Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

Titagarh Firema SpA

Financial statements as of 31 March 2020

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Titagarh Firema SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Titagarh Firema SpA (the Company), which comprise the statement of financial position as of 31 March 2020, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the paragraph "Going Concern" of the notes to the financial statements where the directors provide the reasons based on which the financial statements as of 31 March 2020 have been prepared on a going concern basis. Our opinion is not expressed with exceptions in relation to this matter.

Other aspects

For comparative purposes, the financial statements present the corresponding data of the previous year prepared in accordance with the international accounting standards derived from the financial statements as of 31 March 2019 prepared in accordance with the Italian regulations governing the drafting criteria. The paragraph "Transition to international accounting standards" of the notes illustrates the effects of the transition to the International Financial Reporting Standards adopted by the European Union and includes the information relating to the reconciliation schedules required by the international accounting standard IFRS 1.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Titagarh Firema SpA are responsible for preparing a report on operations of Titagarh Firema SpA as of 31 March 2020, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Titagarh Firema SpA as of 31 March 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Titagarh Firema SpA as of 31 March 2020 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Naples, 10 July 2020

PricewaterhouseCoopers SpA

Signed by

Pierpaolo Mosca
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

Titagarh Firema S.p.A.

Caserta – Via Prov. le Appia 8/10 – Location Ponteselice

Share capital € 10.000.000,00 fully paid

R.E.A. of Caserta n° 297666

Tax code and registration number in the Caserta Business Register

09135960962

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**At the Shareholders' Meeting of Titagarh Firema S.p.A.,
registered office in Caserta, Via Prov. le Appia no. 8/10**

Report of the Board of Statutory Auditors on the financial statements for the year ended 31 March 2020 prepared in accordance with Article 2429, paragraph 2, of the Italian Civil Code.

As a preliminary point, we would like to point out that the Shareholders have expressly waived the time limit referred to in Article 2429, paragraph 3, of the Italian Civil Code and hence this report has not been registered as a copy at the Company's registered office during the fifteen days preceding the Shareholders' Meeting.

In addition, the following events from an organisational/corporate point of view occurred during the financial year:

- Appointment of the Mr Luigi Corradi as Managing Director on 2 September 2019 and Chief Executive Officer on 12 September 2019;

- Resignation of the permanent auditors Dr. Claudio Schettini and Dr. Pierumberto Spanò on 19 September 2019 and the consequent appointment of the current permanent auditors, in the person of Dr. Aurelio Fedele and Dr. Gabriele Ariola on 27 September 2019;

- Appointment of alternate auditors, to replace the resigning auditors Claudio Ferone and Mario Rendo, in the person of Dario Gravagnola and Roberto Coccia on 27 September 2019;

- Increase in the number of Directors from eight to nine, with the appointment of Mr. Saket Kandoi on January 14, 2020;

*

The Board of Directors has provided the availability of the following documents, approved during the Board of Directors' meeting of 30 June 2020, relating to the financial year ended 31 March 2020:

- Statement of assets and liabilities and financial position;
- Income Statement
- Statement of comprehensive income
- Statement of cash flow
- Statement of cash flow
- Notes to the financial statement

- Moreover, with the Board of Directors' meeting of 30.06.2020, the Board approved the 2021-2025 Economic and Financial Business Plan.

The approach of this report is inspired by the provisions of the law and by Rule 7.1. of the *"Rules of Conduct of the Board of Statutory Auditors - Principles of Conduct of the Board of Statutory Auditors of Unlisted Companies"*, issued by CNDCEC and in force since 30 September 2015.

The statutory audit was carried out by the Company PwC S.p.A., which received the mandate for the financial years 2018-2020.

General introduction

Knowledge of the Company, risk assessment and reporting on the assignments assigned

Given the knowledge that the Board of Statutory Auditors declares to have regarding the Company:
i) the type of activity carried out;
ii) organisational and accounting structure;

also taking into account the size and problems of the company, the "planning" phase of the supervisory activity - during which it is necessary to assess the intrinsic risks and critical issues with regard to the two above-mentioned parameters - was carried out and started by means of the positive feedback resulting from the interviews held with the Directors.

Has been verified:

- the typical activity carried out by the Company that has not changed during the year under review and is consistent with the provisions of the corporate purpose;
- With regard to the organisational structure, reference should be made to what has already been described above;
- the human resources making up the "workforce" are 369 employees, down by 2 compared to the previous year;
- It is also possible to note that the company operated in the year ended 31 March 2020 in comparable terms with the previous year and, consequently, our controls were carried out on these assumptions having verified the substantial comparability of the values and results with those of the previous year. Below, in the comments to the financial statements, information is given on the change in the accounting principles adopted by the company with respect to the previous year.

This report summarises the activity concerning the information required by Article 2429, paragraph 2, of the Italian Civil Code and more precisely:
- on the result for the finacial year
- on the activity carried out in the performance of the duties provided for by the rule;
- on the observations and proposals regarding the budget, with particular reference to the possible use by the administrative body of the derogation provided for in Article 2423, paragraph 5, of the Italian Civil Code;
- on the possible receipt of complaints from shareholders pursuant to Article 2408 of the Italian Civil Code

The activities carried out by the Board of Statutory Auditors, in its different composition, covered, in terms of time, the entire financial year and during the year the meetings referred to in Article 2404 of the Italian Civil Code were regularly held and minutes of these meetings were drawn up, duly signed for unanimous approval.

<u>Performed Activities</u>

a) Verification of the existence of safeguards against the spread of COVID-19

As a result of the anti-Covid regulations, the Company temporarily ceased production activities, while the maintenance part continued to operate as it was among those authorized to continue, as highlighted in the Report on Operations from the end of April, following the legislative measures that allowed the partial reopening of some production activities, the Company was also authorized to resume production activities. In this context, we have requested and obtained assurances from the Board of Directors regarding the presence of safe conditions in the workplace and the operating procedures to help combat and contain the spread of the virus. The Chief Executive Officer was interviewed weekly by the Board of Statutory Auditors for information on the economic and financial outlook and the security conditions in the company for the period "COVID - 19". In particular, also from interviews with management, we have verified that the Company has illustrated the activities carried out in relation to the COVID - 19 and the possible consequent effects.

b) Other Activities

During the periodic audits, the Board of Statutory Auditors became aware of the evolution of the Company's activities, paying particular attention to contingent and/or extraordinary issues in order to identify their economic and financial impact on the result for the year and on the equity structure. Specifically, it should be noted that the financial debt is all exclusively towards a single foreign credit institution in the form of a medium/long-term loan of 50 million euros and 50 million euros in the form of a line of credit, which requires compliance with certain financial covenants set forth in the contract. As already mentioned in the Report of the Board of Statutory Auditors on the financial statements for the previous year, the Company did not comply with one of the financial covenants (in particular the Minimum Interest Cover Ratio). In this regard, management has sent both the Board of Statutory Auditors and the Board of Directors a waiver letter in which the bank expressly waived verification of compliance with this covenant until 31 March 2021 and, therefore, the Company has proceeded to classify this debt beyond the year as provided for in the original amortization plan.

We point out that, at the end of the financial year, the Company show a loss of about Euro 2.8 million and has bank debt of Euro 62.4 million, of which Euro 48.9 million due beyond 12 months.

In view of this situation, the Board of Directors' meeting of 30 June 2020 approved a budget/plan covering the period 2021/2025 and providing for a substantial financial balance for the Company over the period.

In particular, in order to be able to meet its obligations over the next 12 months, the plan consider the implementation of the following activities:

1. further use of the short-term credit line with a foreign credit institution;
2. use of a factoring with recourse in order to get invoices in advance for approximately € 3 million;
3. a new short loan agreement, for which negotiations are currently underway with a primary banking institution, for around € 2.5 million;

4. release of a security deposit in place with a primary customer against which all procedures for the release have been initiated, for approximately 5 million Euros;
5. release of cash through optimisation of current asset levels achieved due to higher targeted invoicing during the fiscal year 2021;
6. further actions must be sought within the measures intoduced by the recnt Liquidity Decree as well as by other sources of financing of a self-liquidating nature.

On this point, the Board of Statutory Auditors points out that the discussions with management and the notes to the financial statements show that the financial statements have been prepared on a going concern basis, provided that the above activities are implemented and the plan/budget is implemented.

*

That said, the Board of Statutory Auditors has periodically assessed the adequacy of the Company's organizational and functional structure and any changes to it with respect to the minimum requirements posed by operating performance.
With regard to the provisions of the new Article 2086 of the Italian Civil Code, the Board of Statutory Auditors has asked the Company to take the organizational actions necessary to comply with the law.

The relations with the people working in the above-mentioned structure - Directors and employees - were inspired by mutual collaboration in respect of the roles assigned to each one, having clarified those of the Board of Statutory Auditors.

Throughout the year it was found that:

- The internal administrative staff in charge of reporting company events has not changed compared to the previous year;
- the level of its technical preparation remains adequate with respect to the type of ordinary business facts to be surveyed and can boast sufficient knowledge of the business issues.

The information required by Artical 2381, paragraph 5, of the Italian Civil Code was provided by the delegated bodies and/or attorneys at intervals of even more than the minimum fixed of 6 months, both during scheduled meetings and on the occasion of individual access by members of the Board of Statutory Auditors to the Company's registered office and also through telephone and IT contacts/influxes with the members of the Board of Directors: it follows from all the above that the Directors have, in substance and form, complied with the requirements of the aforementioned regulation.

In conclusion, as far as it was possible to see during the activity carried out during the year, the Board of Statutory Auditors may consider that:

- the decisions taken by the shareholders and the administrative body were in compliance with the law and the company's by-laws and were not manifestly imprudent or such as to definitively compromise the integrity of the company's assets;
- sufficient information was obtained on the general performance of operations and its outlook, as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company;
- the transactions carried out were also in compliance with the law and the Articles of Association and not in potential conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets;

- there are no specific observations regarding the adequacy of the Company's organisational structure, nor regarding the adequacy of the administrative and accounting system, as well as the reliability of the latter in correctly representing operating events;
- in the course of the supervisory activity, as described above, no further significant facts emerged that would require reporting in this report;
- no intervention was required for omissions by the administrative body pursuant to Article 2406 of the Italian Civil Code;
- no complaints have been received pursuant to Article 2408 of the Italian Civil Code;
- no charges have been filed under Article 2409, paragraph 7, of the Civil Code.
- during the year, the Board of Statutory Auditors did not issue opinions required by law.

Observations and proposals concerning the budget and its approval

The Directors in the notes to the financial statements indicate that this financial statements at 31 March 2020 represent the first financial statements of the Company prepared in accordance with international accounting standards and indicate the reasons for this choice.
The draft financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 30 June 2020 and consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity and the Notes to the Financial Statements.
Also:

- the administrative body has also prepared the managment report;
- the statutory audit is entrusted to the auditing firm PwC S.p.A. We have hence acquired the report pursuant to art. 14 D. Legislative Decree no. 39 of 27 January 2010, a report that does not reveal any significant deviations, or negative opinions or impossibility to express an opinion and the opinion issued is positive. The Report includes the following reminder: "*We draw your attention to the "going concern" section of the notes to the financial statements of Titagarh Firema SpA as at 31 March 2020 on the assumption of a going concern. Our opinion is not expressed with remarks in relation to this aspect"*.

The Board, for the part for which it is responsible, has examined the draft budget, on which the following additional information is provided:

- attention has been paid to the approach given to the draft budget, its general compliance with the law as regards its formation and structure, and there are no comments in this respect that should be highlighted in this report;
- compliance with the legal provisions concerning the preparation of the management report has been verified and in this regard there are no observations that should be highlighted in this report;
- the financial statements have been checked to ensure that they correspond to the facts and information of which we became aware following the performance of the typical duties of the Board of Statutory Auditors and no further observations are highlighted in this regard;
- the Company recorded development costs of approximately Euro 1.1 million under intangible assets. This entry was made with the consent of the Board of Statutory Auditors. It should be noted, merely as a reminder, that it will not be possible to distribute dividends by reducing the profit reserves beyond the net amount of this item capitalised under assets. For the sake of completeness, we point out that if the company had adopted a different accounting technique, the overall result for the year would not have reduced shareholders' equity in such a way as to require the measures referred to in Articles 2446 and 2447 of the Italian Civil Code;

- the existence of transactions with related parties for which the Company's Directors indicate in the notes to the financial statements that they were concluded at normal market conditions, both in terms of prices and commercial conditions and the underlying reasons for them, is acknowledged;
- we met with the Supervisory Board and took note of the report for the entire year 2019 issued on 16 January 2020;
- with regard to the proposal of the Board of Directors concerning the allocation of the result for the year, the Board of Statutory Auditors has nothing to observe, however, that the decision on this matter is the responsibility of the Shareholders' Meeting.

Result of the fiscal year

The net result ascertained by the Board of Directors for the financial year ended 31 March 2020, as also evident from the reading of the financial statements, is negative for € 2,804,866.

Conclusion

Considering also the results of the activity carried out by the person in charge of the statutory audit (PwC S.p.A.) contained in the specific report accompanying the financial statements, issued on 10 July 2020, the Board of Statutory Auditors does not find any impeding reasons against the approval of the financial statements for the year ended 31 March 2020, as prepared by the Board of Directors.

Naples, 10 July 2020

The Board of Statutory Auditors

Dr. Egidio Filetto (Chairman of the Board of Statutory Auditors)

Dott. Aurelio Fedele (Permanent Auditor)

Dr. Gabriele Ariola (Permanent Auditor)

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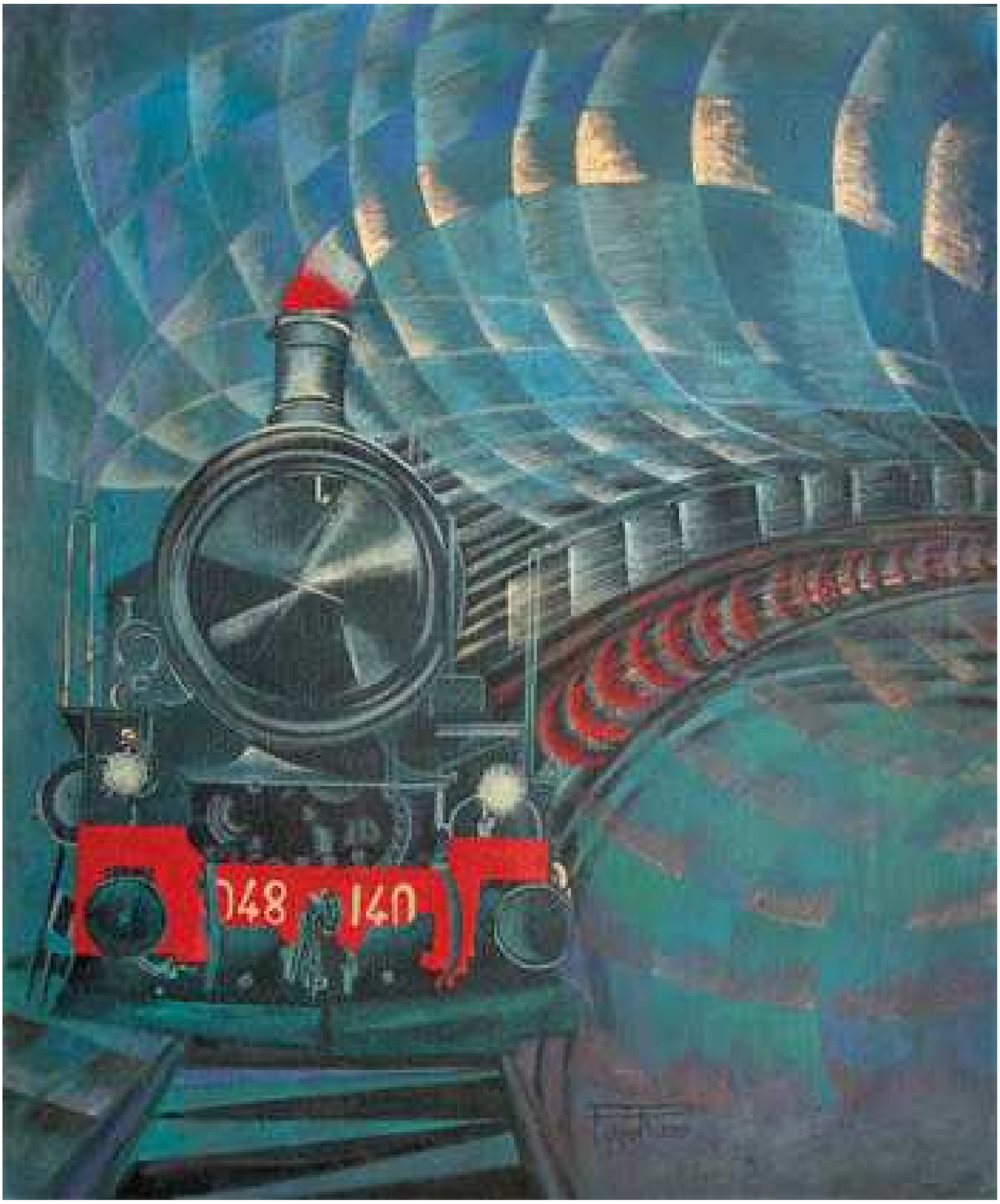
TITAGARH FIREMA S.p.A.



FINANCIAL STATEMENTS AT 31 MARCH 2020

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COMPANY INFORMATION

COMPANY DETAILS

REGISTERED OFFICE	CASERTA (CE)	STRADA PROV.LE APPIA 8/10
TAXPAYER'S CODE	09135960962	
REA	CE-297666	
LEGAL STATUS	SPA	
SHARE CAPITAL	10,000,000	FULLY PAID IN

CORPORATE STRUCTURE[1]

SHAREHOLDER	CAPITAL SHARE (EURO)	% HELD
TITAGARH WAGONS LIM. (INTRO)	7,062,353	70.6%
TITAGARH SING. PTE (TSPL)	2,937,647	29.4%

CORPORATE BODIES IN OFFICE AND INDEPENDENT AUDITOR

BOARD OF DIRECTORS in charge until budget approval on 31 March 2021

POSITION	NAME	DATE OF APPOINTMENT
BOARD CHAIRMAN	U. CHOWDHARY	26/07/2018
CHIEF EXECUTIVE OFFICER	L.CORRADI	02/09/2019
INDEPENDENT DIRECTOR	E.GRIGLIATTI	27/09/2019
INDEPENDENT DIRECTOR	G.MOISE	26/07/2018
INDEPENDENT DIRECTOR	A.JOSHI	26/07/2018
INDEPENDENT DIRECTOR	M.MOHANKA	26/07/2018
DIRECTOR	A.K. AGARWAL	26/07/2018
DIRECTOR	A.BAJORIA	26/07/2018
DIRECTOR	S.KANDOI	14/01/2020

BOARD OF STATUTORY AUDITORS

POSITION	NAME	DATE OF APPOINTMENT
CHAIRMAN	E. FILETTO	26/07/2018
REGULAR AUDITOR	A.FEDELE	27/09/2019
REGULAR AUDITOR	G.ARIOLA	27/09/2019

INDEPENDENT AUDITOR: PRICEWATERHOUSECOOPERS SPA from 20 July 2017, with three-year appointment from 31 March 2018- 31 March 2020, up to the approval of the financial statement at 31/03/2020.

[1] A corporate structure variation took place in November 2019 and subsequent repayment of the pledge for the amount equal to 88% of the TSPL shares

SUPERVISORY BODY

POSITION	NAME	DATE OF APPOINTMENT
CHAIRMAN	G.LEPORE	13/02/2018
MEMBER	M.NAPPO	13/02/2018
MEMBER	V.IZZO	13/02/2018

INFORMATION REGARDING THE PARENT GROUP

CORPORATE STRUCTURE

TITAGARH WAGONS LIM. (INTRO)

SHAREHOLDER	CAPITAL SHARE (EURO) *	% HELD
FLOATING	1,514,373.12	54.30%
PROMOTER GROUP	1,274,728.49	45.70%

* Exchange Euro/Rupee at 31.3.2020:82.8985 (Source: Banca d'Italia)

POSITION	NAME
EXECUTIVE PRESIDENT	CHOWDHARY
CHIEF EXECUTIVE OFFICER	U. CHOWDHARY
CFO	A.AGARWAL
DIRECTOR	S. MUKHERJEE
INDEPENDENT DIRECTOR	M. MOHANKA
NON-EXECUTIVE DIRECTOR	R. CHOWDHARY
INDEPENDENT DIRECTOR	A.JOSHI
INDEPENDENT DIRECTOR	S. TALUKDAR

* R.Bandyopadhyay tendered his resignation on 4 May 2020

INDEPENDENT AUDITOR: PriceWaterhouse Coopers LLP

TITAGARH SINGAPORE PTE (TSPL)

SHAREHOLDER	CAPITAL SHARE (EURO)	% HELD
TITAGARH WAGONS LIM. (INTRO)	17,915,420	100%

POSITION	NAME
DIRECTOR	S. TALUKDAR
DIRECTOR	T. RANGANATHRAO
DIRECTOR	A. GARWAL

On 21.2.2020 the Directors S. Talukdar, U.Chowdhary, S.Singhania, R, Bhalotia tendered their resignations.

INDEPENDENT AUDITOR: Bestar Assurance PAC

MANAGEMENT REPORT

TYPE OF ACTIVITIES AND OPERATING STRUCTURE

Pursuant to the Articles of Association, the Company operates mainly managing factories for the construction, transformation and repairs of railway, tramway rolling stock and the electrical equipment of rolling stock, which the Company, in some case, also designs.

The Company has exercised the option provided by Legislative Decree 28 February 2005, no. 38, as subsequently amended by Law Decree no. 91 of 24 June 2014, which regulates exercising the options provided for by article 5 of European Regulation no. 1606/2002 in the matter of international accounting principles, and has voluntarily adopted the International Financial Reporting Standards, issued by the International Accounting Standards Board, and adopted by the European Union (hereafter "International Accounting Principles" or "EU-IFRS") for the first time for the preparation of this Financial Statement. In the preparation of the IAS Financial Statement tables, the international best practices of the principal players of the industry was referenced.

Processing is carried out directly in the plants in Caserta and Tito (Components). The company furthermore carries out activities of Maintenance, Production of Replacement Parts and Assistance at the main sites mentioned above and activities of research and development planning at the new site in Savona built during the month of October 2019. Production and Assistance activities are also performed in Oslo (Norway) where the company operates as a Stable Organisation through the "branch" Titagarh Firema Spa NUF (hereinafter also TFA NUF). We report that the project was fully carried out with the permanent Norwegian establishment and completed in December 2019, therefore, the Company has seen to implement all the finalisation activities for the procedure for the closing of the site.

The following table shows the complete list of the local facilities and units of the Company:

Category	City	Address
Registered and administrative office	Caserta	Strada Prov. Appia - 81100
Secondary office	Heimdal (Norway)	Vestre Rosten 69 - 7072
Local Unit	Savona (SV)	Via Guidobono, 139 – 17100
Local Unit	Tito (PZ)	Zona Industriale Scalo - 85050

CORPORATE STRUCTURE

The Company's organisation, based on the traditional model is so structured:

− BOARD OF DIRECTORS, assigned the broadest powers for the management of the Company, with authority to carry out all the appropriate deeds to achieve the business goals, with the exclusion of the duties reserved – by Law or Statute – to the Shareholders.
It is made up of six members, of which two are independent.
The Board (when not provided for by the Shareholders) appoints the Chairman who is reserved the powers by law and Statute, as well as the legal representation of the Company before third parties and in legal matters and signing authority.

The Board has also nominated a CEO to whom the following attributions and powers have been conferred:

a) to propose to the Board the strategic lines of development for the Company;
b) to manage relations with Institutions and media outlets;
c) coordinate the Company's marketing policies.

The Board has also nominated an Executive Director conferring him with the powers of carrying out all acts of ordinary administration of the Company and of executing the resolutions of the Board of Directors and Shareholders, also carrying out all the acts of extraordinary administration approved by the Board itself.

− BOARD OF AUDITORS, is reserved the duty of supervising:
a) on the observance of the law and the articles of association as well as the compliance with the principles of proper administration;
b) on the suitability of the Company's organisational structure, the internal system of control and of the administrative accounting system, also for the reliability of the latter in correctly representing the matters of management.
It is made up of 3 actual members, all independent, and of two substitutes, also independent.
Both the Directors and the Auditors hold their positions for three years and may be re-elected.

− SHAREHOLDERS MEETING, in charge of making resolutions in ordinary and extraordinary meetings on matters pertaining to it by Law or by Statute.

− AUDITING FIRM, whose activity of accounting review is carried out, as provided for by current legislation, by an Auditing Firm affiliated in the special register, for this purpose appointed during the Shareholders Meeting.

Structure of the Governance activities

The structure in place is based on the coexistence of the following elements:
- Organisational Model ex D.Lgs 231/01
- System of internal control

The Company in the month of February 2018 adopted the Modello di Organizzazione Gestione e Controllo (hereinafter called "MOG"), the Management & Control Model in accordance with legislative decree 231/2001 which represents the most significant legal implementation in the national legal system, implied for *company compliance*, in compliance with the regulatory requirements.
In compliance with the requirements of the MOG and on the basis for an accurate "risk mapping", the structural components of the Model have been defined, they are:

- the system of *corporate governance*;
- The system of commissions and proxies;
- The Protocols;
- The ethical Code;
- The requirements and the rules of operation of the Oversight Body

- The communication and training of personnel on the Model;
- The disciplinary system.

The System of internal control is the totality of the processes directed at monitoring the efficiency of the company operations, the reliability of the financial information, the compliance with the laws and regulations, as well as safeguarding the company's assets.
Principal components are:
- the company system of norms;
- the system of commissions and attribution of powers;
- the company Risk Assessment activities;
- the monitoring activities carried out by the business functions.

For that which concerns the Internal organisation, the general and administrative management is located in the Caserta facility with the main areas of:

- Sales & Marketing;
- Research & Development;
- Quality;
- *Operations;*
- Legal and Business Affairs;
- Administration, finance, control and Risk Management.

The distribution of internal powers and external representation are in complete accordance with what is defined by the law practices and by the correct business management thanks also to the application of the principle of segregation of duties. -

The above takes place through:

- An efficient system of commissions and proxies;
- A system of internal monitoring;
- Rules of conduct and Code of Ethics.

MARKET AND POSITIONING

The company operates mainly in the business of the construction of trains and specifically the market of reference is the Production of Rolling Stock, Maintenance, Assistance to Railway Carriers and Local Public Transportation.
The Italian market continues to benefit from investments in its railway system and in the urban transport network, with significant business opportunities for companies in the sector; the Ferrovie dello Stato group has presented an Industrial Plan 2019-23 of which the rolling stock component is approximately 12 billion for new trains and buses, 2 billion for underground transportation. The Ferrovie Nord Milano group has provided for investments, sustained by the Lombardy Region for an overall maximum amount of 1,607 billion Euro; the Minister of Infrastructure and Transportation has released funds in the amount of 2.35 billion Euro to finance 17 projects for the local public transport for the cities of Rome, Milan, Florence, Bologna, Turin, La Spezia and Bergamo: new underground lines, tram tracks, trolleybus and funds for the purchase of rolling stock.

Demand is mainly, though not solely, from public entities. Private operators for the transportation of passengers already operate on the European networks, especially in Germany, Italy and England, also in light of the deregulation of European passenger transportation guaranteed by the fourth railway package.

The graph below represents the global scenario of growth for the market of reference based on the UNIFE studies.

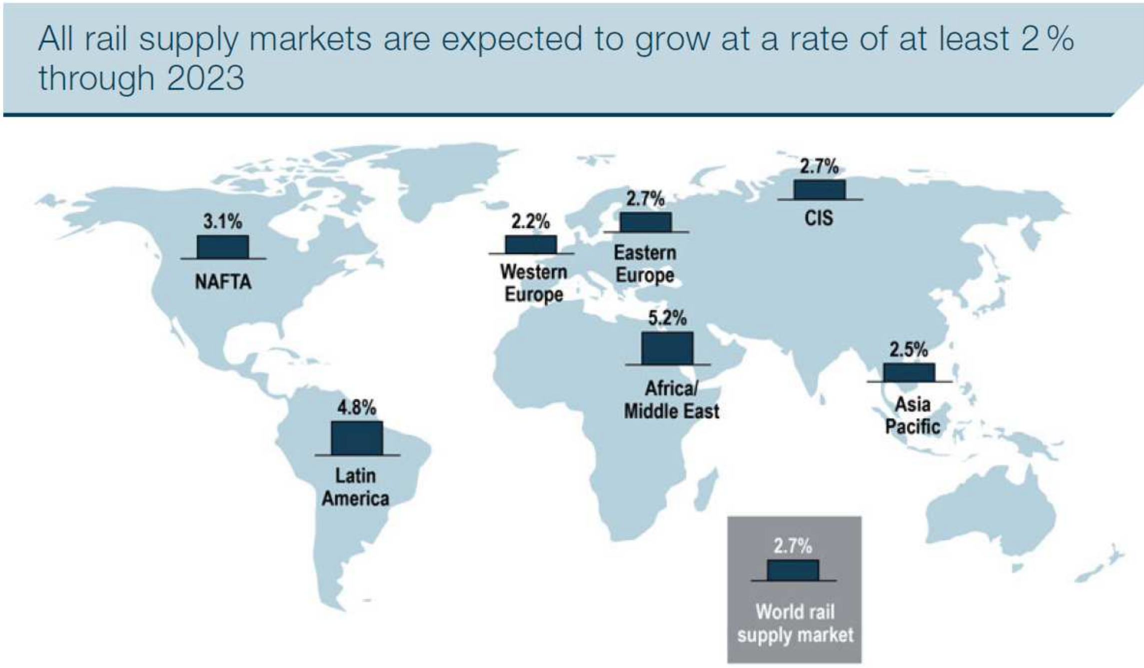


Figure 3: Future development of the total rail supply market per annum

The global railway vehicles market will be of approximately 60 billion Euro in 2023 according to the UNIFE study.

The current market scenario reflects the dependency of the producers of rolling stock on a limited number of customers who operate on local markets.

On the provisions of these elements, the strategy and the positioning of Titagarh from the point of view of is analysed:

- **Market**: is that of concentrating presence on the domestic markets of Italy and India where the Group operates, but at the same time the Company intends to approach international markets evaluating the individual opportunities, where possible taking advantage of the Titagarh product portfolio and capabilities to develop products that can adapt to the different service needs. Partnerships will be pursued to guarantee access to new markets or where a local partner is required.
- **Product**: is that of focusing on products on which it has consolidated *know how* and skills, developing variants thanks also to the use of new technologies. Particularly, in the *Mainline* segment area, the objective of the company is that of focusing on the EMU - Electric Multiple Units and passenger cars, while in the *Urban* segment, the objective is to concentrate activity on Underground and Tram.
- **Strategic partnership:** promoted with primary builders in sub-contracting to guarantee consistency in the production process with subsequent participation in the process of absorption of fixed business costs;

- **Full Service:** is developed to increase the market opportunities in maintenance services and replacement part supplies to the Titagarh fleet in service, on the stockpiles of what is already in process with the Udt contracts of Metrocatania and the Sepsa trains

In regards to the information highlighted above the start of an optimisation and transformation process is expected in the area of the “Industry 4.0” technologies, in support of specific investment projects.

The portfolio of orders at 31 March 2020 amounts to a total of approximately 333M€ as reported in paragraph “KEY PERFORMANCE INDICATORS (KPI)” highlighting an increase compared to the previous year and on the stockpiles reported above.

SIGNIFICANT EVENTS OCCURRED DURING THE YEAR

The principal variation which took place during the year ended 31 March 2020 are relative in particular to the following events:

- Repayment in the month of April 2019, of the intercompany loan stipulated with the partner TSPL on 27 February 2017, in the residual amount of 3.8M€ and its subsequent pay-off.
- The signing in the month of August 2019 of a new contract for the supply of EMU metro trains in India, in the city of PUNE. The contract, whose buyer is Maharashtra Metro Rail Corporation (MAHA-METRO) a company with 50:50 joint ownership with the Indian government and the Maharashtra government, was acquired through the joint offer by the Consortium made up of TWL and TFA, in the total value of 140M€ with the TFA restricted share amounting to 25M€.
- Appointment during the month of September 2019, in accordance with art. 24 of the Statute, of Mr. Luigi Corradi as CEO and Managing Director.
- Change in corporate structure in the month of November 2019 in favour of Titagarh Wagons Limited by Titagarh Singapore Limited, who acquires majority control of Titagarh Firema for 70.62% of the capital.
- Finalisation of the reimbursement request of the VAT credit for the tax period 2019 for 5M€.

  Temporary closure starting on 16 March 2020 of all plants and subsequent suspension of production activities following the development of the health emergency due to COVID-19 as provided for by the relevant Prime Ministerial Decree issued effective from 23 February 2020. For further details and for the analysis of the impact in terms of performance on the year 2019, subject of this financial statement, please refer to the “Principal Financial Data” paragraph and for this year, please refer to the “Expected Evolution of Management” paragraph.
- Accounting of the Tax Credit for investments in research and development activities pursuant to art. 3 of Legislative Decree 23 December 2015 n. 145, converted with amendments by Law 21 February 2014 n. 9, as amended by paragraph 35 of article 1 of Law 23 December 2014 n. 190 (Italian Stability Law 2015) and, subsequently, by paragraph 15 of art.1 of Law 11 December 2016 n. 232 (Italian Stability Law 2017); in the amount of 2M€.
- Completion at 31 March 2020 of the conversion activity of the Italian Accounting Principles (Ita Gaap) into international Ias/Ifrs accounting principles adopted by the

European Union; this choice was carried out in consideration of the need to align the accounting principles applied by TF to those used by the Parent company TWL, in addition to having better comparability with the other companies in the production of railway material. For further details, please refer to paragraph "Accounting Principles" of the Notes to the Financial Statement.

KEY PERFORMANCE INDICATORS (KPI)
TFA management assesses the economic-financial performance of the Company based on certain indicators, significant for the business of reference.
Here below is a description of those indicators and the relative components:

Orders acquired during the year: given by the total of contracts therein included the total value of the contracts (with and without exercised options), acquired during the year.

Orders portfolio: represents the value of orders from clients to be completed at the reference date, including those acquired in the year.

EBITDA or GROSS OPERATING MARGIN: is the result before taxes and before financial management and depreciation.

EBIT: is the result before taxes and before financial management.

Net Financial Debt (liquidity): is the current financial liabilities and not net of liquid assets for the same period.

Workforce: is the number of employees on the payroll on the last day of the reporting period. This includes temporary employees.

Direct hours on projects (DLH): is the number of hours of direct employees (workers and engineering employees) developed on the construction orders in the year considered.
The above described KPI are detailed below, as computed at 31 March 2020 and the comparison with the previous year, recomputing in accordance with the provisions based on the financial statement conversion at 31 March 2019 to the IAS-IFRS principles:

KPI (Euro)	31/03/2020	31/03/2019
Orders acquired in the year	55,936	229,642
Orders portfolio	333,273	312,554
EBITDA	968	458
EBIT	(1,456)	(1,525)
Net debt	60,433	41,032
Staff (units)	369	371
Direct hours on Projects (DLH)	300,747 Hours	344,754 Hours

Related to single KPI dynamics, the Company notes as follows:

- The orders acquired during the year are related mainly to:
    i. Design, supply of 3 metro trains (EMU) and sub-assemblies complete with carpentry for the client Maha Metro for 25M€;
- Supply of Udt Alfa 3 and relative execution of full-service services for the client EAV for 18M€.
- The variation compared to last year is relative mainly to the acquisition of the order for the Underground Metropolitana di Catania in February 2019.
- The EBITDA shows, even in the presence of a lower revenue compared to the previous year, on one side, a recovery compared to the previous year given mainly by the consolidation of the skills acquired in the production of the main contracts and, on the other side, a minor bearing of fixed costs following a policy of *saving* implemented by management.
- Net debt shows an increase in the amount of approximately €13M with Bank of Baroda, for a short-term line of credit for the purpose of financing the company's working capital.
- The production hours show a decrease compared to last year given mainly to the suspension of production activities following the temporary closure of the plant in March 2020 to contrast the national health emergency for COVID-19.

PRINCIPAL FINANCIAL DATA

The following tables sum up the Economic-Capital- Financial Results of the Company at 31 March 2020 and comparison with the corresponding period of the year before 31 March 2019. For further details regarding the variance in the individual entries, please refer to what is reported in the Notes to the Financial Statement.

Reclassified Income Statement

Values in €	**31.03.2020**	**31.03.2019**
Revenue from sales and services	36.399.867	55.565.960
Other operating income	2.691.082	396.759
Raw, subsidiary materials and consumables	(17.339.750)	(28.136.944)
Service costs	(7.869.676)	(11.238.968)
Personnel costs	(14.063.525)	(18.180.112)
Capitalised internal construction costs	1.150.217	2.051.347
EBITDA	**968.215**	**458.042**
Amortisation and depreciation	(2.424.711)	(1.982.697)
EBIT	**(1.456.496)**	**(1.524.655)**
Total income/(charges) from equity	**-**	**-**
Financial income	2.752	508.096
Financial charges	(2.268.973)	(1.866.737)
Total financial income/(charges)	**(2.266.221)**	**(1.358.641)**
Profit before taxes	**(3.722.717)**	**(2.883.296)**
Taxes	917.851	315.250
Net profit of the Company's current assets	**(2.804.866)**	**(2.568.046)**

Reclassified balance sheet

	31.03.2020		31.03.2019	
Values in €				
USES	**Euro**	**%**	**Euro**	**%**
Net trade receivables	12,138,525	17.80%	14,889,798	26.81%
Other short-term receivables	10,059,073	14.75%	8,610,846	15.50%
Inventory	45,998,239	67.45%	32,046,298	57.69%
Current Assets	**68,195,837**	**100.00%**	**55,546,942**	**100.00%**
Trade payables	16,720,670	64.58%	15,388,909	69.55%
Customer Advances	6,406,570	24.75%	1,131,280	5.11%
Other short-term payables	2,762,518	10.67%	5,606,719	25.34%
Current Liabilities	**25,889,758**	**100.00%**	**22,126,908**	**100.00%**
NET WORKING CAPITAL	**42,306,079**	**49.08%**	**33,420,034**	**48.02%**
Intangible assets	3,182,252	5.95%	2,622,807	4.87%
Tangible assets	45,589,144	85.24%	46,726,285	86.67%
Other assets	4,714,686	8.81%	4,562,441	8.46%
Non-Current Assets	**53,486,082**	**100.00%**	**53,911,533**	**100.00%**
Other short-term payables	4,025,000	41.92%	6,785,668	38.26%
Provision for Risks	5,575,574	58.08%	10,950,450	61.74%
Non-Current Liabilities	**9,600,574**	**100.00%**	**17,736,118**	**100.00%**
NET OPERATING CAPITAL	**43,885,508**	**50.92%**	**36,175,415**	**51.51%**
NET INVESTED CAPITAL	**86,191,587**	**100.00%**	**69,595,449**	**100.00%**
SOURCES				
Cash and Banks	(1,932,123)	(16.73%)	(11,488,529)	118.50%
Short-term bank debt	13,481,461	27.58%		(18.50%)
Short-term debt to other lenders			1,793,638	
SHORT-TERM CHARGES	**11,549,338**	**100.00%**	**(9,694,891)**	**100.00%**
Medium/long-term debt to banks and other lenders	48,883,387	100.00%	50,726,612	100.00%
MEDIUM/LONG-TERM CHARGES	**48,883,387**	**100.00%**	**50,726,612**	**100.00%**
TOTAL EXTERNAL CHARGES	**60,432,725**	**100.00%**	**41,031,721**	**100.00%**
Share capital and reserves	28,563,728	110.89%	31,131,775	108.99%
Profit (Loss) of the fiscal year	(2,804,866)	(10.89%)	(2,568,046)	(8.99%)
NET EQUITY	**25,758,862**	**100.00%**	**28,563,728**	**100.00%**
INTERNAL SOURCES	**25,758,862**	**29.89%**	**28,563,728**	**41.04%**
TOTAL	**86,191,587**	**100.00%**	**69,595,449**	**100.00%**

The economic *performance* was affected mainly by the effects generated by the global Covid -19 pandemic taking place in the month of March 2020, period in which our business was closed.
Specifically:

- because of measures adopted by the government, we were forced to close our production facilities with relative reduction of direct production hours starting from 16 March to 20 April 2020, with fewer hours just in March amounting to 31,864;
- activation of the cassa integrazione ordinaria redundancy fund from 16 March 2020 and extended until 20 June 2020 for all employees and the implementing of smart working for indirect workers.
- A solidarity contract is currently ongoing pursuant to Legislative Decree 148/2015 until 1 September 2020 for the Caserta and Tito sites with an average weekly reduction of the work hours of approximately 60%.
- The combined effect of the situations described in the previous points has influenced the company's results as follows: a) income for March 2020 was 40% lower compared to that planned with a reduction of the income itself, for the month of March alone by approximately €3M and approximately 28% lower compared to the same period in 2019 by approximately €3M; b) the fewer direct production hours following the closing of the plant have generated a loss for the month of March alone in the amount of 877 thousand Euro because of the non-absorption of the fixed costs by workers. Additionally, the Net Financial Position was subsequently impacted negatively, with the effect of having to resort to greater financing.

RISKS AND UNCERTAINTIES

<u>OPERATING</u>
Company activities imply taking risks which, if not properly managed, lead to economic and capital losses and/or damage to the Company or third parties.
Risk of losses or damages can arise from both accidental, endogenous events, and exogenous. Where appropriate, suitable risk management policies and specific insurance coverage minimise the consequences of that damage.
In the context of operational risks, in addition to the critical issues caused by the external supply chain, which has been widely detailed above, it seems appropriate to mention the IT systems that support the company's operations, in particular regarding the technical, commercial and administrative aspects. In order to limit the risk of an interruption to activities due to malfunctioning systems, the Company has given itself hardware architecture and software in a high reliability configuration for those applications supporting critical activities.
As noted, beginning in the month of January 2020, the national and international scenario was influenced in an increasing measure by the spread of the Coronavirus. In Italy, just as in the rest of the world, in fact, we have witnessed an increasing emission of restrictive measures by public authorities to facilitate its containment. These measures became restrictions just as much in the scope of the private life of citizens, with limitations in their movements justified by proven need, unable to be postponed, as in the scope of production activities, with the closing of all public and private activities with the exception of those considered essential.
These circumstances, extraordinary by nature and extension, have obviously had repercussions, which are both direct and indirect, on the economic activity and which have created a context of

general uncertainty, whose relative evolutions and effects are not currently foreseeable. In particular, the economic performance was affected mainly by the effects generated by this event in the month of March 2020, period in which our business was closed. For an in-depth look at the actions implemented by the directors to face this concern, we refer you to the paragraph "Principal Financial Data" of the management report.

MARKET

The Company operates in a global market of reference, which is exposed to risk from changes in the macroeconomic and geopolitical framework and which represents the most significant opportunities in the rising countries and at a higher risk of development. Additionally, the market is characterised by an increase in volatility in the acquisition of the orders also due to the expansion of the size and of the purpose of the work of the projects and, in particular, in the business of reference even by an increasing and decisive trend toward standardisation of the products and of the technological solutions. An increase in competition is the result with the tendency to reducing prices and to consolidating the market, even in the presence of moderate market growth in the medium term.

CREDIT

The Company shows no signs of significant critical issues in credit recovery attributable to the country/client risk. For the record the main clients are represented by public contracting authorities or branches of public institutions concentrated over the Italian area. The nature of the contracting authority if in one case constitutes a guarantee of solvency for the client, in some case it extends collection periods compared to the usual terms of other businesses, generating overdue payments and the consequent necessity for disposal. To be precise, in fact, the receivables related to the principle clients have been, during the fiscal year, object of factoring.

LIQUIDITY

The liquidity risk is linked to the possibility of the Company finding itself having difficulty in coping with financial obligations, which derive from contractual commitments and, more generally, from its liabilities. Therefore, the Company constantly monitors effective and perspective Cash-Flow movements to keep significant time periods continuously visible. Corrective actions, such as use of external financing sources (e.g. advances through factoring), are planned and implemented for effective financial needs. The development of the income forecast in the Company's Strategic Plan could lead to the need to search for additional financial sources in order to deal, in the short term, with the growth of working capital, the Company may also find itself in need of having to review its own financial structure.

The following table summarises the subdivision by due date of payables and other financial liabilities at 31 March 2020:

At 31 March 2020

(In Euro)	**Within 1 year**	**From 1 to 3 years**	**Beyond 3 years**	**Total**
Non-current financial liabilities	-	27,526,661	25,143,067	52,669,728
Current financial liabilities	13,481,461	-	-	13,481,461
Trade payables and other liabilities	19,805,188	-	-	19,805,188
Total	**33,286,649**	**27,526,661**	**25,143,067**	**85,956,377**

EXCHANGE

The exchange risk is a type of market risk based on possible variations to the exchange risk between two currencies leading to a loss of purchasing power of the currency held and resulting loss in the value of receivables. That risk is essentially limited to credit and debt items of the Norwegian branch TFA NUF and, in virtue of the modest fluctuation of the Euro/NOK exchange rate, does not have a significant impact on the Company's financial statements.

Currency		**Exchange rate at 31.3.2020**
Norwegian krone	NOK	11.51

INTEREST RATES

The financing underwritten with Bank of Baroda is characterised by an interest rate equal to Euribor 6 months in addition to a spread of 2.65%. Currently the market rate is negative, therefore, zero value. Also, the Company attests it does not implement hedging instruments with rate fluctuations.

Sensitivity analysis relative to the interest rate risk

The measurement of the Company's exposure to the interest rate risk was carried out though a sensitivity analysis which considered current and non-current financial liabilities. In the scope of the assumptions made, the possible main effects on the Income Statement and Net Equity of the Company were evaluated for the year 2019 from an assumption of the variation of market rates which respectively discount an increase and decrease in value by 50bps. The calculation method applied the variation assumption to the actual balance of the gross bank debt and to the interest rate paid during the year to pay for these variable rate liabilities. This analysis is based on the assumption of a general and instant variation of the level of interest rate of reference.

The following table summarises the results of the analysis carried out.

(In thousands of Euro)	**Impact on revenue net of the tax effect**		**Impact on the Net Equity net of the tax effect**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended at 31 March 2020	- 311.824	+ 311.824	- 311.824	+ 311.824

QUALITY AND ENVIRONMENT

The Company has an integrated management system according to ISO standards:

ISO 9001:2015
ISO 14001:2015
OHSAS 18001:2007

The legislation applicable to the production site and the relative activities is Law Decree 81/2008 and subsequent.
The integrated, quality, security and environmental policy aims to guarantee the following environmental objectives:

- Periodically analyse the environmental aspects connected to the activities carried out, evaluating the related impact considering the context of the ecosystem and of the requests from the *stakeholders*;
- Improve the environmental performance through the involvement and the accountability of the personnel and favouring suppliers able to ensure services which comply with the integrated management system;
- Communicate the principles of environmental sustainability to suppliers, to clients;
- Promote behaviours aimed at reducing energy consumption, decrease emissions in the atmosphere and gases harmful to the ozone layer and with greenhouse effect, to the correct disposal of waste promoting recycling, control of water discharges and water supply.

WATER RESOURCES MANAGEMENT

The management of the water resources is strictly related to the typical activity of the Company.
In relation to the above mentioned, the frequency of analysis is every six months and in conformity of the parameters provided for by table 3 of Law Decree. 152/2006 for surface water bodies.
Inside the production site, the water resource is mostly used for sanitary purposes while in the production process only for washing activity in case of jobs of *revamping* and for carrying out the rain test process of the railways produced.
The discharges from the drainage network go through the purification system found in the eastern area of the site before being put into the public drainage system.
The system calls for a rough pre-treatment, a primary chemical-physical treatment and finally a secondary biological treatment with active sludge.

ENERGY CONSUMPTION, CO2 EMISSIONS

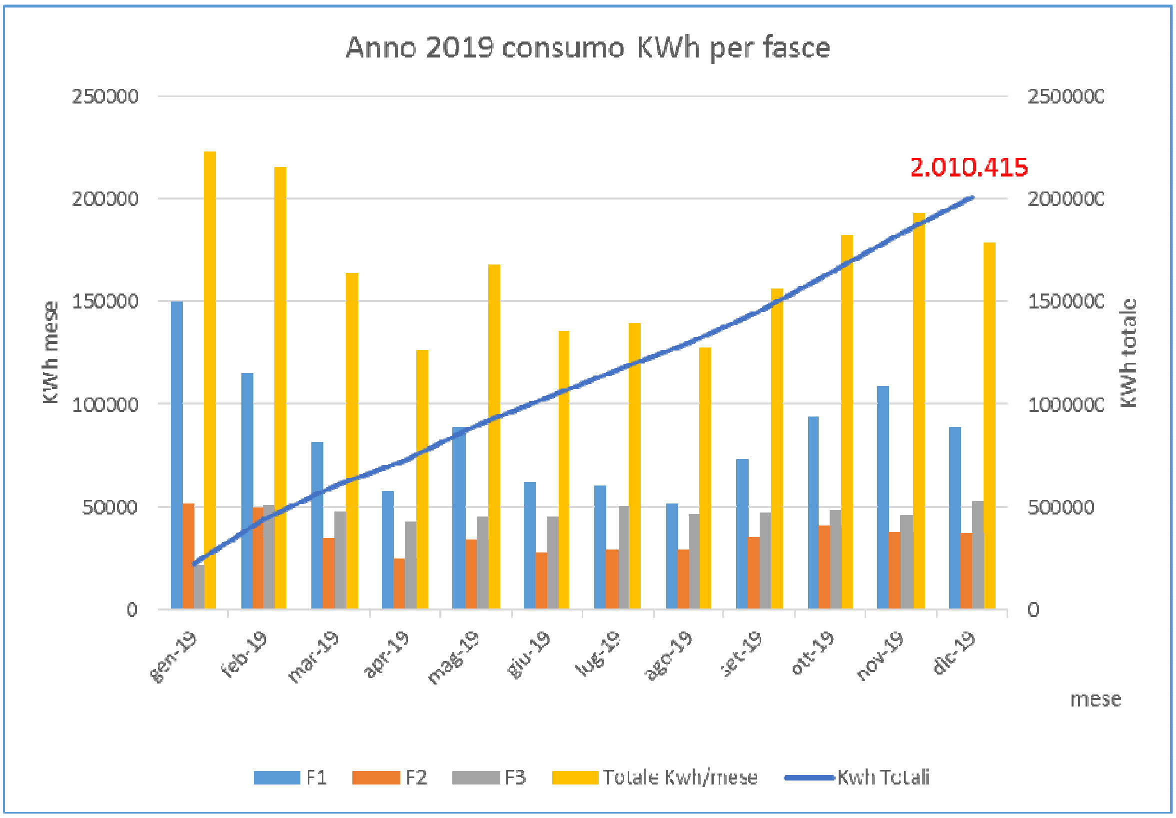
Electricity is mainly used to power general systems, industrial equipment, rolling tests. Natural gas is used to heat work environments and in lesser measure for painting processes.
Diesel fuel is used for powering means of transport and external manoeuvres of the traction units produced and for employee (car) travel.

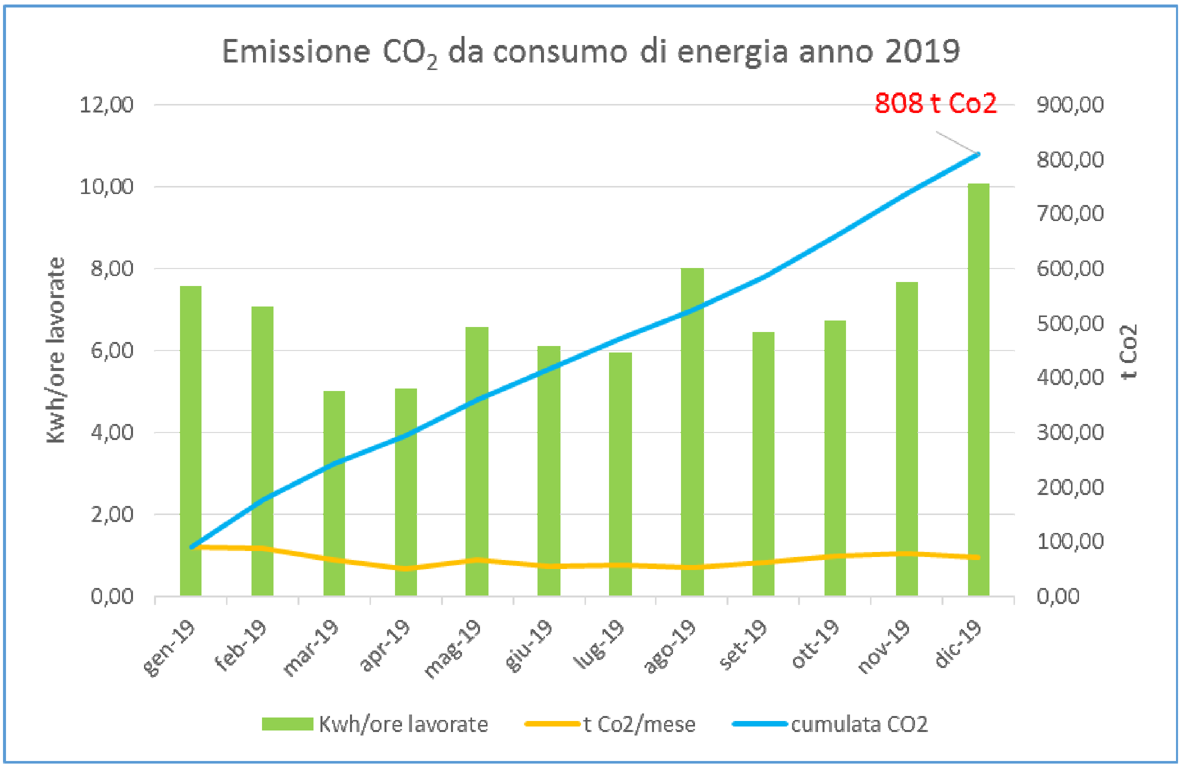
In the graphs which follow, the energy consumption trends and CO2 emissions for 2019 are reported.

Additionally, for the employee travel with the company cars, the emissions produced have been estimated.

The fuel consumption estimate for the emissions are those stated by the manufacturers and represent the car park of the cars available to the company in 2019. From the values of the kilometres travelled, the emitted CO2 value has been estimated considering the data provided by the manufacturers.

The emissions estimates for the consumption of natural gas begin with the operating values of each individual emission point.





OTHER EMISSIONS IN THE ATMOSPHERE

Titagarh Firema S.p.A. has also analysed the emissions represented by the volatile organic compounds (VOC) from the surface treatment departments of the vehicles. In particular, how the channelled concentrations of VOC in the emissions and the quantity of the emissions diffused are below the limits of the Law have been verified.

In the following tables, the quantities used of the substances and preparations useful to the painting and welding production process are reported and the % of VOC emitted are extracted from the safety data sheets.

The company policy on the subject is steered towards a progressive reduction of the emissions, resulting from:

- Research of painting and degreasing products with a reduced environmental impact (favouring, where possible, water-based painting cycles);
- Qualifying process;
- Self-monitoring of the production process.

PRODUCTION AND MANAGEMENT OF SPECIAL WASTE

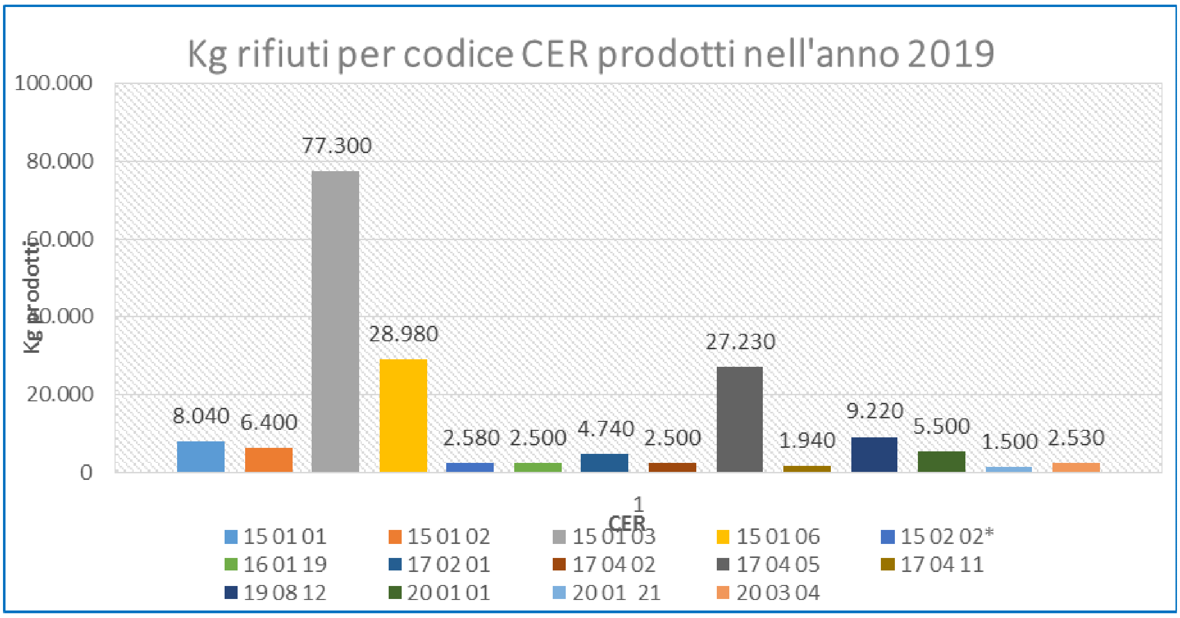
Non-hazardous special waste is constituted mainly from:

- Metal wastage and scraps;
- Packaging material (plastic, wood and mixed materials);
- Cables and waste insulating materials.

Hazardous special waste is constituted mainly from:

- Deriving from the cleaning activities of the painting cabins;
- Oil-like emulsion,
- Solvents;
- Packaging contaminated by hazardous substance residue.

The landfill conferment for the disposal and/or recycling is entrusted to authorised companies.
In the following illustration, the data for the waste produced in 2019 by EWC code.



EMPLOYMENT STATUS

Here below the workforce data at 31 March 2020 compared to the same period of the previous fiscal year:

Organico (N° Unità)	CATEGORIA	CASERTA	TITO	SAVONA	CANTIERI	TOTALE
Organico al 31/03/2019	*Operai*	227	53	0	9	289
	Impiegati	58	5	0	1	64
	Quadri	10	0	0	0	10
	Dirigenti	8	0	0	0	8
	Totale	**303**	**58**	**0**	**10**	**371**
Incrementi/Decrementi dell'esercizio	*Operai*	(10)	0	0	(5)	(15)
	Impiegati	(1)	0	7	(1)	5
	Quadri	(3)	0	5	0	2
	Dirigenti	3	0	3	0	6
	Totale	**(11)**	**0**	**15**	**(6)**	**(2)**
Organico al 31/03/2020	*Operai*	217	53	0	4	274
	Impiegati	57	4	7	0	68
	Quadri	7	1	5	0	13
	Dirigenti	11	0	3	0	14
	Totale	**292**	**58**	**15**	**4**	**369**

The average workforce during the current year is not affected by substantial variations compared to 2019. Below, we report the following information regarding Human Resources:

COMPOSITION OF THE WORKFORCE 2019

Composition	Executives	Middle managers	Office employees	Blue collar
Men (number)	11	10	55	270
Women (number)	3	3	13	4
Average Age	50	51	45	51
Workplace seniority (average)	2	14	13	23
Permanent contract	13	13	61	274
Fixed-term contract	1	0	7	0
Education Level: Degree	12	8	22	0
Education Level: Diploma	2	6	46	97
Education Level: Middle School Certificate	0	0	0	176

COMPOSITION OF THE TURNOVER 2019

TURNOVER	01/04/2019	Assunzioni/ Passaggi di qualifica	Dimissioni, Pensionamenti e Cessazioni	31/03/2020
Contratto a tempo indeterminato				
Dirigenti	7	7	1	13
Quadri	9	5	1	13
Impiegati	54	13	6	61
Operai	275	9	10	274
Altri				
Contratto a tempo determinato				
Dirigenti	1	0	0	1
Quadri	1	1	2	0
Impiegati	10	7	10	7
Operai	14	0	14	0
Altri				

DATA RELATIVE TO HEALTH/SECURITY IN 2019

Data in hours

Health and Safety	Sick leave	Injury	Maternity
Permanent contract	19,859	1,230	40
Fixed-term contract	1,189	396	-

DATA RELATIVE TO TRAINING IN 2019

Data in hours

Training	Executives	Middle managers	Office employees	Blue collar
Permanent contract	-	40	340	3,872
Fixed-term contract	-	16	-	292

INVESTMENTS AND R&D

The Company has developed new technological platforms which will be used over the coming years on various orders.
The TFA technological platforms concern platforms for the development of vehicles and systems, particularly in a metropolitan scope, object of the document, with particular attention to the improvement of the production flow, of the quality, the comfort and the fulfilment of the needs of the passengers.
The main interest points are reported below.

a) New innovative components for electric traction
b) Integration of design and development processes in view of Life Cycle Management:

1. Design of the body structure
2. Design with "integrated" logic of the systems (mechanical and electric) and of the furnishings of the vehicle
3. Bicycle carrier and luggage systems
4. Passenger counting system
5. Wi-Fi connectivity system.

TRANSACTIONS WITH RELATED PARTIES

Related parties means those which share the same Parent company with the Company, companies which directly or indirectly control it, are controlled by it, or are subject to joint control by the Company. Regarding the operation achieved with related parties, it is confirmed that these took place in the formal and substantial respect of the market condition and were finalised solely to achieving the strategic and commercial objectives of the Company.

For details refer to the specific paragraph in the Notes to the Financial Statement.

ATYPICAL AND/OR UNUSUAL OPERATIONS

During the fiscal year atypical and/or unusual operations have not been carried out.

TREASURY SHARES

The Company does not hold, directly or indirectly, treasury shares.
The Company, moreover, has not purchased or transferred, directly or indirectly, treasury shares.

REPORT ON MANAGEMENT AND COORDINATION ACTIVITY

The Company is not subject to any management and coordination activity.

EVENTS AFTER THE YEAR ENDED

On the date of preparation of these financial statements, we report below the most significant subsequent events, underlining nonetheless that they do not lead to significant equity and financial effects:

- The Company continues to use the Cassa Integrazione Guadagni Ordinaria redundancy fund with a reduction in the work hours as provided for by the applicable law;
- Following the devastating COVID-19 pandemic, on 26 April, a new Prime Ministerial Decree by the Italian Central Government was issued, launching the so-called “PHASE-2” which calls for a gradual and careful decrease in the restrictions in effect until now in an attempt to re-start several areas of the economy.
- The Company, in response to the aforementioned has launched and implemented measures of internal safety, by carrying out a regulatory protocol of the measures to contrast and contain the spread of Covid-19 in work environments starting on 16 March 2020, both for internal and external subjects of the company, for the purpose of respecting the safety of their resources.

BUSINESS OUTLOOK

The year 2020 expects improvements in terms of profitability compared to the previous year thanks above all to the arrival of new orders for production and a general increase of competition in hourly costs due to the significant increase of workloads and of measures undertaken for the company’s efficiency both in terms of implementation of new business processes, saving policies adopted by management, reorganisation of various departments among which engineering where a new local unit in the city of Savona was built.

The development of the orders in place and the product concept work on the opportunities being followed allow for continuous updating of the product portfolio to maintain high levels of competition and responsiveness to the needs of the market which is in continuous evolution including the updating of the latest regulatory standards.

Also, the development of the project for a new intercity passenger car, also using government financing to reduce the use of business capital, will make it possible to enter into a new market area. In the future, for the high power electric component, investments for the development of traction converters will be preferred while for the electric motors specialised businesses will be contacted.

Following the awarding of the Pune Metro project and in continuity with the strategy defined over recent years, all similar product opportunities on the Indian market will be pursued to maintain and consolidate the market share. The opportunity of launching a new tram in India is being evaluated by using a product platform already established on the European market.

REPORT BY THE BOARD OF DIRECTORS AND RECOMMENDATIONS TO THE SHAREHOLDERS

Dear Shareholders:

During the passed year, the Company has seen substantial changes to its organisational structure, new Managers have reached the company completing a vast reorganisation operation whose objective was the reshaping of the entire value chain for the purpose of launching the company towards a journey of development and growth. The economic *performance* was also affected by the effects generated by Covid which took place during March 2020, last month of activity for the

2020 fiscal year. Because of measures adopted by the government , we were forced to close our production facilities with relative reduction of direct production hours starting from 16 March to 20 April 2020. This situation has generated a postponement in the activities with subsequent delayed delivery of several products which have therefore remained on the production lines. The Company has launched all the necessary procedures provided by the extraordinary regulations adopted by the Government. The situation originated by Covid has not generated cancellations, reductions of orders, but, the Company has only had to record a postponement of activities. Some invitations to tender have been postponed by a few months, but also in this case there is no evidence of potential reductions in market demand. The company has arranged for a well-structured Strategic Plan which has included the effects generated on the market by the pandemic confirming the growth trend over the next five years which will allow the Company to find new production levels, and efficiency and can then be transferred into structured elements of competition.

The year 2020 already expects improvements in terms of profitability compared to the previous year thanks above all to the start of production of new orders and to a general increase in the productivity of hourly costs which have already benefited from the review of several business processes and of the review policies for operating costs. The situation described is accompanied by an order portfolio which places the company, for 2021, in a situation of significant coverage of the assumed revenue forecasts. The comprehensive value of the orders portfolio is in the amount of Euro 157 million.

The main activities which took place during the year concern:

- The technical consolidation of the TAF order with subsequent increase of the reliability parameters and an acknowledged appreciation from the Customer;
- The launch of the Catania order (54 trains for the Circumetnea railway line). The design phase is in the advanced stage and the production has started in compliance with the contractual schedule.
- In August, following the awarding of the Indian order for the Pune underground, planning and design activities have been launched and we are beginning the building of the first carriage body in carpentry
- The delivery of the T21 project has begun, improving the delivery time thanks to having obtained approval for the put in service;
- An important milestone was the re-start of collaborations with important local players.

The year 2020 has also marked the passage to international accounting principles which will make it possible to better compare the principal indicators of the company with those of other international operators.
For what concerns the results of the financial statements presented for your approval, the Company has revenues in the amount of Euro 36 million compared to the Euro 55 million of last year. The decreased revenue is relative to the completion of the Sepsa and Mcne orders in the amount of approximately Euro 13 million, the Oslo order in the amount of approximately Euro 4 million as well as the Covid effect as reported in paragraph “Principal financial indicators”. In this area, it must also be emphasized that the Company is in a ramp-up phase, as specified above, this

means that some projects will show the execution in terms of revenue in the next year. In terms of profitability, the Company has recovered in efficiency and containment of fixed structural costs, as well as the profitability review of the T21 revamping order and later, the completion of the new Sepsa order which too place during the March 2020; the combined result of these events has determined a negative impact on the income statement in the amount of approximately Euro 1.3 million.

The adjustments of the prospective results of several projects dating back in time, which during 2021 will definitely be closed still and ultimately weigh on the 2020 results. The gradual EBITDA progression must nonetheless be highlighted during the last few years, going from 1% last year to 2.5% this year. From a financial point of view, the company has closed the year with a net financial position in the amount of Euro 60 million, almost entirely financed by Baroda Bank. During 2021, the Company will have to look for new availabilities that will allow it to sustain the scheduled growth.

The Financial Statement which is submitted for your approval show a loss of € 2,804,866.

In this regard, we propose covering such total loss by using the following existing and available reserves, for € 6,801,897:

- use "capital reserve from conversion towards controlling shareholder" € 2,804,866.

Caserta, 30 June 2020

The Chairman of the Board of Directors

Firmato da:
CHOWDHARY UMESH
Motivo:

Data: 14/07/2020 17:56:05

Chief Executive Officer and Managing Director

Firmato digitalmente da:
CORRADI LUIGI
Firmato il 14/07/2020 17:50
Seriale Certificato: 18500853
Valido dal 26/05/2020 al 26/05/2023
InfoCert Firma Qualificata 2

FINANCIAL STATEMENTS AT 31 MARCH 2020

Statement of Assets and Liabilities

ASSETS	NOTES	31/03/2020	31/03/2019
Non-current assets			
Tangible assets	1	45,589,144	46,726,285
Intangible assets	2	3,182,252	2,622,807
Other non-current assets	3	199,237	204,174
Advanced taxes	4	4,515,449	4,358,267
Total non-current assets		**53,486,082**	**53,911,532**
Current assets			
Inventory	5	24,882,135	21,529,814
Work in progress for orders in hand	6	21,116,105	10,516,483
Trade receivables and similar	7	11,939,288	14,889,799
Tax credits	8	4,320,214	2,423,804
Other receivables and current assets	9	5,938,096	6,187,042
Cash and cash equivalents	10	1,932,123	11,488,529
Total current assets		**70,127,961**	**67,035,472**
Total assets		**123,614,043**	**120,947,004**

Statement of Assets and Liabilities

NET ASSETS AND LIABILITIES	NOTES	31/03/2020	31/03/2019
Net Equity			
Share capital	11	10,000,000	10,000,000
Other reserves	11	18,563,728	21,131,775
Profit (loss) for the year	11	(2,804,866)	(2,568,046)
Total net assets		**25,758,863**	**28,563,728**
Non-current liabilities			
Financial liabilities	12	48,883,387	50,726,612
Provision for risks and charges	13	5,575,574	10,950,450
Other non-current liabilities	14		2,000,000
Deferred tax liabilities	15	4,025,000	4,785,668
Total non-current liabilities		**58,483,961**	**68,462,730**
Current liabilities			
Trade payables	16	16,720,670	15,388,909
Customer advances	17	6,406,570	1,131,280
Tax payables	18	327,215	781,200
Financial liabilities	12	13,481,461	1,793,638
Other current liabilities	19	2,435,303	4,825,518
Total current liabilities		**39,371,219**	**23,920,545**
Total net assets and liabilities		**123,614,043**	**120,947,004**

INCOME STATEMENT

INCOME STATEMENT	NOTES	31/03/2020	31/03/2019
Revenues	20	36,399,867	55,565,960
Other revenues	21	2,691,082	396,759
Total positive income components		**39,090,949**	**55,962,719**
Raw materials and merchandise costs	22	(17,339,750)	(28,136,944)
Personnel costs	23	(14,063,525)	(18,180,112)
Service costs	24	(7,063,033)	(9,207,710)
Capitalised internal construction costs	25	1,150,217	2,051,347
Other operating costs	26	(806,643)	(2,031,258)
Amortisation and depreciation	27	(2,424,711)	(1,982,697)
Operating profit		**(1,456,495)**	**(1,524,655)**
Financial charges	28	(2,268,973)	(1,866,737)
Financial income	28	2,752	508,096
Profit before taxes		**(3,722,716)**	**(2,883,297)**
Taxes	29	917,851	315,250
Profit for the year		**(2,804,866)**	**(2,568,046)**

COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT	31/03/2020
Profit (loss) for the year (A)	(2.804.866)
a) Other income components that will not be subsequently reclassified to the income statement:	
- Defined-benefit plans	
- tax effect on defined benefit plans	
- financial assets at fair value with impact on comprehensive income	
- tax effect on financial assets measured at fair value with impact on comprehensive income	
total other income components that will not be subsequently reclassified to the income statement	
b) Other income components that will be subsequently reclassified to the income statement:	
Items not reclassified to profit and loss	
- change in translation reserve	
- cash flow hedge	
total other income components that will be subsequently reclassified to the income statement	
total other income components, net of tax effect (B)	
Total net profit (A) + (B)	**(2.804.866)**

PROPOSAL OF VARIATIONS OF NET EQUITY STATEMENT

(In Euro)	Share Capital	First time Adoption	Legal Reserve	Other reservers	Profit(Loss) of the prior years	Profit(Loss) of the	Net Equity
As of 1 aprile 2018	**10.000.000**	**11.505.196**	**256.636**	**15.000.000**	**4.876.085**	**(10.506.142)**	**31.131.775**
Coverage of the results of the prior years			-	5.630.057	4.876.085	10.506.142	
Dividends							
Other variation							
Profit(Loss) of the period						2.568.046	
As of 31 March 2019	**10.000.000**	**11.505.196**	**256.636**	**9.369.943**	**- -**	**2.568.046**	**28.563.729**
Coverage of the results of the prior years			-	2.568.046		2.568.046	
Dividends							
Other variation							
Profit(Loss) of the period						2.804.866	
As 31 March 2020	**10.000.000**	**11.505.196**	**256.636**			**(2.804.866)**	**25.758.863**

CASH FLOW STATEMENT

(In Euro)	31/03/2020	31/03/2019
Result before taxes	(3,722,716)	(2,883,296)
Adjustment for:	-	-
Depreciation and amortisation	(2,424,711)	(1,982,697)
Financial (income)/charges	(2,266,221)	(1,358,641)
(Income)/charges from investments	-	-
Provision for risk funds	-	-
Cash flow before nwc variation	**(8,413,648)**	**(6,224,635)**
Variation on inventory	(13,951,942)	5,607,817
Variation on trade receivable	2,950,510	(1,318,204)
Variation on trade payables	1,331,761	(4,237,894)
Variation on other assets and liabilities	(1,314,182)	7,355,195
Use of provision for risks and charges and provision for personnel	(5,369,939)	(8,623,743)
Taxes paid	-	-
Other variations	2,364,029	1,673,891
Cash flow after net working capital adjustments	(22,403,411)	(5,767,573)
Net investments/disinvestments in tangible assets and other transactions	3,561,852	3,370,325
Net investments/disinvestments in intangible assets and other transactions	(559,446)	(1,972,371)
Net investments/disinvestments in right of use assets	-	-
Investments/disinvestments in Equity	-	-
Dividends received	-	-
Share capital increase	-	-
Other variations on net equity	-	-
Investment cash flow	3,002,406	1,397,955
Long-term financing	-	-
Increases/(decreases) of bank liability	(1,843,225)	45,535,160
Increases/(decreases) of current financial assets and liabilities	11,687,823	(34,183,675)
Net repayment of leasing liabilities	-	-
Dividends paid	-	-
Interest paid	-	-
Financial cash flow	**9,844,598**	**11,351,485**
Total cash flow for the period	**(9,556,407)**	**6,981,867**
Starting balance of cash and cash equivalents	**11,488,529**	**4,506,662**
Total variation on cash and cash equivalents	(9,556,407)	6,981,867
Ending balance of cash and cash equivalents	**1,932,123**	**11,488,529**

NOTES TO THE FINANCIAL STATEMENTS.

BASIS OF PREPARATION

The financial statements plan for the year ended March 31, 2020, submitted for your examination and approval, it shows a negative result for the year of EUR 2,804,866, at net of current and deferred taxes amounting to EUR 917,851 and amortisation of EUR 2,424,711.

This section reports a description of the most relevant accounting principles adopted for the arrangement of the present project for the financial statement at 31 March 2020. These principles have been applied in a consistent manner for all the years presented, unless otherwise specified.

Specifically, this Financial Statement at 31 March 2020 represents the first financial statement of the Company prepared in accordance with the International Accounting Principles since, previously, the Company prepared its financial statement in accordance with the applicable regulations in Italy and the accounting principles issued by the Consiglio Nazionale dei Dottori Commercialisti and by the Esperti Contabili (the Association of Chartered Accountants), modified by the Organismo Italiano di Contabilità (the Italian Accounting Body) (the "Italian Accounting Principles"). Carrying out a transition process from such accounting principles to EU-IFRS became necessary in accordance with that which is regulated by IFRS 1 - First Adoption of the International Financial Reporting Standards; for this purpose the transition date to EU-IFRS was identified as 1 April 2018 ("Date of Transition"). For further details regarding the effects of the application of these accounting principles, please refer to the Appendix below in the Notes to the Financial Statement, in the paragraph "Transition of the financial statement to the international accounting principles IAS/IFRS".

The financial statement was prepared in accordance with the EU-IFRS. EU-IFRS means all "International Financial Reporting Standards" ("IFRS"), all "International Accounting Standards" ("IAS"), all interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC"), previously called "Standards Interpretations Committee" ("SIC") that, at the approval date of the Financial Statement, were approved by the European Union according to the procedure provided for by Regulation (EC) n. 1606/2002 by the European Parliament and by the European Council of 19 July 2002.

The financial statement was also arranged:

- on the basis of the best knowledge of the EU-IFRS and in consideration of the best doctrine on the matter; possible future interpretive orientation and updates will be reflected in subsequent years, according to the procedures expected each time by the accounting principles of reference;
- in the perspective of business continuity, since the administrators have verified the non-existence of indicators of a financial, managerial or other nature which could indicate criticality regarding the capacity of the company in dealing with its obligations in the foreseeable future and particularly in the next 12 months.

GOING CONCERN

In the year ended March 31, 2020, the Company reported a loss of 2.8 million euros, and a net equity of 25.8 million euros and has significant bank debt of 62.4 million euros. Euros, of which 48.9 million Euros falling due over 12 months. In particular, the financial debt at March 31, 2020 is all towards the bank of Bank of Baroda and is structured in the form of medium-long term financing for around 50 million euros and for the residual part (12.4 million Euros) in the form of a short-term credit line. The aforementioned loan agreement has a pre-amortization period of 39 months and will enter into amortization of capital in September 2021 for an amount equal to Euro 3.5 million, on a quarterly rate. During the closing ended March 31, 2020, the Company recorded an important cash absorption, equal to approximately 9.6 million Euros with current assets exceeding current liabilities by approximately 30.8 million Euros. The Management has prepared a Budget / Plan 2021-2025 (the "Budget / Plan"), approved by the Board of Directors on June 30, 2020 which show a substantial financial balance of the Company, also considering the effects deriving from Covid-19. The 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 (period 1/04/2020 - 31/03/2021), an important growth plan in terms of turnover volumes, which will entail a significant cash absorption originating from the start of the new orders including Ferrovie Circumetena whose contract does not provide for the advance payment. This absorption has been estimated at around 19.8 million Euros. In order to meet a financial need, users have carried out a series of initiatives, which are as under:

- the use of the short-term credit line (so-called "Facility C") in place with Bank of Baroda, as per the contract stipulated in the data of 27 March 2019;

- new agreement of factoring with recourse, as per the contract stipulated with Unicredit / MCC on 11 June 2020, for approximately 3 million Euros;

- a new short loan agreement, for which negotiations are currently underway with a primary banking institution, for around € 2.5 million;

- release of a security deposit in place with the Trenitalia customer against which all procedures for the release have been initiated, for approximately 5 million Euros;

- release of cash through optimisation of current asset levels achieved due to higher targeted invoicing during the fiscal year 2021;

- further actions must be sought within the measures introduced by the recent Liquidity Decree as well as by other sources of financing of a self-liquidating nature.

The Board of Directors have a reasonable expectation that Titagarh Firema SpA can be equipped with adequate and financial resources to continue its ordinary operations and to meet its obligations for the past few months on condition that they implement the aforementioned actions. These financial statements at 31 March 2020 have been prepared on the assumption of business continuity, for the reasons outlined above, which are based on the implementation of the 2020/2021 financial statements and on the short-term implementation of the actions listed above.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The Financial statement was prepared in Euro, which represents the currency of the main economic environment in which the Company operates. All of the amounts included in this document are presented in Euro, except where specified otherwise.

Below the financial statement plans and relative classification criteria adopted by the Company, in the area of the options provided for by IAS 1 "Presentation of the financial statement":

- *the financial position statement* was prepared by classifying the assets and liabilities according to the "current/non-current" criteria;

- *the income statement*- whose plan follows a classification of the costs and earnings based on their nature - shows the economic result, integrated by those that, by specific instruction from the EU-IFRS, are recognised directly in net equity, different from those relative to operations implemented with the shareholders of the Company;

- *the comprehensive income statement,* although its result is zero for the Company;

- *the cash flow statement* was prepared by presenting the cash flow from the operating assets according to the "indirect method";

- *the variations of net equity statement.*

The plans used are those which best represent the Company's economic and financial statement.
Distinction of assets and liabilities between current and non-current
The Company classified an asset as current when:

- it owns it to sell or use it, that is to expect a profit, in the normal execution of its operating cycle;
- it owns it mainly for the purpose of trading it;
- it expects a profit within twelve months of the year's closing; or
- it is made up of cash or cash equivalents whose use is not subject to restrictions or limitations such to prevent its use for at least twelve months from the year's closing.

All the assets which do not satisfy the above listed conditions are classified as non-current.
The Company classifies a liability as current when:

- it plans to extinguish the liability in its normal operating cycle;
- it owns it mainly for the purpose of trading it;
- it must be extinguished within twelve months from the closing of the year; or
- it does not have an unconditional right to defer the payment of the liability for at least twelve months from the closing of the year.

All the liabilities which do not satisfy the above listed conditions are classified as non-current.

ASSESSMENT CRITERIA

The criteria adopted in reference to classification, recording, evaluation and cancellation of the different asset and liability categories, as well as the recognition criteria of the income components.

Statement of Assets and Liabilities

Intangible assets

The intangible assets regard the identifiable assets without physical consistency, controlled by the Company and able to produce future economic benefits, as well as goodwill when acquired for consideration. The recognisability is defined with reference to the possibility of distinguishing the intangible assets acquired with the goodwill. This requirement is normally satisfied when:

- the intangible asset is attributable to a legal or contractual right; or
- The asset is separable, that is, it can be sold, transferred, rented or exchanged autonomously or as an essential part of other assets.

The intangible assets are recorded at purchase or production cost including directly attributed ancillary charges necessary to make the assets ready to use. Carrying out re-evaluations is not permitted, not even in the application of specific laws.

The intangible assets with a defined useful life are amortised systematically along their useful life understood as the estimate of the period in which the assets will be used by the Company. The development costs are amortised over five years except for those in which a future benefit is not expected, expensed in the income statement in the year in which they are sustained.

Amortisation methods and periods

The amortisation begins when the asset is available for use and is systematically distributed in relation to the residual possibility for use of the same and therefore on the basis of useful life.

The estimated useful life of main intangible assets is the following:

INTANGIBLE ASSETS	Estimated useful life (in years)
Development Costs	5 years
Application Software	3 years
Other intangible assets	5 years

Tangible assets

The tangible assets are recognised according to the cost criteria and recorded at the purchase price or at the cost of production including all accessory charges directly attributable necessary to make the assets ready for use, net of any losses in value, with the exception of land and buildings of the production site in Caserta recorded through the application of the criteria of fair value as deemed cost on the basis of current values, at the filing date (1 April 2018), inferable from the report prepared by an independent expert. Particularly, we report that for the assets which are object of evaluation through the fair value as deemed cost application, the business plan 2021-2025, planned by the company, expects for the following years, expected levels of ebitda such to be able to absorb the amortisation increased by income from IFRS1.

The costs of improvements, modernisation and transformation which are increased by third party property recognised in property asset when it is likely that they increase the future economic benefits expected by use or by selling the property. They are:

- reclassified in the entry of the property on which they stand; and
- amortised in the shortest period between useful life of the improvements made and the duration of the relative lease agreement.

In evaluating the duration of the lease it is necessary to consider the possibility of renewal, when this is essentially certain and therefore dependant on the will of the lessee.

The tangible assets are amortised systematically on a straight-line basis during their useful technical economic life, understood as the estimate of the time in which the asset will be used by the Company. Period which runs from the month in which the use of the property starts or could have started. When the tangible asset is made up of more than one significant component with different useful lives, the amortisation is carried out for each component. The value to be amortised is represented by the value recorded decreased by the expected net value of the transfer at the end of its useful life. Land is not subject to amortisation even if purchased with a building, works of art and tangible assets to be sold. Any possible changes to the amortisation plan, from the review of useful life of the tangible assets, of the residual value or from the procedure for obtaining economic benefits from the assets, are recognised prospectively.

Amortisation methods and periods

The amortisation begins when the asset is available for use and is systematically distributed in relation to the residual possibility for use of the same and therefore on the basis of useful life.

Estimated useful life of main tangible assets is the following:

TANGIBLE ASSETS	Estimated useful life (in years)
Land and Buildings	26 years
Plant and Machinery	8 years
Electronic equipment	5 years
Furniture and Furnishings	8 years
Miscellaneous equipment	4 years

<u>*Reduction of value of tangible and intangible assets*</u>

Defined useful life (intangible and tangible) assets

A test is carried out for each date of reference in the financial statement in order to be certain that there is information that the tangible and intangible assets may have sustained a decrease in value. For this purpose both internal sources and external sources of information are considered. Regarding the first (internal sources) we consider: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic trend of the asset compared to what was expected. Regarding the external sources we consider: the trends of the market price of the assets, any technological, market or regulatory discontinuity, the interest rate trend of the market or the cost of capital used to evaluate the investments.

In case the presence of such indicators is identified, we proceed to estimating the recovery value of the above mentioned assets, attributing any depreciation compared to the relative book value in the separate income statement. The recovery value of an assets is represented by the greater between the *fair value*, net of accessory sales costs, and the relative use value, meaning, for the latter, the actual value of the estimated future cash flows for this asset. In determining the use value, the expected future cash flows are discounted by using a discount rate before taxes that reflects the current market values of the cost of money, compared to the investment period and the specific risks of the asset. For an asset which does not generate widely independent cash flows, the recovery value is determined in relation to the "Cash Generating Unit" to which this asset belongs.

A loss of value is recognised in the income statement when the recording value of the asset, or of the relative CGU to which it is assigned, is greater than its recovery value. The CGU reductions of value are attributed first to the reduction of the book value of any goodwill attributed to it and, therefore, to the reduction of other assets, in proportion to their book value and in the limits of the relative recovery value. If the conditions are not met for a previously carried out depreciation, the book value of the asset is restored and attributed to the separate income statement, in the limits of the net value recorded that the asset would have had if the depreciation had not been carried out and if the relative amortisations had been carried out.

<u>*Reduction of value of tangible assets, intangible assets and right of use assets*</u>

A test is carried out for each date of reference in the financial statement in order to be certain that there is information of the decrease in value of the tangible assets, the intangible assets and the right of use assets not completely amortised.

In case this information has been identified, the next step is to proceed to the estimate of recovery value of the above mentioned assets, attributing any depreciation in book value to the income statement. The recovery value of an asset is represented by the greater between the *fair value*, reduced by the selling costs, and the relative use value, determined by discounting the estimated future cash flows for this asset, including, if significant and reasonably identifiable, those from the transfer at the end of the relative useful life, net of any costs of disposal. In determining the use value, the expected future cash flows are discounted by using a discount rate before taxes that reflects the current market values of the cost of money, compared to the investment period and the specific risks of the asset.

For an asset which does not generate widely independent cash flows, the recovery value is determined in relation to the Cash Generating Unit or CGU to which this asset belongs.

A reduction in value is recognised in the income statement when the asset's issue value, or CGU to which it is attributed, is greater than the relative recovery value. The reductions in value of a CGU are attributed first of all to the reduction in book value of any goodwill attributed to it and, therefore, in reduction of the other assets, in proportion to their book value and in the limits of the relative recovery value. If the conditions are not met for a previously carried out depreciation, the book value of the asset is restored and attributed to the income statement, in the limits of the net value recorded that the asset would have had if the depreciation had not been carried out and if the relative amortisations had been carried out.

Financial assets

At the time of their initial recognition, the financial assets must be classified in one of the three categories indicated below on the basis of the following elements:

- the business model of the entity for the management of the financial assets; and
- the characteristics relative to the contractual financial flows of the financial assets.

The financial assets are subsequently cancelled by the financial statement only if the disposal has involved the substantial transfer of all the risks and benefits associated to the same assets. By contrast, in the case that a significant portion of the relative risks and benefits of the financial assets sold has been kept, these continue to be recorded in the financial statement, even if legally the ownership of the assets themselves has been essentially transferred.

Financial assets evaluated at amortised cost

Financial assets that satisfy both of the following conditions are included in the present category:

- the financial asset is owned according to a business model whose purpose is obtained through the collection of cash flows contractually provided for ((Business model "*Hold to Collect*"); and
- the contractual terms of the financial asset call for, in specific dates, cash flows represented solely by payments of principal and interest on the amount of the capital to be paid back (so-called "SPPI test" passed).

At the initial recognition these assets are recorded at *fair value*, including the transaction costs or profits directly attributable to the instrument itself. Subsequently to the initial recognition, the financial assets in review are evaluated at the amortised cost, using the effective interest rate method. The amortised cost method is not used for the assets - valued at historical cost - whose brief duration considers the effect of the application of the logic of discounting unimportant, for those without a definite closing and for the revocable credit.

Reduction of value of financial assets

In accordance with the instructions of the IFRS 9, the Company applies a simplified approach to estimate credit losses over the entire life of the instrument and considers its historically gained experience regarding credit losses correct on the basis of perspective factors specific to the nature of the credit of the Company and of the economic context.

In summary, the Company analyses the losses expected from the financial assets so that it reflects:

- an objective and cautious amount based on the probabilities determined by evaluating a range of possible results;
- the time value of money; and
- reasonable and provable information which is available without excessive costs or efforts at the reference date of the financial statement on past events, current conditions and forecasts of future economic conditions.

The financial asset has deteriorated when one or more events have occurred negatively impacting future cash flows estimated by the financial asset. Data which can be observed relative to the following events constitutes proof that the financial asset has deteriorated (it is possible that a single event cannot be identified: the deterioration of the financial assets can be due to the combined effect of several events):

a) significant financial difficulties by the issuer or debtor;
b) a violation of the contract, such as a non-fulfilment or an unobserved deadline;
c) for economic or contractual reasons relative to the financial difficulties of the debtor, the creditor offers the debtor a concession that the creditor would not have otherwise taken into consideration;
d) the probability exists that the debtor declares bankruptcy or other procedures of financial restructuring;
e) the demise of an active market of that financial asset due to financial difficulties; or
f) the purchase or the creation of the financial activity with large discounts which reflect the losses on financing sustained.

For the financial assets recorded with the amortised cost criteria, when a loss in value is identified, its value is measured as a difference between the book value of the asset and the current value of the expected future cash flows, discounted on the basis of the original effective interest rate. This value is recorded on the income statement.

Inventory

Inventory is goods:

- owned for the sale of the normal execution of the business;
- used in the productive process for sales;

- in the form of materials or supply of goods to be used in the production process or in providing services.

Inventory is recognised and calculated at the lower between the cost and the net realisable value.

The cost of inventory includes all purchase costs, transformation costs in addition to other costs sustained to move inventory, in the current conditions, while it does not include differences in exchange rate in case of inventory invoiced in foreign currency. In accordance with the provisions of IAS 2, for determining the cost of inventory, the Weighted Average Cost method is used.

When the net realisable value is less than the cost, the surplus is immediately depreciated in the income statement.

In regards to the contract work in progress, pursuant to the provisions of IFRS 15, it is recorded in the current assets if, on the basis of the analysis conducted for each order, the gross value of the work in progress is greater than the advances and prepayments from customers net of losses to completion; in the case from the analysis conducted in which the value of the advances and prepayments is greater than the value of the work in progress net of losses to completion, the resulting value is recorded in the current liabilities in the item advances from customers.

Cash and cash equivalents

The cash and cash equivalents include cash, sight deposits as well as financial assets with original maturity equal to or less than three months, readily convertible into cash and exposed to an irrelevant risk of value variation. The elements included in the cash and cash equivalents are evaluated at *fair value*. Secured deposits that do not comply with requisites provided for by IFRS are not included in cash and cash equivalents.
Short-term deposits with original maturity equal to or greater than three months that do not satisfy the requisites provided for by IAS 7 are included in a specific item of the current asset.
Cash operations are recorded by date of banking transaction, while for payment operations the payment arrangement date is also considered.

Financial liabilities and trade payables

Financial liabilities and trade payables are recorded when the Company becomes part of the relative contractual clauses and are initially evaluated at *fair value* amended by the directly attributable transaction costs.
Subsequently, they are evaluated with the amortised cost criteria, using the effective tax rate method.
Financial liabilities are cancelled on the financial statement when the contractual rights on relative cash flow mature or when the financial liability is sold with substantial transfer of all risks and benefits from their ownership.

Fair value measurement

The measurement of fair value and the relative report is carried out in accordance with IFRS 13 - *Fair value* measurement. The *fair value* represents the price which would be collected for the sale of an asset or that would be paid for the transfer of a liability in an ordinary transaction implemented between market participants, at the measurement date.
The *fair value* measurement is founded on the assumption that the asset's selling operation or the liability's transfer takes place in the main market, that is in the market where the greatest volume and the level of transaction for the asset or liability takes place. In the absence of a main market, it is assumed that the transaction take place in the most advantageous market to which the Company has access, or the market able to maximise the results of the selling transaction of the asset or to minimise the amount to be paid to transfer the liability.
The *fair value* of an asset or liability is determined by considering the assumptions that the market participants would use to define the price of the asset or liability, in the premise that the they act in accordance with their best economic interest. The market participants are independent, informed buyers and sellers able to enter into a transaction for the asset or liability and motivated but not obligated or persuaded to carry out the transaction.

Provision for risks and charges

The provisions for risks and charges are in relation to costs of a specific nature and of a certain or probable existence that at the financial statement's closing are uncertain in the amount and/or for date of occurrence. The provisions to these funds are recognised when:

- it is probable that a current, legal or implied obligation, from a past event exists;
- it is probable that the fulfilment of the obligation is for payment;
- the amount of the obligation can be reliably estimated;

The provisions are recorded at the value representing the best estimate of the amount that the Company reasonably would pay to cancel an obligation or to transfer it to third parties at the closing date of the financial statement. When the financial effect of the passing of time is significant and the payment dates of the obligations can be reliably estimated, the provision is determined by discounting expect cash flows determined by considering the risks associated to the obligation; the increase in the fund associated to the passing of time is recognised in the income statement in the entry "Financial charges".
The costs the Company plans to sustain to carry out renovation programmes are recorded in the year in which the programme is formally defined and the valid expectation that the renovation will take place is generated in the interested subjects.
The funds are periodically updated to reflect variations in cost estimates, realisation times and discounting rate; the estimate reviews are attributed in the same entry in the income statement that had previously held the provision. The provision for risks and charges are subject to discounting in the case in which it is possible to reasonably estimate the moment that the monetary outflows take place. When the liability is relative to material assets, the estimate variations in the fund are recognised in offset of the asset to which they refer in the limits of the recording values; any surplus is recognised in the income statement.

Should it be expected that all expenses (or part of them) required to cancel an obligation are paid by third parties, the reimbursement, when virtually certain, is recognised as a distinct asset.

Income Statement

Revenue recognition

Revenues from contracts with customers are recognised when the following conditions take place:

- the contract with the customer is identified;
- the contractual obligations ("performance obligations") contained in the contract were identified;
- the price was determined;
- the price was assigned to the individual contractual commitments contained in the agreement;
- the contractual commitment contained in the agreement was fulfilled.

The Company recognised revenues from contracts with clients when (or as they take place) it fulfils the contractual obligation by transferring the promised goods or services (the asset) to the customer. The asset is transferred when (or as it takes place) the customer acquires control.
The Company transfers control of the goods or services over time, and therefore fulfils its contractual obligations and recognises revenues over time, if one of the following criteria is satisfied:

- the customer simultaneously receives and uses the benefits from the service from the entity as the latter carries it out;
- the service from the Company creates or improves the asset (for example, work in progress) that the customer controls as the assets is created or improved;
- the service from the Company does not create an asset with an alternative use for the Company and the Company has the enforceable right to payment for the service completed to the relevant date.

If the contractual obligation is not fulfilled over time, the contractual obligation is fulfilled at a specific time. In this case, the Company recognised the revenue the moment in which the customer acquires control of the promised asset.

The contractual payment included in the contract with the customer can include fixed amounts, variable amounts or both. If the contractual payment includes a variable amount (for example, discounts, price concessions, incentives, penalties or other similar elements), the Company will estimate the amount of the payment to which it will have a right to in exchange for the transfer to the customer of the promised goods or services. The Company includes in the price of the operation the amount of the variable payment estimated only in the measure in which it is highly probable that when subsequently the uncertainty associated to the variable payment will be resolved there will not be a significant adjustment to lower the amount of the cumulative revenue recognised.

Costs recognition

The costs are recorded for timing when in relation to services and goods acquired or used during the year or for systemic allocation or when it is not possible to identify their future use.

Capital gain / (capital losses) from non-current assets

The revenue and costs from the disposal and or sale of the non-current assets are recorded under the specific income statement item “Gains/(losses) from sale of non-current assets”.

Financial income and charges

The financial revenue and costs are recognised in the income statement during the year in which they were accrued.

Income taxes

Current income taxes for the year, recorded in the item “Current tax payables” net of paid advances, or in the item “Current tax receivables” when the net amount is a credit balance, are determined based on the estimate of taxable income and in accordance with the current fiscal regulation. The taxable income differs from the net profit in the income statement because it excludes income and cost components which are taxable or deductible in other years, or not taxable or deductible. In particular, these payables and receivables are determined by applying the tax rates provided for by current provisions at the date of reference.
The current taxes are recorded in the income statement, with the exception of those relative to items recognised outside of the income statement that are recognised directly in net equity.
The taxes on deferred and prepaid income are calculated on timing differences among asset values recorded in the financial statement and the corresponding values recognised for tax purposes, applying the current tax rate for the date in which the timing difference will reverse, determined on the bases of the tax rates provided for by current provisions at the date of reference.
The assets for prepaid taxes for all taxable timing differences, tax losses or unused tax credits are recognised when their recovery is probable, that is when it is expected that can become available in future taxable income sufficient to recover the asset. The recoverability of the assets for prepaid taxes is re-examined at each year’s closing. The assets for prepaid taxes not recognised in the financial statement are re-analysed at each reference date of the financial statement and are recognised in the measure in which it is probable that a future taxable income will allow the recovery of the deferred tax asset.
The taxes on deferred and prepaid income are recorded in the income statement, with the exception of those relative to items recorded outside of the income statement, that are recognised directly in the net equity.
The taxes on deferred and prepaid income, resulting from the application of regulations attributable to the same tax authority, are compensated if there is a legal enforceable right of compensating the current tax assets with the current tax liabilities that will be generated at the time their are reversed.

The prepaid tax assets are classified among the non-current assets and can be offset at a level of individual tax authority, if attributable to taxes that can be offset. The balance of the offset is recorded in the item “Assets for prepaid taxes”.

Correlated parts

Correlated parts is to be understood as those that share with the Company the same controlling subject, the company that directly or indirectly control it, are controlled or are subject to joint control by the Company and those in which the same holds a share such that it can exercise significant influence. In the definition of correlated parts, the members of the Board of Directors of the Company and the strategic managers are included. The managers with strategic responsibilities are those who have the power and responsibility, direct or indirect, for the planning, managing, controlling of the activities of the Company.

RECENTLY ISSUED ACCOUNTING PRINCIPLES

Accounting principles not yet applicable, since they have not yet been approved by the European Union

At the date of approval of this financial statement, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the following accounting principles and amendments:

Accounting principle/amendment	EU Approval	Effective date
IFRS 17 Insurance Contracts	NO	1 January 2021 (possible extension to 1 January 2022)
Amendment to IFRS 3 Business Combinations	NO	1 January 2020
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020)	NO	N/A

Accounting principles, amendments and interpretations approved by the EU but not yet adopted by the Company

At the date of approval of this Financial Statement, the competent bodies of the European Union have approved the adoption of the following accounting principles and amendments, not adopted in advance by the Company:

Accounting principle/amendment	Description	Date of validity
Amendments to IAS 1 and IAS 8: Definition of Material	These changes, in addition to clarifying the concept of materiality, focus on the definition of materiality consistent and unique among the various accounting principles, and incorporate the guidelines included in IAS 1 on immaterial information.	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	The changes at hand focus on the updating of some definitions and some references contained in the various principles and in the relative interpretations.	1 January 2020
Amendments to IFRS 9, IAS 39, IFRS 7 (Interest Rate Benchmark Reform)	The changes at hand focus on the recording of the hedging operations for the purpose of clarifying the potential effects from the uncertainty caused by the *"Interest Rate Benchmark Reform"*. Also, such changes require companies to provide further information to investors regarding their hedging relationships which are directly affected by such uncertainties.	1 January 2020

ESTIMATES AND ASSUMPTIONS

The Financial Statement according to the IFRS requires, from the Directors, the use of estimates and assumptions that influence the value of the assets and liabilities included in the financial position, rather than in the information published in the notes, regarding potential assets and liabilities at the disclosure date of the financial statement, as well as the income and costs for the period.

The estimates are based on experience and on other factors considered relevant. The actual results could therefore differ from those estimated. The estimates and assumptions are reviewed periodically and the effects of every change is reflected in the income statement for the period in which the change is recorded.

The particular cases that require greater subjectivity by the directors in elaborating the estimates are reported below:

- Credit rating: the provision for impairment losses reflects the estimates of losses expected for the Company's credit portfolio. Funds were set up for losses expected on credit, estimated based on past experience in reference to credit with similar credit risk, to current and historical outstanding amounts, as well as the careful monitoring of the quality of the credit portfolio and of the current and expected conditions of the economy and the markets of reference. The estimates and assumptions are reviewed periodically and the effects of every change is reflected in the income statement for the period in which the change is recorded.
- Prepaid tax evaluation: the evaluation of prepaid taxes is carried out on the basis of the expectations of taxable income expected in future years. The evaluation of such taxable income expected depends on factors that could vary over time and determine significant effects on the evaluation of the deferred tax assets.

- Asset value reduction: the assets are depreciated when events or changes in circumstances lead to the consideration that the value recorded in the financial statement cannot be recovered. The events that can determine a depreciation of assets are variations in industrial plans, reduced use of plants. The decision of whether to proceed with a depreciation and its quantification depend on the evaluations by *management* on the complex and highly uncertain factors. The depreciation is determined by comparing the recorded value with the relative recovery value, represented by the greater between fair value, net of disposal costs and the use value determined by discounting expected cash flow from the use of the asset. The expected cash flows are calculated in light of the information available at the time of the estimate on the basis of subjective judgement on the trend of future variables, such as prices, costs, demand growth rates, production profiles, and are discounted using a rate that takes into consideration the risk pertaining to the interested asset.
- Useful life of tangible and intangible assets with finite useful life: the amortisations are calculated based on useful life of the asset. Useful life is determined at the time the asset is recorded in the financial statement. The assessments on the duration of the useful life are based on historical experience, on market conditions and on the expectation of future events which could affect the useful life itself, including technological changes. Consequently, it is possible that actual useful life could differ from estimated useful life.
- Provision of risk assessment: the Company sets aside provisions associated mainly to existing projects as well as possible legal and tax disputes. The estimate of the provisions is the result of a complex process that calls for subjective judgement by *management* as well as external professionals who support the Company in that sense.

Financial assets and liabilities by category

The non-current financial assets and liabilities are regulated or assessed at market rates and therefore their *fair value* is considered essentially in line with the current book value.

INFORMATION ON FINANCIAL RISKS

In the area of business risks, the main risks identified, monitored and, as much as can be specified below, the following are actively managed by the Company:

- Operating risk;
- Market risk;
- Credit risk;
- Liquidity risk;
- Exchange risk;
- Interest rate risk;

The Company objective is the maintenance over time of a balanced management of its own financial exposure, carried out to guarantee a structure of the liability in equilibrium with the composition of the asset of the financial statement and able to ensure the necessary operating flexibility through the use of the liquidity generated by the current operating assets and the recourse to bank loans.

OPERATING

Company activities imply taking risks which, if not properly managed, lead to economic and capital losses and/or damage to the Company or third parties.

Risk of losses or damages can arise from both accidental, endogenous events, and exogenous. Where appropriate, suitable risk management policies and specific insurance coverage minimise the consequences of that damage.

In the context of operational risks, in addition to the critical issues caused by the external supply chain, which has been widely detailed above, it seems appropriate to mention the IT systems that support the company's operations, in particular regarding the technical, commercial and administrative aspects. In order to limit the risk of an interruption to activities due to malfunctioning systems, the Company has given itself hardware architecture and software in a high reliability configuration for those applications supporting critical activities.

As noted, beginning in the month of January 2020, the national and international scenario was influenced in an increasing measure by the spread of the Coronavirus. In Italy, just as in the rest of the world, in fact, we have witnessed an increasing emission of restrictive measures by public authorities to facilitate its containment. These measures became restrictions just as much in the scope of the private life of citizens, with limitations in their movements justified by proven need, unable to be postponed, as in the scope of production activities, with the closing of all public and private activities with the exception of those considered essential.

These circumstances, extraordinary by nature and extension, have obviously had repercussions, which are both direct and indirect, on the economic activity and which have created a context of general uncertainty, whose relative evolutions and effects are not currently foreseeable. In particular, the economic performance was affected mainly by the effects generated by this event which occurred in the month of March 2020, period in which our business was closed. For an in-depth look at the actions implemented by the directors to face this concern, we refer you to the paragraph “Principal Financial Data” of the management report.

MARKET

The Company operates in a global market of reference, which is exposed to risk from changes in the macroeconomic and geopolitical framework and which represents the most significant opportunities in the rising countries and at a higher risk of development. Additionally, the market is characterised by an increase in volatility in the acquisition of the orders also due to the expansion of the size and of the purpose of the work of the projects and, in particular, in the business of reference even by an increasing and decisive trend toward standardisation of the products and of the technological solutions. An increase in competition is the result with the tendency to reducing prices and to consolidating the market, even in the presence of moderate market growth in the medium term.

CREDIT

The Company shows no signs of significant critical issues in credit recovery attributable to the country/client risk. For the record the main clients are represented by public contracting authorities or branches of public institutions concentrated over the Italian area. The nature of the contracting authority if in one case constitutes a guarantee of solvency for the client, in some case it extends collection periods compared to the usual terms of other businesses, generating overdue payments and the consequent necessity for disposal. To be precise, in fact, the receivables related to the principle clients have been, during the fiscal year, object of factoring.

LIQUIDITY

The liquidity risk is linked to the possibility of the Company finding itself having difficulty in coping with financial obligations, which derive from contractual commitments and, more generally, from its liabilities. Therefore, the Company constantly monitors effective and perspective Cash-Flow movements to keep significant time periods continuously visible. Corrective actions, such as use of external financing sources (e.g. advances through factoring), are planned and implemented for effective financial needs. The development of the income forecast in the Company's Strategic Plan could lead to the need to search for additional financial sources in order to deal, in the short term, with the growth of working capital, the Company may also find itself in need of having to review its own financial structure.

The following table summarises the subdivision by due date of payables and other financial liabilities at 31 March 2020:

At 31 March 2020

(In Euro)	**Within 1 year**	**From 1 to 3 years**	**Beyond 3 years**	**Total**
Non-current financial liabilities	-	27,526,661	25,143,067	52,669,728
Current financial liabilities	13,481,461	-	-	13,481,461
Trade payables and other liabilities	19,805,188	-	-	19,805,188
Total	**33,286,649**	**27,526,661**	**25,143,067**	**85,956,377**

EXCHANGE

The exchange risk is a type of market risk based on possible variations to the exchange risk between two currencies leading to a loss of purchasing power of the currency held and resulting loss in the value of receivables. That risk is essentially limited to credit and debt items of the Norwegian branch TFA NUF and, in virtue of the modest fluctuation of the Euro/NOK exchange rate, does not have a significant impact on the Company's financial statements.

Currency		**Exchange rate at 31.3.2020**
Norwegian krone	NOK	11.51

INTEREST RATES

The financing underwritten with Bank of Baroda is characterised by an interest rate equal to Euribor 6 months in addition to a spread of 2.65%. Currently the market rate is negative, therefore, zero value. Also, the Company attests it does not implement hedging instruments with rate fluctuations.

Sensitivity analysis relative to the interest rate risk

The measurement of the Company's exposure to the interest rate risk was carried out though a sensitivity analysis which considered current and non-current financial liabilities. In the scope of the assumptions made, the possible main effects on the Income Statement and Net Equity of the Company were evaluated for the year 2019 from an assumption of the variation of market rates which respectively discount an increase and decrease in value by 50bps. The calculation method applied the variation assumption to the actual balance of the gross bank debt and to the interest rate paid during the year to pay for these variable rate liabilities. This analysis is based on the assumption of a general and instant variation of the level of interest rate of reference.

The following table summarises the results of the analysis carried out.

(In thousands of Euro)	**Impact on revenue net of the tax effect**		**Impact on the Net Equity net of the tax effect**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended at 31 March 2020	-311.824	+311.824	-311.824	+311.824

NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

At 31 March 2020 the total amount of the item "Non-Current Assets" is Euro 53,486,082 (Euro 53,911,532 at 31 March 2019).

1. TANGIBLE ASSETS

Tangible fixed assets, at net of the related amortisation provision amounting to €9,071,750 are amounting to €45,589,144.

The following table shows the transactions occurred in the fiscal year:

In Eur	Land	Buildings	Plant, Machinery & Equipment	Others Equipment	Assets under constructio n	Total
Historical Cost at 01 April 2019	**12.030.845**	**35.235.897**	**6.276.103**	**439.146**	**140.120**	**54.122.111**
Increases over the year	14.072		381.735	37.457		433.264
Disposals over the year						-
Other Variation					**105.520**	105.520
Historical Cost at 31 March 2020	**12.044.916**	**35.235.897**	**6.657.838**	**476.603**	**245.640**	**54.660.894**
Total Depreciation at 01 April 2019	**-**	**- 3.328.334**	**- 3.889.935**	**- 177.557**	**-**	**- 7.395.825**
Depreciation		- 1.263.989	- 378.311	- 33.625		- 1.675.925
Reclassifications of the balance sheet value						-
Total Depreciation at 31 March 2020	**-**	**- 4.592.323**	**- 4.268.246**	**- 211.181**	**-**	**- 9.071.750**
Net Book Value at 31 March 2019	**12.030.845**	**31.907.563**	**2.386.168**	**261.589**	**140.120**	**46.726.285**
Net Book Value at 31 March 2020	**12.044.916**	**30.643.574**	**2.389.592**	**265.421**	**245.640**	**45.589.144**

During the current year the total of the increases amounts to € 538,784 particularly for the following categories:

•• **Plants, machinery and equipment** amount to € 3,147,526 net of amortisation for the year in the amount of € 419,192.
The increases in the entry refer essentially to extraordinary maintenance of plants and machinery already in place at 31 March 2019 in the amount of Euro 381,735 and new equipment in the amount of Euro 37,457;

•• **Tangible fixed assets in construction** amount to € 245,640. The item increases in the amount of € 105,520 in reference to the reactivation for the transshipment wagon runways; activity expected to be completed by 2021.

2. INTANGIBLE ASSETS

Intangible assets amount to Euro 3,182,252 net of the relative amortisation provision in the amount of Euro 1,037,252, whose amortisation mount for the year is Euro 597,772. The increases for the year are mainly relative to the costs of development sustained for the design and construction of new technological platforms to be implemented on current and future projects, as well as to the purchase of software and licenses necessary for carrying out the industrial and technical activities.

The following table shows the transactions occurred in the fiscal year:

Intangible assets	Concessions Licenses and Trademarks	Development Costs	Other Intangible Assets	Total
Net Book Value at 31 March 2019	**511.711**	**2.051.347**	**59.750**	**2.622.808**
Increases over the year	7.000	1.150.217		1.157.217
Disposals over the year				
	518.711	**3.201.564**	**59.750**	**3.780.025**
Reclassification of the balance sheet value				
Depreciation	(165.776)	(410.269)	(21.727)	(597.772)
Total Tangible Asserts at 31 March 2020	**352.935**	**2.791.295**	**38.023**	**3.182.253**

3. Other non-current assets amount to Euro 199,236 (Euro 204.173 at 31 March 2019) and are for guarantee withholdings beyond 12 months.

4. Prepaid tax receivables amount to € 4,515,449 (€ 4,358,267 at 31 March 2019) and are handled as follows:

- Increase in the amount of € 2,803,396 for prepaid taxes registered for losses during the fiscal year in accordance with the provisions of art. 84 of Italian Presidential Decree n. 917/86 as well as for prepaid taxes generated from the reserves for provisions for risks and charges.
- Decrease in the amount of Euro 2,246,953, for the turnaround of temporary differences from previous years, with an increase compared to the previous year.

It is noted that the Receivables for Prepaid Taxes were calculated considering the tax rate of 24%.

CURRENT ASSETS

The Current Assets are in the amount of Euro 70,127,961 (Euro 67,035,472 at 31 March 2019) and are made up as follows:

5. **Inventories**, amounting to €24,882,135 (€21,529,814 at 31 March 2019) subdivided as follows:

Inventory	31/03/2020	31/03/2019	Variations
Raw materials, ancillary materials and consumables	20,535,820	18,312,624	2,223,196
Advances to suppliers	4,346,315	3,217,190	1,129,125
Total Inventory	**24,882,135**	**21,529,814**	**3,352,321**

• **Raw Materials, Ancillary Materials and Consumables** amounted to € 20,535,820.

• **Advanced payments** amounted to € 4,346,315 (€ 3,217,189 at 31 March 2019) and refer to financial advanced payments made to suppliers for orders issued for goods not yet delivered and/or owned.

6. **Work in progress for orders in hand** amounted to € 21,116,105 (€ 10,516,483 at 31 March 2019). The work in progress is recorded in the current assets if, on the basis of the analysis conducted for each order, the gross value of the work in progress is greater than the advances and prepayments by customers net of losses to completion; in the case from the analysis conducted in which the value of the advances and prepayments is greater than the value of the work in progress net of losses to completion, the resulting value is recorded in the current liabilities in the item advances from customers.

As already described above, the balance of the entry is shown at net of probable losses estimated at 31 March 2020, amounting to € 3,918,545, of which € 244,459 are related to penalties for late delivery and € 2,520,176 for future losses on job orders.

The *Penalty Provision* refers to the costs for delayed delivery that the Company expects to sustain on the basis of the contractual clauses signed with the clients and the delivery time estimated for the products.

The *Future Losses Provision* refers to the greater costs estimated to be sustained for completing the projects in place. Such entry includes greater funds in the year for the *Revamping* project of n. 25 Rapid Electric Trains, series T21 for the former Naples - Vesuvian railway lines purchased in the Firema branch in special administration.

7. **Trade Receivables and similar** at 31 March 2020 in the amount of Euro 11,939,288 (Euro 14,889,799 at 31 March 2019).
Trade receivables are recorded net of depreciation used for consideration of the estimate of losses to completion on receivables in the case that objective evidence of indicators of a loss of value is observed.

Trade receivables	**31/03/2020**	**31/03/2019**	**Variations**
Trade receivables	12,236,134	15,035,632	2,799,492
Provision for impairment losses on receivables	(296,846)	(145,833)	(151,013)
Total Net Trade Receivables	**11,939,288**	**14,889,779**	**(2,950,511)**

The description of the main entries is included below.

Trade receivables	31/03/2020	31/03/2019	Variation
Receivables for invoices issued - ITALY	8,741,286	10,863,588	(2,122,302)
Receivables for invoices issued - ABROAD	912,251	538,439	373,811
Receivables for invoices to be issued	2,582,598	3,633,605	(1,051,007)
Depreciation provision for receivables	(296,847)	(146,833)	(150,833)
TOTAL Trade receivables within 12 months	***11,939,288***	***14,889,799***	***(2,950,511)***

The decrease in trade receivables compared to 31 March 2019, amounting to € 2,950,511, is mainly due to the decrease in receivables for invoices to be issued and to the amount of receivables on Italian customers. In particular, this variance is determined by the completion of the projects acquired by Firema in extraordinary administration relative to the Regione Campania customer.
While, receivables for invoices issued for foreign countries refer to the proforma invoice for advance payments as provided for contractually, relative to the Metro PUNE project for the parent company TWL.

8. **Tax receivables** amount to € 4,320,214 (€ 2,423,804 at 31 March 2019). Such variance is due substantially to the reduction of VAT for the Mediocredito non-recourse assignment during the month of March 2020.
Also, the increase compared to last year comes from the recording of the tax credit for investments in research and development in the amount of Euro 2,018,000. This credit was certified by the statutory auditor, pursuant to art. 3 of Legislative Decree 145 of 23 December 2013 as substituted by art.1, paragraph 35, of Law 190 of 23 December 2014. We also report that, the costs sustained in research and development activities amount to a total of Euro 4,361,000, attributable to that which is provided by Decree according to the types of costs listed below: Costs for staff, according to what is provided in letter a) point 1), Contracts with external collaborators equal to internal personnel, according to what is provided in letter a) point 2), Technical and industrial privative skills, according to what is provided for in letter d) all attributable to Art. 4 of the Decree of 27 May 2015.

9. **Other Receivables and Current Assets** amount to Euro 5,938,086 (Euro 6,187,042 at 31 March 2019). The Balance of this entry is made up of:

Other receivables and current assets	31/03/2020	31/03/2019	Variations
Other Assets	5,361,650	5,544,676	(183,026)
Accruals and deferrals	576,436	642,366	(65,930)
Total current assets	**5,938,086**	**6,187,042**	**(248,946)**

• the entry **Other Assets** is in the amount of Euro 5,361,650 (Euro 5,544,676 at 31 March 2019) and included mainly the security deposits and guarantees for the proper execution of the work in progress.

• I **Accruals and Deferrals** amount to € 576,436 (€ 642,365 at 31 March 2019). This entry is made up mainly of the costs sustained for insurance and guarantees for the following years.

10. • **Cash and Cash equivalents** amount to € 1,932,123 (€ 11,488,529 at 31 March 2019) and are mainly represented by cash available on bank and postal accounts.

Cash and cash equivalents	**31/03/2020**	**31/03/2019**	**Variations**
Bank and postal deposits	1,930,076	11,484,834	(9,554,758)
Cash and cash equivalents in hand	2,047	3,695	(1,648)
Total Cash and cash equivalents	**1,932,123**	**11,488,529**	**(9,556,406)**

Please refer to the *Financial Statement* for the analysis of the transactions in the "cash and cash equivalents" balance for the fiscal year.

11. NET EQUITY

Net Equity amounts to € 25,758,863 of which € 10,000,000 from Share Capital, Legal Reserve in the amount of € 256,636, capital reserve for equity swap with the parent company in the amount of € 6,801,897, losses for the year for € 2,804,8669 and first-time IAS/IFRS adoption re-evaluation reserve in the amount of € 11,505,196. The movements for the year are reported below:

The Share Capital amounts to € 10,000,000 represented by Qty. 10,000,000 ordinary shares with a value of € 1.00 each, owned by the shareholders as follows:

Net equity	**Share capital**	**Legal reserve**	**Other reserves**	**FTA reserve**	**Profit/Loss for the year**	**Total**
Balance at 31 March 2019	10,000,000	256,636	9,369,943	11,505,196	(2,568,046)	28,563,729
Movement			(2,568,046)		2,568,046	
Result for the fiscal year ended on 31 March 2020					2,804,866	(2,804,866)
Balance at 31 March 2020	**10,000,000**	**256,636**	**6,801,897**	**11,505,196**	**2,804,866**	**25,758,863**

- TITAGARH WAGONS LIMITED, qty. of Shares 7,062,353;
- TITAGARH SINGAPORE PTE LIMITED, qty. of Shares 2,937,647;

The table below shows the net equity balances at 31 March 2020:

TYPE DESCRIPTION	AMOUNT AT 31	POSSIBILTY OF USE	AVAILABLE AMOUNT
Share Capital	10.000.000		
Legal Reserve	256.636	A-B	256.636
Other Reserves	6.801.897	A-B	3.504.340
Riserva First-Time Adoption Reserve	11.505.196		
Profit (losses) carried forward	(2.804.687)		
TOTAL	**25.759.042**		
Non-distribuible share (multi-year expenses)		C	1.641.077

Key:
A for capital increase
B to cover losses
C for distribution to shareholders

Total LIABILITIES

12. The **Financial Debt** entry is made up as follows:

	31/03/2019			31/03/2020		
	Current	Non Current	Total	Current	Non Current	Total
Financial Debts	13.481.461	48.883.387	62.364.848	1.793.638	50.726.612	52.52.250
of which related parties				**1.793.638**	**2.050.000**	**2.050.000**

The **Non-current financial debt,** in the overall amount of Euro 48,883,387 (Euro 50,726,612 at 31 March 2019) are relative mainly to the loan with the Bank of Baroda. The agreement on 14 June 2018 is structured as a loan for €50M and as a line of credit for the remaining €50M at a Euribor 6 months rate and a spread of 2.65%. Such liability has been registered according to the criteria of depreciation cost and effective interest rate and is represented by the nominal value of the debt net of relative transaction costs. The contract provides for a grace period of 39 months, an overall duration of the loan of eight years with a repayment of capital on a straight-line basis from the thirty-ninth month and the compliance with certain financial *covenants*. We report that at 31 March 2020, regardless of the failure to comply with one of the four financial covenants, in particular the Gross Operating Profit on financial charges, provided for by the agreement with the Bank of Baroda, the credit institution, through a letter of waiver forwarded to the Company on 27 August 2019, has expressly opted out of the verification of the compliance of the above-mentioned covenant until 31 March 2021, and therefore the Company has arranged to classify this debt beyond the year as per the original amortisation plan.
Also, in this entry the value of the financing received by the partner Titagarh Wagons LTD was included until last year on the basis of the financing agreement of 8 March 2018, 4% interest-bearing. During the month of April 2019, as reported also in the paragraph "Significant events taking place during the year", the last instalment was paid of the loan in the amount of Euro 3,843,638.

Furthermore, the **current Financial Debt** amount to € 13,481,461 (€ 1,793,638 at 31 March 2019). The item at hand refers, essentially, to the line of credit with the Bank of Baroda to finance the working capital of the Company.
The share relative to last year in the amount of € 1,793,638 refers to the short-term portion of the TSPL financing fully paid during the year.

13. **Provision for Risks and Charges** in the amount of € 5,575,574 (€ 10,950,450 at 31 March 2019) refers essentially to the Product Warranty Provision.

RISK AND CONTINGENCY PROVISIONS	31/03/2019	Advances	Releases	Uses	Reclassifications	31/03/2020
Product warranty provision	10.950.450		(981.141)	(3.093.735)	(1.300.000)	5.575.574
Total	**10.950.450**		**(981.141)**	(3.093.735)	**(1.300.000)**	**5.575.574**

The balance for the entry *"Product Warranty Provision"* refers to the obligations to be sustained as contractually provided for the supply of replacement parts and included stock, as well as *full service* services for the corrective and scheduled maintenance for the 12 Sepsa traction units and the 9 Mcne traction units for a period of 6 years.

14. **Other Non-Current Liabilities** in the amount of Euro 0 (Euro 2,000,000 at 31 March 2019). The movements for the period is relative to the prepayment of the debt to Firema in extraordinary administration for the purchase of the business complex on the basis of what is reported in the purchasing agreement for the Branch of the company and subsequently its complete repayment.

15. **Deferred tax liabilities** in the amount of Euro 4,025,000 (Euro 4,785,668 at 31 March 2019) refer substantially to the deferred taxes resulting from the transition to international accounting principles, allocated for the year to the income statement in the amount of Euro 361,409. For details, please refer to the paragraph "Transition to international accounting principles" below in the Notes to the financial statement.

16. Trade Payables amount to € 16,720,670 (€ 15,388,909 at 31 March 2019). A detailed breakdown of the entry at March 31, 2020 is shown below:

Trade payables	31/03/2020	31/03/2019	Variations
Payables to suppliers	16.687.776	15.336.248	1.351.528
Payables to parent companies (commercial by next year)		18.020	(18.020)
Payables to companies controlled by parent companies	32.894	34.641	(1.747)
Total Trade Payables	**16.720.670**	**15.388.909**	**1.331.761**

The entry is made up as follows:

Payables to suppliers	31/03/2020	31/03/2019	Variations
Italian suppliers for invoices received	14,214,484	12,735,936	1,478,548
Foreign suppliers for invoices received	49,278	392,523	(343,245)
suppliers for invoices to be received	3,033,682	2,223,835	809,847
Credit notes to be received	(624,187)	(32,898)	(591,289)
Guarantee withholding	14,519	16,852	(2,333)
Total	**16,687,776**	**15,336,248**	**1,351,528**

At 31 March 2020 the payables in foreign currency refer essentially to debt in Norwegian currency incurred by the TFA NUF branch and to the main foreign suppliers for the TAF and T21 orders, in small amounts.

17. Advances from Customers amounted to € 6,406,570 (€ 1,131,280 as of 31 March 2019). This item refers to the value of the advances and prepayments which are greater than the value of the work in progress net of losses to completion.

18. Tax Payables are in the amount of Euro 327,215 (Euro 781,200 at 31 March 2019) and the item includes Euro 295,187 relative to the residual debt for the registration tax due for acceptance of the agreement proposal by the Revenue Agency following the private deed dated 11 January 2017 between TFA and Firema Trasporti in extraordinary administration related to the purchase of the branch of the company through deed registered on 9 July 2015.

19. Other Current Liabilities amounted to € 2,435,303 (€ 4,825,518 as of 31 March 2019).

OTHER CURRENT LIABILITIES	31/03/2020	31/03/2019	Variations
Payable to social security institutions (within the year)	793.650	920.615	(126.964)
Other payables (within the year)	1.192.117	3.460.602	(2.268.485)
Accruals and deferrals	449.535	444.301	5.234
Total	**2.435.303**	**4.825.518**	**(2.390.216)**

• **Payables to pension institutes** are amounting to € 793,650 (€ 920,615 at 31 March 2019) and are for the accruals to be paid in the month of April 2020 and are as such detailed:

Payables to pension and social security institutes	31/03/2020	31/03/2019	Variations
Previdai/Fasi	35,637	21,058	14,579
Inps/Inail Payables	325,801	429,873	(104,072)
Inps/Inail contributions on vacation days and ROL	313,076	348,261	(35,185)
Other social security payables	119,136	121,423	(2,287)
Total	**793,650**	**920,615**	**(126,965)**

• **Payables to others** amounted to € 1,192,117 (€ 5,460,602 as of 31 March 2019) and are for:

Payables to others	31/03/2020	31/03/2019	Variations
Employees salaries	708,107	1,138,076	(429,969)
FAS building purchase		2,000,000	(2,000,000)
Local taxes	452,052	229,516	222,536
Other payables	31,958	93,010	(61,052)
Total within the fiscal year	**1,192,117**	**3,460,602**	(2,268,485)
Total	**1,192,117**	**3,460,602**	**(2,268,485)**

Last year the entry included € 2,000,000 relative to the payment of the last two instalments of the debt to Firema in Extraordinary Administration for the purchase of the business complex on the basis of what is reported in the purchasing agreement of the branch of the company. This debt, at 31 March 2020, was completely paid off.

NOTES TO THE INCOME STATEMENT

20. Revenues:
The following table reports the detail of the income for the year closed at 31 March 2020 and at 31 March 2019:

The entry in detail is made up as follows: Euro 23,531,797 refer to the outright payments made by customers (Euro 50,559,835 at 31 March 2019) and in the amount of Euro 12,868,069 for variation in work in progress (Euro 5,006,125 at 31 March 2019).

The geographic breakdown of the revenues is as follows:

Revenues	31/03/2020	31/03/2019
Italy	36,399,867	51,333,129
Abroad - Extra EEC (Norway)		4,232,831
Total	**36,399,867**	**55,656,960**

21. Other Revenues and Income amounted to € 2,691,082 (€ 396,759 at 31 March 2019). Also, at 31 March 2020 the entry in question includes the amount of tax credit in the amount of € 2,018,000.

22. Costs for Raw Materials, Ancillary Materials, Consumables and Goods amount to € 17,339,750 (€ 28,136,944 at 31 March 2019) and refer essentially to the purchase of components, semi-finished products and ancillary materials used to complete the orders.

23. Cost for personnel in the amount of Euro 14,063,525 (Euro 18,180,112 at 31 March 2019), of which we report only some of the cost entries: Euro 10,745,984 for salaries ans wages, Euro 3,264,417 for INPS and INAIL social security charges.

24. Costs for Services amounted to € 7,063,033 (€ 9,207,710 at 31 March 2019), the entry is detailed below:

Service costs	31/03/2020	31/03/2019	Variations
Industrial third party services	2,239,228	3,163,679	(924,451)
Maintenance	127,329	254,462	(127,133)
Insurance	444,478	626,234	(181,756)
Consultancy	453,108	666,809	(213,701)
Utilities	626,141	670,250	(44,109)
Marketing and transportation costs	687,911	972,692	(284,781)
Common expenses and services	960,936	1,031,571	(70,635)
Personnel costs	549,902	622,297	(72,395)
Bank fees and charges	504,789	610,133	(105,343)
Remunerations to supervisory bodies	98,000	97,500	500
Costs for leased assets of third-party	371,211	492,082	(120,871)
Total Service Costs	**7,063,033**	**9,207,710**	**(2,144,677)**

25. **Capitalised costs for internal constructions** at 31 March 2020 is made up of, amounting to € 1,150,217 (compared to € 2,051,347 at 31 March 2019), capitalised costs for the design and construction of new technological platforms to be implemented on current and future projects.

26. **Other Operating Costs** in the amount of Euro 806,643 (Euro 2,031,258 at 31 March 2019), and related mainly to the penalties charged during the year for which relative provisions were made in previous years.

27. **Amortisation** and **Depreciation** in the amount of Euro 2,424,711 (Euro 1,982,697 at 31 March 2019), of which Euro 151,013 for bad debt provisions, Euro 597,771 relative to the amortisation of intangible assets and Euro 1,675,926 for amortisation of tangible assets. For the variations which occurred during the fiscal year we refer to paragraph "Tangible fixed assets".

28. **FINANCIAL INCOME AND CHARGES**

• The item **"Profit and other financial expenses"** shows a negative balance of € 2,266,221 (negative in the amount of € 1,358,641 at 31 March 2019).

The variations compared to the previous fiscal year are attributable mainly to the repayment of the shareholder financing during the period and to the interest accrued during the year of the loan with Bank of Baroda.
The amount of financial charges relative, instead to correlated parties, refers to the accrued interest on the residual debt amount for the loan to TSPL completely repaid during the year.
For more information relative to interest rate liabilities, please refer to Note 12 of "Financial Debt".

FINANCIAL INCOME AND CHARGES	**31/03/2020**	**31/03/2019**	**Variations**
Financial income	2,752	508,096	(505,344)
Financial charges	(2,268,973)	(1,866,737)	(402,236)
Financial charges of which with correlated parties	(195,526)	(461,038)	265,512
Total financial Income and Charges	**(2,266,221)**	**(1,358,641)**	**(907,580)**

28. **CURRENT, DEFERRED AND PREPAID TAXES ON THE FISCAL YEAR'S INCOME**

Current, deferred and prepaid taxes on the fiscal year's income amount to € 917,851. The following table details the breakdown of the balance:

Current, deferred and prepaid income taxes	31/03/2020	31/03/2019	Variations
Current IRES tax	-	-	-
Current IRAP tax	-	-	-
Deferred (prepaid) taxes	1,150,778	315,250	835,528
Previous fiscal year taxes	(232,927)		(232,927)
Total	**917,851**	**315,250**	**602,601**

•• Current taxes

The reconciliation of notional IRES and IRAP rates with the actual ones related to the fiscal year ended on 31 March 2020 is detailed below:

- ***IRES***

IRES rate reconciliation	31/03/2020
Pre-tax income (A)	**(3,722,716)**
IRES Rate (B)	24.00%
notional tax (A*B)	**(575,565)**
Permanent increase variations	**2,140,937**
Temporary increase variations	**2,575,380**
Permanent decrease variations	**(2,036,730)**
Temporary decrease variations	**(8,062,306)**
Total Variations (C)	**(5,382,719)**
Total taxable income (D=A+C)	**(9,105,436)**
Actual tax (E=D*B)	**(2,185,305)**
Actual rate (E/A)	**0%**

- ***IRAP***

IRAP	31/03/2020
A-B	16,086,987
Temporary increase variations	
Total increase variations	**2,238,161**
Temporary decrease variations	
Total decrease variations	**10,080,712**
GROSS PRODUCTION VALUE	**8,244,436**
Deductions art. 11	13,007,374
Taxable income	
Tax	-
Advanced Payments	-
Credit BALANCE	**-**

• Prepaid and deferred taxes

For the current fiscal year, prepaid taxes were posted in the amount of € 820,043. Please refer to the notes under "Prepaid Tax receivables" for more details.

TRANSACTIONS WITH RELATED PARTIES

Regarding transactions with related parties, it is confirmed that significant transactions were carried out during the fiscal year ended on 31 March 2020, which were carried out under normal market terms both regarding prices and commercial conditions as well as regarding the underlying reasons that originated them.

As provided for by IAS 24, the following is a breakdown of the transactions with related parties at the financial statements closing date at 31 March 2020 and 31 March 2019:

31/03/2020	Operating costs	Financial charges	Trade payables	Financial liabilities	Revenues	Trade receivables
Titagarh Wagons Limited	150,084	195,526			583,883	905,466
Titagarh Singapore PTE Limited						
AFR Titagarh Wagons			32,894			

31/03/2019	Operating costs	Financial charges	Trade payables	Financial liabilities	Revenues	Trade receivables
Titagarh Wagons Limited	18,020	76,914		15,444		
Titagarh Singapore PTE Limited		384,124		3,828,195		
AFR Titagarh Wagons			34,641			

• Financial Instruments

Neither financial instruments nor other instruments with equity or shareholding rights have been issued by the Company. Furthermore, the Company has no derivative or hedging derivative instruments in place.

• Allocation of assets

There are no assets allocated to or assigned to the completion of a specific business transaction.

• Treasury shares

It is noted that there are neither treasury shares nor shares or quotas of parent companies held by the company even through trust companies or third parties, and that neither treasury shares nor shares or quotas of parent companies have been purchased and/or sold by the company, during the fiscal year, even through a trust company, or through a third party.

COMMITMENTS AND GUARANTEES

With regard to the guarantees, risks and commitments, it should be noted that, at the date of preparation of this document, the Company provided different guarantees and/or securities for the participation in and/or awarding of tenders. Here below are all the guarantees provided during the fiscal year:

- Bank guarantee for Ferrovie Nord Milan issued in the month of March 2020 for € 1.511M due on 30 September 2020;
- Insurance surety issued to the Ministry of infrastructure and transportation government management Circumetnetnea Etna Railway for € 10,791 following the awarding of the tender in the month of February 2019 with a coverage period of eight years as provided for contractually.

REMUNERATIONS TO DIRECTORS AND OVERSIGHT BODIES

At 31 March 2020 the remunerations paid to the members of the Board of Directors amounted to € 10,000, those for the members of the Board of Statutory Auditors amounted to € 53,000 and the remunerations for the members of the supervisory board amounted to € 45,000. Finally, the remunerations for the Auditing Company amounted to € 29,000.

TRANSITION TO INTERNATIONAL ACCOUNTING PRINCIPLES

This note reports the information required by IFRS 1 and, in particular, the description of the impacts that the transition to the EU-IFRS has determined on the statement of the financial position of the Company. For this purpose, the following have been arranged:

- The reconciliation statement of the financial position at 1 April 2018 (Date of Transition) and at 31 March 2019 (date of closing of the last financial statement prepared based on the previous accounting principles) prepared according to the previous Italian Accounting Principles with the one prepared based on the EU-IFRS;
- The reconciliation statement of the income statement for the year closing at 31 March 2019 prepared according to the previous accounting principles with the one prepared based on the EU-IFRS;
- The reconciliation statement of the net equity at 1 April 2018 and at 31 March 2019 determined according to the previous Italian Accounting Principles with those determined based on the EU-IFRS
- The illustrative notes relative to the corrections and the reclassifications included in the previously stated reconciliation statements, which describe the significant effects of the transition, both regarding the classification of the various financial statement entries and their different evaluation and, therefore, to the subsequent effects on the financial position.

The opening balance at the date of transition to the EU-IFRS was prepared based on the following criteria:

- all the assets and liabilities whose recording is required by the EU-IFRS principles were recognised;
- the assets and liabilities whose recording is not permitted by the EU-IFRS principles were not recognised;
- The EU-IFRS were applied in the evaluation of all the assets and liabilities were recognised;
- All the adjustments from the first application of the EU-IFRS were recognised with offset in the net equity.

(a) Mandatory and optional exemptions for the full retroactive adoption of the UE-IFRS

(a.1) Mandatory exemptions for the full retroactive adoption of the EU-IFRS

The only mandatory exemption applicable to the Company in the area of this transition regards the evaluative estimates used in the re-elaboration of the information at the Date of Transition which are in accordance with those used in the preparation of the relative financial statements according to the previous accounting principles (after the necessary corrections to reflect any differences in the accounting principles).
The other mandatory exemptions required by IFRS 1 have not been applied, because relative to particular cases not relevant to the Company.

(b) Reconciliation of the financial position at 1 April 2018 and at 31 March 2019 and of the comprehensive income statement for the year closing at 31 March 2019

Financial position at 1 April 2018

The reconciliation between the Company's financial position at 1 April 2018 prepared in accordance with the Italian Accounting Principles and reclassified based on the classification criteria chosen by the Company for the UE-IFRS financial statement with that prepared in accordance with the EU-IFRS is reported below.

(in Euro)	Italian accounting principles	IFRS Adjustments	IFRS Reclassifications	EU IFRS
ASSETS				
Non-current assets				
Intangible assets	650,436	-		650,436
Tangible assets	31,986,382	16,127,531		48,113,913
Receivables and other non-current assets	203,017	-		203,017
Advanced taxes	3,912,867	7,862		3,920,730
Total non-current assets	36,752,703	16,135,394		52,888,096
Current assets				
Inventory	25,611,295	-		25,611,295
Work in progress for orders in hand	38,988,262	-		38,988,262
Trade receivables	13,604,355	- 32,760		13,571,595
Other receivables and current assets	21,515,833	-		21,515,833
Cash and cash equivalents	4,506,662	-		4,506,662
Total current assets	104,226,407	- 32,760		104,193,647
TOTAL ASSETS	140,979,110	16,102,634		157,081,743
NET EQUITY				
Share capital	10,000,000	-		10,000,000
Other reserves	15,256,636	11,505,196		26,761,832
Profits/(losses) carried forward	4,876,085	-		4,876,085
Profit/(loss) for the year	- 10,506,142	-		- 10,506,142
Total net assets	19,626,579	11,505,196		31,131,775
Non-current liabilities				
Provision for non-current risks and charges	6,196,096	- 41,005		6,155,091
Benefits to employees	-	-		-
Non-current financial liabilities	5,191,452	-		5,191,452
Other non-current liabilities	4,000,000	-		4,000,000
Deferred tax liabilities	82,532	4,638,443		4,720,974
Total non-current liabilities	15,470,080	4,597,438		20,067,518
Current liabilities				
Short term financial debt	35,977,313	-		35,977,313
Trade payables	19,626,803	-		19,626,803
Customer advances	41,899,339	-		41,899,339
Other current liabilities	8,378,996	-		8,378,996
Total current liabilities	105,882,452			105,882,452
TOTAL NET ASSETS AND LIABILITIES	140,979,110	16,102,634		157,081,743

Financial position at 31 March 2019

The reconciliation between the Company's financial position at 31 March 2019 prepared in accordance with the Italian Accounting Principles and reclassified based on the classification criteria chosen by the Company for the UE-IFRS financial statement with that prepared in accordance with the EU-IFRS is reported below.

(in Euro)	Italian accounting principles	IFRS Adjustments	IFRS Reclassifications	EU IFRS
ASSETS				
Non-current assets				
Intangible assets	2,622,807	-	-	2,622,807
Tangible assets	31,478,113	15,248,173	-	46,726,285
Receivables and other non-current assets	204,174	-	-	204,174
Advanced taxes	4,330,530	27,737	-	4,358,267
Total non-current assets	38,635,623	15,275,910	-	53,911,532
Current assets			-	
Inventory	21,529,814	-	-	21,529,814
Work in progress for orders in hand	54,201,857	-	(43,685,374)	10,516,483
Trade receivables	15,005,369	- 115,570	-	14,889,799
Other receivables and current assets	8,610,846	-	-	8,610,846
Cash and cash equivalents	11,488,529	-	-	11,488,529
Total current assets	110,836,416	- 115,570	(43,685,374)	67,035,472
TOTAL ASSETS	149,472,038	15,160,339	(43,685,374)	120,947,004
NET EQUITY				
Share capital	10,000,000	-	-	10,000,000
Other reserves	9,626,579	11,505,196	-	21,131,775
Profits/(losses) carried forward	-	-	-	-
Profit/(loss) for the year	- 2,240,694	- 327,352	-	- 2,568,046
Total net assets	17,385,885	11,177,844	-	28,563,728
Non-current liabilities			-	
Provision for non-current risks and charges	11,468,516	- 518,066	-	10,950,450
Benefits to employees	-	-	-	-
Non-current financial liabilities		-	-	

	50,726,612			50,726,612
Other non-current liabilities	2,000,000			2,000,000
Deferred tax liabilities	285,107	4,500,561		4,785,668
Total non-current liabilities	64,480,235	3,982,495		68,462,730
Current liabilities				
Short term financial debt	1,793,638			1,793,638
Trade payables	15,388,909			15,388,909
Customer advances	44,816,654		(43,685,374)	1,131,280
Tax payables	781,200			781,200
Other current liabilities	4,825,518			4,825,518
Total current liabilities	67,605,919		(43,685,374)	23,920,545
Total LIABILITIES	132,086,154	3,982,495	(43,685,374)	92,383,276
TOTAL NET ASSETS AND LIABILITIES	149,472,039	15,160,339	(43,685,374)	120,947,004

Income statement for the year closed at 31 March 2019

The reconciliation between the Company's income statement at 31 March 2019 prepared in accordance with the Italian Accounting Principles and reclassified based on the classification criteria chosen by the Company for the UE-IFRS financial statement with that prepared in accordance with the EU-IFRS is reported below.

(in Euro)	Italian accounting principles	IFRS Adjustments	IFRS Reclassifications	EU IFRS
Revenue from sales and services	55,565,960	-		55,565,960
Purchase of raw, subsidiary materials and consumables	29,594,559	-	(1,457,615)	28,136,944
Other operating costs	9,635,220	-	(427.510)	8,715,628
Personnel costs	18,154,612	-	25,500	18,180,112
Amortisation and depreciation	1,020,529	962,169	-	1,982,697
Net operating margin	(2,838,960)	(962,169)	1,859,625	(1.941.503)
Other income and revenue	15,469,300	-	(15,072,541)	369,759
Capitalised internal construction costs	2,051,347	-	-	2,051,347
Other expenses	15,244,173	-	(13,212,916)	2,523,340
Operating profit	(562,486)	(962,169)	-	(1,524,655)
Financial income	1,486	477,060	-	478,546
Financial charges	(1,837,188)		-	(1,837,188)
Income before taxes	(2,398,188)	(485,108)	-	(2,883,296)
Taxes	(157,494)	(157,756)	-	(315,250)
Net income for the fiscal year	(2,240,694)	(626,983)	-	(2,568,046)

(c) Reconciliation of the net equity at 1 April 2018 and at 31 March 2019 and of the comprehensive net income for the year closing at 31 March 2019

The reconciliation between the Company's net equity at 1 March 2018 and at 31 March 2019 prepared in accordance with the Italian Accounting Principles with the corresponding values in accordance with the EU-IFRS is reported below.

(In Euro)	Notes	Net equity at 1 April 2018	Net income for the fiscal year ended on 31 March 2019	Net equity at 31 March 2019
Titagarh Firema SpA - Italian accounting principles		19,626,579	(2,240,694)	17,385,885
fair value as deemed cost – IFRS 1	c.1)	11,498,930	(626,983)	10,871,947
Expected Credit Loss - IFRS 9	c.2)	(24,898)	(62,936)	(87,833)
Provisions, Contingent Liabilities and Contingent Assets - IAS 37	c.3)	31,164	362,566	393,730
Titagarh Firema SpA - UE IFRS		31,131,775	(2,568,046)	28,563,728

A description of the main corrections made for the transition to the UE-IFRS account principles is reported below.

c.1) Fair value as deemed cost – IFRS 1

In accordance with that provided for by the Italian accounting principles, tangible assets are recorded at historic cost and increased in value only if permitted by special laws.
The IFRS (IAS 16) arrange instead that a company, after having recognised the purchase cost or the production cost, can choose for the subsequent recognition the evaluation criteria between the amortised cost model (“Cost model”) and the model of redetermination of the value (“Fair value as deemed cost”), the latter is applicable only if the fair value of the asset can be measured in a reliable and realistic manner.
At the first application of the IFRS, therefore, the recognition of the asset at fair value or revalued cost is provided, based on the criteria of cost substitution (estimated cost), with the redetermination of the amortisation based on revalued cost of the asset.
At the first application of the IFRS, the Company decided to evaluate the property, plants and fixed building systems of only the production site in Caserta with the application of the fair value as deemed cost, on the basis of the current values at the date of the first application, inferred by the appraisal by an independent expert (Praxi): the Company has recorded the fair value of the entry of the asset net of the subsequent amortisation and impairment loss. In the estimate of remaining useful life of buildings and fixed building systems, an average duration of approximately 26 years was considered by the independent expert

The application of the revaluation model has determined:

- at 1 April 2018, an increase in net equity in the amount of Euro 11,498,930, net of the relative tax effect, due to the increase in value of land, buildings, plants and machinery;
- at 31 March 2019, a negative effect on the income statement in the amount of Euro 626,983, net of tax effect. The net effect on net equity at 31 March 2019 is positive in the amount of Euro 10,871,947, due to the increase in value relative to revalued sources of income.

c.2) Expected Credit Loss - IFRS 9

The impairment on trade receivables and on contract assets is carried out through the simplified approach permitted by the principle. This approach calls for the estimate of losses expected along the entire life of the receivable at the time it of its initial recording and in the subsequent assessments. For each customer segment identified, the estimate is carried out mainly through the determination of the average loss expected, based on the historical-statistical indicators, possibly adjusted using perspective elements. Instead, for each category of receivable characterised by peculiar elements of risk, specific assessments are carried out on the individual credit positions.
Generally, the method of recognition of loss expected (Expected Loss) adopted by the Company calls for a matrix approach according to the following steps:

- historical analysis of the losses on trade receivables;
- definition of customer clusters in function of the characteristics of the credit risk highlighted in the historical analysis;
- determination of the historic loss rate for customer clusters on the basis of the losses recognised in relation to the total receivables for the reference period or in relation to the overdue amounts if the relative information is available without excessive efforts;
- possible adjustment in the historic loss rate based on current and perspective information (changes in the economic, regulatory and technological context, industry perspective, specific assessments on individual creditor positions, etc.).

The application of the Expected Credit Loss has determined:

- At 1 April 2018 a decrease of net equity in the amount of Euro 24,898;
- at 31 March 2019, a negative effect on the income statement in the amount of Euro 62,936, net of tax effect. The net effect on net equity at 31 March 2019 is negative in the amount of Euro 87,833, because of the increase in depreciation.

c.3) Provisions, Contingent Liabilities and Contingent Assets – IAS 37

The application of this principle calls for the discounting of the reserves for funds recorded for potential liabilities with a duration over several years to reflect the time value.

The Company has therefore arranged for discounting some funds recorded among its liabilities, using, where the discounting effect is relevant, a rate which reflects the current market assessments of the value of money over time and the specific risks associated with the liabilities. In particular, the provision, object of discounting, was the product warranty provision, which refers to the charges to be sustained as contractually provided for the supply of replacement parts including spares for the execution of the full-service services for maintenance over several years. For the estimate of the discount rate applied, a rate of 3% was used which reflects the most recent cost of the debt applied to the bank status of the Company.

The application of the international accounting principle has determined:

- at 1 April 2018 an increase in net equity in the amount of Euro 31,164;
- at 31 March 2019 a positive effect on the income statement in the amount of Euro 326,566, net of tax effect. The net effect on net equity at 31 March 2019 is positive in the amount of Euro 393,730, because of the discount effect.

Details of the main reclassifications which were made to the income statement and to the balance sheet for the year closing at 31 March 2019:

Fees to the directors

The fees to the directors, classified in the entry "Service costs" in the financial statement prepared in accordance to the Italian Accounting Principles, were reclassified in the entry "Personnel costs" in accordance with EU-IFRS. The reclassification in question is in the amount of Euro 25,500 for the year closing at 31 March 2019.

Prepayments – IFRS 15

The entry "Advances" was reclassified as an adjustment of the "Contract work in progress" in the amount of Euro 43,685,374 in accordance with EU-IFRS (IFRS 15).

Other reclassifications in the Income Statement

The further reclassifications present are associated to the application of IAS 1, for a better presentation of the income and expenses economic data.

Caserta, 30 June 2020

The Chairman of the Board of Directors

Firmato da:
CHOWDHARY UMESH
Motivo:

Data: 14/07/2020 17:57:53

Chief Executive Officer and Managing Director

Firmato digitalmente da:
CORRADI LUIGI
Firmato il 14/07/2020 17:51
Seriale Certificato: 18500853
Valido dal 26/05/2020 al 26/05/2023
InfoCert Firma Qualificata 2