deemed cost of Rs. 5,556.07 lacs of which original registered sale deed / conveyance deed / transfer deed / assignment deed are not traceable. However, Company has photocopy/ scan of the same.
- In case of Cimmco Limited, land includes land at Gwalior measuring 20 bighas 8 biswa valuing Rs. 2,345.81 lacs for which a dispute was raised by the third party. Refer note no 37 (v) (d) for further details.
- The Group has opted to fair value its property, plant and equipment as on 1st April 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards' and considered the same as deemed cost as at 1st April 2015 except for its subsidiaries Titagarh Capital Private Limited and Titagarh Agrico Private Limited where Ind AS 16 has been retrospectively applied.
- Refer Note 14 for information on property, plant and equipment pledged as security by the Company.

3.2 Other intangible assets

₹ in Lacs

	Computer software	Patents	Research & Development	Brand (Refer Note a)	Design & Drawings (Refer Note a)	Prototype	Total Other Intangible Assets
Deemed cost as at April 1, 2015 (e)							
At April 1, 2015	56.43	590.00	897.95	-	-	-	1,544.38
Other intangible assets acquired on acquisition of business of Firema Transporti SPA in Titagarh Firema Adler SPA. [refer note (43)]	197.41	-	-	-	-	-	197.41
Additions	50.96	-	714.72	-	-	880.39	1,646.07
Exchange differences on consolidation	5.45	66.29	128.55	-	-	-	200.29
At March 31, 2016	310.25	656.29	1,741.22	-	-	880.39	3,588.15

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

₹ in Lacs

	Computer software	Patents	Research & Development	Brand (Refer Note a)	Design & Drawings (Refer Note a)	Prototype	Total Other Intangible Assets
Additions	462.48		86.27	227.79	1,279.62	-	2,056.16
Exchange differences on consolidation	(38.87)	(51.11)	(140.69)	-	-	-	(230.67)
Transferred to Office Equipments & Computers	(553.96)						(553.96)
At March 31, 2017	179.90	605.18	1,686.80	227.79	1,279.62	880.39	4,859.68
Depreciation & Amortization							
Charge for the year	65.99	110.54	386.43	-	-	44.02	606.98
Exchange differences on consolidation	0.55	4.26	14.90	-	-	-	19.71
At March 31, 2016	66.54	114.80	401.33	-	-	44.02	626.69
Charge for the year	105.63	113.98	401.21	-	-	176.08	796.90
Exchange differences on consolidation	(5.39)	(15.54)	(54.99)	-	-	-	(75.92)
Transferred to Office Equipments & Computers	(79.36)	-	-	-	-	-	(79.36)
At March 31, 2017	87.42	213.24	747.55	-	-	220.10	1,268.31
Net block							
At March 31, 2017	92.48	391.94	939.25	227.79	1,279.62	660.29	3,591.37
At March 31, 2016	243.71	541.49	1,339.89	-	-	836.37	2,961.46
At April 01, 2015	56.43	590.00	897.95	-	-	-	1,544.38

- a) During the year, the Company has acquired the brand name of "Sambre et Meuse" alongwith all the available designs and drawings for manufacturing of bogies. Sambre et Meuse (France) is the world's leading manufacturer of Bogies for the Railway Freight Market with intensive design knowledge. The design and drawings are amortised over its useful lives as estimated by the management and the brand is tested for impairment.

3.3 Investment Property

In case of Cimico Limited, during the year, the Company has decided to hold certain land for capital appreciation, consequently to which such land has been classified as investment property.

Information regarding Investment Property

The Company's Investment property consists of two parcels of land situated at Bharatpur & Malanpur, Rajasthan respectively. As at 31st March 2017, fair valuation of the two properties is estimated to be Rs. 889.91 lacs. The same has been valued by an independent valuer. The fair value was derived using the market comparable approach based on recent market prices and the fair value measurement categorised within Level-3, as disclosed below.

The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements. There is no income earned or expenditure incurred by the Company in relation to the investment property.

Significant increase/(decrease) in circle rate of land will result in significant higher/(lower) fair valuation of properties.

The fair value of the investment property as on March 31, 2017 is Rs. 889.91 lacs.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March 2017, 31st March 2016 and 1st April 2015 are as shown below:

Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
For 5% change in circle rate for land owned by the Company.	31st March 2017: 31st March 2016: 1st April 2015:	5% Increase (decrease) in the growth rate would result in increase (decrease) in fair value by Rs 41.06 lacs (31st March 2016: Rs Nil, 1st April 2015: Rs Nil)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

4 NON-CURRENT INVESTMENTS

	No of Shares/Units As at March 31,			Face value per share/ unit (₹)	As at March 31, 2017 (₹ in Lacs)	As at March 31, 2016 (₹ in Lacs)	As at April 1, 2015 (₹ in Lacs)
	2017	2016	2015				
Investment in Equity Shares							
In Joint Venture (Unquoted) (at Cost)							
Matiere Titagarh Bridges Pvt Ltd	5000	-	-	10.00	0.50	-	-
Less: Share of loss of Joint Venture					0.50	-	-
					-	-	-
In Others (Quoted) (at FVTPL) (a)							
Continental Valves Limited #	160,000	160,000	160,000	10	38.08	31.44	28.13
Orissa Sponge Iron & Steel Limited	500	500	500	10	1.21	1.27	0.78
In Others (Unquoted) (at FVTPL) (a)							
Titagarh Enterprises Limited	4,933,000	4,933,000	4,933,000	10	2,311.73	2,045.46	1,869.08
Tecalemit Industries Limited	685,000	685,000	685,000	10	15.98	25.71	31.40
Bhatpara Papers Limited	50,000	50,000	50,000	10	29.83	29.06	27.74
Investment in Tax Free Bonds (Quoted) (at amortised cost)							
7.40% India Infrastructure Finance Company Limited **	140,000	-	-	1,000	1,474.54	-	-
7.04% Indian Railways Finance Corporation Limited	50	-	-	1,000,000	507.20	-	-
7.38% Indian Railways Finance Corporation Limited **	100	-	-	1,000,000	1,105.26	-	-
7.39% National Highway Authority of India **	180,000	-	-	1,000	1,949.39	-	-
7.39% National Highway Authority of India **	50	-	-	1,000,000	523.83	-	-
8.67% Power Finance Corporation Limited	20,000	-	-	1,000	233.63	-	-
Investment in National Saving Certificates [refer note (b)]					0.20	0.20	0.20
Total- Non current investments					8,190.88	2,133.14	1,957.33
Aggregate book value of quoted investments					5,833.14	32.71	28.91
Aggregate book value of unquoted investments					2,357.74	2,100.43	1,928.42
Market value of quoted investments					5,833.14	32.71	15.56

Quotations not available

** All the units are pledged against the working capital loan taken by Titagarh Singapore PTE Limited

Notes:-

- Investments at fair value through statement of profit and loss reflects investment in unquoted equity securities. Refer Note 46 for determination of their fair values.
- The National saving certificate is pledged with the Commercial Tax Officer, Bharatpur as Security Deposit.

5 TRADE RECEIVABLES (at Amortised Cost)

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
TRADE RECEIVABLES						
Considered good	301.59	330.05	123.75	23,401.49	22,991.67	11,445.25
Considered doubtful	-	-	-	198.17	176.05	53.96
	301.59	330.05	123.75	23,599.66	23,167.72	11,499.21
Allowance for doubtful debts	-	-	-	198.17	176.05	53.96
Total	301.59	330.05	123.75	23,401.49	22,991.67	11,445.25

- Refer note 14 for information on Trade Receivable pledged as security by the Company
- For terms and conditions relating to related party receivables, refer Note 45.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

6 LOANS AND DEPOSITS (at Amortised Cost)

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Security Deposits						
Considered good	302.23	235.88	111.81	4,253.91	117.46	216.70
Considered doubtful	38.13	46.62	42.50	-	-	-
	340.36	282.50	154.31	4,253.91	117.46	216.70
Provision for doubtful security deposits	38.13	46.62	42.50	-	-	-
	302.23	235.88	111.81	4,253.91	117.46	216.70
Total	302.23	235.88	111.81	4,253.91	117.46	216.70

(a) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties

(b) Refer Note 14 for information on loan and deposits pledged as security by the Company.

7 OTHER FINANCIAL ASSETS (at Amortised Cost)

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Non-Current Bank Balances (Refer Note No. 11.2)	0.92	191.22	-	-	-	-
Interest accrued on:						
Fixed deposits with banks	-	0.04	0.02	230.78	413.56	363.26
Income tax refundable	-	-	-	223.84	224.80	-
Derivative instruments at fair value through profit and loss:						
Foreign exchange forward contracts [Refer Note (b) below]	301.46	-	-	169.89	79.27	13.39
Claims receivable [Refer Note (a) below]	854.82	759.84	675.41	-	874.89	743.02
Other receivables	746.79	759.62	652.66	1,445.77	12,951.26	341.20
Total	1,903.99	1,710.72	1,328.09	2,070.28	14,543.78	1,460.87

a) In case of Cimmco Limited, claims receivable represents lease rent receivable from Indian Railways amounting to Rs 854.82 lacs (Rs 759.84 lacs as at March 31, 2016, Rs 675.41 lacs as at March 31, 2015), net of expected credit loss amounting to Rs. 3097.53 lacs, measured and recognized as on the date of transition based on the management's estimate of time for final outcome of the matter in Court/ Arbitration proceedings and adjusted with opening retained earnings. The said matter was under arbitration proceedings since 2004 and finally, the Arbitrators, 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 hearing in the matter is expected to take place shortly. Considering the merit of the case, the management is hopeful to recover this claim in full. The Company recognises interest on these claims to record the effect of time elapse every year.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

7 OTHER FINANCIAL ASSETS (at Amortised Cost)

- (b) Derivative instruments at fair value through profit and loss (Foreign exchange forward contracts) While the Group entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk on expected sales and purchases, these contracts are not designated as hedge relationships and are measured at fair value through profit and loss.
- (c) Refer Note 14 for information on other financial assets pledged as security by the Company.

8 TAX ASSETS

(₹ in lacs)

	Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Advance tax (net of provision for taxation)	306.77	306.77	-
Total	306.77	306.77	-

9 OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Capital Advances	423.89	100.74	140.30	-	-	-
Security Deposits	164.78	124.40	35.29	10.00	3.50	10.00
Subsidy Receivable	-	-	-	42.16	152.31	67.73
Advance recoverable in cash or kind						
Considered good - To Others	19.42	12.18	37.34	7,110.47	4,629.16	893.08
Considered good - To Directors or officers (Refer Note No. 45)	-	2.00	2.00	-	1.23	1.23
Considered doubtful - To Others	88.40	88.40	88.40	16.90	8.74	38.60
	107.82	102.58	127.74	7,127.37	4,639.13	932.91
Provision for doubtful advances - To Others	88.40	88.40	88.40	16.90	8.74	38.60
	19.42	14.18	39.34	7,110.47	4,630.39	894.31
Unbilled Revenue	-	-	-	54,043.74	19,323.61	-
Other advances						
Balance with statutory / government authorities	-	-	-	10,925.88	6,865.13	2,307.82
Prepaid expenses	159.08	60.84	21.41	731.56	644.09	546.77
Advance tax (net of provision for taxation)	1,933.98	2,488.46	1,938.05	-	-	-
Total	2,701.15	2,788.62	2,174.39	72,863.80	31,619.03	3,826.63

Refer Note 14 for information on other assets pledged as security by the Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

10 INVENTORIES

(Valued at lower of cost and net realizable value)

(₹ in lacs)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Raw materials & components [Includes Goods in transit Rs.154.26 lacs (31st March 2016: Rs 433.65 lacs; 1st April,2015: Rs 180.27 lacs)]	26,613.08	23,250.64	10,999.03
Work in progress	22,061.86	44,499.58	7,443.11
Finished goods	3,697.45	2,612.64	2,529.45
Trading Goods	10.06	8.29	-
Saleable scrap	314.56	452.78	489.59
Stores and spares	1,031.42	800.07	972.80
Total	53,728.43	71,624.00	22,433.98

Note: Refer Note 14 for information on other assets pledged as security by the Company.

11 CASH AND BANK BALANCES

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
11.1 Cash and cash equivalents						
Balances with banks:						
On current accounts				3,253.13	5,561.82	4,132.23
Deposits with original maturity of less than three months				117.58	1.45	308.97
Cash on hand				11.54	11.19	16.40
				3,382.25	5,574.46	4,457.60
11.2 Other bank balances (other than included in note 11.1 above)						
Balances with banks:						
On unpaid dividend account				14.42	24.79	11.57
On unpaid debenture				5.05	5.08	5.08
On Share application refundable account				0.48	0.48	0.48
On unpaid fractional share entitlement				13.46	13.59	13.61
Deposits with original maturity for more than 12 months	-	-	-	693.10	6,304.72	10.00
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	2.58	7,498.46	8,903.07
Deposits held as margin money #	0.92	191.22	-	509.10	951.58	1,320.89
	0.92	191.22	-	1,238.19	14,798.70	10,264.70
Amount disclosed under non-current assets (Refer Note No. 7)	(0.92)	(191.22)	-	-	-	-
Total	-	-	-	4,620.44	20,373.16	14,722.30

Receipts lying with banks as security against loans, guarantees/letters of credits issued by them.

Refer Note 14 for information on other assets pledged as security by the Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

12 SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs
Authorised Shares						
Equity shares of Rs. 2 (March 31, 2016: Rs. 2, April 1, 2015: Rs. 10) each	8,805.00	17,610.00	8,805.00	17,610.00	960.00	9,600.00
Equity shares of Rs. 2 each (Refer Note f)	-	-	-	-	4,005.00	8,010.00
Preference shares of Rs. 10 each	520.00	5,200.00	520.00	5,200.00	520.00	5,200.00
		22,810.00		22,810.00		22,810.00
Issued, Subscribed and fully paid-up Shares						
Equity shares of Rs. 2 (March 31, 2016: Rs. 2, April 1, 2015: Rs. 10) each	1,154.12	2,308.24	1,153.84	2,307.69	200.59	2,005.91
	1,154.12	2,308.24	1,153.84	2,307.69	200.59	2,005.91

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2016-17		2015-16		2014-15	
	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs	No. of shares in lacs	₹ in Lacs
Equity Shares						
At the beginning of the year	1,153.84	2,307.69	200.59	2,005.91		
Increase in number of shares on account of stock split (Refer Note below)	-	-	802.36	-		
Shares Issued pursuant to Qualified Institutional Placement [Refer Note (d) below]	-	-	150.89	301.78		
Shares issued pursuant to ESOP Scheme [Refer Note (e) below]	0.28	0.55	-	-		
Outstanding at the end of the year	1,154.12	2,308.24	1,153.84	2,307.69	200.59	2,005.91

Note: During the year ended 31st March 2016, the Company has split its equity shares having face value of Rs 10 each into five equity shares having face value of Rs 2 each pursuant to approval of shareholders obtained through postal ballot on April 13, 2015. The record date for the sub-division was April 24, 2015.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2 (March 31, 2016: Rs. 2, April 1, 2015: Rs. 10) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

For the year ended March 31, 2017, the Company has proposed a dividend of Rs. 0.80 per share (March 31, 2016: Re. 0.80 per share and April 1, 2015: Rs. 4 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

c) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	As at Mar 31, 2017		As at Mar 31, 2016		As at April 1, 2015	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs 2 (March 31, 2016: Rs. 2, April 1, 2015: Rs. 10) each fully paid [Refer note (a) above]						
Titagarh Capital Management Services Private Limited	21,670,165	18.78%	21,670,165	18.78%	4,334,033	21.61%
Savitri Devi Chowdhary	18,116,035	15.70%	18,116,035	15.70%	3,623,207	18.06%
Rashmi Chowdhary	12,816,105	11.10%	12,816,105	11.11%	2,563,221	12.78%
HDFC Trustee Company Limited - HDFC Capital Builder Fund	11,028,301	9.56%	6,151,556	5.33%	-	0.00%
G E Capital International (Mauritius)	5,322,200	4.61%	5,322,200	4.61%	2,459,499	12.26%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

- d) Pursuant to the approval of shareholders on April 13, 2015, the Company had issued and allotted 15,089,025 Equity Shares of Rs.2/- each at an issue price of Rs.99.41 per share (including premium of Rs.97.41 per share) aggregating to Rs. 15,000.00 lacs under Qualified Institutional Placement (QIP) in accordance with Chapter VIII-A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009, which was completed on July 15, 2015.
- e) Shares reserved for issue under employee stock options
During the year, 27,500 equity shares of Rs 2 each were issued and allotted to the eligible employees of the Company under the Employee Stock Option Scheme (ESOP) and listing formalities were duly completed.
For details of shares reserved for issue under ESOP of the Company, please refer note 34.
- f) Pursuant to merger of certain subsidiaries (refer note 39), the authorised share capital of the company was enhanced by Rs 8,010.00 lacs divided into 4,005 lacs shares of Rs 2 each w.e.f April 1, 2015.

13 OTHER EQUITY

	₹ in Lacs		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
a. Securities Premium			
Premium received on equity shares issued are recognised in the securities premium account			
Balance as per the last consolidated financial statements	40,433.08	26,194.45	
Add: Premium on Shares Issued pursuant to Qualified Institutional Placement and ESOP [Refer Note (d) and (e) of Schedule 12 above]	29.37	14,698.22	
Less: Expenses on Shares Issued pursuant to Qualified Institutional Placement [Refer Note (d) of Schedule 12 above]	-	(459.59)	
	40,462.45	40,433.08	26,194.45

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

13 OTHER EQUITY (Contd.)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
B. Retained Earnings			
Retained earnings includes General Reserve, Surplus in Consolidated Statement of Profit and Loss, reclassified upon application of Ind AS			
Balance as per the last consolidated financial statements	52,053.03	55,900.97	
Profit/(Loss) for the year	2,690.27	(1,646.21)	
Less: Appropriations			
Transferred to Legal reserve	(52.23)	-	
Loss on purchase of minority's interest in TAPL	(63.43)	-	
Actuarial gains / (losses) on Defined Benefit Obligations	(42.60)	20.25	
Final equity dividend for FY 2014-15 (amount per share Rs 4)	-	(802.36)	
Tax on final equity dividend	-	(163.34)	
Interim and final dividend for FY 2015-16 (amount per share Re. 0.80)	-	(1,043.79)	
Tax on interim and final dividend	-	(158.26)	(2,201.73)
Net surplus in the consolidated statement of profit and loss	54,585.04	52,053.03	55,900.97
C. Capital Reserve (as per the last financial statements)	9.18	9.18	9.18
D. Special reserve under Section 45IC of RBI Act			
Special reserve represents provision made for non performing assets of NBFC company as per the requirements of RBI			
Balance as per the last consolidated financial statements	15.27	15.27	15.27
E. Legal reserve			
Legal reserve represents reserve created as per the local laws in certain foreign subsidiaries out of the profits for the year			
Balance as per the last consolidated financial statements	-	-	
Add: Amount transferred from the statement of profit and loss	52.23	-	
	52.23	-	-
F. Foreign currency translation reserve (FCTR)			
FCTR represents foreign currency translation difference on consolidation of foreign subsidiaries			
Balance as per the last consolidated financial statements	386.06	-	
Add: Arisen during the year	(1,181.30)	386.06	
	(795.24)	386.06	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

13 OTHER EQUITY (Contd.)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
G. Employee Stock Options Outstanding (Refer Note 34)			
Employee stock options outstanding includes shares reserved for issue under employee stock options plan of the company			
Balance as per the last consolidated financial statements	54.33	-	
Add: Compensation option granted during the year	83.57	54.33	
Less: Transferred to securities premium on exercise of stock options (refer note 12e).	(17.77)	-	
Total other equity (A+B+C+D+E+F+G)	120.13	54.33	-
	94,449.06	92,950.95	82,119.87

14 BORROWINGS (at amortised cost)

(₹ in lacs)

	Non-Current			Current		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Secured						
Finance lease obligation	-	-	-	-	-	1,006.60
Deferred payment liabilities [refer note (a) below]	1,084.75	1,312.72	-	316.66	-	-
Term Loan from Banks [refer note (b) below]	13,010.86	12,050.33	3,962.04	1,506.37	1,228.65	1,666.67
Cash credits [refer note (c) below]	-	-	-	1,468.93	5,225.53	3,874.17
Working Capital Demand Loan [refer note (d) below]	-	-	-	12,412.57	-	-
Packing credit loan (in foreign currency) [refer note (c) below]	-	-	-	4,324.73	-	-
Buyers' credit (in foreign currency)	-	-	-	-	-	561.60
Borrowing from director	-	-	-	-	1.49	1.49
Unsecured						
Term loan from banks [refer note (e) below]	1,745.43	2,102.67	-	193.50	-	-
Loan against Research & Development tax credits from BPI (refer note f)	136.97	939.83	270.13	963.31	406.27	199.28
Overdraft facility	-	-	-	-	-	808.52
Loan from Exim Bank	-	-	-	-	-	106.34
	15,978.01	16,405.55	4,232.17	21,186.07	6,861.94	8,224.67
Amount disclosed under other current financial liabilities (Refer Note No. 20)	-	-	-	(2,979.84)	(1,634.92)	(2,872.55)
Total	15,978.01	16,405.55	4,232.17	18,206.23	5,227.02	5,352.12

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

14 BORROWINGS (at amortised cost) (Contd.)

Secured Borrowings

a) Deferred payment liability

- i) In case of Titagarh Firema Adler S.p.A, deferred payment liability of Rs. 1,241.60 lacs (31st March 2016; Rs. 1,312.72 Lacs) relates to liability towards photovoltaic equipment acquired on acquisition of business of Firema Transporti S.p.A. The said loan is secured by way of hypothecation of above equipment. The finance lease carries an interest rate of 2.30% bps and the lease period ends on November 2018.

		₹ in Lacs
Repayment Schedule	Year	Amount
	upto 1 year	980.88
	1 - 2 years	260.72
		1,241.60

- ii) In case of Titagarh Wagons AFR, deferred payment credit of Rs. 159.81 Lacs represents certain assets taken on hire purchase arrangement from Crédit du Nord. The loan is repayable within two years and carries an interest rate ranging between 1.20% - 1.99%.

b) Term Loan from Banks

i) In case of Cimmco Limited

Term Loan of Rs. 3120.90 lacs (March 31, 2016: Rs. 3,970.06 lacs, April 1, 2015: 3,962.04 lacs) carries an interest @ 11.10% p.a (Base+spread of 1.75%) and is repayable in 14 quarterly installments of Rs. 285.71 lacs each starting from September 2016 to December 2019. Further the loan covenants stipulates mandatory repayments upto 50% of the amount collected in relation to the refunds and claims recoverable. Consequently, current portion of term loan includes Rs. 371.51 lacs being 50% payable upon realisation of claims from National Insurance Company of Rs. 743.02 lacs.

Above term loan is secured by a first pari passu charge on land admeasuring 18.75 acres situated at Gwalior and also first pari passu charge over the other fixed assets (including its land admeasuring 470 Bigha 1 Biswa at Bharatpur, Rajasthan) of the Company. The loan is further backed by a "Put Option" of Titagarh Wagons Limited (TWL, the holding company). In terms of the said put option, upon occurrence of any event of default as per the terms of the facility agreement, bank shall have the right to call upon TWL to pay the entire outstanding within such time as may be prescribed.

ii) In case of Titagarh Singapore Pte Limited:

The company has obtained a long term loan for Rs. 11,396.33 Lacs (March 31, 2016; Rs. 9,308.92 Lacs) which was partly disbursed in previous year and balance in current year. The loan carries an interest rate of Euribor + 4% and is repayable over a period of 8 years, beginning on 09th October 2018 and the last repayment is on 05th October 2023. The loan is secured against the Corporate Guarantee of Titagarh Wagons Limited and pledge of investment of 26% of the equity shares of TWAFR and 88% equity shares of TFA and 100% shares of Titagarh Singapore PTE Limited held by Titagarh Wagons Limited.

c) Cash Credits and Packing Credit Loan:

i) In case of Titagarh Wagons Limited:

Cash Credits and Packing credit loan (in foreign currency) of Rs. 4,336.63 Lacs (March 31, 2016; Rs. 1,329.87 Lacs, April 1, 2015; Rs. 1,223.34 Lacs) are secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium member banks. Cash credits carry interest at banks's MCLR plus spread ranging from 1% to 2% p.a and are repayable on demand. Packing Credit Loan (in foreign currency) carry interest rate ranging from 2.20% to 2.62% p.a and are repayable within six months from the date of the drawdown.

ii) In case of Titagarh Wagons AFR:

Cash credit of Rs 346.24 lacs (March 31, 2016; Rs. 2,282.57 Lacs, April 1, 2015; Rs. 1,350.21 Lacs) is secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. In addition, the holding company has also extended corporate guarantee and pledge over 90% of the shares of the company held by the Holding Company. The above facility carries interest at LIBOR + 3.75% p.a. and are repayable on demand.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

14 BORROWINGS (at amortised cost) (Contd.)

iii) In case of Cimmco Limited:

Cash credits from banks of Rs. 1,110.79 Lacs (March 31, 2016; Rs. 1,461.12 Lacs, April 1, 2015; Rs. 1,302.11 Lacs) are secured by first pari passu charge over all current assets, both present and future and also by a second pari passu charge over the entire fixed assets of the Company (excluding land at Gwalior). The cash credit is repayable on demand and carry an interest at banks MCLR + Spread ranging from 3.50% to 4.50% p.a.

iv) In case of Titagarh Agrico Private Limited:

Cash credits from banks of Nil (March 31, 2016; Rs. 181.67 Lacs) are secured by first pari passu charge over all current assets, both present and future and also by a second pari passu charge over the entire fixed assets of the Company. The cash credit is repayable on demand and carry an interest @ 1 year MCLR + 1.75% Spread p.a.

d) Working Capital Demand Loan (WCDL)

- i) In case Titagarh Firema Adler S.p.A: Rs. 8,315.44 Lacs represents short term loan taken from Axis Bank Singapore Branch for working capital purposes. The facility is secured by First Pari Passu Charge on the entire fixed assets (movable and immovable) of Titagarh Wagons Limited (TWL) other than assets charged exclusively to banks and excluding vehicles and First Pari Passu Charge on the entire current assets of TWL. Further, the same is also backed by the Corporate Guarantee of TWL.
- ii) In case of Titagarh Singapore Pte Limited: Rs. 4,097.13 Lacs represents loan taken from Barclays Bank PLC. The purpose of business expansion of Titagarh Firema Adler S.p.A and the facility is secured by pledge of investment in tax free bonds by Titagarh Wagons Limited (TWL the holding company) (Refer note 4).
- iii) WCDL carry interest at Euribor plus spread ranging between 0.150 to 0.250 BPS and are repayable on demand.

Unsecured Borrowings

e) Term Loan from Bank

In case of Titagarh Wagon AFR

Term Loan of Rs. 1,938.93 Lacs (March 31, 2016; Rs. 2,102.67 Lacs) represents loan taken for working capital purposes. The loan is repayable by 2022 and carries an interest rate of 2.7%.

₹ in Lacs		
Repayment Schedule	Year	Amount
	upto 1 year	193.50
	1 - 2 years	387.25
	more 2 years	1,358.18
		1,938.93

- f) Loan against research and development tax credits represents, research and development tax credits receivable from the income tax authority. The loan is repayable in 48 equal instalments by 2022. The loan instalments would be repaid through the refund of tax credit on research and development as and when collected from the tax department and carries an interest rate of 1 month Euribor plus 2%.

₹ in Lacs		
Repayment Schedule	Year	Amount
	upto 1 year	963.31
	1 - 2 years	136.97
		1,100.28

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

15. OTHER LONG TERM FINANCIAL LIABILITIES

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
At Amortized Cost			
Payable towards purchase of Fixed Assets	3,657.25	5,130.06	-
At Fair Value			
Derivative instruments at fair value	-	664.48	-
	3,657.25	5,794.54	-

16 PROVISIONS

₹ in Lacs

	Long - Term			Short - Term		
	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Provisions for employee benefits :						
Gratuity (Refer Note No. 32)	339.80	365.48	394.99	103.85	85.21	78.47
Leave benefits	-	-	-	492.19	524.56	488.42
	339.80	365.48	394.99	596.04	609.77	566.89
Other provisions:						
Warranties	-	-	-	3,121.12	1,233.86	459.89
Liquidated damages	-	2,699.68	-	1,581.76	3,386.24	312.74
Taxation (net of advance tax and tax deducted at source)	-	-	-	2,642.70	1,174.89	-
Loss on onerous contract	-	6,213.40	-	5,494.20	2,594.21	1,209.85
Litigation, claims and contingencies	-	-	-	481.85	809.30	614.45
Other Provisions	-	-	-	51.94	-	-
Provision for standard assets	-	-	-	2.59	1.63	-
	-	8,913.08	-	13,376.16	9,200.13	2,596.93
Total	339.80	9,278.56	394.99	13,972.20	9,809.90	3,163.82

a) Movement of provisions for warranty and liquidated damages are as follows:

₹ in Lacs

	(i) Warranties		(ii) Liquidated damages	
	2016-17	2015-16	2016-17	2015-16
At the beginning of the year	1,233.86	459.89	6,085.92	312.74
Arisen during the year	1,373.10	830.57	1,186.43	578.34
Add: Provision acquired on acquisition of business of Firema Transporti SPA in Titagarh Firema Adler S.p.A	-	-	-	5,328.03
Re-classified from liquidated damages	957.61	-	-	-
Re-classified to warranty	-	-	(957.61)	-
Utilized during the year	(322.07)	(55.23)	(4,532.30)	(133.19)
Unused amounts reversed	(121.38)	(1.37)	(200.68)	-
At the end of the year	3,121.12	1,233.86	1,581.76	6,085.92
Current portion	3,121.12	1,233.86	1,581.76	3,386.24
Non-current Portion	-	-	-	2,699.68

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

16. PROVISIONS (contd.)

b) Movement of provisions for Litigation, Claims and Contingencies and Onerous Contract are as follows:

₹ in Lacs

	(i) Litigation Claims and Contingencies		(ii) Onerous Contract	
	2016-17	2015-16	2016-17	2015-16
At the beginning of the year	809.30	614.45	8,807.61	1,209.85
Arisen during the year	2.99	218.02	137.88	8,939.15
Utilized during the year	(206.93)	(14.38)	(3,451.29)	(877.47)
Unused amounts reversed	(123.51)	(8.79)	-	(463.92)
At the end of the year	481.85	809.30	5,494.20	8,807.61
Current portion	481.85	809.30	5,494.20	2,594.21
Non-current Portion	-	-	-	6,213.40

Note - The management has estimated the provisions for pending litigations, claims and demands relating to indirect taxes based on its assessment of probability for these demands crystallising against the group in due course.

17 DEFERRED TAX ASSETS / (LIABILITIES)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Deferred tax liabilities			
Arising out of temporary difference in property, plant and equipment	7,555.17	8,645.83	8,754.21
Unrealised gain on FVTPL equity securities	288.34	243.01	217.61
Fair valuation of forward contracts	58.79	-	4.09
Gross Deferred tax liabilities	7,902.30	8,888.84	8,975.91
Deferred tax assets			
Provision for doubtful debts and advances	42.07	74.27	35.76
Provision for Onerous Contracts	47.72	-	298.25
Provision for Warranties and Liquidated Damages	149.83	-	133.79
Provision for taxes - 43B items	106.47	165.56	106.48
Provision for Contingencies	27.69	27.81	-
Provision for Leave	6.87	14.90	27.97
Provision for Gratuity	275.81	270.71	262.19
MAT Credit Entitlement	531.64	-	-
Expected credit loss on financial assets	466.13	504.28	553.29
Fair valuation of forward contracts	-	1.83	-
Brought Forward Losses	-	431.67	267.20
Unabsorbed Depreciation	18.25	349.96	-
Gross Deferred tax assets	1,672.48	1,840.99	1,684.93
Net Deferred Tax Liabilities	6,229.82	7,047.85	7,290.98
Reflected in the consolidated balance sheet as:			
Deferred tax assets	694.12	-	-
Deferred tax liabilities	(6,923.94)	(7,047.85)	(7,290.98)
Deferred tax liabilities (Net)	(6,229.82)	(7,047.85)	(7,290.98)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

17 DEFERRED TAX ASSETS / (LIABILITIES) (Contd.)

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Accounting profit /(loss) before tax	4,969.66	(1,280.80)
At India's statutory income tax rate of 34.61% (March 31, 2016: 34.76%)	1,720.00	(445.21)
Adjustments in respect of current income tax of earlier years		
Non-deductible income / (expenses) for tax purposes		
Expenses not allowed as deductions	351.70	502.11
Share of losses in joint venture	2.01	-
Interest income accrued on expected credit loss recognised on financial assets	(6.03)	(5.50)
Exempt income	(104.86)	-
Impact of fair valuation of investment in equity shares through FVTPL	(124.45)	(86.79)
Excess deferred tax assets created in earlier years now reversed.	101.05	-
Impact of lower tax rate (capital gains tax rate) considered on fair valuation of land	(32.97)	(42.29)
Effect of different tax rate from foreign subsidiaries.	(381.29)	(42.20)
Losses and deductible temporary difference against which no deferred tax asset created for some subsidiaries	546.47	804.00
Impact on intercompany eliminations	218.44	15.64
Others	(63.48)	(28.35)
Tax expense reported in the statement of profit and loss	2,226.59	671.41

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

19 TRADE PAYABLES (at Amortised Cost)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Acceptances	147.51	-	721.45
Payables for goods and services	44,101.66	37,778.35	7,717.41
Total	44,249.17	37,778.35	8,438.86

Terms and conditions of trade payables

- Trade payables are non-interest bearing and are normally settled on 60 days terms
- For terms and conditions with related parties, refer note 45

20 OTHER FINANCIAL LIABILITIES (At amortised cost)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Current maturities of long term borrowings (Refer Note No. 14)	2,979.84	1,634.92	2,872.55
Interest accrued but not due on borrowings	225.70	1,221.82	1,049.44
Deposit from dealers	99.19	104.90	23.00
Investor education and protection fund will be credited by following amounts (as and when due)			
Unpaid dividends	14.42	24.79	11.57
Unpaid Debentures	5.05	5.08	5.08
Unpaid share application	0.48	0.48	0.48
Unpaid fractional share	13.46	13.59	13.61

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

20 OTHER FINANCIAL LIABILITIES (At amortised cost) (Contd.)

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Others			
Employee related liabilities	2,971.07	2,835.12	1,313.63
Payable for purchase of PPE	1,430.99	835.71	91.52
Other liabilities	346.41	391.72	2,608.35
Total Other Financial Liabilities	8,086.61	7,068.13	7,989.23

Terms and conditions of other financial liabilities

- Other financial liabilities are non-interest bearing and have an average terms of six months
- For terms and conditions with related parties, refer note 45
- Interest payable is normally settled monthly throughout the financial year.

21 OTHER CURRENT LIABILITIES

₹ in Lacs

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 1, 2015
Advances from customers	52,573.02	63,174.89	2,341.86
Statutory dues	1,516.73	2,859.43	1,033.67
Other liabilities	49.77	223.09	-
Total	54,139.52	66,257.41	3,375.53

22 REVENUE FROM OPERATIONS

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Sale of products (including excise duty)		
Finished Goods	171,756.70	94,995.99
Traded Goods	108.76	181.43
Sale of Raw Materials & Components	143.27	294.06
Sale of Services	570.89	1,254.09
Other operating revenues		
Scrap sales	1,227.96	737.63
Duty Drawback	69.11	15.70
Others	42.24	-
Revenue from operations (gross)	173,918.93	97,478.90

Sale of goods includes excise duty collected from customers amounting to Rs. 2,559.05 lacs (March 31, 2016; Rs. 1,562.29 lacs)

23 OTHER INCOME

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
23.1 Interest Income		
Interest Income on		
Bank deposits	776.32	1,156.72
Income Tax Refunds	45.44	178.40
Others	99.93	1,156.20
Total	921.69	2,491.32

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

23 OTHER INCOME (Contd.)

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
23.2 Others		
Unspent liabilities / provisions no longer required written back	514.90	497.05
Net gain on sale of investments in mutual funds	0.04	1.05
Fair value gain on investment in equity securities at FVTPL	263.94	175.80
Gain on sale of fixed assets (net)	-	23.86
Subsidy received	335.08	471.13
Commission Income	98.13	42.07
Foreign Exchange Fluctuations and mark to market gain on forward contracts	631.28	166.29
Other non operating income	136.72	217.35
	1,980.09	1,594.60
Total other income	2,901.78	4,085.92

24 COST OF RAW MATERIALS & COMPONENTS CONSUMED

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Inventories at the beginning of the year	23,250.64	10,999.03
Add: Purchases	94,882.27	68,119.73
	118,132.91	79,118.76
Less: Inventories at the end of the year	26,613.08	23,250.64
Cost of raw materials & components consumed	91,519.83	55,868.12

25. (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAP

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Closing Stock		
Finished Goods	3,697.45	2,612.64
Work in Progress	22,061.86	44,499.58
Trading goods	10.06	8.29
Saleable Scrap	314.56	452.78
	26,083.93	47,573.29
Opening Stock		
Finished Goods	2,612.64	2,529.45
Work in Progress	44,499.58	7,443.11
Trading goods	8.29	-
Saleable Scrap	452.78	489.59
	47,573.29	10,462.15
	21,489.36	(37,111.14)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

25. (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAP (Contd.)

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Add: Stock acquired on acquisition of business of Firema Transporti SPA in Titagarh Firema Adler S.p.A [Refer note 43]	-	37,455.91
Add: Inventory transferred from Intangible asset	-	75.67
Less: Inventory transferred to Intangible asset	167.46	-
	21,321.90	420.44
Less: Transferred to exceptional items	-	466.12
Add: Foreign Currency translation adjustment	1,880.30	2,617.57
	19,441.60	2,571.89
Less: Utilization of provision for onerous contract	2,981.49	2,934.08
	16,460.11	(362.19)

26 EMPLOYEE BENEFITS EXPENSE

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Salaries, wages and bonus	20,693.91	16,358.38
Employee Stock Options Expense	83.57	54.33
Contribution to provident & other funds	202.85	192.84
Gratuity Expense (Refer Note No. 32)	69.86	86.55
Staff Welfare Expenses	162.95	123.83
Total	21,213.14	16,815.93

27 FINANCE COSTS

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest expenses	1,860.21	1,311.80
Bank charges	1,270.68	417.19
Total	3,130.89	1,728.99

28 OTHER EXPENSES

₹ in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores & spares	3,351.46	3,391.81
Job Processing and other machining charges (including contract labour charges)	7,799.66	3,119.05
Power & Fuel	2,858.87	2,758.05
Design & development expenses	92.82	225.60
Repairs and maintenance		
Plant & machinery	1,738.06	919.19
Buildings	109.16	82.51
Others	366.61	346.13
Rent & Hire charges	592.08	588.35

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

28 OTHER EXPENSES (Contd.)

₹ in Lacs

	For the year ended March 31, 2017		For the year ended March 31, 2016	
Rates & Taxes		864.19		890.45
Insurance		502.85		566.95
Security Services		832.11		241.93
Freight and forwarding charges		184.59		158.79
Advertising and sales promotion		233.47		200.33
Brokerage and commission		93.97		57.82
Travelling and conveyance		1,322.93		1,123.38
Legal and professional fees		2,307.24		1,537.58
Commission to non-whole time directors		10.00		10.00
Directors sitting fees		60.78		49.62
Payment to Auditors				
As auditors				
Audit fee	61.08		73.91	
Limited review	36.04		35.14	
Other Certification services	27.88		9.15	
Reimbursement of expenses	3.91	128.91	2.94	121.14
Warranty Claims	376.02		114.78	
Less: Adjusted with provision	322.07	53.95	55.23	59.55
Provision for warranties		1,373.10		830.57
Liquidated Damages	6,981.76		271.36	
Less: Adjusted with provision	4,532.30	2,449.46	133.19	138.17
Provision for liquidated damages		1,186.43		578.34
Irrecoverable debts/ advances written off	63.62		39.28	
Less: Adjusted with provision	53.32	10.30	-	39.28
Provision for doubtful debts and advances		263.76		75.59
Loss on sale/discard of fixed assets (net)		15.43		5.39
Contingency provision against standard assets		0.88		1.63
Loss on foreign exchange fluctuations.		-		292.97
Corporate social responsibility		44.00		67.31
Miscellaneous expenses		2,512.81		2,077.58
Total		31,359.88		20,555.06

29 EXCEPTIONAL ITEM

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Onerous Contract	-	131.54
Settlement of Claim [Refer Note i (a)]	325.00	-
Sales tax [Refer Note i (b)]	124.91	-
Irrecoverable Advances, debts and claims receivables written off [Refer note (ii)]	-	1,319.04
Provision for advances [Refer note (ii)]	-	88.40
Provision for inventory [Refer note (ii)]	-	546.73
	449.91	2,085.71

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

29 EXCEPTIONAL ITEM (Contd.)

i) In case of Cimmco Limited exceptional items represents following:

- a) Pending legal dispute with a subcontractor relating to their dues amounting to Rs 2,525.85 lacs (including interest of Rs 1,721.63 lacs) on which an arbitration award has been passed against the company and was appealed against by the company. During the year, a settlement agreement has been entered into with the said party pursuant to which an amount of Rs 325 lacs has been paid as full and final settlement of all their dues.
- (b) Sales Tax liability paid under the amnesty scheme of Government of Rajasthan for the years relating to pre lock out period i.e. prior to take over of the Company by the present promoter group.

- ii) The company has provided/written off Rs 1,954.17 Lacs relating to trade receivables, inventory and other advances / Claims receivable as significant time has elapsed without any recovery / realisation in the balances. The said amount has been disclosed as exceptional items.

30. EARNING PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Profit/(Loss) after taxes (Rs in Lacs) attributable to equity holders of parent	2,743.07	(1,952.21)
Weighted average number of equity shares for calculating basic EPS	115,402,377	111,055,551
Effect of dilution:		
Employee Stock Options	321,993	340,000
Weighted average number of equity shares for calculating diluted EPS	115,724,370	111,395,551
Nominal value of each share (Rs)	2.00	2.00
Earnings per equity share		
Basic (Rs.)	2.38	(1.76)
Diluted (Rs.)	2.38	(1.76)

31. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions, as described below, that affect the reported amounts and the disclosures.

There is no significant area involving high degree of judgement or complexity.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Employee benefit plans

The cost of the employment benefit plans and their present value are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. For further details refer to Note 32.

(b) Fair value measurement of investments

The fair value of unquoted investments are determined using valuation methods which involves making various assumptions that may differ from actual developments in the future. For further details refer Note 44.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

31. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

(c) Revenue Recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the total cost to be incurred in order to determine the percentage of completion as on the reporting date. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

(d) Warranty

The Group estimates the provision for warranty based on past trend of sales. As at 31 March 2017, the estimated liability towards warranty amounted to approximately Rs. 221.05 lacs (March 31, 2016: Rs 245.17 lacs, April 1, 2015: Rs 114.71 lacs).

(e) ESOP

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

(f) Expected Credit loss on lease rental receivable from Indian railways.

In case of Cimmco Limited, the Company has measured and recognised expected credit loss (ECL) on lease rental receivable from Indian Railways as the management believes that such receivables being subject matter of arbitration would be collected over a longer period than the usual time required. The number of years that has been considered for the purpose of discounting the cash flows is based on the past trend of other legal cases which were also subject matter of arbitration and was finally concluded at the Supreme Court's level.

32. RETIREMENT AND OTHER EMPLOYEE BENEFITS PLANS

The Group has a defined benefit gratuity plan which is unfunded (except for one unit where it is administered through a trust and funded with a bank through its special deposit scheme with State Bank of Bikaner and Jaipur). Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.

The following tables summaries the components of employee benefit expenses recognised in the statement of profit and loss and balance sheet for the Gratuity plans.

		(₹ in Lacs)				
		Gratuity (funded)			Gratuity (unfunded)	
		For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 1, 2015	For the year ended Mar 31, 2017	For the year ended April 1, 2015
Consolidated Statement of profit and loss						
Net employee benefit expenses recognized in the employee cost						
Current service cost		4.40	7.15		30.86	45.26
Interest cost on benefit obligations		11.34	12.05		27.06	26.17
Expected return on plan assets		(3.80)	(4.08)		-	-
Net benefit expenses *		11.94	15.12		57.92	71.43

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

32. RETIREMENT AND OTHER EMPLOYEE BENEFITS PLANS (Contd.)

(₹ in Lacs)

	Gratuity (funded)			Gratuity (unfunded)		
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 1, 2015	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 1, 2015
Expenses recognised in OCI						
Net actuarial (gain)/ loss recognised in OCI during the year	(2.42)	(12.45)		71.83	(5.45)	
Total	9.52	2.67		129.75	65.98	
Net Asset/(Liability) recognized in Consolidated Balance Sheet						
Benefit liability						
Present value of defined benefit obligations	135.32	147.33		361.55	352.78	
Fair value of plan assets	53.22	49.42		-	-	
Net Liability	82.10	97.91	123.13	361.55	352.78	350.33
Changes in the present value of the defined benefit obligation are as follows:						
Opening defined benefit obligations	147.33	168.47		352.78	350.33	
Current service cost	4.40	7.15		30.86	45.26	
Interest cost	11.34	12.05		27.06	26.17	
Benefits paid	(25.33)	(27.89)		(64.67)	(25.67)	
Actuarial (Gains)/ Losses						
Financial assumption changes	2.79	0.49		15.41	(9.38)	
Demographic changes	-	-		-	-	
Experience variance	(5.22)	(12.94)		0.10	(33.84)	
Total	(2.43)	(12.45)		15.51	(43.22)	
Closing defined benefit obligations	135.31	147.33	168.47	361.55	352.85	350.33
Changes in the fair value of plan assets are as follows:						
Opening fair value of plan assets	49.42	45.34				
Expected return	3.80	4.08				
Closing fair value of plan assets	53.22	49.42	45.34			
Actual Return on Plan Assets	3.80	4.08				
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:						
Investments with insurer	100%	100%				

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

32. RETIREMENT AND OTHER EMPLOYEE BENEFITS PLANS (Contd.)

(₹ in Lacs)

Maturity profile of the defined benefit obligation	Mar 31, 2017		Mar 31, 2016	
	Gratuity (funded)	Gratuity (unfunded)	Gratuity (funded)	Gratuity (unfunded)
Weighted average duration of the defined benefit obligation	3 years	6 years	4 years	6 years
Expected benefit payments for the year ending				
Not later than 1 year	54.09	102.96	24.52	88.06
Later than 1 year and not later than 5 years	72.01	108.58	111.54	103.96
Later than 5 year and not later than 10 years	33.62	155.05	45.11	129.46
More than 10 years	9.92	252.15	21.15	214.63

The principal assumptions used in determining gratuity obligation is shown below:

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Discount rate	6.95%	7.70%	6.95%	7.70%
Expected rate of return on assets	7.70%	9.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Mortality Rate (% of IALM 06-08)				

Amounts for the current and previous years are as follows:

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended March 31, 2016	For the year ended April 01, 2015
Defined benefit obligation - unfunded	361.55	352.78	350.33
Defined benefit obligation - funded	135.32	147.33	168.47
Plan assets	53.22	49.42	45.34
Deficit	443.65	450.69	473.46
Experience adjustments on plan liabilities - unfunded [(gains)/Losses]	15.51	(43.22)	-
Experience adjustments on plan liabilities - funded [(gains)/losses]	(2.43)	(12.45)	-
Experience adjustments on plan assets [gains/(losses)]	-	-	-

The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

The Group expects to contribute Rs. 157.94 lacs (31st Mar 2016: Rs 307.99 lacs) to the gratuity fund during 2017-18.

The amounts paid to defined contribution plans are as follows:

₹ in Lacs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Provident fund	182.01	162.14
Superannuation fund	2.52	7.18
Total	184.53	169.32

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

32. RETIREMENT AND OTHER EMPLOYEE BENEFITS PLANS (Contd.)

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is an unfunded plan.

₹ in Lacs

Sensitivity level	Gratuity (funded)				Gratuity (unfunded)			
	March 31, 2017		March 31, 2016		March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Variable Factors								
Discount Rate (+/- 1%)	131.71	139.21	142.61	152.39	341.04	384.77	334.99	370.11
Future salary increases (+/- 1%)	139.24	131.61	152.48	142.44	383.41	341.80	369.27	335.36
Life expectancy (+/- 50%)	135.59	135.02	147.61	147.02	367.15	354.14	356.38	348.13
Mortality (+/- 10%)	135.34	135.31	147.34	147.31	361.68	361.39	351.65	351.37

33. INTEREST IN JOINT VENTURE

The Group has formed a Joint Venture Company 'Matiere Titagarh Bridges Pvt Ltd' with Matiere SAS, France on January 2nd, 2017 to carry the business of manufacturing, marketing and selling Matiere panel bridges, unibridges, and other auxiliary products. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in financial statements are setout below:

₹ in Lacs

	For the year ended March 31, 2017
Current assets	1.00
Non-current liabilities	(11.60)
Equity	(10.60)
Proportion of the Group's ownership	50%
Value of investment	(5.30)
Summarised statement of profit and loss of Matiere Titagarh Bridges Pvt Ltd:	
Employee benefits expense	7.52
Other expenses	4.08
Loss before tax	(11.60)
Income-tax expense	-
Loss after tax	(11.60)
Total Comprehensive loss for the year	(11.60)
Group's share of loss for the year	(5.80)

34. EMPLOYEE STOCK OPTION PLANS

The company provides share-based payment schemes to its employees. The Company has formulated an employee stock option scheme namely ESOP Scheme 2014 during the year ended 31 March 2015.

On 11 September 2014, the shareholders, by way of a special resolution passed at the Annual General Meeting, approved the issue of shares to eligible employees under Employee Stock Option Scheme (Scheme 2014). The scheme has been approved by the authorized Compensation Committee pursuant to a resolution passed at its meeting held on March 4, 2015. According to the Scheme 2014, the employee selected by the ESOS compensation committee from time to time will be entitled to the stock options. The total number of options granted should not exceed 25,00,000 options and will be granted in one or more tranches over a period of 5 years. Each option, when exercised, will be converted into 1 equity share of Rs 2 each fully paid up. During the year, the company has issued the first tranche of stock options amounting to 500,000 options. Other relevant terms of the grant are as below:

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

34. EMPLOYEE STOCK OPTION PLANS (Contd.)

Vesting period	As stated below
Exercise period	Any point in time after vesting
Expected life	2.90 years
Exercise price	Rs 44.20
Market price at 4th March 2015	Rs 135.60
Vesting schedule for the option is as follows:	
At the end of first year from the date of grant	10%
At the end of second year from the date of grant	15%
At the end of third year from the date of grant	25%
At the end of fourth year from the date of grant	50%

The details of activity under the Scheme 2014 are summarized below:

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	No. of Options	Weighted Average Exercise Price (WAEP) (Rs)	No. of Options	Weighted Average Exercise Price (WAEP) (Rs)
Outstanding at the beginning of the year	340,000	44.20	-	-
Granted during the year	-	-	500,000	44.20
Forfeited / lapsed during the year	-	-	160,000	44.20
Exercised during the year	27,500	44.20	-	-
Outstanding at the end of the year	312,500	44.20	340,000	44.20
Exercisable at the end of the year	57,500	44.20	34,000	44.20

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2017 is 1.90 years (31st March 2016: 2.90 years).

The weighted average fair value of stock options granted was Rs 137.90 lacs (31 March 2016: Rs 54.33 lacs). The Monte Carlo valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend yield	0.69%	0.84%
Expected volatility	42.54%	62.15%
Risk-free interest rate	6.31%	6.85%
Share price (Rs)	116.35	95.10
Exercise price (Rs)	44.20	44.20
Expected life of options granted in years	1.90	2.90

The expected life of the stock Option is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

During the year ended the Company recorded an employee compensation expense of Rs 83.57 lacs (Rs. 54.33 lacs) in the Statement of Profit and loss.

35. LEASES

- (a) Certain office premises and land are obtained by the Group on operating lease. The lease term is for 1-10 years and renewable for further period on mutual consent. These are cancellable by giving a notice period ranging from one month to three months.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

35. LEASES (Contd.)

Lease agreements have price escalation clause and rent is not based on any contingencies. There is no restriction under the lease agreement. There are no subleases.

₹ in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
The amount of rent expenses included in statement of profit and loss towards operating lease aggregate to	228.44	94.03

36. CAPITAL AND OTHER COMMITMENTS

₹ in Lacs

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Estimated amount of capital commitments (net of advances) remaining to be executed	814.45	326.47	51.87

37. CONTINGENT LIABILITIES

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
Claims against the company not acknowledged as debt			
(i) Disputed claims contested by the Company and pending at various courts and arbitrations*	3,671.91	7,033.20	6,066.18
(ii) Matters under appeal with:			
-Sales tax authorities	1,175.65	1,394.93	3,122.96
-Income tax authorities	913.98	1,202.25	796.40
-Customs and Excise Authorities	14,079.84	13,958.71	11,015.15
(iii) Letters of Credit, Bills discounted and Bank Guarantees outstanding	24,580.54	20,744.93	21,970.61
(iv) Custom Duty on import of equipments and spare parts under EPCG-scheme	983.72	981.00	981.00
	45,405.64	45,315.02	43,952.30

In respect of above cases based on favourable decisions in similar cases/legal opinions taken by the Group/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

* In case of Cimmco Limited, it Includes Rs 1292.95 Lacs (Rs 1292.95 Lacs) which in terms of BIFR order, even if decided against the Company, would stand at Rs 129.29 Lacs (Rs 129.29 Lacs)only.

(v) In case of Cimmco Limited:

(a) The Company had in earlier years (prior to lockout and take-over by the present promoter group), obtained certain advance licenses for making duty free import of inputs subject to fulfilment of export obligation (EO) within the specified time limit from the date of issuance of such licences. Due to the closure of the factory and cancellation of the export orders, the Company could not fulfil the entire export obligation within the permitted time limit. Subsequently, the Company was referred to the Board for Industrial and Financial Reconstruction ("BIFR") vide case No. 372/2000 dated 27th November 2000 wherein a rehabilitation package was sanctioned by the BIFR on 11th March 2010. Pursuant to the rehabilitation scheme, the Company made an application to the Policy Relaxation Committee (PRC) of the Department of Foreign Trade for extension of the EO by further 8 years. The Zonal Director General of Foreign Trade (DGFT) vide its letter dated 21st December 2010

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

37. CONTINGENT LIABILITIES (Contd.)

had extended the EO period upto 31st March 2016. Based on the details available with the Company regarding the imports made prior to the lock out and as per its best estimates, the Company had made necessary payments to the tune of Rs 85.00 lacs for the unfulfilled export obligation and for the balance licenses a liability of Rs 11.00 lacs has been made in the books in the previous year. However, in absence of complete list of licenses alongwith the imports made against each license the amount of contingent liability towards custom duty saved on unfulfilled export obligations and penal interest if any, is presently unascertainable.

- (b) The company had given 687 wagons to Indian Railways on sub-lease till October 2007 and as per the agreement the sub-lease was renewable at the consent of the Indian Railway on an annual basis. Post the expiry of the original sub-lease term, Indian Railways continued to use the wagons without renewing the sub-lease arrangement. In year ended March 31, 2015, the company had received a demand of Rs. 2582.32 Lakhs from Titagarh Capital Pvt. Ltd., the lessor of these wagons for the period October 2007 to March 2014. Titagarh Capital Pvt. Ltd. has pursued the matter in the Honourable High Court of Calcutta and the Honourable Court in an interim measure directed the Indian Railway to set apart the lease rentals for the above period, at the last paid rate of rent, in a fixed deposit account till the matter is finally decided. The company has not provided for this claim since it has a back-to-back claim for the sub-lease on Indian Railways.
- (c) SBI Capital Market Limited ("SBI Caps") has raised an invoice of Rs 1,128.95 lacs on the Company on account of disallowance of depreciation by the income tax authorities on the wagons leased by SBI Caps to Cimmco Limited which in turn has been sub leased by the Company to Indian Railways. The same pertains to the assessment year 1998-99 to 2004-05 (period prior to change of management in terms of the BIFR order) and the matter is pending with ITAT Mumbai. As per the separate lease agreements entered between SBI CAPS, Cimmco Limited and Indian Railways, any claims, charges, duties taxes and penalties as may be levied by the Government or any other authority pertaining to leased wagons shall be borne by the Indian Railways. Considering the terms contained in the above agreements the Company believes that there would not be any liability that would crystallise on account of the above.
- (d) A dispute has been raised by a third party (MITS) for the possession of Leasehold / Freehold land of the Company at Gwalior measuring 20 bighas 8 biswa, which is valued at Rs 2,345.81 lacs. In the said dispute, the Single Bench of the Hon'ble High Court of Madhya Pradesh (Gwalior Bench) held that the land in question belonged to the Company and possession was not to be parted with in favour of any third party. The Division Bench, also upheld such order of the Single Bench. Aggrieved by the above order, the third party has filed an appeal before the Hon'ble Supreme Court, which is pending adjudication. The management is confident that the above appeal would be dismissed at the time of final hearing.

38. DETAILS OF DUES TO MICRO & SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES ACT, 2006 (MSMED ACT) IS AS FOLLOWS:

₹ in Lacs			
	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	16.55	27.34	93.19
Interest Due on Above (II)	-	-	-
Total of (I) and (II)	16.55	27.34	93.19
b) Amount of interest paid/adjusted by the Company to the suppliers in terms of Section 16 of MSMED Act	-	-	-
c) Amounts paid to the suppliers beyond the respective due date	83.14	165.33	-
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	1.53	0.88	-
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.53	0.88	0.01
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	1.53	2.45	2.44

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

39. The Hon'ble High Court of Calcutta vide order dated 11th July 2016, sanctioned the Scheme of amalgamation of the wholly owned subsidiaries namely Cimco Equity Holdings Private Limited and Titagarh Marine Limited (alongwith its two wholly owned subsidiary companies i.e. Corporated Shipyard Private Limited and Times Marine Enterprises Private Limited) with Titagarh Wagons Limited pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act 1956. The certified true copy of the said order has been received and filed with the Registrar of Companies, West Bengal on 13th July 2016. Since, the appointed date of the Scheme was 1st April 2015, the effect of amalgamation has been considered in the books retrospectively as per the requirements of Ind AS 103 'Business Combinations'.

The financial information as at and for the corresponding year ended March 31, 2016, have been prepared considering the impact of aforesaid merger with effect from April 01, 2015. The financial statement and other financial information of these subsidiaries were prepared under Previous GAAP. Adjustments have been made to the previously issued financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 after considering the effect of the aforesaid order and on transition to Ind AS.

40. The Board of Directors of Cimmco Limited and Titagarh Agrico Private Limited (TAPL) at its respective meetings held on September 9, 2016 has approved a Scheme of Amalgamation of the TAPL with Cimmco Limited in terms of the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act 1956 and Companies Act 2013 to the extent applicable, subject to necessary approvals. The Companies are in the process of obtaining necessary approvals from various concerned authorities and pending such approvals no adjustment has been made in these consolidated financial statements.

41. UTILIZATION OF MONEY RAISED THROUGH QUALIFIED INTITUTIONAL PLACEMENT

	As at March 31, 2017	As at March 31, 2016
Unutilized amount at the beginning of the year	3,292.25	-
Amount raised during the year	-	15,000.00
Less: amount utilized	3,292.25	11,707.75
Unutilized amount at the end of the year (invested in fixed deposits of Banks)	-	3,292.25
Details of short-term investments made from unutilized portion of Qualified Intititutional Placement raised:		
Investment in fixed deposits of banks	-	3,292.25

42. In case of Cimmco Limited, the financial performance of the company has been severely impacted by the overall industry scenario and lower wagon procurement by the Indian Railways. Titagarh Wagons Limited, the parent company is committed to provide suitable financial support to the company for the near future. The Company is also confident of improvement in the industry scenario. In view of the above, these financial statements have been prepared on a going concern basis.

43. During the previous year, the Company alongwith its wholly owned subsidiary company Titagarh Singapore Pte Limited have formed a subsidiary company in Italy in the name of Titagarh Firema Adler SpA (TFA). TFA has acquired the business and assets of Firema Trasporti SpA, a designer and manufacturer of metro coaches and semi / high speed trains.

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration	Amount (In Euros)	Amount (Rs in lacs)
Cash paid	1,500,000	1,038.69
Cash to be paid for purchase of real estate	10,000,000	6,924.60
	11,500,000	7,963.29
The assets and liabilities recognised as a result of the acquisition are as follows:		
Assets		
Fixed Assets	36,087,000	24,988.80
Inventories	52,983,000	36,688.61

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

43. (Contd.)

Purchase consideration	Amount (In Euros)	Amount (Rs in lacs)
Loans and Advances	1,455,433	1,007.83
Other receivables	20,082,522	13,906.34
	110,607,955	76,591.58
Liabilities		
Provision	22,838,932	15,815.04
Borrowings	1,748,068	1,210.47
Advance from customers	73,793,829	51,099.27
Other payables	12,227,126	8,466.80
	110,607,955	76,591.58

44. SEGMENT INFORMATION

The Company is organised into business units based on its products and services and has three reportable segments, as follows

- Wagons & Coaches – Consists of manufacturing of wagons, coaches, bogies, couplers and crossings as per customer specification.
- Specialised Equipments & Bridges - Consists of bailey / other modular bridges, nuclear biological shelters and other defence related products
- Others - Consists of miscellaneous business like heavy earth moving machineries, ship building, tractors etc which comprises of less than 10% revenue on individual basis.

No operating segments have been aggregated to form the above operating segments.

Total revenue includes sale to Indian Railways of Rs 28,873.25 lacs (Rs 20,676.29 lacs) and to Ministry of Defence of Rs 4,523.38 lacs (Rs 601.26 lacs).

Information about operating segments For the year ended 31st March 2017

	₹ in Lacs			
	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Revenue from operations				
Segment revenue (external)	165,829.60	7,171.52	917.81	173,918.93
Depreciation and amortisation	4,697.91	21.32	293.79	5,013.02
Segment profit	7,151.42	1,392.75	(747.24)	7,796.93
Non cash (income) / expenses:				
Provision for doubtful debts and advances	238.15	20.00	5.61	263.76
Unspent liabilities / provisions no longer required written back	(507.11)	(0.70)	(7.09)	(514.90)
Segment assets	237,022.19	5,366.14	7,664.60	250,052.93
Segment liabilities	148,846.02	2,394.44	5,655.05	156,895.51
Expenditure for non-current assets				
Tangible assets	1,360.17	-	-	1,360.17
Intangible assets	2,056.16	-	-	2,056.16
Capital work-in-progress	1,128.80	-	101.26	1,230.06

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

44. (Contd.)

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Reconciliation of reportable segment's revenue to company's revenue				
Segment revenue (external)				173,918.93
Unallocated revenue				-
				173,918.93
Reconciliation of reportable segment's profit to company's profit				
Total profit for reportable segments				7,796.93
Unallocated (income) / expenses				
Finance cost				1,860.21
Interest income				(921.69)
Depreciation and amortisation				139.42
Other corporate income				(944.48)
Other corporate expenses				2,693.81
				2,827.27
Profit before taxes				4,969.66
Tax expenses				2,226.59
Profit after taxes				2,743.07
Reconciliation of reportable segment's assets to company's assets				
Segment assets				250,052.93
Unallocated assets				
Investments				8,190.88
Cash and cash equivalents				3,382.25
Other bank balances				1,238.19
Other unallocated assets				7,326.84
Total assets				270,191.10
Reconciliation of reportable segment's liabilities to company's liabilities				
Segment liabilities				156,895.51
Unallocated liabilities				
Deferred tax liabilities				3,512.23
Borrowings				4,335.78
Other unallocated liabilities				809.21
Total liabilities				165,552.73

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

44. SEGMENT INFORMATION (Contd.)

For the year ended 31st March 2016

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Revenue from operations				
Segment revenue (external)	94,402.12	1,938.40	1,138.38	97,478.90
Depreciation and amortisation	4,248.37	21.11	176.57	4,446.05
Segment profit / (loss)	2,533.85	159.89	(3,327.97)	(634.23)
Non cash (income) / expenses:				
Provision for doubtful debts and advances	(13.64)	89.23	-	75.59
Irrecoverable debts/ advances written off (net of provisions)	39.28	-	-	39.28
Unspent liabilities / provisions no longer required written back	(479.01)	-	(18.04)	(497.05)
Segment assets	231,083.98	4,370.37	7,848.71	243,303.06
Segment liabilities	147,647.15	522.01	10,490.51	158,659.67
Expenditure for non-current assets				
Tangible assets	28,894.19	-	162.93	29,057.12
Other unallocated expenditure				-
				29,057.12
Intangible assets	1,843.48	-	-	1,843.48
Capital work-in-progress	1,115.56	-	-	1,115.56
Reconciliation of reportable segment's revenue to company's revenue				
Segment revenue (external)				97,478.90
Unallocated revenue				-
				97,478.90
Reconciliation of reportable segment's profit / (loss) to company's profit / (loss)				
Total loss for reportable segments				(634.23)
Unallocated (income) / expenses				
Finance cost				1,311.80
Interest income				(2,491.32)
Depreciation and amortisation				145.66
Other corporate income				(668.29)
Other corporate expenses				2,348.72
				646.57
Loss before taxes				(1,280.80)
Tax expenses				671.41
Loss after taxes				(1,952.21)
Reconciliation of reportable segment's assets to company's assets				

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

44. SEGMENT INFORMATION (Contd.)

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Segment assets				243,303.06
Unallocated assets				
Investments				2,133.14
Cash and cash equivalents				5,574.46
Other bank balances				14,798.70
Other unallocated assets				2,009.69
Total assets				267,819.05
Reconciliation of reportable segment's liabilities to company's liabilities				
Segment liabilities				158,659.67
Unallocated liabilities				
Deferred tax liabilities				3,348.11
Borrowings				1,331.36
Other unallocated liabilities				1,328.17
Total liabilities				164,667.31

As at April 01 2015

₹ in Lacs

	Wagons & Coaches	Specialised Equipments & Bridges	Others	Total
Segment assets	102,094.49	1,887.53	8,374.24	112,356.26
Segment liabilities	32,022.36	439.15	1,206.34	33,667.85
Reconciliation of reportable segment's assets to company's assets				
Segment assets				112,356.26
Unallocated assets				
Investments				1,957.33
Cash and cash equivalents				4,457.60
Other bank balances				10,264.70
Other unallocated assets				2,732.15
Total assets				131,768.04
Reconciliation of reportable segment's liabilities to company's liabilities				
Segment liabilities				33,667.85
Unallocated liabilities				
Deferred tax liabilities				3,620.18
Borrowings				1,786.43
Other unallocated liabilities				1,163.24
Total liabilities				40,237.70

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

44. SEGMENT INFORMATION (Contd.)

Geographical Segment:

The following table shows the distribution of the Company's sales by geographical market:

	₹ in Lacs	
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Revenue from external customers		
Domestic	48,732.38	38,910.09
Overseas	125,186.55	58,568.81
Total	173,918.93	97,478.90
Non-current operating assets		
Domestic	62,599.97	62,959.23
Overseas	34,953.19	40,316.92
Total	97,553.16	103,276.15

45. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Other related parties with whom transactions have taken place during the period:

Joint Venture Companies: Matiere Titagarh Bridges Pvt Ltd (Jointly controlled Entity w.e.f 2nd January 2017)

Key Management Personnel (KMPs):

- Mr. J P Chowdhary – Executive Chairman
- Mr. Umesh Chowdhary – Vice Chairman & Managing Director
- Mr. Dharmendar Nath Davar - Independent Director
- Mr. Manoj Mohanka - Independent Director
- Mrs. Rashmi Chowdhary - Non-Executive Director
- Mr. Shekhar Dutta - Independent Director
- Mr. Sunirmal Talukdar - Independent Director
- Mr. Sudev Chandra Das - Independent Director - Resigned w.e.f 27th October 2016
- Mr. Sudipta Mukherjee - Wholetime Director
- Mr. Anil Agarwal - Chief Financial Officer
- Mr. Dinesh Arya - Company Secretary

Relatives of KMPs:

- Mrs. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary
- Mrs. Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary
- Mrs. Vinita Bajoria, Daughter of Mr. J P Chowdhary
- Mrs. Sumita Kandoi, Daughter of Mr. J P Chowdhary
- Mrs. Bimla Devi Kajaria, Mother of Mrs. Rashmi Chowdhary

**Enterprises over which KMP/ Shareholders/
Relatives have significant influence:**

- Titagarh Logistics Infrastructures Private Limited
- Titagarh Capital Management Services Private Limited
- Traco International Investment Private Limited
- Titagarh Enterprises Limited (formerly Titagarh Papers Limited)
- Panihati Rubber Limited
- Singhal Contractors & Builders Private Limited
- Simplex Developments Private Limited
- Tecalemit Industries Limited
- Navyug Business Private Limited
- OCL India Ltd
- HEG Ltd

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

45. RELATED PARTY DISCLOSURES (Contd.)

Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

₹ in Lacs

Nature of transactions	Year	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
In relation to the statement of profit and loss						
Liability written back						
OCL India Ltd	2016-17		1.92			1.92
	2015-16		(-)			(-)
Purchase of raw material & components						
Titagarh Industries Limited	2016-17		32.06			32.06
	2015-16		-			(-)
HEG Ltd	2016-17		69.76			69.76
	2015-16		(-)			(-)
OCL India Ltd	2016-17		-			-
	2015-16		(4.79)			(4.79)
Adarsh Imports & Exports Private Limited	2016-17		158.69			158.69
	2015-16		(43.30)			(43.30)
Kanishk Fabricators Private Limited	2016-17		44.33			44.33
	2015-16		(137.38)			(137.38)
Rent paid						
Titagarh Enterprises Limited	2016-17		169.77			169.77
	2015-16		(131.41)			(131.41)
Job Processing and other machining Income (including contract labour income)						
Kanishk Fabricators Private Limited	2016-17		-			-
	2015-16		(4.05)			(4.05)
Dividend paid						
Mrs. Savitri Devi Chowdhary	2016-17				-	-
	2015-16				(289.86)	(289.86)
Mrs. Rashmi Chowdhary	2016-17			-		-
	2015-16			(205.06)		(205.06)
Mr. J P Chowdhary	2016-17			-		-
	2015-16			(2.50)		(2.50)
Mr. Umesh Chowdhary	2016-17			-		-
	2015-16			(1.24)		(1.24)
Traco International Investment Private Limited	2016-17		-			-
	2015-16		(2.42)			(2.42)
Titagarh Capital Management Services Private Limited	2016-17		-			-
	2015-16		(346.72)			(346.72)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

45. RELATED PARTY DISCLOSURES (Contd.)

₹ in Lacs

Nature of transactions	Year	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Titagarh Logistics Infrastructures Private Limited	2016-17		-			-
	2015-16		(2.40)			(2.40)
Singhal Contractors & Builders Private Limited	2016-17		-			-
	2015-16		(0.38)			(0.38)
Simplex Developments Private Limited	2016-17		-			-
	2015-16		(0.29)			(0.29)
Tecalemit Industries Limited	2016-17		-			-
	2015-16		(0.20)			(0.20)
Navyug Business Private Limited	2016-17		-			-
	2015-16		(0.19)			(0.19)
Bimla Devi Kajaria	2016-17				-	-
	2015-16				(0.03)	(0.03)
Remuneration (including contribution to Provident and other funds)						
Mr. J P Chowdhary	2016-17			146.84		146.84
	2015-16			(68.43)		(68.43)
Mr. Umesh Chowdhary	2016-17			127.32		127.32
	2015-16			(64.57)		(64.57)
Mrs. Vinita Bajoria	2016-17				27.64	27.64
	2015-16				(27.64)	(27.64)
Mr. Anil Agarwal	2016-17			44.70		44.70
	2015-16			(31.43)		(31.43)
Mr. Dinesh Arya	2016-17			25.95		25.95
	2015-16			(19.62)		(19.62)
Mr. Sudipta Mukherjee	2016-17			41.99		41.99
	2015-16			(31.43)		(31.43)
Sitting Fees & Commission to Directors						
Mr. Sudev Chandra Das	2016-17			2.78		2.78
	2015-16			(4.76)		(4.76)
Mr. Dharmendar Nath Davar	2016-17			11.36		11.36
	2015-16			(10.02)		(10.02)
Mr. Manoj Mohanka	2016-17			11.76		11.76
	2015-16			(10.54)		(10.54)
Mrs. Rashmi Chowdhary	2016-17			2.40		2.40
	2015-16			(1.75)		(1.75)
Mr. Shekhar Dutta	2016-17			6.33		6.33
	2015-16			(4.93)		(4.93)
Mr. Sunirmal Talukdar	2016-17			9.41		9.41
	2015-16			(9.38)		(9.38)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

45. RELATED PARTY DISCLOSURES (Contd.)

						₹ in Lacs
Nature of transactions	Year	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Mrs. Vinita Bajoria	2016-17				1.40	1.40
	2015-16				(1.00)	(1.00)
Mr. Anil Agarwal	2016-17			3.98		3.98
	2015-16			(3.45)		(3.45)
Mr. Dinesh Arya	2016-17			0.33		0.33
	2015-16			0.33		0.33
Profession & Consultancy						
Mr. Dharmendar Nath Davar	2016-17			3.50		3.50
	2015-16			(2.60)		(2.60)
Mr. Anil Agarwal	2016-17			7.50		7.50
	2015-16			(6.00)		(6.00)
Employee Stock Option Plan Cost						
Mr. Anil Agarwal	2016-17			12.29		12.29
	2015-16			(7.99)		(7.99)
Mr. Sudipta Mukherjee	2016-17			12.29		12.29
	2015-16			(7.99)		(7.99)
Mr. Dinesh Arya	2016-17			6.14		6.14
	2015-16			(3.99)		(3.99)
In relation to the balance sheet						
Advance against salary given						
Mr. Anil Agarwal	2016-17			60.00		60.00
	2015-16			(-)		(-)
	2014-15			(-)		(-)
Investment made						
Matiere Titagarh Bridges Pvt Ltd	2016-17	0.50				0.50
	2015-16	(-)				(-)
	2014-15	(-)				(-)
Balance outstanding as at the year end - Debit						
Matiere Titagarh Bridges Pvt Ltd	2016-17	16.32				16.32
	2015-16	(-)				(-)
	2014-15	(-)				(-)
Mr. Anil Agarwal	2016-17			34.50		34.50
	2015-16			(-)		(-)
	2014-15			(-)		(-)
Balance outstanding as at the year end - Credit						
Mr. J P Chowdhary	2016-17			14.04		14.04
	2015-16			(4.06)		(4.06)
	2014-15			(35.89)		(35.89)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

45. RELATED PARTY DISCLOSURES (Contd.)

₹ in Lacs

Nature of transactions	Year	Joint ventures	Enterprise over which KMP/ shareholders/ relatives have significant influence	KMP	Relatives of KMP	Total
Mr. Umesh Chowdhary	2016-17			14.03		14.03
	2015-16			(4.06)		(4.06)
	2014-15			(16.58)		(16.58)
Mrs. Vinita Bajoria	2016-17			1.45		1.45
	2015-16			(1.51)		(1.51)
	2014-15			(1.48)		(1.48)
Mr. Anil Agarwal	2016-17			2.65		2.65
	2015-16			(0.83)		(0.83)
	2014-15			(1.13)		(1.13)
Mr. Dinesh Arya	2016-17			1.12		1.12
	2015-16			(0.97)		(0.97)
	2014-15			(1.13)		(1.13)
Mr. Sudipta Mukherjee	2016-17			1.88		1.88
	2015-16			(1.71)		(1.71)
	2014-15			(1.65)		(1.65)
OCL India Ltd	2016-17		-			-
	2015-16		(1.92)			(1.92)
	2014-15		(-)			(-)
HEG Ltd	2016-17		11.56			11.56
	2015-16		(-)			(-)
	2014-15		(-)			(-)
Kanishk Fabricators Private Limited	2016-17		13.47			13.47
	2015-16		(11.74)			(11.74)
	2014-15		(0.07)			(0.07)
Adarsh Imports & Exports Private Limited	2016-17		11.71			11.71
	2015-16		(9.67)			(9.67)
	2014-15		(27.40)			(27.40)

Notes

a) Terms and conditions of transactions with related parties

The sales / services to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Advance against salary given to KMP are interest free and are repayable within 1 year.

- b) The remuneration to key managerial personnel does not include provisions made for gratuity and leave benefits as they are determined on an actuarial basis for company as a whole.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

46 Fair values

(i) Class wise fair value of the Group's financial instruments:

₹ in Lacs

	As at Mar 31, 2017	As at March 31, 2016	As at April 01, 2015
Investments in equity shares	2,396.83	2,132.94	1,957.13
	2,396.83	2,132.94	1,957.13

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Investments in equity shares

₹ in Lacs

	Date of valuation	Fair value measurement using Significant unobservable inputs (Level 3)
Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:		
Assets measured at fair value:		
Investments	31 March 2017	2,396.83
	31 March 2016	2,132.94
	01 April 2015	1,957.13

(iii) Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTPL assets in equity shares / units	DCF method	WACC	31 March 2017: 31 March 2016: 01 April 2015:	1% increase (decrease) in WACC would result in increase (decrease) in fair value by Rs 194.28 lacs (31 March 2016: Rs 152.36 Lacs, 1 April 2015 Rs. 139.77 lacs)
		Change in circle rate for land owned by the respective investee Company	31 March 2017: 31 March 2016: 01 April 2015:	5% Increase (decrease) in the circle rate would result in increase (decrease) in fair value by Rs 75.51 lacs (31 March 2016: Rs 73.46 lacs, 1 April 2015: Rs 69.66 lacs)

(iv) Reconciliation of fair value measurement of unquoted equity shares classified as FVTPL assets:

₹ in Lacs

	Investment in unquoted equity shares
Opening Balance as on April 1, 2015	1,957.13
Re-measurement recognised in statement of profit and loss	175.81
Closing Balance as on March 31, 2016	2,132.94
Re-measurement recognised in statement of profit and loss	263.89
Closing Balance as on March 31, 2017	2,396.83

(v) The fair value of financial assets (except unquoted investment classified as FVTPL) and liabilities approximates their carrying value as at balance sheet date.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise short-term borrowings, capital creditors and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include trade and other receivables, cash and cash equivalents, investment, loans and deposits. The Group also holds other investment .

The Group has a Risk Management Committee that ensures that risks are identified, measured and managed in accordance with Risk Management Policy of the Group. The Board of Directors also review these risks and related risk management policy which are summarised below:

I) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTPL investments, trade payables, trade receivables, borrowings, other receivables etc.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. Such foreign currency exposures are hedged by the Group through use of foreign exchange forward contracts. The Group has a treasury team which monitors the foreign exchange fluctuations on the continuous basis and advises the management of any material adverse effect on the Group.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Changes in Euro rate	Foreign currency (Payable) / Receivable (net)	Effect on profit before tax	Changes in USD rate	Foreign currency (Payable) / Receivable (net)	Effect on profit before tax
	%	₹ in Lacs	₹ in Lacs	%	₹ in Lacs	₹ in Lacs
March 31, 2017	5%	(624.92)	(31.25)	5%	(14.04)	(0.70)
	-5%		31.25	-5%		0.70
March 31, 2016	5%	1,286.84	64.34	5%	172.05	8.60
	-5%		(64.34)	-5%		(8.60)

(ii) Equity price risks

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Group manages the equity price risk through placing limits on individual and total equity investment in each of the subsidiaries and group companies based on the respective business plan of each of the companies. Reports on the investment portfolio alongwith the financial performance of the subsidiaries and group companies are submitted to the Group's management on a regular basis. The Company's Board of Directors reviews and approves all investment decisions.

The Group's investment in quoted equity instruments (other than subsidiaries) is not material. For sensitivity analysis of Group's investments in equity instruments, refer note no 46.

II) Credit risks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Trade receivables

Customer credit risk is managed by the respective department subject to Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credibility of the customers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 5 as the Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

Liquidity risks

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

Maturity profile of Financial liabilities

Maturity profile of all financial liabilities is within one year from the end of balance sheet date.

₹ in Lacs

2017	1 Year	1-3 years	More than 3 years
Borrowings	22,181.49	9,447.51	10,690.23
Trade Payable	44,249.17	-	-
Other Financial liabilities	8,086.61	-	-
2016			
Borrowings	8,187.90	26,837.42	15,481.81
Trade Payable	37,778.35	-	-
Other Financial liabilities	7,068.13	-	-
2015			
Borrowings	9,262.97	30,369.39	20,137.75
Trade Payable	8,438.86	-	-
Other Financial liabilities	7,989.23	-	-

48. CAPITAL MANAGEMENT

The Group's objective when managing capital (defined as net debt and equity) is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Group.

49. Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the table below:

₹ in Lacs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	10.57	7.68	18.24
(+) Permitted receipts *	-	12.61	12.61
(-) Permitted payments	-	18.48	18.48
(-) Amount deposited in Banks	10.57	-	10.57
Closing cash in hand as on 30.12.2016	-	1.81	1.81

* Represents cash withdrawals from bank accounts across various locations for petty cash purposes.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

50. ADDITIONAL INFORMATION IN RESPECT OF NET ASSETS AND PROFIT / LOSS OF EACH ENTITY WITHIN THE GROUP AND THEIR PROPORTIONATE SHARE OF THE TOTALS

Name of the entity in the	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015	
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Net Assets, i.e., total assets minus total liabilities	
	As % of consolidated net assets	Amount (Rs in lacs)	As % of consolidated profit or loss	Amount (Rs in lacs)	As % of consolidated net assets	Amount (Rs in lacs)	As % of consolidated profit or loss	Amount (Rs in lacs)	As % of consolidated net assets	Amount (Rs in lacs)
Parent										
Titagarh Wagons Limited	85.30%	89,258.46	30.49%	807.34	83.87%	86,510.51	116.84%	(1,899.73)	81.92%	74,978.15
Subsidiaries (including Step down subsidiaries)										
Indian										
Cimmco Limited	8.40%	8,791.34	-12.70%	(336.38)	11.96%	12,338.91	42.43%	(689.84)	14.59%	13,358.82
Titagarh Agrico Private Limited	-2.07%	(2,164.32)	-29.71%	(786.59)	-1.28%	(1,324.20)	55.51%	(902.60)	-0.50%	(459.36)
Titagarh Capital Private Limited	-1.36%	(1,419.31)	34.96%	925.74	-3.06%	(3,156.70)	6.35%	(103.22)	-3.41%	(3,125.68)
Joint Venture										
Matiere Titagarh Bridges Pvt Ltd	0.00%	-	-0.22%	(5.80)						
Foreign										
Titagarh Wagons AFR	3.37%	3,531.22	-58.48%	(1,548.47)	4.23%	4,366.48	-81.54%	1,325.79	3.51%	3,211.95
Titagarh Firema Adler S.p.A	3.11%	3,256.55	155.61%	4,120.12	1.08%	1,118.09	-52.81%	858.75	-	-
Titagarh Singapore Pte Limited	-0.72%	(748.67)	-17.99%	(476.26)	-0.81%	(835.17)	32.00%	(520.23)	-0.09%	(78.84)
Minority Interests in all Subsidiaries	3.95%	4,133.09	-1.96%	(52.02)	4.01%	4,133.82	-18.76%	305.11	3.98%	3,645.30
TOTAL	100.00%	104,638.37	100.00%	2,647.68	100.00%	103,151.74	100.00%	(1,625.96)	100.00%	91,530.34

51. FIRST TIME ADOPTION OF IND AS

These consolidated financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the group's opening balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the consolidated balance sheet as at 1 April 2015 and the consolidated financial statements as at and for the year ended 31 March 2016.

(I) Reconciliation of Consolidated Balance Sheet

Particulars	Foot Note Reference No.	As at 31st March, 2016 (End of Last Period presented under previous GAAP)			As at 1st April, 2015 (Date of Transition)		
		Previous GAAP	Effect of Transition to IND AS	March 31, 2016	Previous GAAP	Effect of Transition to IND AS	As per IND AS Consolidated Balance Sheet
ASSETS							
NON CURRENT ASSETS							
a) Property, Plant and Equipment	a, e (i)	61,393.67	32,969.22	94,362.89	35,061.31	33,015.73	68,077.04
b) Capital Work in Progress	e (i)	1,495.63	(380.07)	1,115.56	1,276.79	(380.10)	896.69
c) Goodwill	f	4,950.14	(4,547.89)	402.25	4,909.85	(4,507.60)	402.25
d) Other Intangible Assets	e (iii)	3,796.75	(835.29)	2,961.46	1,544.38	-	1,544.38
e) Intangible assets under development	e (iii)	202.61	-	202.61	1,378.77	(332.19)	1,046.58
f) Financial Assets						-	
(i) Investments	b	120.66	2,012.48	2,133.14	120.66	1,836.67	1,957.33
(ii) Trade Receivables	g (iv) (c)	330.05	-	330.05	-	123.75	123.75
(iii) Loans and Deposits	c (i), g (i)	2,527.86	(2,291.98)	235.88	169.51	(57.70)	111.81

₹ in Lacs

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

51. FIRST TIME ADOPTION OF IND AS (Contd.)

(iv) Other Financial Assets	c (ii), g (i)	-	1,710.72	1,710.72	-	1,328.09	1,328.09
g) Deferred tax assets (Net)	k	-	-	-	286.55	(286.55)	-
h) Other non-current tax assets	g (i)	-	-	-	2,268.79	(2,268.79)	-
i) Other Non-Current Assets	g (i)	4,323.11	(1,534.49)	2,788.62	-	2,174.39	2,174.39
		79,140.48	27,102.70	106,243.18	47,016.61	30,645.70	77,662.31
CURRENT ASSETS							
a) Inventories	e (ii)	71,709.64	(85.64)	71,624.00	22,433.98	-	22,433.98
b) Financial Assets						-	
(i) Trade Receivables	e (ii), g (iv) (c)	23,231.89	(240.23)	22,991.67	11,761.61	(316.36)	11,445.25
(ii) Cash and Cash Equivalents	g (i)	5,616.95	(42.49)	5,574.46	4,488.33	(30.73)	4,457.60
(iii) Other bank balances	g (i)	14,780.34	18.36	14,798.70	10,233.96	30.74	10,264.70
(iv) Loans and deposits	g (i)	13,508.26	(13,390.80)	117.46	-	216.70	216.70
(v) Other Financial Assets	c (i), c (ii), g (i)	-	14,543.78	14,543.78	5,563.54	(4,102.67)	1,460.87
c) Current tax assets (Net)	g (i)	-	306.77	306.77	-	-	-
d) Other current assets	g (i)	34,602.53	(2,983.49)	31,619.03	4,526.99	(700.36)	3,826.63
		163,449.61	(1,873.74)	161,575.87	59,008.41	(4,902.68)	54,105.73
TOTAL ASSETS		242,590.09	25,228.96	267,819.05	106,025.02	25,743.02	131,768.04
EQUITY AND LIABILITIES							
EQUITY							
a) Equity Share Capital		2,307.69	-	2,307.69	2,005.91	-	2,005.91
b) Other Equity	Equity reconciliation	77,761.29	15,189.66	92,950.95	66,846.51	15,273.36	82,119.87
TOTAL EQUITY		80,068.98	15,189.66	95,258.64	68,852.42	15,273.36	84,125.78
NON CONTROLLING INTEREST	m	4,152.00	3,741.10	7,893.10	3,635.29	3,769.27	7,404.56
NON-CURRENT LIABILITIES							
a) Financial Liabilities							
(i) Borrowings	i	16,890.47	(484.92)	16,405.55	4,270.13	(37.96)	4,232.17
(ii) Other non current liabilities	c (i), c (iv), g (i)	5,737.06	57.48	5,794.54	-	-	-
b) Provisions	j	9,277.31	1.25	9,278.56	738.17	(343.18)	394.99
c) Deferred Tax Liabilities (Net)	d	476.04	6,571.81	7,047.85	83.97	7,207.01	7,290.98
		32,380.88	6,145.62	38,526.50	5,092.27	6,825.87	11,918.14
CURRENT LIABILITIES							
a) Financial Liabilities							
(i) Borrowings	i	5,225.46	1.56	5,227.02	5,352.12	-	5,352.12
(ii) Trade Payables	g (i)	37,733.48	44.87	37,778.35	9,563.63	(1,124.77)	8,438.86
(iii) Other current liabilities	g (i)	73,993.53	(66,925.40)	7,068.13	10,487.15	(2,497.92)	7,989.23
b) Other Non financial Liabilities	c (i), g (i)	-	66,257.41	66,257.41	-	3,375.53	3,375.53
c) Provisions	e (ii), e (iv)	9,035.76	774.14	9,809.90	3,042.14	121.68	3,163.82
		125,988.23	152.58	126,140.81	28,445.04	(125.48)	28,319.56
TOTAL EQUITY AND LIABILITIES		242,590.09	25,228.96	267,819.05	106,025.02	25,743.02	131,768.04

(I) Reconciliation of Total Equity as on 31st March, 2016 & 1st April, 2015

Particulars	Foot Note Reference No.	As at 31st March, 2016 (End of Last Period presented under previous GAAP)	As at 1st April, 2015 (Date of Transition)
Total Equity (Shareholders' funds) under previous GAAP		80,068.98	68,852.42
Add / (Less) : Adjustments on account of Ind AS:			
(i) Fair Valuation of Property, Plant and Equipments as on the date of transition	a	33,365.23	33,063.73
(ii) Fair Value of Equity Investments at FVTPL	b	2,012.48	1,836.67
(iii) Fair valuation of financial liabilities with deferred payment terms	c (i)	699.99	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

51. FIRST TIME ADOPTION OF IND AS (Contd.)

Particulars	Foot Note Reference No.	As at 31st March, 2016 (End of Last Period presented under previous GAAP)	As at 1st April, 2015 (Date of Transition)
(iv) Reversal of current tax provision for financial year 2015-16 due to benefit of brought forward losses on merger of subsidiaries	k	285.31	-
(v) Impairment of Goodwill on consolidation	f	(4,507.60)	(4,507.57)
(vi) Expected credit loss on financial assets	c (ii)	(3,192.53)	(3,276.94)
(vii) IND As adjustments pertaining to the minority transferred to Non-Controlling interest	m	(3,742.66)	(3,759.28)
(viii) Prior period expenses / errors accounted for	e	(1,678.36)	(1,036.71)
(ix) Employee benefit provision towards retirement benefit	j	(432.77)	(337.89)
(x) Foreign Currency Translation arisen on IND AS adjustments		(209.98)	-
(xi) Fair valuation of derivative contract undertaken to hedge the foreign currency loan	c (iv)	(280.93)	-
(xii) Incremental depreciation on fair valuation of Property, Plant and Equipments	a	(185.64)	-
(xiii) Interest Income accrued on financial assets	c (ii)	(182.79)	(182.79)
(xiv) Derecognition of proposed dividend (including corporate dividend tax) liability	h	-	965.65
(xv) Money received against share warrants regrouped to Non-Controlling interest		-	(10.00)
(xvi) Fair valuation of forward contracts	c (iii)	(5.26)	12.04
Sub Total		21,944.49	22,766.91
(i) Net deferred tax asset accounted for on the brought forward losses of the merged subsidiaries and on other Ind AS adjustments as above	d, k	(6,754.83)	(7,493.55)
Net Adjustments		15,189.66	15,273.36
Total Equity under IND AS		95,258.64	84,125.78

(III) Reconciliation of Consolidated Statement of Profit and Loss for the year ended 31st March 2016

₹ in Lacs

Particulars	Footnote Reference	Previous GAAP	Effect of Transition to IND AS	2015-16
I. INCOME:				
Revenue from operations	g (iii), g (iv) (d)	95,931.98	1,546.92	97,478.90
Other Income	b, c	3,132.66	953.26	4,085.92
Total Income		99,064.64	2,500.18	101,564.82
II. EXPENSES:				
Cost of raw materials and components consumed	e (ii), g (iv) (b)	55,250.30	617.82	55,868.12
Purchase of traded goods		17.43	(17.43)	-
(Increase) / decrease in inventories of finished goods, work-in - progress and traded goods	e (ii)	(422.17)	59.98	(362.19)
Excise duty on sale of goods	g (iii), g (iv) (a)	-	1,562.29	1,562.29
Employee benefits expenses	g (iii)	16,626.75	189.18	16,815.93
Finance costs		1,686.91	42.08	1,728.99
Depreciation and amortisation expenses	a	4,326.79	264.92	4,591.71
Other expenses	e (ii), g (iv) (a) (b) (c.)	20,389.40	165.66	20,555.06
Total expenses		97,875.41	2,884.50	100,759.91
V. Profit before Exceptional Item and Tax		1,189.23	(384.32)	804.91
Exceptional Item		2,085.71	-	2,085.71
III. Loss before tax		(896.48)	(384.32)	(1,280.80)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

51. FIRST TIME ADOPTION OF IND AS (Contd.)

₹ in Lacs				
Particulars	Footnote Reference	Previous GAAP	Effect of Transition to IND AS	2015-16
IV. Tax expenses:				
Current tax	d, k	1,232.62	(230.33)	1,002.29
Deferred tax	d, k	678.63	(1,009.51)	(330.88)
		1,911.25	(1,239.84)	671.41
V. Loss for the Year		(2,807.73)	855.52	(1,952.21)
VI. Other Comprehensive Income				
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods :				
a) Re-Measurement gains/(losses) on defined benefit plans	g (ii)	-	21.97	21.97
b) Income tax effect on above	d	-	(0.81)	(0.81)
Total Other Comprehensive Income		-	21.16	21.16
VII. Total Comprehensive Loss for the year (V+VI)		(2,807.73)	876.68	(1,931.05)
Attributable to:				
Equity holders of the parent		(2,519.27)	893.31	(1,625.96)
Non- controlling interests		(288.46)	(16.63)	(305.09)

Footnotes to the reconciliation of Consolidated Balance Sheet and Equity as at 1st April 2015 and 31st March 2016 and Consolidated Statement of Profit or Loss for the year ended 31 March 2016.

a) Fair value of Property, Plant and Equipment (PPE)

The Group has opted to fair value its property, plant and equipment (except in case of TAPL and TCPL) as on 1st April 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards'. Consequently, impact of incremental depreciation because of such fair valuation have been accounted for.

b) Investments in equity shares

Under Indian GAAP, all investments in equity shares were measured at cost less provision for other than temporary diminution in the value of investments. As explained in accounting policy in Note m(i)(b) under Ind AS, investment in shares are accounted for at fair value. These estimates are based on conditions existing on the respective Balance Sheet date.

c) Financial Instruments

- Under Indian GAAP, the Group did not account for the fair valuation of the financial asset / liability with a deferred settlement terms. IND AS requires that all the financial assets / liabilities which are with a deferred settlement terms are fair valued at inception and subsequently measured at amortised cost. Accordingly the financial asset / liability has been fair valued and the impact has been taken to the statement of profit and loss.
- The Group has measured and recognised expected credit loss (ECL) on certain receivables as on the date of transition as the management expects such receivables to be collected over a longer period than the usual time required. The Company has discounted the cash flows that it expects to receive at the effective interest rate determined at initial recognition, or an approximation thereof in order to calculate ECL.
- Under Indian GAAP, foreign exchange forward contracts were accounted for based on premium amortisation method and no fair valuation was required. However, as per Ind AS all derivatives are measured at fair value and the impact (gain/loss) of such changes in fair values is recorded in the consolidated statement of profit or loss.
- Under Indian GAAP, the Company had applied guidance note on accounting of derivative issued by ICAI, wherein it had followed synthetic accounting of combining both the derivative and the underlying loan as a single package. Since IND AS 109 requires separate accounting for the underlying and the derivative, the long term loan and the cross currency interest rate swap has been accounted for separately as per the requirements of IND AS 109.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

d) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the consolidated balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Further, the various transitional adjustments arising on adoption of IND-AS also create temporary differences, deferred tax adjustments whereon are also recognised in Retained earnings, Statement of Profit and Loss or OCI alongwith the corresponding item of adjustment."

e) Prior Period Items

Under Indian GAAP, prior period errors did not require retrospective restatement of the financial statements. However, Ind AS 8 requires prior period errors to be corrected at the beginning of the earliest prior period presented. Accordingly following adjustments have been done for the errors relating to the previous year's:

- (i) Certain items of cost included in the capital work in progress did not meet the definition of cost and certain PPE of merged subsidiaries were not available, hence charged off to retained earnings as on the date of transition.
- (ii) Provision done for certain irrecoverable receivable and inventory (of a merged subsidiary) relating to earlier years not accounted for in the respective years has now been considered.
- (iii) In case of TAPL, the Company has opted to apply IND AS 38, "Intangible assets" retrospectively. Consequently, the Company has decapitalised product development cost (net of amortisation) that do not meet the definition of cost as per the IND AS 38 "Intangible Assets" and accordingly adjusted the same as per the requirements of IND AS 8 "Accounting Policies, Change in Accounting Estimate and Errors".
- (iv) Provision done for demand raised by sales tax department on the Company not recognised in earlier year. "

f) Impairment of Goodwill on Consolidation

The Group has opted to fair value all its PPE as on the date of transition and consider that fair value as deemed cost as per Ind-AS 101 – First Time Adoption of Indian Accounting Standards.

Further, as the Group has also opted not to restate its past business combinations, the value of Goodwill appearing on date of transition is based on the book values of subsidiary's assets and liabilities on the date of acquisition. However, as mentioned above, consequent to recognising PPE on their fair value as on the date of transition (which is higher than its carrying value), there is a resultant impairment in the value of Goodwill which needs to be mandatorily provided for as per Appendix C of Ind-AS 101 – First Time Adoption of Indian Accounting Standards. Hence, the Group has written down Goodwill by Rs 4507.60 lacs as on the date of transition."

g) Re-classifications

The Group has made following reclassification as per the requirements of Ind-AS:

- i) Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability respectively.
- ii) Re-measurement gain/loss on defined benefit plans are re-classified from consolidated statement of profit and loss to OCI.
- iii) Excise duty on sale of goods earlier netted off with Sales has been disclosed as a separate item in expenses.
- iv) Other re-classification.
 - a) Excise duty on changes on inventory earlier classified in other expenses has been disclosed as a separate line item in expenses.
 - b) Cost of raw material and components sold has been regrouped from other expenses to cost of raw material and components consumed.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

- c) Trade receivables amounting to Rs 356.99 lacs has been regrouped and shown as non-current & other receivable as on 1st April, 2015.
- d) Warranty expenses relating to the free after sales service to be provided for sale of tractors has been netted off with revenue from operations.
- h) Under Indian GAAP, proposed final dividends including Dividend Distribution Taxes (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are approved. Under Ind AS, such dividend is recognised as a liability when approved by the shareholders.
- i) **Borrowings**
Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.
- j) **Provision for employee retirement benefits**
In case of Titagarh Wagons AFR, employee benefit provision represents provision made towards post retirement benefit as per the requirement of IND AS 19.
- k) **Impact of Merger of wholly owned Subsidiaries - Common Control business combination**
Pursuant to the merger of certain subsidiaries as more fully explained in note no. 39, deferred tax asset has been recognised on the brought forward business losses and unabsorbed depreciation of one of the merged subsidiary in view of virtual certainty backed by convincing evidence. Further current tax provision of the Company has been reversed considering the above unabsorbed depreciation and brought forward business losses.
- l) **Other comprehensive income**
IND-AS requires preparation of Statement of Other Comprehensive Income in addition to Consolidated Statement of Profit and Loss
- m) **Non Controlling Interest**
Adjustment arising out of the above IND AS adjustments in the subsidiary companies have been transferred to the non controlling interest in proportion of their equity holding in the respective subsidiary companies.
- n) **IND-AS 101 Exemption applied**
The Group has adopted following exemptions from retrospective application of certain requirements under IND-AS, as allowed by IND-AS 101 - First-time Adoption of Indian Accounting Standards:
- The Group has opted not to apply IND-AS 103 - Business Combinations, to acquisitions occurred before 1st April 2015 i.e. date of transition.
 - The Group has opted to fair value its property, plant and equipment as on 1st April 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards' and considered the same as deemed cost as at 1st April 2015 except in case of two subsidiaries where previous GAAP carrying value has been considered.
 - The Group has designated investment in equity instruments held at 1 April 2015 as FVTPL investments.

As per our Report of even date

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants
ICAI Firm Registration No.: 301003E/E300005

per Kamal Agarwal
Partner
Membership No. 58652

Place: Kolkata
Dated: 19th May, 2017

For and on behalf of the Board of Directors of **Titagarh Wagons Limited**

J P Chowdhary
Executive Chairman

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Umesh Chowdhary
Vice Chairman & Managing Director

Manoj Mohanka
Director

Dinesh Arya
Company Secretary



TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819
Registered Office: 756, Anandapur, E M Bypass, Kolkata-700107
Phone: +91 33 40190800 Fax: +91 33 4019 0823
E Mail: corp@titagarh.in; Website: www.titagarh.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the Member(s) : _____

Registered Address: _____

E Mail ID: _____

Folio No/Client ID: _____

DP ID: _____

I/We being the member(s) of-----shares of the above named Company, hereby appoint:

(1) Name _____ Address _____

E Mail ID: _____ Signature: _____ or failing him

(1) Name _____ Address _____

E Mail ID: _____ Signature: _____ or failing him

(1) Name _____ Address _____

E Mail ID: _____ Signature: _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Monday, the 31st day of July, 2017 at 10.00 A.M at Manovikas Kendra, 482, Madudah, Plot I-24, Sector-J, E M Bypass, Kolkata-700107 and at any adjournment thereof in respect of Resolutions as are indicated below:

Resolution No.	Resolution Proposed
	Ordinary Business
1	Adoption of Annual Financial Statements (Standalone and Consolidated), Report of the Board of Directors and Auditors for the Financial Year ended 31st March, 2017
2	Declaration of Dividend
3	Re-Appointment of Shri Sudipta Mukherjee, Wholtime Director retiring by rotation
4	Appoint Statutory Auditors and to authorize Board of Directors to fix their remuneration
	Special Business
5	Re-appointment of Shri J.P. Chowdhary, Executive Chairman for a term of Five years
6	Change in minimum remuneration to Shri Umesh Chowdhary, Vice Chairman and Managing Director
7	Approval of payment of remuneration to Shri Umesh Chowdhary, Vice Chairman & Managing Director from the Company's wholly owned subsidiary in Singapore within the overall limit stipulated by the Act.
8	Approval for ratification of remuneration of Cost Auditor
9	Approval for continuing contract/arrangement with Cimmco Limited

Signed this _____ day of _____ 2017

Signature of Shareholder _____ Signature of Proxy holder(s) _____

Affix
Revenue
Stamp

- Note:**
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
 2. For the text of the Resolutions, Explanatory Statement & Notes, please refer to the Notice Convening the 20th Annual General Meeting dated 19th May, 2017.
 3. It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.





“AAPKA VIKAS HAMAARA PRAYAAS”

is TITAGARH's pledge to contribute to society by way of Corporate Social Responsibility

CSR initiatives under four themes styled:
“JEEVAN NIROG”, “GYAN JYOTI”, “SHAIL GANGA” & “PARVAAH”
have been undertaken as projects





Registered & Corporate Office
Titagarh Wagons Limited
Titagarh Towers 756, Anandapur, E.M. Bypass
Kolkata - 700107, West Bengal, India