

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 joint venture (refer Note 1 on the Statement) for the quarter ended December 31, 2021 and the year to date results for the period April 1, 2021 to December 31, 2021 which are included in the accompanying 'Statement of Consolidated Unaudited Financial Results for the Quarter and Nine months Ended December 31, 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 initialled 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

Price Waterhouse & Co Chartered Accountants LLP, Plot No. 56 & 57, Block DN, Sector V, Salt Lake
Kolkata - 700 091, India
T: +91 (33) 44001111 / 44662000, F: +91 (33) 44043065

Registered office and Head office: Plot No. 56 & 57, Block DN, Sector-V, Salt Lake, Kolkata - 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E300009 (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 reports of the other auditors 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 Indian 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 attention to the following matters:

The following Emphasis of Matter (as reproduced) has been communicated to us by the auditors of Titagarh Firema SpA, a subsidiary of the Parent, vide their report dated February 07, 2022:

“Significant uncertainty relating to going concern

In the reporting package ended 31 December 2021, the Company reported a net loss for the nine month period for some Euro 3,8 million, has shareholders' equity for some Euro 7,8 million and has a significant bank debt for some Euro 85,2 million, of which some Euro 53,6 million expiring beyond twelve months. Current assets exceed current liabilities by some Euro 19,5 million. Trade payables, equal to some Euro 33,4 million as at 31 December 2021, decreased by some Euro 1,1 million during the nine-month period, and include an overdue payable to third party suppliers for some Euro 20,1 million at same date. Therefore, the Company does not currently have the necessary financial resources for the full repayment of its overdue debt position, partially influenced by the timing of collection of VAT receivables.

In the explanatory note accompanying the special purpose interim financial information (the “explanatory note”), the directors of the Company indicate that the reporting package as at 31 December 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 January 2022 - 31 December 2022 (the “Budget”), approved by the Board of Directors on 7 February 2022, 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 the rescheduling of the overdue commercial debt for which negotiations are underway with the main suppliers of the Company. We highlight the Company has received no. 7 injunctions for payment from suppliers for some Euro 1 million.

The directors of the Company indicate in the explanatory notes that, despite the aforementioned material uncertainty that may rise doubts on the Company's ability to continue as a going concern, the special purpose interim 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.

Subsequent Events

We note that, as described in the explanatory note:

- on 14 January 2022, the extraordinary shareholders' meeting approved unanimously a share capital increase of Euro 2 million, through the issue of shares to the shareholder Shivaliks Mercantile Private Limited to be completed within 31 December 2022;
- on 20 January 2022 the Company formalized the contract with the customer for the supply of no. 38 trains for public transport in the Lazio region for a total value of some Euro 282 million, for which a contractual advance payment for some Euro 15,8 million (some 20% of the first batch of no° 11 out of no. 38 trains to be delivered) is expected in June 2022.

Our conclusion is not modified in respect of these matters.”

Refer Note 6 to the consolidated financial results in this regard.

Our conclusion is not modified in respect of above matter.



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7. We did not review the interim financial statements / financial information of two subsidiaries included in the consolidated unaudited financial results, whose interim financial statements / financial information reflect total revenues of Rs. 16,877.59 lakhs and Rs. 55,788.78 lakhs, total net loss after tax of Rs. 1,526.17 lakhs and Rs. 3,117.77 lakhs and total comprehensive income of Rs. (1,601.00) lakhs and Rs. (6,496.29) lakhs, for the quarter ended December 31, 2021 and for the period from April 1, 2021 to December 31, 2021, respectively, as considered in the consolidated unaudited financial results. These interim financial statements / financial information have been reviewed by other auditors and their reports dated February 7, 2022 and February 9, 2022, vide which they have issued an unmodified conclusion, have been furnished to us by the other auditors / Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries 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 statement/ financial information of one subsidiary which have not been reviewed by their auditor, whose interim financial statement/ financial information reflect total revenue of Rs. Nil and Rs. Nil, total net loss after tax of Rs. 307.73 lakhs and Rs. 330.71 lakhs and total comprehensive loss of Rs. 269.50 lakhs and Rs. 153.77 lakhs for the quarter ended December 31, 2021 and for the period from April 1, 2021 to December 31, 2021, respectively, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. Nil and Rs. Nil and total comprehensive income of Rs. Nil and Rs. Nil for the quarter ended December 31, 2021 and for the period from April 1, 2021 to December 31, 2021, respectively, as considered in the consolidated unaudited financial results, in respect of one joint venture, based on their interim financial statements/ financial information which have not been reviewed 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 paragraphs 7 and 8 above.

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



Avijit Mukerji
Partner
Membership Number 056155

UDIN: 22056155ABDUQR5323
Place: Gurugram
Date: February 10, 2022

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 AND NINE MONTH ENDED DECEMBER 31, 2021

SL. NO.	PARTICULARS	(Rs. in Lacs)					
		QUARTER ENDED			NINE MONTH ENDED		YEAR ENDED
		December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Revenue from Operations	48,263.43	45,996.59	44,936.94	144,985.55	109,075.72	152,063.85
2	Other Income	166.56	740.43	563.50	1,809.85	1,091.62	2,485.92
3	Total Income	48,429.99	46,737.02	45,520.44	146,795.40	110,167.34	154,548.87
4	Expenses						
a)	Cost of Raw Materials & Components Consumed	31,449.48	27,824.62	30,650.86	92,291.28	74,347.92	104,566.24
b)	Changes in Inventories of Finished Goods, Work-in-progress and Saleable Scrap	(1,057.93)	3.80	(1,238.17)	(767.42)	(2,868.41)	(5,224.37)
c)	Employee Benefits Expense	5,679.13	5,418.04	5,810.33	17,342.61	14,370.45	21,056.99
d)	Finance Costs	2,244.24	2,276.59	1,915.72	6,562.64	5,916.94	8,119.93
e)	Depreciation and Amortisation Expense	866.35	762.75	834.49	2,412.61	2,174.37	2,986.76
f)	Other Expenses	8,357.78	9,209.48	6,941.12	24,294.88	17,188.52	23,601.37
5	Total Expenses (a to f)	47,541.05	45,497.28	44,914.35	142,138.60	111,129.79	155,106.92
6	Profit / (Loss) before Share of Profit / (Loss) of Joint Ventures, Exceptional Items and Tax (3-5)	888.94	1,239.74	606.09	4,658.80	(962.45)	(557.05)
7	Share of Profit / (Loss) of Joint Ventures	-	-	-	-	(0.65)	(0.65)
8	Profit / (Loss) before Exceptional Items and Tax (6-7)	888.94	1,239.74	606.09	4,658.80	(963.10)	(557.70)
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) before Tax (8-9)	888.94	1,239.74	606.09	4,658.80	(963.10)	(557.70)
11	Tax Expense						
a)	Current tax	769.50	789.66	661.64	2,442.52	661.64	176.96
b)	Deferred Tax -Charge/(Credit)	(27.68)	(125.40)	25.84	(245.74)	330.29	1,143.99
	Total Tax Expense	741.82	664.26	687.48	2,196.78	991.93	1,320.95
12	Profit / (Loss) for the Period (10-11)	147.12	575.48	(81.39)	2,462.02	(1,955.03)	(1,878.65)
	Attributable to:						
	Shareholders of the Company	147.12	575.48	(19.73)	2,462.02	(1,576.03)	(1,499.65)
	Non-Controlling Interest	-	-	(61.66)	-	(379.00)	(379.00)
13	Other Comprehensive Income						
a)	Items that will be reclassified to profit or loss:						
i)	Net Gain/(Loss) on Foreign Currency Translation Differences	(36.59)	(167.23)	258.58	(23.99)	653.03	348.92
ii)	Fair value change of cash flow hedges	269.01	205.35	9.32	499.28	2.51	500.23
iii)	Tax expenses on above	(67.70)	(51.89)	(2.34)	(125.66)	(0.63)	(146.03)
b)	Items that will not be reclassified to profit or loss:						
i)	Remeasurement gains/(losses) on defined benefit plans	10.48	10.47	(3.93)	31.43	(11.78)	41.90
ii)	Tax expenses on above	(2.63)	(2.64)	0.98	(7.91)	2.96	(10.55)
	Total Other Comprehensive Income	172.57	(25.74)	262.61	373.15	646.09	814.47
14	Total Comprehensive Income for the Period (12+13)	319.69	549.74	181.22	2,835.17	(1,308.94)	(1,064.18)
	Attributable to:						
	Shareholders of the Company	319.69	549.74	242.88	2,835.17	(929.94)	(685.18)
	Non-Controlling Interest	-	-	(61.66)	-	(379.00)	(379.00)
15	Paid-up Equity Share Capital (Face value Rs. 2/- each)	2,391.42	2,390.34	2,386.53	2,391.42	2,386.53	2,387.75
	Other Equity	-	-	-	-	-	81,657.65
16	Earnings/(Loss) Per Equity Share (of Rs. 2/- each) (Not Annualised)						
	- Basic (Rs.)	0.12	0.48	(0.02)	2.06	(1.36)	(1.28)
	- Diluted (Rs.)	0.12	0.48	(0.02)	2.06	(1.36)	(1.28)



TITAGARH WAGONS LIMITED

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TEL: 033-4019 0800/FAX: 033-4019 0823, WEB SITE: WWW.TITAGARH.IN, EMAIL: CORP@TITAGARH.IN

CONSOLIDATED SEGMENTWISE REVENUE, RESULTS, ASSETS AND LIABILITIES

		(Rs. in Lacs)					
SL. NO.	PARTICULARS	QUARTER ENDED			NINE MONTH ENDED		YEAR ENDED
		December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) Freight Rolling Stock	31,638.16	24,661.67	30,967.21	88,032.36	73,039.54	96,374.16
	b) Passenger Rolling Stock	15,939.58	19,337.62	13,540.63	53,614.45	35,340.62	54,107.07
	c) Shipbuilding, Bridges and Defence	685.69	1,997.10	429.10	3,338.74	695.56	1,582.72
	Revenue from operation/ Income from Operations	48,263.43	45,996.59	44,936.94	144,985.55	109,075.72	152,063.95
2	Segment Results [Profit / (Loss) before Tax]						
	a) Freight Rolling Stock	3,969.39	3,641.39	3,990.79	12,032.15	8,703.09	12,377.74
	b) Passenger Rolling Stock	(602.33)	(318.04)	(1,286.00)	(698.13)	(3,659.95)	(4,282.63)
	c) Shipbuilding, Bridges and Defence	396.17	473.91	32.55	812.63	(68.70)	(407.16)
	Total	3,563.23	3,797.26	2,737.34	12,146.65	4,974.44	7,687.95
	Less :						
	i) Interest Expense - Net	1,327.14	1,593.75	1,697.05	4,208.26	4,203.21	5,903.38
	ii) Unallocable expenditure net of income	1,347.15	965.77	434.20	3,281.59	1,734.33	2,342.27
	Total Profit / (Loss) before Tax	888.94	1,239.74	606.09	4,658.80	(963.10)	(557.70)
	Less: Tax Expenses	741.82	664.26	687.48	2,196.78	991.93	1,320.95
	Total Profit / (Loss) after Tax	147.12	575.48	(81.39)	2,462.02	(1,955.03)	(1,878.65)
3	Segment Assets						
	a) Freight Rolling Stock	83,725.28	71,676.35	77,450.24	83,725.28	77,450.25	74,610.15
	b) Passenger Rolling Stock	149,415.71	139,849.63	119,377.25	149,415.71	119,377.25	128,947.67
	c) Shipbuilding, Bridges and Defence	7,908.73	6,601.20	6,891.39	7,908.73	6,891.39	4,471.90
	d) Unallocable	41,087.79	44,269.43	31,599.44	41,087.79	31,599.44	39,340.10
	Total	282,137.51	264,386.51	235,318.32	282,137.51	235,318.33	247,369.82
4	Segment Liabilities						
	a) Freight Rolling Stock	27,430.96	23,122.82	15,823.45	27,430.96	15,823.45	14,579.90
	b) Passenger Rolling Stock	59,155.18	59,406.77	56,964.30	59,155.18	56,964.30	56,319.17
	c) Shipbuilding, Bridges and Defence	6,215.82	3,181.88	1,247.56	6,215.82	1,247.56	1,317.03
	d) Unallocable	102,347.12	92,030.17	77,998.50	102,347.12	77,998.50	89,098.32
	Total	195,149.08	177,741.64	152,033.81	195,149.08	152,033.81	163,314.42
5	Geographical Segment Revenue						
	a) India	38,042.64	34,198.25	32,075.29	104,629.17	75,010.82	99,469.51
	b) Rest of the World	10,220.79	11,798.34	12,861.65	40,356.38	34,064.90	52,594.44
	Total	48,263.43	45,996.59	44,936.94	144,985.55	109,075.72	152,063.95



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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31, 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 As at year ended March 31, 2021, the Group had segregated its segment- Wagons and Coaches" into "Freight Rolling Stock" and "Passenger Rolling Stock" and as such, in accordance with Ind AS 108 - Segment Reporting, the operating segments based on the Company's products were identified as "Freight Rolling Stock", "Passenger Rolling Stock", "Shipbuilding" and "Others" wherein the "Others" consists of miscellaneous items like specialised equipment for Defence, Bridge Girders, Tractors etc. The Chief Operating Decision Maker, effective quarter ended December 31, 2021 started reviewing the "Shipbuilding" and "Others" as a composite segment namely "Shipbuilding, Bridges and Defence" (SBD). Accordingly, the comparative figures reported herein have been restated for the reportable segments viz. Freight Rolling Stock, Passenger Rolling Stock and SBD, to maintain comparability as stipulated by the said Accounting Standard.
 - 3 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.
 - 4 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.
 - 5 The Board of Directors of the Parent Company at its meeting held on January 10, 2022 approved a draft scheme (the Scheme) for merger of Titagarh Bridges and International Private Limited (TBIPL) a wholly owned subsidiary with the Company, pursuant to Sections 230 to 232 of the Companies Act, 2013 with April 01, 2021 as the Appointed Date, subject to intimation thereof to the stock exchanges concerned and such approvals as may be applicable including the sanction by the Hon'ble National Company Law Tribunal (NCLT). TBIPL being a wholly owned subsidiary of the Company, no consideration is payable and the equity shares and debentures held by the Company in TBIPL shall stand cancelled upon the Scheme becoming effective. The necessary petition accompanying the Scheme has been filed before the NCLT on January 28, 2022 and awaits listing for initial hearing.
 - 6 In case of Titagarh Firema SpA, during the quarter and nine month ended as at 31 December 2021, in the reporting package (the "special purpose interim financial information") ended 31 December 2021, the Company reported a net loss for the nine-month period for some Euro 3.8 million, has shareholders' equity for some Euro 7.8 million and has a significant bank debt for some Euro 85.2 million, of which some Euro 53.6 million expiring beyond twelve months. Current assets exceed current liabilities by some Euro 19.5 million. Trade payables, equal to some Euro 33.4 million as at 31 December 2021, decreased by some Euro 1.1 million during the nine-month period, and include an overdue payable to third party suppliers for some Euro 20.1 million at same date. Therefore, the Company does not currently have the necessary financial resources for the full repayment of its overdue debt position, partially influenced by the collectability of VAT receivables.

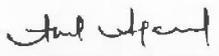
The special purpose interim financial information as at 31 December 2021 have been prepared according to the assumption of the going concern, that is based on the expectation that the Company implements an important growth plan, envisaged by the Budget 1 January 2022 – 31 December 2022 (the "Budget"), approved by the Board of Directors on 7 February 2022, 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 the rescheduling of the overdue commercial debt for which negotiations are underway with the main suppliers of the Company. We highlight the Company has received n. 7 Injunctions for payment from suppliers for some Euro 1 million.

Despite the aforementioned material uncertainty that may rise 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 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. Furthermore, on 14 January 2022, the extraordinary shareholders' meeting approved unanimously a share capital increase of Euro 2 million, through the issue of shares to the shareholder Shivaliks Mercantile Private Limited to be completed within 31 December 2022.

Moreover, on 20 January 2022 the Company formalized the contract with the customer for the supply of no° 38 trains for public transport in the Lazio region for a total value of some Euro 282 million, for which a contractual advance payment for some Euro 15,8 million (some 20% of the first batch of no° 11 out of no° 38 trains to be delivered) is expected in June 2022.

Lastly, the Company is proceeding with local tax authority to collect VAT receivable arising in the 2021 calendar year, equal to Euro 9 million as of 31 December 2021, of which some Euro 3,5 million were collected in January 2022.
- 7 The above consolidated financial results for the quarter ended December 31, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on February 9, 2022 and February 10, 2022. The Auditors of the Company have carried out a Limited Review of the above consolidated financials results for the quarter ended December 31, 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

Place: Kolkata
Date: February 10, 2022

 ANIL KUMAR AGARWAL
 Director (Finance) & Chief Financial Officer


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