



8th October, 2020

- 1. National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051
Scrip Code: TWL(EQ)
- 2. BSE Limited**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001
Scrip Code: 532966

Re: Press Release

Dear Sirs,

Please find attached the press release titled "*Titagarh announces financial results for FYE 31/03/2020*" which is self explanatory.

Please take this on record.

Thanking You,
Yours faithfully,

For Titagarh Wagons Limited

Anil Kumar Agarwal
Director (Finance) & CFO

Encl.: As above.

TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

Registered & Corporate Office: Titagarh Towers, 756 Anandapur, E. M. Bypass, Kolkata - 700 107, India
Phone : +91 33 4019 0800 | Fax: + 91 33 4019 0823 | Email : corp@titagarh.in | Web: www.titagarh.in



TITAGARH WAGONS LIMITED

PRESS RELEASE

Titagarh announces financial results for FYE 31/03/2020

Key Highlights

Business Environment

The COVID-19 outbreak has led to an unprecedented health crisis and has disrupted the entire eco system. Due to the lockdown imposed by the Government across various territories, as part of pre-emptive measures to combat the COVID-19 pandemic, the operations of the Group were temporarily suspended. The operations were resumed in phased manner from May, 2020 with gradual ramp up in the overall production levels. The financial performance as reported below is despite the outbreak of COVID-19, however the extent of impact would also be experienced in the financial results for atleast the first two quarters of FY 2021 since the resumption of operations in phases needs to be in sync with the normalcy to be restored in the value-chain.

Indian Operations

1) **Effect of the Scheme of Amalgamation** - The financial results for the FYE 31/03/2020 takes into consideration the impact of the amalgamation of the subsidiary companies, Cimmco Limited and Titagarh Capital Private Limited pursuant to the scheme of amalgamation approved by the Hon'ble National Company Law Tribunal, Kolkata Bench by an order dated September 30, 2020 and certified copy thereof issued on October 1, 2020. Since the appointed date as per the Scheme was April 1, 2019, the effect of amalgamation as per "pooling of interest method" has been considered in the books retrospectively and the comparatives have accordingly been restated.

Due to the impact of Covid-19 pandemic and also the time taken in passing of the final order by the Hon'ble National Company Law Tribunal ("NCLT") sanctioning the above Scheme of Amalgamation, the financial statement/results for the year ended March 31, 2020 ("FR") could not be approved within the stipulated date of July 31, 2020 (extended timeline by SEBI). Since the appointed date as per the Scheme was April 1, 2019, for sake of due clarity for the benefit of shareholders and investors, the Company decided to wait for publishing the FR till receipt of final order so that effect of amalgamation can be taken in FR.

2) **YoY growth of Total Income, EBIDTA and PBT** - The merged entity, has improved its overall performance with total income from Rs. 1094.80 Crores in FY1819 to Rs. 1501.35 Crores in FY1920 i.e. an increase of 37%; EBIDTA (before exceptional items) from Rs. 95.89 Crores in FY1819 to Rs. 146.02 Crores in FY1920 i.e. an increase of 53% and PBT (before exceptional items) from Rs. 40.40 Crores in FY1819 to Rs. 62.86 Crores in FY1920 i.e. an increase of 56%. The Company has surpassed its highest achieved standalone revenue which it had achieved in the previous year.

3) **Impairment in investment in overseas subsidiaries-** During the year ended March 31, 2020, the Company considered several indicators of impairment for investments in subsidiaries held either directly or indirectly, such as past losses incurred, changes in the assumptions underlying the future business plan updated during the year due to Covid 19 pandemic, which has impacted the overall

TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

Registered & Corporate Office: Titagarh Towers, 756 Anandapur, E. M. Bypass, Kolkata - 700 107, India
Phone : +91 33 4019 0800 | Fax: + 91 33 4019 0823 | Email : corp@titagarh.in | Web: www.titagarh.in





market demand, working capital requirement, discount rates etc. used for computing the fair value as per the requirements of the standard. In respect of the overseas investments in Titagarh Firema Spa and Titagarh Singapore Pte Ltd. considering the above indicators, the Company carried out an assessment of the carrying value of these investments which resulted in recognition of impairment loss of Rs. 69.43 Crores with respect to investment in Titagarh Firema Spa and Rs. 65.75 Crores with respect to investment in Titagarh Singapore Pte Ltd which in turn holds equity shares in Titagarh Firema S.p.a. The above provision for impairment did not have any impact on the consolidated financial statements as the losses incurred in the above subsidiaries were already consolidated in the past through the accounting principles of line by line consolidation.

4) **Healthy Order Book** - The order book of the merged entity stood at Rs. 2500 Crores today as against Rs. 2200 Crores at the time of declaring the results in the previous year. The order book is well diversified across the different segments of the Company and going forward the revenue mix of the Company will undergo a substantial change with other than wagon business contributing substantially to the top line.

The above order book includes new order received from Indian Railways during the month of September 2020 for supply of 1787 wagons amounting to approximately Rs 500 Crores.

5) **Debt Reduction**– Steep reduction in the overall net debt position from Rs 276.17 Crores in FY 1920 to Rs 131.62 Crores in FY 1920.

European Operations

A) Titagarh Firema S.p.A. (TFA)

In spite of all the problems faced in the initial phase, the Company has been successful in executing majority of the legacy contracts which enabled the company to re-enter the railways market to supply, modern trains worldwide. Since the legacy contracts acquired by TFA had a mix of onerous contract and positive margin contracts, the execution of the same in different accounting years led to significant fluctuation in the results in the last 4.5 years. However, if we see the performance of the Company on a cumulative basis from the date of acquisition till Mar 31, 2020 we would note that the cumulative adjusted EBIDTA is 6.57% and the cumulative EBIDTA is 2.36% of the total income.

During the current nine months ended 31st December 2019 the Company has been able to further improve its EBITDA margins due to several initiatives taken including but not limited to consolidation of the production sites, reduction in the overall manpower strength, rationalising of fixed cost etc. The aforesaid initiatives has resulted into an EBIDTA of Euro 1.80 mln i.e. 5.91% of the total income for the nine months ended 31st December 2019 as against negligible EBIDTA in the comparative nine months and Euro 1.3 mln i.e.2.06% in the full year FY 19. However, the EBIDTA for the last quarter was severely impacted due to unprecedented crisis on account of the COVID 19 pandemic resulting into a lower full year EBIDTA.

During the FY 19-20, TFA has made substantial changes to its organisational structure with the induction of new management team resulting in a larger reorganisation with the objective of reshaping the entire value chain aimed at re-launching the operations towards development and growth. The new management has prepared the revised business plan for the period 2021-2025 (the "Budget / Plan") after taking into consideration the impact of Covid 19 pandemic in the immediate terms and on its future business outlook, which has been approved by the Board of Directors on June 30, 2020. The

TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

Registered & Corporate Office: Titagarh Towers, 756 Anandapur, E. M. Bypass, Kolkata - 700 107, India
Phone : +91 33 4019 0800 | Fax: + 91 33 4019 0823 | Email : corp@titagarh.in | Web: www.titagarh.in





Budget / Plan is examined, among other aspects, also as regards the reasonableness of the assumptions underlying the projections made by the management, by a qualified independent third-party company.

In particular, the Company expects to achieve in the next 12 months an important growth plan in terms of turnover volumes and also expects improvements in terms of profitability compared to the previous year mainly due to execution of new orders and a steep increase in the total production hours due to new workload generated out of the current order book which at the close of the business at 31st March 2020 stood at Euro 333 mln (including framework agreement).

The growth plan projected in the Budget entails a significant cash absorption originating from the start of the new orders whose contract does not provide for the advance payment. The Company is evaluating several options for meeting the gap including but not limited to the various stimulus financial packages announced by the Government of Italy to address the liquidity crisis arisen out of Covid 19. The Board of Directors have a reasonable expectation that Titagarh Firema SpA can be equipped with adequate financial resources to continue its ordinary operations and to meet its obligations for the next twelve months on condition that they implement several financing options available to the Company. The above assumptions have been considered in the preparation of the financial statements as going concern as on 31st March 2020.

B) Titagarh Wagons AFR (TWA)

Pursuant to the liquidation order passed by the Commercial Court of Paris dated 13th August 2019, in relation to TWA, the Group has derecognised the net assets pertaining to the above and have also provided for all obligations of the French subsidiary guaranteed by the Group. The impact of the aforesaid amount has been disclosed as losses from discontinued operations in the consolidated financial results.

Key Corporate Developments

During the year following major developments have happened which are:

- The Company entered into an exclusive cooperation agreement with ABB India Limited (ABB) in June, 2020, to address the large and growing business of propulsion equipment (traction converters) for the Indian railway EMU/MEMU market. According to the agreement, Titagarh and ABB will work together to design, develop and manufacture state of the art 3 phase IGBT based propulsion systems for EMU/MEMU which would be manufactured in Titagarh's plant at Uttarpara, Kolkata with certain components being supplied by ABB. This agreement goes into effect immediately with the first units to be put into revenue service in less than 2 years.
- The Company in August 2020 entered into an agreement with Ansaldo Breda SpA ('AB'), Ansaldo Trasporti S.r.l. ('ATR'), Gesa Industry S.r.l. ('GESA'), all based in Italy, with regard to Intellectual Property Rights and Projects. Pursuant to the agreement, TWL will get a license for IPR and Projects for Trains and where necessary participate jointly in the tender project in which the use of IPR may be beneficial to TWL. The Agreement is valid till 31/12/2024 and will be renewed automatically for one year at a time unless terminated by prior notice as per the terms of the agreement. Any cooperation projects w.r.t. Turkish and/or

TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

Registered & Corporate Office: Titagarh Towers, 756 Anandapur, E. M. Bypass, Kolkata - 700 107, India
Phone : +91 33 4019 0800 | Fax: + 91 33 4019 0823 | Email : corp@titagarh.in | Web: www.titagarh.in





Moroccan markets, where GESA and AB have ongoing projects, TWL will subject to terms and conditions to be mutually agreed, act as sub-supplier to GESA and/or ATR or also participate as J.V. partner for projects which will be led and primarily managed by GESA and/or AB.

Financial Highlights

The financial highlights of the Company and its subsidiaries are as under:

Amount: INR in Crores

Company	Total Income*		EBIDTA*		PBT @	
	2019-20	2018-19#	2019-20	2018-19#	2019-20	2018-19#
Titagarh Wagons Limited (TWL)	1,501.35	1,094.80	146.02	95.89	62.86	40.40
Titagarh Firema SPA, Italy (TFA)	308.05	502.65	11.63	17.78	(19.85)	(12.24)
Others (net of inter-company eliminations)	(9.05)	(5.53)	(2.69)	2.31	(5.55)	(1.38)
Total	1,800.35	1,591.92	154.96	115.98	37.46	26.78

* Includes Other Income.

Restated, taking into account the impact of amalgamation

@ This figure is before exceptional items and discontinued operation

Order Book

The order book of the Company including its subsidiaries stands at approximately Rs 5,330 Crores as on date. The breakup of the order book across the various Companies is as under:

Amount: INR in crores

Company	Order Book position	
	As on date	As on the date of declaring Mar 19 results
TWL	2,500	2,200
TFA	2,830	2,400
Total	5,330	4,600



TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

Registered & Corporate Office: Titagarh Towers, 756 Anandapur, E. M. Bypass, Kolkata - 700 107, India
Phone : +91 33 4019 0800 | Fax: + 91 33 4019 0823 | Email : corp@titagarh.in | Web: www.titagarh.in