

Directors' Report

Dear Shareholders,

The Directors hereby present their Twenty First Annual Report on the business and operations of the Company ('the Company' or 'TWL') along with the audited financial statements, for the financial year ended March 31, 2019. The consolidated performance of Titagarh Group (the Company and its subsidiaries) has been referred to wherever so required.

1. Profit, Retention & Dividend

Titagarh Group's financial performance during the financial year ended March 31, 2019 was follows:

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from operations	91011.28	31,652.05	171077.50	127,143.84
Other income	2209.25	2,328.20	5336.83	2,987.86
Total Income (TI)	93220.53	33,980.25	176414.33	130,131.70
Earnings before interest, tax, depreciation and amortisation (EBIDTA)	7586.91	2,082.86	8739.16	(6,686.54)
Less: Finance Cost	2390.02	864.45	6837.59	4,405.99
Less: Depreciation and amortization expenses	1237.85	1,297.20	3614.79	5,083.59
Profit/(Loss) before exceptional items & tax	3959.04	(78.79)	(1713.22)	(16,176.11)
Share of Loss of a joint venture	(3.64)	32.36		
Exceptional items	(12695.46)	-	3832.55	509.12
(Loss) before tax	(8736.42)	(78.79)	(5549.41)	(16,717.59)
Tax Benefits/Expenses	449.02	370.33	3296.80	1,994.16
(Loss) for the year after tax	(8287.40)	291.54	(2252.61)	(14,723.43)
Other Comprehensive Income/(Loss) (net of tax)	(4.89)	(3.66)	(725.23)	3,526.74
Total Comprehensive Income for the year	(8292.29)	287.88	(2977.84)	(11,196.69)

₹ in lakhs

1. Performance and Outlook

The Company's performance during the Financial Year 2018-19 (FY 18-19) on a standalone basis improved remarkably as compared to the previous financial year with all three segments viz. Wagons & Coaches, Specialised Equipment & Bridges and Shipbuilding recording substantial increase in revenue. Earnings from Shipbuilding during the FY 18-19 increased about three times against the previous fiscal owing to execution of the prestigious orders received from Indian Navy and National Institute of Ocean Technology

(NIOT). Operating Income from Specialised Equipment & Bridges went up by about 58.4% and from Wagons & Coaches and Shipbuilding increased several times over the corresponding numbers respectively in the FY 17-18. However, the FY 18-19 on a standalone basis ended with loss due to exceptional item being provision, as a matter of prudence required to be made for impairment of the Company's investment in the Company's subsidiary in France consequent to it being referred for rehabilitation process.

On a consolidated basis, the Group's revenue during the FY 18-19 increased by 34.6% and EBIDTA was Rs. 8739.16 Lakhs against negative Rs.6686.54 lakhs in the previous financial year. Loss After Tax at Rs.2252.61 Lakhs during the financial year ended March 31, 2019 mainly due to the problems faced by the Company's subsidiary in France, reduced from Rs.14,723.43 Lakhs in the FY 17-18.

Indian Railway (IR) announced procurement of 11790 Wagons in December, 2018 and your Company was awarded order for 5058 Wagons valued at Rs.156087 Lakhs which is under execution as per schedule. IR has also issued another tender for 10168 Wagons during the current financial year and after reverse auction scheduled shortly, placement of the order is expected in this quarter.

Your Company has also participated and technically qualified in the tender announced by Maharashtra Metro Rail Corporation for Metro Coaches for Pune and the outcome is awaited. Your Directors' emphasis on achieving more efficient value chain, higher utilisation of capacity available with the Company and securing repeat orders for the products including from private sector customers is continuing consistently and the overall outlook for notable improvement in the consolidated financial performance during the current fiscal is on track.

The Directors had at their meeting held on May 30, 2019 (adjourned from May 29, 2019) approved a draft Scheme of Amalgamation for merger of Cimmco Limited- a subsidiary, Titagarh Capital Private Limited- a wholly owned subsidiary and Titagarh Enterprises Limited- a Group company (Transferor Companies No. 1, 2 & 3 respectively) with your Company (the Scheme) to leverage the synergistic advantages, rationalization, operational and cost optimization etc. subject to necessary approvals. As per the Scheme, the shareholders of the Transferor Company No. 1 shall be entitled to 13 equity shares of Rs.2/- each fully paid

up for every 24 equity shares of Rs.10 each fully paid held by them and shareholders of the Transferor Company No. 3 shall be entitled to 11 equity shares of Rs.2/- each fully paid for every 13 Equity Shares of Rs.10 each fully paid up held by them on a record date to be determined, to be issued and allotted by Titagarh Wagons Limited. No consideration is payable in case of merger of the Transferor Company No. 2 (wholly owned subsidiary) since the shares held by your Company therein shall be cancelled.

The Board at its meeting held on August 14, 2019 has after review directed filing of the revised Scheme by excluding the Transferor Company No. 3 from the Scheme with the Stock Exchanges/Authorities concerned. The Scheme is, in opinion of the Board fair and in the interest of all stakeholders.

Management Discussion and Analysis

Overall Review

The overall performance of the Company during the financial year 2018-19 improved notably, however the exceptional item viz. provision required to be made for impairment of investment in and certain receivables from the subsidiary in France resulted in loss after exceptional item and tax.

On consolidated basis although revenue and segment results increased significantly, the exceptional item stated above resulted in negative bottomline, however your Company was able to substantially reduce the loss after tax as compared to the corresponding number in the previous financial year which were affected by one-time provision/write-off of losses incurred on account of re-estimation of certain long time contracts that were inherited along with the acquisition of the business in the Group's subsidiary in Italy and technical problem in the bogies hampering production at the other subsidiary in France.

Segment Review

₹ in lakhs

Particulars	Standalone			Consolidated		
	2018-19	2017-18	Change %	2018-19	2017-18	Change %
Segment Revenue (Gross)						
Wagons & Coaches	70499.41	23260.62	203.08	150538.42	118668.96	26.86
Specialised Equipment & Bridges	7352.70	4150.84	77.14	7352.70	4150.84	77.14
Shipbuilding	13151.65	3516.72	273.97	13151.65	3516.72	273.97
Others	7.52	723.87	-98.96	34.73	807.32	-95.70
Total	91011.28	31652.05	187.54	171077.50	127143.84	34.55

Segment Review (Contd..)

₹ in lakhs

Particulars	Standalone			Consolidated		
	2018-19	2017-18	Change %	2018-19	2017-18	Change %
Segment Results						
Wagons & Coaches	1689.25	18.83	8971	(803.25)	(11553.81)	-93.05
Specialised Equipment & Bridges	981.91	619.93	58.39	978.27	357.47	173.66
Shipbuilding	3159.69	549.08	475.45	3159.69	549.08	475.45
Others	(28.91)	248.84	-111.6	(218.88)	(1780.85)	-87.71
Total	5838.66	1436.68	306.40	3151.83	(12428.11)	-125.4
Total Profit/(Loss) before tax and interest	(8736.42)	(78.79)	11088	(5549.41)	(16717.59)	-66.80
Total Loss after tax	(8287.40)	291.54	-2943	(2252.61)	(14723.43)	-84.7

On a standalone basis, the Company has improved its overall performance with sales from Rs. 31652 Lakhs in FY17-18 to Rs. 91011 Lakhs in FY18-19 and EBIDTA from Rs.2082.86 Lakhs Crores in FY17-18 to Rs. 7586.91 Lakhs in FY1819 recording increase of 187.5% and 264.2% respectively. The Company achieved the highest standalone revenue during the FY 2018-19 since incorporation.

During the year, apart from the conventional Wagons where the Company continued to maintain its leadership position having bagged an order for 5058 wagons out of 11790 Wagons finalised for procurement by the Indian Railways, the Company also successfully launched three ships for the Indian Navy and National Institute of Ocean Technology. Further, a development order for train propulsion and electrical from Indian Railways was also received by the Company owing to the credentials and technology of its Italian subsidiary, Titagarh Firema S.p.A.

On a consolidated basis, the Group's revenue was up by about 34.5% during FY 2018-19 as compared to the previous financial year and the performance of the Company's subsidiary in Italy improved significantly. However, the profit of the Group was affected by the provision required for impairment of investment and certain receivables from the Company's subsidiary in France which had to be referred for rehabilitation proceedings.

Overseas Operating Subsidiaries

Titagarh Wagons AFR, France

Titagarh Wagons AFR (TWA) continued to face several financial and operational problems during the year under review resulting in a revenue of Euro 21.28 million as

against Euro 39.53 million in the previous year and loss before tax (before exceptional items) of Euro 5.58 million as against a corresponding loss of Euro 5.84 million. The exceptional losses for the year were Euro 3.30 million bringing the total loss before tax of Euro 8.88 million as against Euro 5.84 million in the last year.

TWA had undertaken several restructuring steps inter alia change of the top management including the CEO in January 2019 and implemented several cost cutting and business improvement measures. However, before the benefit of the aforesaid restructuring could come about, TWA was required to be referred for rehabilitation process.

As a matter of prudence and precaution, the Board of TWL has decided to provide for impairment of 100% value of investment in the French subsidiary amounting to Euro 16 million. Reference having been made to the Commercial Court of Paris ('the Court'), the start of the process on 4th June, 2019 is deemed as the date from which TWA is no longer in control of the Company and by an order dated 13th August, 2019 the Court has approved transfer of business and assets of TWA to another bidder and ordered its liquidation.

Titagarh Firema SpA, Italy

Titagarh Firema S.p.A. (TFA), has made notable progress in curtailing the large losses made during FY 2017-18 and has reported a revenue of Euro 62 million against Euro 69.97 million in the previous financial year, with a positive EBIDTA (before exceptional items) of Euro 2.19 million against a loss of Euro 6.33 million last year. The PBT of TFA was Euro 2.4 million negative this year against Euro 12.58 million negative in FY 17-18 and the order book of TFA stood at around Euro 310 million.

TFA had also been able to optimise cost by consolidating the operations from 4 sites to 2 sites and is continuing to pursue consolidation and cost optimisation while participating in global tenders for securing more orders. TFA has excellent products and technology with the main site of production in Caserta being one of the largest train manufacturing sites in Europe. TFA has successfully executed all the legacy contracts acquired with the company, most of them being under technical and commercial disputes for more than 10 years. TFA has already absorbed the losses from executing these contracts which it considers as a part of the cost of acquisition. The Italian subsidiary is not only active in the European market, but also pursuing to participate with the Holding Company in the infrastructure projects in India.

Cimmco Limited - Operating subsidiary in India

The Wagons & Engineering Products segment recorded a commendable increase of 94.67% in turnover for FY 2018-19 as compared to the previous year basically due to increase in sale of wagons to the private customers and sale of Loco. The sale of wagons to the Indian Railways (IR) saw an increase of 12.92% as compared to previous year.

Order Book position

At the time of approval by the Board of the financial statements for FY 2018-19, the order book of the Company on standalone basis stood at Rs. 2200 Crores as against Rs. 800 crores on the corresponding date in the previous year.

Cimmco Limited (Cimmco), the Indian subsidiary of the Company has the order book of Rs. 500 crores as against Rs. 400 crores in the previous financial year.

Thus the total order book of Titagarh and Cimmco combined was at Rs. 2700 crores and the Group order book at Rs.5500 crore which is the highest ever.

Industry overview of Business Segments

Wagons and Coaches

India has the world's fourth largest railway network comprising 119,630 kilometres of total track and 92,081 kilometres of running track over a route of 66,687 kilometres (by the end of FY16). The Indian Railways have a fleet of more than 2.51 lac wagons, 70,241 coaches and 11,112 locomotives. The traffic carried by the Indian Railways can be split into two segments: passenger and freight.

Construction of the Eastern and the Western Dedicated Freight Corridors will lead freight volumes to more than double to 2,165 million tonnes by FY 2020. Increasing carrying capacity, cost effectiveness and improved quality of service will escalate railway's share of freight movement from 35% to 50% by 2020.

(Source: www.indianrailways.gov.in)

Government policy on rail network operations, cessation of providing fee supply items causing enhanced working capital requirement, unhealthy competition are some of the major challenges.

Outlook

The Government has set aside a sum of Rs. 8,56,020 crore to carry out medium-term structural reforms as well as infrastructure development such as electrification and expansion of the existing network, improving safety, increasing its fleet of rolling stock, providing for high speed rail and freight corridors and providing better passenger amenities. The Government of India has decided to create a Rs. 30,000 crore Rail India Development Fund (with assistance from World Bank). This will support commercially viable investment in the railway sector in India over the next seven years. The Indian Railways aims to be the engine for India's economic growth and development by aiming to earn gross revenues worth \$44.5 billion by FY20.

Metro railways

Metro trains are rail-based mass rapid transit systems that operate on a privileged right-of-way – either underground or elevated over street level, separated from all other modes of transport in an urban area. Currently, there are eight operational metro systems in India. As of September 2016, India had 324 km of operational metro lines in the cities of Delhi and NCR, Gurgaon, Kolkata, Chennai, Bengaluru, Jaipur and Mumbai. A further 520-km-long lines are under construction and a further 553-km are under consideration. There has been a rapid increase in the expansion of urban mass transportation systems across India thanks to continued support from the Central and State Governments and multi-lateral development agencies.

Metro rail system enables large-scale, rapid and low-cost movement of people while causing very little pollution as compared to conventional modes of transport, only 35-40% in India's metropolitan cities have a metro rail network and Metro rails can also serve in old, congested and thickly populated areas where traffic is a major challenge

Making available the land for laying tracks, very large project expenditure, infrastructural issues are some of the major threats in Metro Coaches segment.

Outlook

Given rising urbanisation and increasing population levels in India, implementation of metro rail systems will become imperative as mass rapid transit systems are the best way to decongest traffic. The implementation of the 2017 Metro Rail Policy also augurs well for the sector.

Shipbuilding sector overview

The shipbuilding industry has a similar impact on the Indian economy as the infrastructure sector due to higher multiplier effect on investment and turnover (11.6 and 4.2 respectively) and high employment potential due to multiplier effect of 6.4. The shipbuilding industry is strategically important due to its role in national defense, energy security and for developing heavy engineering. As per a Ministry of Defence press release, at present all major warships and submarines under construction are being built at Indian shipyards (both PSU as well as Private Shipyards).

(Source: www.pib.nic.in)

Although the global shipping industry has been witnessing slowdown due to declining demand and overcapacity, the demand for various vessels and barges etc. from the Government establishment/Indian Navy offsets to certain extent the challenge.

Outlook

The revival of the shipbuilding sector is a key part of the Central Government's Make in India initiative. Participation in various tenders is continuing and new orders are expected, though gradually on the basis of the 10-year policy package. The Central Government is targeting to increase India's share of the global shipbuilding industry from current levels of 0.45% to 5% by 2020.

Discussion on Financial Performance with respect to Operational Performance

Continuing focus of the management is consistently on undertaking better manufacturing processes, improved productivity and optimization of resource for improvement in performance aimed at achieving results better than the trend witnessed in the industries in which the Company operates. Viewed in this backdrop, the Company's performance for the year under review is considered to be in line with the circumstances prevailing.

Overall outlook for the current year

In addition to the healthy order book as on date, the Company's focussed approach on consolidating its prominent position in the Rolling Stock sector coupled with the access to strong technology for Metro Coaches through its subsidiary in Italy and diversified product portfolio, strategy of innovative ways to cater to its customers and preparedness to seize opportunity in products/projects for defence establishment of India make the outlook for the current year encouraging.

Key Financial Ratios

As stipulated in the Regulation 34(3) of SEBI (LODR) Regulations, 2015, as amended, the Company is required to give the following:

- (a) Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios or sector specific ratios, along with detailed explanations therefor:

Sl. Key Financial Ratios	2018-19	2017-18	Difference (%)
1 Debtors Turnover Ratio (%)	30.60	49.10	37.68%
2 Inventory Turnover Ratio (%)	24.17	42.39	42.98%
3 Interest Coverage Ratio (times)	3.17	2.41	31.53%
4 Current Ratio (times)	1.31	1.76	25.57%
5 Debt Equity Ratio	0.22	0.11	100%
6 Operating Profit Margin (%)	8.6	6.6	30.30%
7 Net Profit Margin (%)	(9.11)	0.93	(1079)%

Notes on significant changes in financial ratios where change is > 25%:
1&2. Better Working capital Utilization

- Increase is due to increase in WC DL and CC facility and increase in interest thereon.
- Current ratio, though it has deteriorated, it is within the permissible standards.
- Increase is due to change in operating method of the company. Earlier TWL used to get free supply of material for manufacturing of Wagons. Now we are asked to procure on our own which has led to increase in borrowing thus increasing the Debt Equity ratio.
- Operating profit margin has increased due to increase in sales and better profit margins on new contracts.
- Would like to draw your attention towards profit before exceptional items wherein we are making an increase in profit of 367.75%. Exceptional items includes written off of investment and other receivables amount of France subsidiary last year.

- (b) details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:

Key Financial Ratios	2018-19	2017-18	Difference (%)
Return on Net Worth (%)	(10.86)	(0.1)	48.2%

Notes on significant changes in financial ratios where change is > 25%:
The return on Net Worth before exceptional item is a positive 4.92%. The negative return mentioned here is due to exceptional item i.e. write off of investment and receivables relating to French subsidiary.

3. Dividend

The Board of Directors at its meeting held on 30th May, 2019 has recommended dividend of 15% i.e. Re. 0.30 per

equity share of Rs. 2/- each fully paid up for the Financial Year ended 31st March, 2019 subject to declaration by shareholders at the ensuing Annual General Meeting.

4. Employee Stock Options Scheme/Change in Share Capital

Pursuant to approval of the shareholders, the Nomination and Remuneration Committee (also functioning as Compensation Committee) at its meetings held on March 4, 2015 and May 19, 2017 in accordance with the TWL Employees Stock Options Scheme, 2014 (ESOS) granted to the eligible employees 5,00,000 options each respectively, to be converted into equivalent number of equity shares of Rs. 2/- each fully paid as per the ESOS.

Options resulting in 15,950 equity shares, 11,000 equity shares and 600 equity shares allotted on June 20, 2018, September 12, 2018 and December 28, 2018 respectively to the eligible employees upon exercise by them in conformity with ESOS led to increase in the paid up equity share capital to Rs. 23,10,55,840/- as at 31st March, 2019 consisting of 11,55,27,920 equity shares of Rs. 2/- each fully paid up. Further, 35,000 equity shares and 43,250 equity shares were allotted on 3rd April, 2019 and 18th June, 2019 respectively, which increased the paid up equity share capital to Rs. 23,12,12,340/- consisting of 11,56,06,170 equity shares of Rs. 2/- each fully paid up. The equity shares so allotted rank pari-passu with the existing equity shares of the Company.

The disclosures as required under Regulation 14 of Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 have been placed on the corporate website of the Company www.titagarh.in

5. Material Changes and Commitments after the balance sheet date:

No material changes and commitments have occurred since the date of close of the financial year, to which the financial statements relate, till the date of this report, which might affect the financial position of the Company.

6. Investor Education Protection Fund (IEPF)

As stipulated by the applicable provisions of the Companies Act, 2013 ('the Act') read with IEPF (Accounting, Audit, Transfer & Refund) Rules, 2016, as amended ('the IEPF Rules') all unpaid or unclaimed dividend required to be transferred by the Company to the IEPF has been/ shall be transferred, details whereof are provided on the Company's website: www.titagarh.in.

Pursuant to the provisions of Section 124(6) of the Act read with the IEPF Rules, all the shares on which dividends remain unpaid or unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority ('IEPF Account') as notified by the Ministry of Corporate Affairs. In accordance with the said provisions, the Company had executed and submitted the necessary documents for transfer of 3,907 equity shares of Rs. 2/- each, to the IEPF account, on 21st September 2018, in respect of which dividend had not been claimed by the members for seven consecutive years or more as on the cut-off date, i.e. 25th August, 2018. The details of all shares transferred to the IEPF Account are uploaded on the Company's website.

The Company has identified 178 shareholders holding 2397 equity shares in aggregate, who have not claimed their dividend consecutively since FY 2011-12 and therefore shares held by them are liable to be transferred to the IEPF Account (Due date of transfer: 13/10/2019). The Company had sent individual notices on 13/07/2019 through Registered Post to the concerned 178 shareholders with information regarding transfer of their shares and final reminder for taking appropriate action for claiming the dividend unclaimed on their shares. Newspaper advertisement was also published in this regard. The details of such shareholders are uploaded on the Company's website.

7. Transfer to Reserves

There being no surplus, no amount is proposed to be transferred for the year under review to the general reserves.

8. Risk Management, Risks and Concerns

A Risk Management Policy to identify and assess the key risk areas, monitor mitigation measures and report compliance has been adopted. Based on a review, major elements of risks have been identified and are being monitored for effective and timely mitigation.

Risk management is an integral part of the Company's risk management policy adopted by the Board with periodic review by the Audit Committee and the Board. Prudence and conservative dealing with risks is at the core of risk management strategy being followed by the Company. The risks, both internal and external to which the Company is exposed to include macro-economic, regulatory, strategic, financial, operational, value chain, human resources etc. and each of them is taken into consideration for development and maintaining of a robust mechanism for mitigation

which is evolving with time and circumstances within which the Company operates.

9. Subsidiary Companies and Joint Venture

A report containing the details required under Section 134 of the Companies Act, 2013 ('the Act') read with Rule 8(1) of the Companies (Accounts) Rules, 2014 in respect of performance and financial position for the financial year ended March 31, 2019, of subsidiaries: Cimmco Limited, Titagarh Capital Private Limited, Titagarh Wagons AFR, France, Titagarh Singapore Pte. Ltd., Singapore and Titagarh Firema SpA and Joint Venture Company: Matiere Titagarh Bridges Private Limited included in the Consolidated Financial Report (CFS) in the Form AOC-1 is annexed to this Report and marked as Annexure DR-2. The CFS is attached to this Annual Report.

A joint venture Company: Titagarh Mermec Private Limited has been set up in India on 18th July, 2018 with equal stake in its equity of Mermec SpA, Italy (Mermec) and your Company, for marketing, manufacturing and selling diagnostic and signalling systems for railway infrastructure and auxiliary products and equipment parts related thereto in the Territories viz. India, Nepal, Bangladesh, Myanmar, Bhutan, Sri Lanka and any other market with credit line from India.

10. Extract of Annual Return

The details forming part of the extract of the annual return in the Form MGT-9 are uploaded on the website of the Company www.titagarh.in (<http://titagarh.in/annual-reports.php>). The same is also annexed with this report.

11. Number of Board Meetings

The Board of Directors met Five (5) times during the financial year 2018-19 as per the details provided in the Corporate Governance Report forming part of Annual Report.

12. Loans, Guarantee and Investments

Particulars of loans, guarantees and investments made by the Company pursuant to the Section 186 of the Act are furnished under notes to financial statements. The Company has been informed that the said loan, guarantee and security are proposed to be utilised by each recipient for its general business/corporate purposes.

13. Significant and Material orders

There were no material/significant orders passed by any regulator, tribunal impacting the going concern status and the Company's operations in future.

14. Composition of Audit Committee

The Audit Committee constituted by the Board has Shri D N Davar as Chairman and Shri Manoj Mohanka, Shri Ramsebak Bandyopadhyay and Shri Atul Joshi as the members. Further details are provided in the Corporate Governance Report.

During the year all recommendations made by the Audit Committee were accepted by the Board.

15. Related Party Transactions

All Related Party Transactions (RPTs) are entered into by the Company pursuant to compliance with the applicable laws and also in accordance with the policy adopted by the Board. Audit Committee reviews and approves all the RPTs as stipulated by the SEBI (LODR) Regulations, 2015 and based thereon final approval of the Board is obtained. The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Act and as mentioned in form AOC-2 of the Rules prescribed in the Companies (Accounts) Rules, 2014 under the Act are annexed hereto and marked as Annexure DR-3.

16. Corporate Governance Report

The Company has complied with the corporate governance requirements under the Act and SEBI (LODR) Regulations, 2015. A separate section on Corporate Governance under Listing Regulations along with a certificate from a Company Secretary in Practice confirming compliance is annexed to and forms part of the Annual Report.

17. Internal Control System

The Company has system of internal controls and necessary checks and balances so as to ensure

- a. That its assets are safeguarded
- b. that transactions are authorised, recorded and reported properly; and
- c. that the accounting records are properly maintained and its financial statements are reliable.

The Company has appointed external firm of Chartered Accountants to conduct internal audit whose periodic reports are reviewed by the Audit Committee and management for bringing about desired improvement wherever necessary.

18. Vigil Mechanism

A fraud and corruption free environment as part of work culture of the Company is the objective and with that in view a Vigil Mechanism Policy has been adopted by the

Board which is uploaded on the web site of the Company at www.titagarh.in. No complaint of this nature has been received by the Audit Committee during the year under review.

19. Internal Complaints Committee

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the further details of which are given in the Corporate Governance Report. No complaint was lodged with the Committee during the financial year 2018-19.

20. Directors and Key Managerial Personnel

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) and the Board of the Company, the members of the Company at the 21st Annual General Meeting (AGM) held on 29th September, 2018 had passed special resolutions for the re-appointment of Shri D.N. Davar, Shri Manoj Mohanka and Shri Sunirmal Talukdar as Independent Directors for a further term of 5 (five) years w.e.f. April 1, 2019.

Mr. Vincenzo Soprano, Non-Executive Director, who was appointed as Additional Director by the Board at its meeting held on 28th October, 2017 to hold office upto the date of the 21st AGM of the Company vacated his office on 29th September, 2018 i.e. the date of the 21st AGM of the Company. Shri Sunirmal Talukdar, Independent Director, tendered his resignation from the Directorship of the Company on 13th October, 2018 owing to his personal reasons.

Pursuant to the recommendation of the NRC, the Board at its meeting held on 29th May, 2019 appointed Shri Anil Kumar Agarwal as Additional Director of the Company, designated as Director (Finance) and Chief Financial Officer. The Board has recommended necessary resolution at the ensuing 22nd AGM for the appointment of Shri Anil Kumar Agarwal as Director (Finance) for a term of 5 years w.e.f. 29th May, 2019.

Shri Umesh Chowdhary, Vice Chairman & Managing Director, retires by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act and is eligible for re-appointment.

The information prescribed by SEBI (LODR) Regulations, 2015 in respect of the above named Directors is given in the Notice of Twenty Second Annual General Meeting.

During the year under review, there was no change in the Key Managerial Personnel of the Company.

21. Evaluation of the Board's performance, Committee

and Individual Directors

In compliance with the Act and SEBI (LODR) Regulations, 2015, the performance evaluation of the Board, Committees and Individual Directors was carried out during the FY 2018-19 as per the details set out in Corporate Governance Report.

22. Declaration by Independent Directors

Declarations pursuant to the Sections 164 and 149(6) of the Act and SEBI (LODR) Regulations, 2015 and affirmation of compliance with the Code of Conduct as well as the Code for Regulation of Insider Trading adopted by the Board, by all the Independent Directors of the Company have been made.

23. Remuneration Policy and remuneration

A policy approved by the Nomination and Remuneration Committee and adopted by the Board is practiced by the Company on remuneration of Directors and Senior Management Employees, as per the details set out in the Corporate Governance Report.

24. Directors' Responsibility Statement

The Directors state that:

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended March 31, 2019 had been followed in preparation of the said accounts and there were no material departures therefrom requiring any explanation;
- The directors had selected and followed the accounting policies as described in the Notes on Accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the Annual Accounts on a going concern basis; and
- The directors had laid down internal financial controls (IFC) to be followed by the Company and that such IFC are adequate and operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

25. Statutory Auditors

Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants (FRN 304026E/E-300009), were appointed as Statutory Auditors of the Company at the 20th AGM until the conclusion of 25th AGM, subject to ratification of their appointment at the AGM every year. In view of the amendment under the provisions of section 139 of the Companies Act, 2013, the members passed a resolution in the 21st Annual General Meeting held on 29th September, 2018 to dispense away the requirement of ratification of appointment.

The Auditors' Report on the standalone financial statement for the year ended 31st March, 2019 does not contain any qualification, reservation or adverse remark.

26. Consolidated Financial Statements

In accordance with IND-AS 24 issued by the Institute of Chartered Accountants of India, consolidated financial accounts prepared on the basis of financial statements received from subsidiary companies as approved by their respective Boards, form part of this Report & Accounts.

The Auditors' in their Report dated 30th May, 2019 on the Consolidated Financial Statement of the Company for the year ended 31st March, 2019, had expressed a qualified opinion in regard to the public shareholding in Cimmco Limited, the Company's subsidiary ('Cimmco') being less than 25%. In this regard, the Company had submitted the Statement on impact of audit qualifications to the Stock Exchanges on 30th May, 2019 wherein inter-alia, the following was explained:

- The public shareholding in Cimmco had fallen below 25% due to the allotment of further shares by Cimmco to Titagarh Wagons Limited ('the Company'), the only shareholder of Titagarh Agrico Private Limited ('TAPL'), pursuant to the Scheme of Amalgamation of TAPL with Cimmco sanctioned by an Order of the Hon'ble National Company Law Tribunal (NCLT) effective from 14th November, 2017.
- Although the allotment was made on 02/12/2017, the 72,00,000 equity shares so allotted could be credited to the Company's demat account only on May 25, 2018 after the requisite listing approvals were received.
- The Company came out with two Offers for Sale (OFS) on 14/11/2018 and 26/12/2018, but due to low demand, could sell only 557,968 shares representing 2.04% of the share capital of Cimmco.

- It was decided to issue the third OFS in early May 2019, however BSE has advised that the Company must wait for trading window to re-open before making the OFS.
- In view of the above it is clear that the achievement of Minimum Public Shareholding was pending due to factors beyond the control of the promoter/Cimmco.

The Directors are now pleased to inform that the third OFS made on 6th and 7th June, 2019 was oversubscribed in both Retail and Non Retail Categories and as a result, the Minimum Public Shareholding of 25% in Cimmco has been achieved and the aforesaid qualified opinion stands addressed. The promoters' holding in Cimmco now stands at 74.99% which includes the Company's holding of 74.89%.

27. Cost Auditors

M R Vyas & Associates, Cost Accountants, have been reappointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of the products manufactured by the Company, for the Financial Year 2018-19 subject to ratification of their remuneration by the shareholders in accordance with the provisions of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014. The Cost Audit Report for the financial year ended 31st March, 2019 would be filed as stipulated by the applicable provisions of law. The Company is making and maintaining the accounts and cost records as specified by the Central Government under the provisions of Section 148(1) of the Act.

28. Secretarial Auditor

Secretarial Audit has been conducted by Vanita Sawant & Associates, Practicing Company Secretaries appointed by the Board and their report is annexed hereto and marked as Annexure DR-4. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

29. Deposits

The Company did not accept any deposits covered under Chapter V of the Companies Act, 2013 during the financial year ended March 31, 2019.

30. Particulars of Remuneration of Directors/KMP/ Employees

Disclosure pertaining to Remuneration and other details as required under Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (the Rules) is annexed

and marked as Annexure DR-5. The information pursuant to Rules 5(2) and 5(3) of the Rules not annexed to this Report, is readily available for inspection by the members at the Company's Registered Office between 10.30 A.M. to 1 P.M. on all working days upto the date of ensuing AGM. Should any member be interested in obtaining a copy including through email (corp@titagarh.in), may write to the Company Secretary at the Company's Registered office.

Human Resources

A. Empowering the employees

The Company considers its organizational structure to be evolving consistently over time while continuing with its efforts to follow good HR practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices.

B. Industrial Relations

Industrial relations at all sites of the Company remained cordial.

C. No. of Employees

Manpower employed as at March 31, 2019 was 586.

31. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement pursuant to Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to and marked as Annexure DR-6.

32. Corporate Social Responsibility

A report on Corporate Social Responsibility (CSR) activities undertaken during the financial year ended March 31, 2019 pursuant to the provisions of Section 135 of the Act and rules made thereunder is annexed to this Board's Report and marked as Annexure DR-7.

Apart from the above, the Company makes, inter alia, donations to the charitable institutions directly and through philanthropic organisations engaged in providing medical, education and other reliefs to the economically weaker sections of the society. Industrial Training Institute (the "ITI") set up on the Company's land at Titagarh plant situate in Barrackpore, North 24 Parganas under Private Public Partnership (PPP) is yet another area. The ITI with

access to the requisite infrastructure provided by the Company imparts hands-on training to the local people. A large number of students in various batches have passed and significant number of them are engaged in various jobs in the industry. The ITI has been recognised by the State Government as one of the best in the country and it caters to the requirement of skilled workmen by industrial units.

33. Listing

The Company's Equity Shares are listed at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The listing fees for the financial year ending on March 31, 2020 have been duly paid.

34. Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 (10) of the Act.

35. Forward Looking Statement

The statements in this report describing the Company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

36. Acknowledgement

The Directors place on record their appreciation of the cooperation and support extended by the Government, Banks/Financial Institutions and all other business partners and the services rendered by the employees.

Kolkata
August 14, 2019

For and on behalf of the Board
J P Chowdhary
Executive Chairman