

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
Titagarh Wagons Limited
756, Anandapur
E M Bypass
Kolkata 700 107

1. We have reviewed the unaudited consolidated financial results of Titagarh Wagons Limited (the "Parent"), its subsidiaries (the Parent and its subsidiaries hereinafter referred to as the "Group") and a joint venture (refer Note 1 on the Statement) for the quarter ended June 30, 2021 which are included in the accompanying 'Statement of Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2021' (the "Statement"). The Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), which has been initialed by us for identification purposes.
2. This Statement, which is the responsibility of the Parent's Management and has been approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

1.	Titagarh Wagons Limited
Subsidiaries	
2.	Titagarh Bridges and International Private Limited
3.	Titagarh Singapore Pte Ltd
4.	Titagarh Firema S.p.A
Joint Venture	
5.	Titagarh Mermec Private Limited



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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

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5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of other auditor referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid India/n Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to the following Emphasis of Matter (as reproduced), which has been communicated to us by the auditors of Titagarh Firema S.p.A, a subsidiary of the Parent, vide their report dated August 9, 2021.

“ In the reporting package ended as at 30 June 2021, the Company incurred a net loss for some Euro 0,4 million, has a shareholders' equity for some Euro 11,2 million and has a significant bank debt for some Euro 84 million, of which some Euro 45,2 million expiring beyond twelve months. Current assets exceed current liabilities by some Euro 14,5 million. Trade payables, equal to some Euro 41,4 million as at 30 June 2021, increased by some Euro 6,9 million during the three-month period, and include an overdue payable to suppliers for some Euro 23,3 million at same date. Therefore, the Company does not currently have the necessary financial resources for the full repayment of its overdue debt position.

In the explanatory note accompanying the reporting package, the directors of the Company indicate that the reporting package as at 30 June 2021 has been prepared according to the assumption of the going concern and illustrate the reasons. These reasons are based on the expectation that the Company implements an important growth plan, envisaged by the Budget 1 July 2021 - 30 June 2022 (the “Budget”) approved by the Board of Directors on 6 August 2021, with the generation of significantly higher margins compared to the historical values achieved, the failure of which could affect the overall value of cash generation, also to meet the overdue debt to suppliers. In particular, the Budget provides for the partial payment of the overdue commercial debts for some Euro 14,6 million and the rescheduling of the residual overdue commercial debt which is in progress so far with the main suppliers of the Company.

The directors indicate in the aforementioned paragraph of the explanatory notes that, despite the aforementioned material uncertainty that may raise doubts on the Company's ability to continue as a going concern, the special purpose financial information have been drawn up on a going-concern basis, as they have a reasonable expectation that the Company will be able to reach a financial balance in the short term through the successful conclusion of the actions indicated above.

Our conclusion is not modified in respect of this matter.”

Refer Note 7 to the consolidated financial results in this regard.

Our conclusion on the Statement is not modified in respect of the above matter.



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7. We did not review the interim financial statement / financial information of two subsidiaries included in the consolidated unaudited financial results, whose interim financial statement/ financial information reflect total revenues of Rs. 20,837.78 lacs, total net loss after tax of Rs. 283.01 lacs and total comprehensive income of Rs. (3.84) lacs, for the quarter ended June 30, 2021, as considered in the consolidated unaudited financial results. These interim financial statement/ financial information has been reviewed by other auditors and their report dated August 9, 2021 and July 29, 2021, vide which they have issued an unmodified conclusion, have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.
8. The consolidated unaudited financial results includes the interim financial statements/ financial information of one subsidiary which have not been reviewed by their auditor, whose interim financial statements/ financial information reflect total revenue of Rs. Nil, total net loss after tax of Rs. 13.62 lacs and total comprehensive income of Rs. (92.96) lacs for the quarter ended June 30, 2021 as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also include the Group's share of net profit after tax of Rs. Nil and total comprehensive income of Rs. Nil for the quarter ended June 30, 2021, as considered in the consolidated unaudited financial results, in respect of one joint venture, based on their interim financial statement/ financial information which has not been reviewed/audited by their auditor. According to the information and explanations given to us by the Management, these interim financial statements / financial information are not material to the Group.

Our conclusion on the Statement is not modified in respect of the matters stated in paragraph 7 and 8 above.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants



Avijit Mukerji
Partner

Membership Number 056155

UDIN: 21056155AAAABO2413

Place: Kolkata

Date: August 10, 2021

TITAGARH WAGONS LIMITED
CIN NO:- L27320WB1997PLC084819
REGISTERED OFFICE - 756, ANANDAPUR, E M BYPASS, KOLKATA - 700107
TEL: 033-4019 0800/FAX: 033-4019 0823, WEB SITE: WWW.TITAGARH.IN, EMAIL: CORP@TITAGARH.IN
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021

SL. NO.	PARTICULARS	(Rs. in Lacs)			
		QUARTER ENDED			YEAR ENDED
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Audited
1	Revenue from Operations	50,725.53	42,988.23	21,837.97	152,063.95
2	Other Income	902.86	1,394.30	199.70	2,485.92
3	Total Income	51,628.39	44,382.53	22,037.67	154,549.87
4	Expenses				
	a) Cost of Raw Materials & Components Consumed	33,017.18	30,218.32	14,916.91	104,566.24
	b) Changes in Inventories of Finished Goods, Work-in-progress and Saleable Scrap	286.71	(2,355.96)	(1,220.35)	(5,224.37)
	c) Employee Benefits Expense	6,245.44	6,686.54	3,712.25	21,056.99
	d) Finance Costs	2,039.81	2,202.99	1,972.45	8,119.93
	e) Depreciation and Amortisation Expense	781.51	812.39	889.72	2,986.76
	f) Other Expenses	6,727.62	6,412.85	4,170.70	23,601.37
5	Total Expenses (a to f)	49,098.27	43,977.13	24,441.68	155,106.92
6	Profit / (Loss) before Share of Profit / (Loss) of Joint Ventures, Exceptional Items and Tax (3-5)	2,530.12	405.40	(2,404.01)	(557.05)
7	Share of Profit / (Loss) of Joint Ventures	-	-	(0.65)	(0.65)
8	Profit / (Loss) before Exceptional Items and Tax (6-7)	2,530.12	405.40	(2,404.66)	(557.70)
9	Exceptional Items	-	-	-	-
10	Profit / (Loss) before Tax (8-9)	2,530.12	405.40	(2,404.66)	(557.70)
11	Tax Expense				
	a) Current tax	883.36	(484.68)	-	176.96
	b) Deferred Tax -Charge/(Credit)	(92.66)	813.70	(230.00)	1,143.99
	Total Tax Expense	790.70	329.02	(230.00)	1,320.95
12	Profit / (Loss) for the Period (10-11)	1,739.42	76.38	(2,174.66)	(1,878.65)
	Attributable to:				
	Shareholders of the Company	1,739.42	76.38	(2,030.84)	(1,499.65)
	Non-Controlling Interest	-	-	(143.82)	(379.00)
	Other Comprehensive Income				
	a) Items that will be reclassified to profit or loss:				
	i) Net Gain/(Loss) on Foreign Currency Translation Differences	199.83	(304.11)	177.92	348.92
	ii) Fair value change of cash flow hedges	24.92	577.72	-	580.23
	iii) Tax expenses on above	(6.27)	(145.40)	-	(146.03)
	b) Items that will not be reclassified to profit or loss:				
	i) Remeasurement gains/(losses) on defined benefit plans	10.48	53.68	(3.93)	41.90
	ii) Tax expenses on above	(2.64)	(13.51)	0.99	(10.55)
13	Total Other Comprehensive Income	226.32	168.38	174.98	814.47
14	Total Comprehensive Income for the Period (12+13)	1,965.74	244.76	(1,999.68)	(1,064.18)
	Attributable to:				
	Shareholders of the Company	1,965.74	244.76	(1,855.86)	(685.18)
	Non-Controlling Interest	-	-	(143.82)	(379.00)
15	Paid-up Equity Share Capital (Face value Rs. 2/- each)	2,387.75	2,387.75	2,312.12	2,387.75
	Other Equity	-	-	-	81,667.65
16	Earnings/(Loss) Per Equity Share (of Rs. 2/- each) (Not Annualised)				
	- Basic (Rs.)	1.46	0.07	(1.76)	(1.28)
	- Diluted (Rs.)	1.46	0.07	(1.76)	(1.28)



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CONSOLIDATED SEGMENTWISE REVENUE, RESULTS, ASSETS AND LIABILITIES

		(Rs. in Lacs)			
SL. NO.	PARTICULARS	QUARTER ENDED			YEAR ENDED
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue				
	a) Freight Rolling Stock	31,732.33	23,334.62	13,778.80	96,374.16
	b) Passenger Rolling Stock	18,337.25	18,766.45	8,059.17	54,107.07
	c) Shipbuilding	63.41	41.17	-	329.62
	d) Others	592.54	845.99	-	1,253.10
	Revenue from operation/ Income from Operations	50,725.53	42,988.23	21,837.97	152,063.95
2	Segment Results [Profit / (Loss) before Tax]				
	a) Freight Rolling Stock	4,421.37	2,619.05	1,292.84	12,377.74
	b) Passenger Rolling Stock	422.24	(1,004.85)	(1,640.75)	(4,282.63)
	c) Shipbuilding	(64.50)	(118.87)	(44.54)	(229.81)
	d) Others	7.05	(219.59)	(1.00)	(177.35)
	Total	4,786.16	1,275.74	(393.45)	7,687.95
	Less :				
	i Interest Expense - Net	1,287.37	262.40	1,376.92	5,903.38
	ii Unallocable expenditure net of income	968.67	607.94	634.29	2,342.27
	Total Profit / (Loss) before Tax	2,530.12	405.40	(2,404.66)	(557.70)
	Less: Tax Expenses	790.70	329.02	(230.00)	1,320.95
	Total Profit / (Loss) after Tax	1,739.42	76.38	(2,174.66)	(1,878.65)
3	Segment Assets				
	a) Freight Rolling Stock	73,424.64	74,610.15	85,473.73	74,610.15
	b) Passenger Rolling Stock	140,911.12	128,947.67	104,122.71	128,947.67
	c) Shipbuilding	1,843.98	917.57	3,212.50	917.57
	d) Others	4,650.57	3,554.33	3,876.94	3,554.33
	e) Unallocable	36,524.76	39,340.10	30,402.28	39,340.10
	Total	257,355.07	247,369.82	227,088.16	247,369.82
4	Segment Liabilities				
	a) Freight Rolling Stock	10,576.71	14,579.90	14,868.31	14,579.90
	b) Passenger Rolling Stock	64,790.44	58,319.17	106,735.32	58,319.17
	c) Shipbuilding	66.62	151.70	293.13	151.70
	d) Others	1,771.44	1,165.33	1,090.76	1,165.33
	e) Unallocable	94,122.89	89,098.32	21,534.48	89,098.32
	Total	171,328.10	163,314.42	144,522.00	163,314.42
5	Geographical Segment Revenue				
	a) India	32,388.28	24,458.69	13,819.99	99,469.51
	b) Rest of the World	18,337.25	18,529.54	8,017.98	52,594.44
	Total	50,725.53	42,988.23	21,837.97	152,063.95



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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021

Notes:

- 1 The consolidated unaudited financial results of Titagarh Wagons Limited (hereinafter referred to as "the Parent Company") include results of subsidiaries (including step down subsidiaries) namely - Titagarh Bridges & International Private Limited (formerly Matiere Titagarh Bridges Private Limited), Titagarh Firema S.p.A (TFA) and Titagarh Singapore Pte Limited (TSPL), collectively referred to as "the Group" and Joint Venture namely Titagarh Mermec Private Limited.
- 2 During the year ended March 31, 2021, the Group had revisited its operating segment and segregated the "Wagons and Coaches" segment into "Freight Rolling Stock" and "Passenger Rolling Stock". Accordingly, in accordance with Ind AS 108 - Segment Reporting, Operating segments based on the Group's products have been identified by the CODM as "Freight Rolling Stock", "Passenger Rolling Stock", "Shipbuilding" and "Others". Segment "Others" consists of miscellaneous items like specialised equipment's for Defence, Bridge Girders, Tractors etc which comprises of less than 10% revenue on individual basis. In view of the aforesaid change, "Wagons & Coaches" and "Specialised equipments & Bridges" are no longer reportable segment. Accordingly, all comparative figures have been restated for comparability purpose in keeping with said standard.
- 3 The figures for quarter ended March 31, 2021 are the balancing figures between audited figures in respect of full financial year ended March 31, 2021 and the year to date figures upto December 31, 2020 (which has not been subjected to audit by the statutory auditors) being the date of end of the third quarter of the financial year ended March 31, 2021.
- 4 Figures for previous periods have been regrouped/restated to conform to the classification of the current period, wherever necessary.
- 5 The Group has assessed the possible impact of COVID-19 on its financial results based on the internal and external information available up to the date of approval of these financial results and concluded no adjustment is required in these results. The Group continues to monitor the future economic conditions.
- 6 The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post employment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 7 In case of Titagarh Firema SpA, during the quarter ended as at June 30, 2021, the Company incurred a net loss for some Euro 0,4 million, has a shareholders' equity for some Euro 11,2 million and has a significant bank debt for some Euro 84 million, of which some Euro 45,2 million expiring beyond twelve months. Current assets exceed current liabilities by some Euro 14,5 million. Trade payables, equal to some Euro 41,4 million as at June 30, 2021, increased by some Euro 6,9 million during the three-month period, and include an overdue payable to suppliers for some Euro 23,3 million at same date. Therefore, the Company does not currently have the necessary financial resources for the full repayment of its overdue debt position.
The reporting package as at June 30, 2021 was prepared accordingly to the assumption of the going concern, that is based on the expectation that the Company implements an important growth plan, envisaged by the Budget July 1, 2021 - June 30, 2022 (the "Budget") approved by the Board of Directors on August 6, 2021, with the generation of significantly higher margins compared to the historical values achieved, the failure of which could affect the overall value of cash generation, also to meet the overdue debt to suppliers. In particular, the Budget provides for the partial payment of the overdue commercial debts for some Euro 14,6 million and the rescheduling of the residual overdues commercial debt which is in progress so far with the main suppliers of the Company.
Despite the aforementioned material uncertainty that may raise doubts on the Company's ability to continue as a going concern, the special purpose financial information has been drawn up on a going-concern basis, as the directors have a reasonable expectation that the Company will be able to reach a financial balance in the short term through the successful conclusion of the actions indicated above.
- 8 The above consolidated financial results for the quarter ended June 30, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on August 10, 2021. The Auditors of the Company have carried out a Limited Review of the above consolidated financials results for the quarter ended June 30, 2021 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board of Directors


UMESH CHOWDHARY
Vice Chairman and Managing Director

Place: Kolkata
Date: August 10, 2021



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