

To, The Board of Directors

Titagarh Wagons Limited

Kolkata

## Report on the Financial Statements

We have audited the accompanying financial statements of Titagarh Singapore PTE Ltd. ( the Component), a subsidiary of Titagarh Wagons Ltd (TWL), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information for the purpose of your audit of group audited financial statements of TWL. These financial statements have been prepared solely to enable TWL to prepare its consolidated financial statements.

## Management's Responsibility for the Financial Statements

The management of the company is responsible for preparation and presentation of accompanying financial statement of company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified in India, policies and instructions contained in the group audit instructions and has been approved by the Board of Directors.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified by the Institute of Chartered Accountants of India (ICAI). 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the



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operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us,

- a) the aforesaid financial statements of the component as at 31<sup>st</sup> March 2016, give the information required for the purpose of presentation of Consolidated Financial Statements of the Parent company i.e. Titagarh Wagons Limited;
- b) present a true and fair view of the financial position of the component as at 31<sup>st</sup> March 2016 and its statement of profit and loss and cash flow for the year ended in conformity with the auditing principles generally accepted in India.

## Other Matters

We have performed the audit at the request of the Board of Directors of M/s. Titagarh Wagons Limited (TWL) for the use by TWL for preparation of consolidated financial statements for the year ended March 31, 2016 as stated in paragraph 1 above. The financial statement may, therefore, not be suitable for other purposes.

For Kishporpuria Lakhota & Co.

Chartered Accountants

FRN 324828E



Raj K Lakhota

Partner



Date : May 25, 2016

**Statement of Financial Position**  
 As on 31-03-2016


	Notes	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	1	5,433.59	476.37
Reserves and surplus	2	(263.51)	13.04
		<b>5,170.08</b>	<b>489.41</b>
<b>Non-current liabilities</b>			
Long term borrowings	3	9,762.42	-
		<b>9,762.42</b>	<b>-</b>
<b>Current liabilities</b>			
Other current liabilities	4	174.82	2.08
		<b>174.82</b>	<b>2.08</b>
<b>TOTAL</b>		<b>15,107.32</b>	<b>491.49</b>
<b>II. ASSETS</b>			
<b>Non current assets</b>			
Investments	5	8,946.63	476.81
<b>Current assets</b>			
Loans and advances	6	4,079.45	-
Other Current Assets	7	395.61	-
Cash and bank balances	8	1,685.63	14.68
		<b>6,160.69</b>	<b>14.68</b>
<b>TOTAL</b>		<b>15,107.32</b>	<b>491.49</b>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our Report of even date


For **KISHORPURIA LAKHOTIA & CO**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.: 324828E

  
 per **Raj K Lakhota**  
 Partner  
 Membership No. 061096  
 Place: Kolkata  
 Dated: 25th May 2016



For and on behalf of the Board of Directors of  
 Titagarh Singapore PTE Limited

  
**Dinesh Arya**  
 Director

  
**Sudev Chandra Das**  
 Director

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**Titagarh Singapore PTE Limited**  
**[Co. Registration No: 200816406G]**  
**391B Orchard Road #23-01 Ngee Ann City Tower B Singapore 238874**

**Statement of Profit and Loss**  
**For the year ended 31-03-2016**

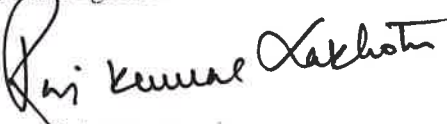
	Notes	For the year ended March 31, 2016 Rs. In Lacs	For the year ended March 31, 2015 Rs. In Lacs
<b>Income</b>			
<b>Total Revenue (I)</b>		-	-
<b>Expenses</b>			
Employee Benefit Expenses	10	15.07	-
Other expenses	11	37.60	40.62
<b>Total Expenses (II)</b>		<b>52.67</b>	<b>40.62</b>
<b>Earning before interest, tax, depreciation and amortization (EBIDTA) (I-II)</b>		(52.67)	(40.62)
Interest Income	9	(18.93)	-
Finance costs	12	185.74	1.75
<b>Loss before taxes</b>		<b>(219.48)</b>	<b>(42.37)</b>
<b>Tax expenses</b>			
Current tax		-	-
<b>Total tax expenses</b>		-	-
<b>Loss for the year</b>		(219.48)	(42.37)
(1) Basic (In Rs.)		(2.43)	(3.46)
(2) Diluted (In Rs.)		(2.43)	(3.46)

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our Report of even date


**For KISHORPURIA LAKHOTIA & CO**  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No.: 324828E

  
 per **Raj K Lakhota**  
 Partner  
 Membership No. 061096  
 Place: Kolkata  
 Dated: 25th May 2016



**For and on behalf of the Board of Directors of**  
**Titagarh Singapore PTE Limited**

  
**Dinesh Arya**  
 Director

  
**Sudev Chandra Das**  
 Director


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**TITAGAR SINGAPORE PTE LIMITED**  
**Cash flow statement for the year ended March 31, 2016**

	For the year ended March 31,2016 Rs. In Lacs	For the year ended March 31,2015 Rs. In Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before taxation	(219.48)	(42.37)
<b>Adjustments for:</b>		
Finance Cost	185.74	1.75
<b>Operating Profit before Working Capital Changes</b>	<u>(33.74)</u>	<u>(40.62)</u>
<b>Movements in working capital:</b>		
Increase/(decrease) in other current liabilities	172.74	1.77
Decrease/ (increase) in Other assets	(395.61)	-
<b>Cash (used in) / Generated from Operations</b>	<u>(256.61)</u>	<u>-38.85</u>
Taxes Paid		
<b>Net Cash (used in) / generated from Operating Activities</b>	<u>(256.61)</u>	<u>-38.85</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in Equity Shares of Subsidiary and Joint Venture	(8,469.82)	-
Loan given to Subsidiary and Joint Venture	(4,079.45)	-
<b>Net Cash used in Investing Activities</b>	<u>(12,549.27)</u>	<u>-</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipt of Long Term Borrowings	9,762.42	-
Receipt on issue of equity shares	4,957.22	40.52
Finance cost	(185.74)	-
<b>Net Cash generated from / (used in) Financing Activities</b>	<u>14,533.89</u>	<u>40.52</u>
<b>D. Exchange differences on translation</b>	(57.07)	-
<b>Net Increase in Cash &amp; Cash Equivalent (A+B+C)</b>	<u>1,670.95</u>	<u>1.68</u>
<b>Cash and Cash Equivalents - Opening Balance</b>	14.68	13.00
<b>Cash and Cash Equivalents - Closing Balance</b>	<u>1,685.63</u>	<u>14.68</u>
<b>Components of Cash &amp; Cash Equivalents :</b>		
Cash on hand		
Balances with banks		
On current accounts	1,685.63	14.68
<b>Total Cash and Cash Equivalents (Refer Note No. 8)</b>	<u>1,685.63</u>	<u>14.68</u>

As per our Report of even date

For KISHORPURIA LAKHOTIA & CO  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.: 324828E

  
 per Raj K Lakhotia  
 Partner  
 Membership No. 061096  
 Place: Kolkata  
 Dated: 25th May 2016



  
 Dinesh Arya  
 Director

  
 Sudev Chandra Das  
 Director

For and on behalf of the Board of Directors of  
 Titagarh Singapore PTE Limited

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TITAGARH SINGAPORE PTE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

<b>Summary of Significant accounting policies</b>	
<b>a)</b>	<p><b>Basis of preparation</b></p> <p>The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.</p>
<b>b)</b>	<p><b>Borrowing costs</b></p> <p>Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.</p> <p>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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.</p>
<b>c)</b>	<p><b>Investments</b></p> <p>Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.</p>
<b>d)</b>	<p><b>Revenue Recognition</b></p> <p>Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.</p> <p><u>Interest Income</u> Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.</p>
<b>e)</b>	<p><b>Taxes on Income</b></p> <p>Tax expense comprises of current and deferred taxes.</p> <p>Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the local Income Tax Act. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years.</p> <p>Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.</p>



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	<p>At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.</p> <p>The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>
f)	<p><b>Segment Reporting:</b></p> <p><b>Identification of segments</b> The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.</p> <p><b>Inter Segment transfers</b> The Company accounts for inter segment transfers at prevailing market prices. Allocation of common costs: Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.</p> <p><b>Unallocated items</b> Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common"</p> <p><b>Segment accounting policies</b> The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.</p>
g)	<p><b>Earnings per share</b></p> <p>Basic Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss 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.</p>



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TITAGARH SINGAPORE PTE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

<b>h)</b>	<b>Provisions</b> <p>A provision is recognized when the company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.</p>
<b>i)</b>	<b>Contingent Liabilities</b> <p>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. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.</p>
<b>j)</b>	<b>Hedging</b> <p>Derivative financial instruments are used to hedge risk associated with foreign currency fluctuations and interest rates. The derivative contracts are closely linked with the underlying transactions and are intended to be held to maturity. These are accounted on the date of their settlement and realized gain/loss in respect of settled contracts is recognized in the statement of profit and loss.</p>
<b>k)</b>	<b>Cash and Cash equivalents</b> <p>Cash and cash equivalents for the purposes of cash flow statement comprise of cash on hand, cash at bank and fixed deposits with an original maturity of three months or less.</p>



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**Titagarh Singapore PTE Limited**  
**Notes to financial statements as at March 31, 2016**

**1. SHARE CAPITAL**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>Issued, Subscribed and fully paid-up Shares</b>		
9025000 (1225000) Equity Shares	5,433.59	476.37
	<u>5,433.59</u>	<u>476.37</u>

	2015-16		2014-15	
	No. of shares	Rs. In Lacs	No. of shares	Rs. In Lacs
<b>Equity Shares</b>				
At the beginning of the year	1225000	476.37	1165000	439.17
Increase in number of shares	7800000	4,957.22	60000	37.20
Outstanding at the end of the year	<u>9025000</u>	<u>5433.59</u>	<u>1225000</u>	<u>476.37</u>

**2. RESERVES AND SURPLUS**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	174.72	135.31
Add: Arisen during the year	(57.07)	39.41
<b>Net surplus in the statement of profit and loss</b>	<u>117.65</u>	<u>174.72</u>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	(161.68)	(119.31)
Add: Loss for the year	(219.48)	(42.37)
<b>Net deficit in the statement of profit and loss</b>	<u>(381.16)</u>	<u>(161.68)</u>
<b>Total reserves and surplus</b>	<u>(263.51)</u>	<u>13.04</u>

**3. LONG TERM BORROWINGS**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>Secured</b>		
Term Loan From Bank	9,762.42	-
<b>Total Long Term Borrowings</b>	<u>9,762.42</u>	<u>-</u>

The Company has been sanctioned a long term loan for Rs. 12,015.28 Lacs (Euro 16 million) during the year out of the above, Rs. 9,762.42 Lacs (Euro 13 million) has been disbursed as of March 31, 2016. 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 AFR and 88% equity shares of TFA. Further the entire shareholding of the Company held by TWL is pledged with the lender.



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**Titagarh Singapore PTE Limited**  
**Notes to financial statements as at March 31, 2016**

**4. OTHER CURRENT LIABILITIES**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>Other Current Liabilities</b>		
Interest accrued but not due on borrowings	129.29	-
Liability for expenses	42.07	-
Payable towards Services	3.45	2.08
<b>Total Current Liabilities</b>	<b>174.82</b>	<b>2.08</b>

**5. INVESTMENTS**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>Investment in unquoted equity shares</b>		
<b>In Subsidiary</b>		
Titagarh Firema Adler S.p.A	6,261.82	-
<b>In Joint Venture</b>		
Titagarh Wagon AFR	2,684.81	476.81
<b>Total</b>	<b>8,946.63</b>	<b>476.81</b>

**6. LOANS AND ADVANCES**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
Loan to Titagarh Wagon AFR	1,055.97	-
Loan to Titagarh Firema Adler S.p.A	3,023.48	-
<b>Total</b>	<b>4,079.45</b>	<b>-</b>

**7. OTHER CURRENT ASSETS**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
Security Deposit	127.67	-
Prepaid Expenses	267.94	-
<b>Total</b>	<b>395.61</b>	<b>-</b>

**8. CASH AND BANK BALANCES**

	As at March 31, 2016 Rs. In Lacs	As at March 31, 2015 Rs. In Lacs
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	1,685.63	14.68
<b>Total</b>	<b>1,685.63</b>	<b>14.68</b>



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**Titagarh Singapore PTE Limited**  
**Notes to financial statements as at March 31, 2016**

**9 INTEREST INCOME**

For the year ended March 31, 2016	For the year ended March 31, 2015
Rs. In Lacs	Rs. In Lacs

Interest Income on Loan

18.93

-

18.93

-

**10. EMPLOYEE BENEFIT EXPENSES**

For the year ended March 31, 2016	For the year ended March 31, 2015
Rs. In Lacs	Rs. In Lacs

Salary Expenses

15.07

-

15.07

-

**11. OTHER EXPENSES**

For the year ended March 31, 2016	For the year ended March 31, 2015
Rs. In Lacs	Rs. In Lacs

Marketing Office Expenses

1.31

-

Rent

6.17

-

Audit Fees

3.25

1.65

Other Charges

0.07

-

Legal & Professional Fees

14.75

38.97

Loss on Foreign Exchange Fluctuation

12.04

-

**Total**

**37.60**

**40.62**

**12. FINANCE COSTS**

For the year ended March 31, 2016	For the year ended March 31, 2015
Rs. In Lacs	Rs. In Lacs

Interest Expenses

124.50

-

Processing Fees

17.20

-

Bank Charges

1.98

1.75

Others

42.07

-

**Total**

**185.74**

**1.75**



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Titagarh Singapore PTE Limited  
Notes to Financial Statements as at and for the year ended March 31, 2016

13 EARNING PER SHARE (EPS) :	March 31, 2016	March 31, 2015
Loss for the year	(219.48)	(42.37)
Present weighted average equity shares for Basic EPS	9,025,000	1,225,000
Earning per share (Basic & Diluted )(Rs per share)	(2.43)	(3.46)

14 RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Holding Company	:	Titagarh Wagons Limited
Fellow Subsidiary	:	Titagarh Wagon AFR Titagarh Firema Adler S.p.A
Key Management Personnel (KMPs)	:	Mr Dinesh Arya - Director Mr Sudev Chandra Das - Director Mr Sunirmal Talukdar - Director Mr T.R.R.Rao - Director

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

Nature of transactions	Holding Company	Subsidiary	Joint Venture	Total
<b>Gurantee Commission</b>				
Titagarh Wagons Limited	42.07			42.07
	(-)			(-)
<b>Gurantee Obtained</b>				
Titagarh Wagons Limited	17,347.06			17,347.06
	(-)			(-)
<b>Interest Receivable</b>				
Titagarh Firema Adler S.p.A		18.93		18.93
		(-)		(-)
<b>Loan Given</b>				
Titagarh Firema Adler S.p.A		3,003.82		3,003.82
		(-)		(-)
Titagarh Wagon AFR			1,055.97	1,055.97
			(-)	(-)
<b>Investment Made</b>				
Titagarh Firema Adler S.p.A		6,261.82		6,261.82
		(-)		(-)
Titagarh Wagon AFR			2,208.00	2,208.00
			(-)	(-)
<b>Balance outstanding as at the year end - Debit</b>				
Titagarh Firema Adler S.p.A		1,055.97		1,055.97
		(-)		(-)
Titagarh Wagon AFR			3,023.48	3,023.48
			(-)	(-)

15 PREVIOUS YEAR FIGURES

Previous year's figures including those given in brackets have been regrouped/reclassified, where necessary, to conform to the current year's classification.

As per our Report of even date

For KISHORPURIA LAKHOTIA & CO  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 324828E

per Raj K Lakhota  
Partner  
Membership No. 061096



For and on behalf of the Board of Directors of  
Titagarh Singapore PTE Limited

Dinesh Arya  
Director

Sudev Chandra Das  
Director

Place: Kolkata  
Dated: 25th May 2016

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