

TITAGARH SINGAPORE PTE. LIMITED

(Incorporated in Singapore. Registration Number: 200816406G)

ANNUAL REPORT

For the financial year ended 31 March 2018

TITAGARH SINGAPORE PTE. LIMITED
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2018

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TITAGARH SINGAPORE PTE. LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2018.

In the opinion of the directors,

- (a) the financial statements as set out on pages 7 to 27 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company, with the continuing financial support from its immediate holding corporation, will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr. Talukdar Sunirmal
Mr. Talgeri Ramchandra Ranganath Rao
Mrs. Bhalotia Rita
Mr. Chowdhary Umesh
Mr. Agarwal Anil Kumar
Mr. Singhanian Saurav

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



TITAGARH SINGAPORE PTE. LIMITED**DIRECTORS' STATEMENT**

For the financial year ended 31 March 2018

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director | | Holdings in which a director is deemed to have an interest | |
|--|--|------------------|--|------------------|
| | At 31.03.2018 | At 01.04.2017 | At 31.03.2018 | At 01.04.2017 |
| Ultimate Holding Company - Titagarh Wagons Limited (No. of ordinary shares) | | | | |
| Chowdhary Umesh | 77,530 | 77,530 | 77,530 | 77,530 |
| Agarwal Anil Kumar | 25,000 | 5,000 | 25,000 | 5,000 |
| Singhania Saurav | 2,500 | 2,500 | 2,500 | 2,500 |



TITAGARH SINGAPORE PTE. LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

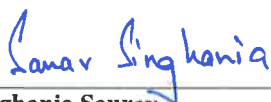
No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors



Singhania Saurav
Director



Agarwal Anil Kumar
Director

Singapore

Date: 20 December 2018



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TITAGARH SINGAPORE PTE. LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Titagarh Singapore Pte. Limited (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprises:

- the balance sheet as at 31 March 2018;
- the statement of comprehensive income for the year then ended 31 March 2018;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TITAGARH SINGAPORE PTE. LIMITED (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing 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 auditor's 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 SSAs 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 these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TITAGARH SINGAPORE PTE. LIMITED (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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.
- Evaluate 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 communicate with the directors 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 identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 20 DEC 2018

TITAGARH SINGAPORE PTE. LIMITED
BALANCE SHEET
As at 31 March 2018

| | Notes | 2018 Euro | 2017 Euro |
|------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Loans and Advances to a Subsidiary | 6 | 7,000,000 | 4,000,000 |
| Other Receivables and Prepayment | 7 | 1,431,071 | 523,278 |
| Cash and Cash Equivalents | 8 | 499,020 | 586,557 |
| | | <u>8,930,091</u> | <u>5,109,835</u> |
| Non- Current Assets | | | |
| Investment in Subsidiary | 4 | 25,020,000 | 8,820,000 |
| Investment in Associate Company | 5 | 5,402,742 | 5,402,742 |
| Derivative Financial Instruments | 11 | - | 435,332 |
| Loans and Advances to a Subsidiary | 6 | 15,050,000 | 18,000,000 |
| Other Receivables and Prepayment | 7 | 170,345 | 170,010 |
| | | <u>45,643,087</u> | <u>32,828,084</u> |
| TOTAL ASSETS | | <u>54,573,178</u> | <u>37,937,919</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 9 | 615,400 | 368,010 |
| Provision for Taxation | 18.2 | - | 35,000 |
| Borrowings | 10 | 20,411,816 | 6,000,000 |
| Other Financial Liabilities | 12 | 1,200,000 | - |
| | | <u>22,227,216</u> | <u>6,403,010</u> |
| Non-Current Liabilities | | | |
| Borrowings | 10 | 13,091,288 | 16,766,581 |
| Derivative Financial Instruments | 11 | 2,043,984 | - |
| | | <u>15,135,272</u> | <u>16,766,581</u> |
| TOTAL LIABILITIES | | <u>37,362,488</u> | <u>23,169,591</u> |
| NET ASSETS | | <u>17,210,690</u> | <u>14,768,328</u> |
| EQUITY | | | |
| Share Capital | 13 | 17,915,420 | 15,552,334 |
| Accumulated Losses | | (704,730) | (784,006) |
| TOTAL EQUITY | | <u>17,210,690</u> | <u>14,768,328</u> |

The accompanying notes form an integral part of these financial statements.



TITAGARH SINGAPORE PTE. LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year ended 31 March 2018

| | Notes | 2018 Euro | 2017 Euro |
|--|-------|----------------|----------------|
| Other income | 14 | 2,047,265 | 937,821 |
| Other (losses)/gains | 15 | (268,990) | 280,164 |
| Expenses | | | |
| - Administrative | 16 | (272,073) | (223,140) |
| - Finance | 17 | (1,286,229) | (754,349) |
| PROFIT BEFORE INCOME TAX | | 219,973 | 240,496 |
| Income tax expense | 18 | (140,697) | (35,000) |
| PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME | | 79,276 | 205,496 |

The accompanying notes form an integral part of these financial statements.



TITAGARH SINGAPORE PTE. LIMITED
For the Financial Year ended 31 March 2018

| STATEMENT OF CHANGES IN EQUITY | Share Capital | Accumulated Losses | Total Equity |
|--------------------------------|---------------|--------------------|--------------|
| | Euro | Euro | Euro |
| 2018 | | | |
| Beginning of financial year | 15,552,334 | (784,006) | 14,768,328 |
| Profit for the year | - | 79,276 | 79,276 |
| Issuance of equity shares | 2,363,086 | - | 2,363,086 |
| End of financial year | 17,915,420 | (704,730) | 17,210,690 |
| 2017 | | | |
| Beginning of financial year | 7,961,483 | (989,502) | 6,971,981 |
| Profit for the year | - | 205,496 | 205,496 |
| Issuance of equity shares | 7,590,851 | - | 7,590,851 |
| End of financial year | 15,552,334 | (784,006) | 14,768,328 |

The accompanying notes form an integral part of these financial statements.



TITAGARH SINGAPORE PTE. LIMITED

STATEMENT OF CASH FLOWS

For the Financial Year ended 31 March 2018

| | 2018 Euro | 2017 Euro |
|---|---------------------|---------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| PROFIT BEFORE INCOME TAX | 219,973 | 240,496 |
| Adjustments for: | | |
| Fair value loss on derivative financial instruments | 2,479,316 | 1,040,016 |
| Dividend income | - | (112,680) |
| Interest income from subsidiary | (2,047,265) | (825,141) |
| Finance expenses | 1,286,229 | 754,349 |
| Unrealised gain on foreign exchange fluctuations | (2,160,994) | (1,346,525) |
| Operating (Loss)/Profit before working capital changes | (222,741) | (249,485) |
| Changes in working capital: | | |
| Other receivables and prepayment | 47,577 | (49,489) |
| Trade and other payables | 160,979 | (7,184) |
| Cash used in operations | (14,185) | (306,158) |
| Interest received | 932,733 | 708,141 |
| Finance expenses paid | (1,275,077) | (613,183) |
| Cash used in operations | (356,530) | (211,200) |
| Income tax paid (Net of refund) | 255,908 | - |
| Net cash used in operating activities | (612,438) | (211,200) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment in subsidiary | (1,200,000) | - |
| Investment in associate | - | (1,582,766) |
| Loans and advances to a subsidiary | (15,050,000) | (16,567,655) |
| Dividend received | - | 112,680 |
| Net cash used in investing activities | (16,250,000) | (18,037,741) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings- non current | - | 9,000,000 |
| Proceeds from borrowings- current | 14,411,816 | - |
| Proceeds from issuance of ordinary shares | 2,363,086 | 7,590,851 |
| Net cash generated from financing activities | 16,774,902 | 16,590,851 |
| Net decrease in cash and cash equivalents | (87,537) | (1,658,090) |
| Cash and cash equivalents at beginning of financial year | 586,557 | 2,244,647 |
| Cash and cash equivalents at end of financial year | 499,020 | 586,557 |

| Particulars | Borrowings Non- current Euro | Borrowings Current Euro |
|---|------------------------------------|-------------------------------|
| As at 31 March 2017 | 16,766,581 | 6,000,000 |
| Finance expenses | 694,375 | 591,854 |
| Cash Flows | | |
| Proceeds from borrowings- current | - | 14,411,816 |
| Finance expenses paid | (694,375) | (580,702) |
| Non-cash transactions | | |
| Impact of foreign exchange fluctuations and unamortised processing fees | (2,475,293) | (11,152) |
| As at 31 March 2018 | 14,291,288 | 20,411,816 |

The accompanying notes form an integral part of these financial statements.



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 391B Orchard Road, #23-01 Ngee Ann City Tower B, Singapore- 238874.

The principal activities of the Company are those of business and management consultancy services and investment holdings.

The principal activities of its subsidiary and associate are set out in Notes 4 and 5.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going Concern

The financial statements of the Company have been prepared on a going concern basis, notwithstanding the Company's net current liability position of Euro 13,297,125 because its immediate holding company, Titagarh Wagons Limited is providing continuing financial support to the Company to enable it to meet its obligation as and when they fall due.

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements and from applying equity accounting to its investment in associate as the Company is a wholly-owned subsidiary of Titagarh Wagons Limited, a company incorporated in India, which produces consolidated financial statements available for public use.

The registered office of the immediate and ultimate holding company, Titagarh Wagons Limited where those consolidated financial statements can be obtained, is as follows:-

756, Anandapur
E M Bypass
Kolkata- 700107
India



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Company has included the additional required disclosures in the Statement of Cash Flows to the Financial Statements.

2.2 Investment in subsidiary

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary companies are carried at cost less accumulated impairment losses. On disposal of investments in subsidiary companies, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

2.3 Associated companies

Associated companies are entities over which the company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

As the company meets the exemption criteria in *FRS 28 Investment in Associates and Joint Venture*, it does not apply equity method of accounting to its investment in the associated company and only presents the company's separate financial statements.



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.3 Associated companies (continued)

Investment in an associated company is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of associated company, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

2.4 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.5 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit nor loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.6 Classification of items in the financial statements

Assets designated for long-term ownership or use and receivables due later than one year after drawdown are classified as non-current assets. Other assets are classified as current assets. Liabilities due later than one year after the end of the reporting period are classified as non-current liabilities. Other liabilities are classified as current liabilities. All derivative financial instruments are classified as current assets or current liabilities.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets in the following two categories: Financial assets at fair value through profit or loss and loan and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

2.7.1 Classification (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months after the reporting date. These are classified as non-current financial assets. The Company's loans and receivables include accounts receivable, cash and short and long-term financial receivables.

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. The interest factor for accounts receivable is considered to be insignificant and therefore not included in the measurement of amortised cost. In the case of an objective evidence of impairment, the difference between reported value and the present value of the expected net future cash flows is reported as a loss.

Provisions for losses are recognised when there are objective indicators that the Company will not receive settlement in accordance with the original contract terms. Significant financial problems facing the customer, probability that the customer will go bankrupt or undergo financial restructuring, postponements and non-payment are regarded as indicators that the customer receivable may be impaired.

2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within Operating profit as Impairment from Current assets or within Net financial items if the gain or loss is arising from Non-current financial items.

2.8 Cash and Cash Equivalents

Cash consists of cash on hand and cash with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.9 Accounts payable

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities within "Trade and other creditors" if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.10 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the company's activities.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis using the effective interest method.

2.11 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged. The company has not designated any of its derivatives as hedging instruments in the current or previous financial year.

Fair Value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Related Parties

A related party is a person or entity that is related to the company.

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity;



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.13 Related Parties (continued)

(ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

2.14 Impairment of non-financial assets

At each balance sheet, the company reviews the carrying amounts of its assets so as to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in the profit or loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Functional and presentation currency

The accounting records of the company are maintained in Euro. The functional currency of the company is the Euro as it reflects the economic substance of the underlying events and circumstances of their transactions. Transactions in foreign currencies that are not denominated in Euro are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are not denominated in Euro are reported at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

currency are not retranslated. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit or loss statement.

2.16 Currency translation

The financial statements are presented in Euro, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance expenses'. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'other gains/losses'. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Functional currency

FRS 21 The effects of Changes in Foreign Exchange Rates requires the company to determine its functional currency to prepare the financial statements. When determining its functional currency, the company considers the primary economic environment in which they operate i.e. the one in which it primarily generates and expends cash. The company may also consider the funds from financial and investing activities are generated. Management applied its judgement and determined that the functional currency of the company is the Euro on the basis that its funding and investing activities are denominated in Euro and it expects its transactions to be in Euro.

Impairment of Investment in Subsidiary and Associated Company

The company follows the guidance of FRS 36 in determining when an investment is impaired. This determination requires significant judgement. The company evaluates, among other factors, the financial health of and the near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

3. Critical accounting estimates, assumptions and judgements (continued)

If the performance of the subsidiary and associated company and/or market condition was to deteriorate which will affect the company's share of net assets of the investee company, impairment may be required.

Impairment of Loans and Receivables

The company assesses at each balance sheet date whether there is any objective evidence that a receivable is impaired. The company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet.



TITAGARH SINGAPORE PTE. LIMITED
Notes to the Financial Statements
For the Financial Year ended 31 March 2018

4. INVESTMENT IN SUBSIDIARY

Unquoted Equity Shares at Cost

At beginning of financial year
 -Addition (Refer Note below)
 At end of financial year

| 2018 Euro | 2017 Euro |
|-------------------|------------------|
| 8,820,000 | 8,820,000 |
| 16,200,000 | - |
| 25,020,000 | 8,820,000 |

During the year, the Company has invested Euro 1,200,000 and agreed to convert part of the shareholder's loan amounting to Euro 15,000,000 to Titagarh Firema SPA (TFA) into equity. The Company would be allotted with necessary equity shares by TFA after obtaining necessary approvals required in terms of the Civil code.

Details of the Subsidiary Company are as follows:

| Name of Subsidiary | Country of Incorporation and Operation | Proportion of Ownership Interests | | Principal Activities |
|----------------------|--|-----------------------------------|-------------|--|
| | | 2018 % | 2017 % | |
| Titagarh Firema SpA* | ITALY | 98.2 | 88.2 | Passenger/Metro Coaches, High Speed/ Semi High Speed Trains and Equipment |

The financial statements of the subsidiary have not been consolidated with the Company's financial statements as the Company itself is a wholly-owned subsidiary of Titagarh Wagons Limited, incorporated in India, which prepares consolidated financial statements which are available for public use and kept at its registered office at Titagarh Towers, 756, Anandapur, EM Bypass, Kolkata- 700107, India

*Audited by PricewaterhouseCoopers SpA, Italy

5. INVESTMENT IN ASSOCIATE COMPANY

Unquoted Equity Shares at Cost

At beginning of financial year
 -Addition
 At end of Financial Year

| 2018 Euro | 2017 Euro |
|------------------|------------------|
| 5,402,742 | 3,819,976 |
| - | 1,582,766 |
| 5,402,742 | 5,402,742 |

Details of the Associated Company are as follows

| Name of Associate | Country of Incorporation and Operation | Proportion of Ownership Interests | | Principal Activities |
|----------------------|--|-----------------------------------|--------------|-------------------------------------|
| | | 2018 % | 2017 % | |
| Titagarh Wagons AFR* | FRANCE | 47.67 | 47.67 | Rail, Wagon and related accessories |

*Audited by PricewaterhouseCoopers Audit SA, France

Summarised financial information for associate company

Set out below are the summarised financial information for Titagarh Wagons AFR

Summarised balance sheet

| | 2018 Euro | 2017 Euro |
|---|-------------------|-------------------|
| Current assets | 24,884,264 | 22,565,200 |
| Includes: | | |
| -Cash and cash equivalents | 828,481 | 2,207,958 |
| Current liabilities | 29,862,960 | 21,951,137 |
| Includes: | | |
| -Financial liabilities (excluding trade payables) | 10,745,665 | 8,136,261 |
| Non-current assets | 11,377,911 | 11,290,309 |
| Net assets | 6,399,215 | 11,904,372 |

Summarised statement of comprehensive income

| | | |
|--|--------------------|-------------------|
| Revenue | 43,038,983 | 40,800,864 |
| Interest income | 8,458 | 13,500 |
| Expenses | 48,552,598 | 40,725,142 |
| Includes: | | |
| -Depreciation and amortisation | 1,795,399 | 1,722,761 |
| -Interest expense | 468,109 | 471,044 |
| (Loss)/profit from operations before tax | (5,505,157) | 89,222 |
| Income tax expense | - | 7,008 |
| (Loss)/profit after tax and total comprehensive (loss)/income | (5,505,157) | 82,214 |

The information above reflects the amounts presented in the financial statements of the associate (and not the Company's share of those amounts)



6. LOANS AND ADVANCES TO A SUBSIDIARY

| | 2018 Euro | 2017 Euro |
|---------------------|-------------------|-------------------|
| Loans to Subsidiary | | |
| -Current | 7,000,000 | 4,000,000 |
| -Non Current | 15,050,000 | 18,000,000 |
| Total | 22,050,000 | 22,000,000 |

Loan to Subsidiary Company (Titagarh Firema S.p.A) carries interest rate of 6.5% p.a (2017: 6.5% p.a) and each tranche is repayable in two years. The loan is secured against charge to be created against all the fixed asset and current assets of the Subsidiary Company.

7. OTHER RECEIVABLES AND PREPAYMENT

| | 2018 Euro | 2017 Euro |
|---|------------------|----------------|
| CURRENT | | |
| Interest receivable from a Subsidiary Company | 1,222,316 | 117,000 |
| Prepaid Processing Fees | 119,328 | 406,278 |
| Withholding tax refundable | 89,427 | - |
| | 1,431,071 | 523,278 |
| NON CURRENT | | |
| Security Deposit | 170,345 | 170,010 |

The security deposit represents deposits made with ICICI bank in debt service retention account as per the requirements of the term loan availed from ICICI Bank. The Company shall keep a minimum balance equal to the interest payable under the facility for the next three months during the entire tenure of the facility (Minimum Balance).

8. CASH AND CASH EQUIVALENTS

| | 2018 Euro | 2017 Euro |
|--------------|----------------|----------------|
| Cash at Bank | 499,020 | 586,557 |

9. TRADE AND OTHER PAYABLES

| | 2018 Euro | 2017 Euro |
|-------------------|----------------|----------------|
| Other Payables | | |
| - Holding Company | 191,748 | 40,526 |
| - Third Parties | 7,335 | 5,412 |
| Interest Payable | 399,750 | 313,339 |
| Accruals | 16,567 | 8,733 |
| | 615,400 | 368,010 |

The amounts due to the holding company are non-trade, unsecured and repayable on demand.

10. BORROWINGS

| | 2018 Euro | 2017 Euro |
|---|-------------------|-------------------|
| CURRENT | | |
| Short Term Loans from Banks: | | |
| - Barclays Bank Plc (Note a) | 6,001,816 | 6,000,000 |
| - Standard Chartered Bank (Note b) | 5,000,000 | - |
| - The RBL Bank Limited (Note c) | 9,410,000 | - |
| | 20,411,816 | 6,000,000 |
| NON-CURRENT | | |
| Term Loan from ICICI Bank (Note d) | 14,291,288 | 16,766,581 |
| Less: Short term maturities classified to Other Financial Liabilities | (1,200,000) | - |
| | 13,091,288 | 16,766,581 |

Notes:

a. The Company has taken a revolving demand loan of Euro 6 million from Barclays Bank based in London. The loan is repayable within one year and carries interest rate of EURIBOR + 1.5% p.a. The loan facility is secured by way of pledge of tax free bonds by the holding company.

b. The Company has taken a short term loan of Euro 5 million from Standard Chartered Bank based in Singapore. The loan is repayable within one year and carries interest rate of 2.00% p.a. over Bank's Cost of Funds. The loan facility is secured by creation of charge on assets of the holding company.

c. The Company has taken a short term loan of Euro 9.41 million from The RBL Bank based in India. The loan is repayable within one year and carries interest rate of EURIBOR + 2.70% p.a. The loan is secured by creation corporate guarantee of INR 720 million from the holding company.

d. The Company secured a Foreign currency term loan facility of United States dollar equivalent of Euro 16 million from ICICI Bank based in Dubai, UAE, and the full amount of Euro 16 million (2017: Euro 16 million) has been drawdown as as 31 March 2017. The loan will be repayable over a period of 8 years in eleven structured installments commencing in September 2018 and ending in October 2023. Interest on the Loan facility is payable at 6 monthly EURIBOR + 4.0% p.a. for the tenure of the facility. The loan facility is secured by way of Deed of Guarantee from the holding company and legal charges on the following:

- (i) Exclusive security interest of 100% shares of the Company held by the Holding Company.
- (ii) Exclusive security interest of 88% shares of the Subsidiary Company held by the Company.
- (iii) Exclusive security interest of 26% shares of the Associated Company held by the Company.
- (iv) Charge over The Debt Service Reserve Account (DSRA) (Note 6).



11. DERIVATIVE FINANCIAL INSTRUMENTS

| | Contract/Notional Amount | Assets | Liabilities |
|------------------------------|-----------------------------|---------|-------------|
| | Euro | Euro | Euro |
| 2018 | | | |
| Cross Currency Interest Swap | 16,000,000 | - | 2,043,984 |
| 2017 | | | |
| Cross Currency Interest Swap | 16,000,000 | 435,332 | - |

The derivative contracts mature on 5 October 2023.

Derivative instruments at fair value through profit and loss represents cross currency interest swap entered into by the Company to hedge its long term loan. While the Group enters into cross currency interest rate swap contracts with the intention of reducing the foreign exchange risk on the long term term, these contracts are not designated as hedge relationships and are measured at fair value through profit and loss..

12. OTHER FINANCIAL LIABILITIES

| | 2018 Euro | 2017 Euro |
|--|--------------|--------------|
| Current Maturity of Secured Loan from Bank | 1,200,000 | - |

13. SHARE CAPITAL

The Company's share capital comprises fully paid-up 20,000,000 (2017 : 17,383,612) ordinary shares with no par value, amounting to a total of Euro 17,915,420 (2017: Euro 15,552,334).

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

14. OTHER INCOME

| | 2018 Euro | 2017 Euro |
|---------------------------------|--------------|--------------|
| Interest Income from Subsidiary | 2,047,265 | 825,141 |
| Dividend Income | - | 112,680 |
| | 2,047,265 | 937,821 |

15. OTHER (LOSSES)/GAIN

| | 2018 Euro | 2017 Euro |
|--|--------------|--------------|
| Gain on foreign exchange fluctuations | 2,210,326 | 1,320,180 |
| Less: Derivative instruments at Fair Value through Profit and Loss | (2,479,316) | (1,040,016) |
| | (268,990) | 280,164 |

16. EXPENSES BY NATURE

| | 2018 Euro | 2017 Euro |
|--|----------------|----------------|
| Auditor's Remuneration | 15,433 | 7,500 |
| Employee Compensation (Refer Note a below) | - | 3,436 |
| Guarantee Commission | 174,283 | 90,682 |
| Legal & Professional Fees | 80,541 | 115,160 |
| Other Expenses | 1,816 | 6,362 |
| Total Current Liabilities | 272,073 | 223,140 |

a. Employee Compensation

| | 2018 Euro | 2017 Euro |
|----------|--------------|--------------|
| Salaries | - | 3,436 |

17. FINANCE EXPENSES

| | 2018 Euro | 2017 Euro |
|-------------------------------|--------------|--------------|
| Interest on Bank Borrowings | 1,021,527 | 626,020 |
| Processing Fees on bank loans | 258,215 | 123,991 |
| Bank charges | 6,487 | 4,338 |
| | 1,286,229 | 754,349 |



TITAGARH SINGAPORE PTE. LIMITED
Notes to the Financial Statements
For the Financial Year ended 31 March 2018

18. INCOME TAXES

| | 2018 Euro | 2017 Euro |
|--|----------------|---------------|
| Income tax expense | | |
| Tax expense attributable to profit is made up of: | | |
| - Current income tax | 166,481 | 35,000 |
| Over Provision in prior financial year | | |
| - Current income tax | (25,784) | - |
| | 140,697 | 35,000 |
| The tax on profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows: | | |
| Profit before tax | 219,973 | 240,496 |
| Tax calculated at a tax rate of 17% (2017: 17%) | 37,395 | 40,884 |
| Effects of: | | |
| - Expenses not deductible for tax purposes | 435,484 | 233,984 |
| - Income not subject to tax | (375,755) | (241,546) |
| - Tax rebate and exemption | (25,724) | (6,602) |
| - Overprovision of tax | (25,784) | 8,280 |
| - Foreign Tax Credit | (71,400) | - |
| - Tax in foreign jurisdiction | 166,481 | - |
| Tax charge | 140,697 | 35,000 |

19. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of the risks.

A) FOREIGN CURRENCY RISK

The Company's currency exposure at the financial year-end arises primarily with respect to United States Dollar. The Company mainly utilises foreign currency contracts to manage its exposure to foreign currency risks.

The Company's currency exposure based on the information provided by management is as follows:

| | United States Dollar Euro |
|---------------------------|------------------------------|
| 2018 | |
| Financial Assets | |
| Cash and Cash Equivalents | 255,115 |
| Net Currency Exposure | 255,115 |
| 2017 | |
| Financial Assets | |
| Cash and Cash Equivalents | 581,522 |
| Net Currency Exposure | 581,522 |

Sensitivity Analysis

At 5% strengthening of the United States Dollar against the Euro at the Balance Sheet date would increase profit before tax by Euro 12,756 (2017: increase profit by Euro 29,076). There is no impact on other comprehensive income. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 5% weakening of the United States Dollar against the Euro would have had the equal but opposite effect on the basis that all the other variables remain constant.

B) INTEREST RATE RISK

The Company's exposure to interest rate risk relates to its interest-bearing financial liabilities. Interest rate risk is managed by the Company on an ongoing basis by keeping the Company's interest expense at a level where the exposure to the risk of an adverse interest rate movement is minimised and also taking Interest Rate Swap Contract.

With all other variables held constant, based on the Company's variable rate interest-bearing borrowings at 31 March 2018, it is estimated that a half-a-percentage point increase/decrease in interest rate would decrease/increase the Company's profit before tax by approximately Euro 182,050 (2017: Euro 113,833). There is no impact on Other Comprehensive Income/(Loss).



C) CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes of financial assets are bank deposits and other receivables and prepayment, and loan and advances to a subsidiary.

Cash and bank balance are placed with reputable institution. The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the balance sheet. The Company adopts the policy of dealing only with high credit quality counterparties. In addition, receivable balances are monitored on an on-going basis which the result that the Company's exposure to the bad debts is not significant.

D) LIQUIDITY RISK

The Company monitors its liquidity risk and maintains a level of cash & cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The analysis of maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows is as follows:-

| | Contracted Undiscounted Cash Flows | | | | |
|----------------------------------|------------------------------------|-------------------|-------------------|------------------|-------------------|
| | Carrying Amount | Between 1 and 3 | | | |
| | | Total | Less than 1 year | Years | Over 3 years |
| | Euro | Euro | Euro | Euro | Euro |
| 2018 | | | | | |
| Trade and Other Payables | 615,400 | 615,400 | 615,400 | - | - |
| Borrowings (including interest) | 33,503,104 | 37,820,847 | 21,357,052 | 5,401,705 | 11,062,090 |
| Derivative Financial Instruments | 2,043,984 | 2,043,984 | 2,043,984 | - | - |
| Other Financial Liabilities | 1,200,000 | 1,200,000 | 1,200,000 | - | - |
| | 37,362,488 | 41,680,231 | 25,216,436 | 5,401,705 | 11,062,090 |
| 2017 | | | | | |
| Trade and Other Payables | 368,010 | 368,010 | 368,010 | - | - |
| Borrowings (including interest) | 22,766,581 | 25,166,581 | 6,766,581 | 6,880,000 | 11,520,000 |
| | 23,134,591 | 25,534,591 | 7,134,591 | 6,880,000 | 11,520,000 |

E) FAIR VALUES

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values.

Fair Value of derivative financial instruments:

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in the making the measurements. The table below analyses financial instruments carried at fair value by the valuation method.

The fair value hierarchy has the following levels:

Level 1: Quoted Prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments carried at fair value classified by level of fair value hierarchy are as follows:-

| | Fair Value Measurement using: | | |
|------------------------------|-------------------------------|--------------------|---------|
| | Level 1 | Level 2 | Level 3 |
| | Euro | Euro | Euro |
| 2018 | | | |
| Cross Currency Interest Swap | - | (2,043,984) | - |
| | | (2,043,984) | |
| 2017 | | | |
| Cross Currency Interest Swap | - | 435,332 | - |
| | | 435,332 | |

There is no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy for the financial year ended 31 March 2018.

Over-the-counter contracts are valued by financial institutions of which fair value is determined based on valuation techniques using observable market parameters as inputs.



20. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Comparison by category of carrying amounts of the Company's financial instruments that are carried in the financial statements are as follows:-

| 2018 | Loans and receivables | Financial assets at fair value through | Total |
|------------------------------------|--------------------------------------|--|-------------------|
| Non-Current Assets | Euro | Euro | Euro |
| Loans and Advances to a Subsidiary | 15,050,000 | - | 15,050,000 |
| Security Deposit | 170,345 | - | 170,345 |
| Current Assets | | | |
| Other Receivables and Prepayment | 1,222,316 | - | 1,222,316 |
| Loans and Advances to a Subsidiary | 7,000,000 | - | 7,000,000 |
| Cash and Cash Equivalents | 499,020 | - | 499,020 |
| | 23,941,681 | - | 23,941,681 |
| | Liabilities at amortised cost | Financial liabilities at fair value through profit or | Total |
| | Euro | Euro | Euro |
| 2018 | | | |
| Non-Current Liabilities | | | |
| Borrowings | 13,091,288 | - | 13,091,288 |
| Derivative Financial Instruments | - | 2,043,984 | 2,043,984 |
| Current Liabilities | | | |
| Trade and Other Payables | 615,400 | - | 615,400 |
| Borrowings | 20,411,816 | - | 20,411,816 |
| Other Financial Liabilities | 1,200,000 | - | 1,200,000 |
| | 35,318,504 | 2,043,984 | 37,362,488 |
| | Loans and receivables | Financial assets at fair value through profit or loss | Total |
| | Euro | Euro | Euro |
| 2017 | | | |
| Non-Current Assets | | | |
| Loans and Advances to a Subsidiary | 18,000,000 | - | 18,000,000 |
| Security Deposit | 170,010 | - | 170,010 |
| Derivative Financial Instruments | - | 435,332 | 435,332 |
| Current Assets | | | |
| Other Receivables and Prepayment | 523,278 | - | 523,278 |
| Loans and Advances to a Subsidiary | 4,000,000 | - | 4,000,000 |
| Cash and Cash Equivalents | 586,557 | - | 586,557 |
| | 23,279,845 | 435,332 | 23,715,177 |
| | Liabilities at amortised cost | Financial liabilities at fair value through profit or | Total |
| | Euro | Euro | Euro |
| 2017 | | | |
| Non-Current Liabilities | | | |
| Borrowings | 16,766,581 | - | 16,766,581 |
| Current Liabilities | | | |
| Trade and Other Payables | 368,010 | - | 368,010 |
| Borrowings | 6,000,000 | - | 6,000,000 |
| | 23,134,591 | - | 23,134,591 |

Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

| | 2018 | 2017 |
|---|-------------|-------------|
| | Euro | Euro |
| Loans and receivables | 24,031,108 | 22,873,567 |
| Financial liabilities at amortised cost | 37,362,488 | 23,134,591 |

21. CAPITAL MANAGEMENT

The primary objective of the Company's Capital Management is to ensure that it ensures that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximise shareholders value.

The Company manages its Capital Structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the Capital Structure, the Company may issue new shares, adjust the dividend payment to shareholders or return capital to shareholders.

The Board of Directors monitor its capital based on net debt and total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

| | 2018 | 2017 |
|----------------------|-------------------|-------------------|
| | Euro | Euro |
| Net Debt | 36,863,468 | 22,548,034 |
| Total Equity | 17,210,690 | 14,768,328 |
| Total Capital | 54,074,158 | 37,316,362 |

There were no changes in the Company's approach to Capital Management during the year.
The Company is not subjected to any externally imposed capital requirements.



22 RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and the related parties at terms agreed between the parties:

Related Parties where control exists:

Holding Company: Titagarh Wagons Limited
Subsidiary Company: Titagarh Firema S.p.A

Other Related Party

Associate Company: Titagarh Wagons AFR

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

| Nature of transactions | Holding Company | Subsidiary | Associate Company | Total |
|---|-----------------|--------------|-------------------|--------------|
| | Euro | Euro | Euro | Euro |
| In relation to the Statement of Profit and Loss | | | | |
| Interest Income on Loans and Advances | | | | |
| Titagarh Firema S.p.A | - | 2,047,265 | - | 2,047,265 |
| | - | (825,141) | - | (825,141) |
| Corporate Guarantee Commission | | | | |
| Titagarh Wagons Limited | 174,283 | - | - | 174,283 |
| | (158,278) | - | - | (158,278) |
| Dividend Received | | | | |
| Titagarh Wagons AFR | - | - | - | - |
| | - | - | (112,680) | (112,680) |
| In relation to the Balance Sheet | | | | |
| Loan Given | | | | |
| Titagarh Firema S.p.A | - | 15,050,000 | - | 15,050,000 |
| | - | (18,000,000) | - | (18,000,000) |
| Issue of Equity Shares | | | | |
| Titagarh Wagons Limited | 2,363,086 | - | - | 2,363,086 |
| | (7,590,851) | - | - | (7,590,851) |
| Investment Made | | | | |
| Titagarh Firema S.p.A @ | - | 16,200,000 | - | 16,200,000 |
| | - | - | - | - |
| Titagarh Wagons AFR | - | - | - | - |
| | - | - | (3,000,000) | (3,000,000) |
| Guarantee and Standby Letter of Credit Outstanding | | | | |
| Titagarh Wagons Limited | 43,346,333 | - | - | 43,346,333 |
| | (29,415,790) | - | - | (29,415,790) |
| Balance outstanding as at the year end - Debit | | | | |
| Titagarh Firema S.p.A | - | 23,272,316 | - | 23,272,316 |
| | - | (22,117,000) | - | (22,117,000) |
| Balance outstanding as at the year end - Credit | | | | |
| Titagarh Wagons Limited | 191,748 | - | - | 191,748 |
| | (40,393) | - | - | (40,393) |

@ includes loan converted into investments amounting to Euro 15,000,000 (2017: Nil).

Also refer Note 6 for security provided by the Holding company for loan facilities availed by the Company.

Figures in brackets relate to previous year.

(b) Key management personnel compensation

There was no paid compensation to the Board of Directors. Chief Executive Officer and members of the Board of Directors do not have special rights for remuneration, bonus or severance pay by end of duty.

23 IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The immediate and ultimate holding company is Titagarh Wagons Limited, a public company incorporated in India.



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

24 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2018 and which the Company has not early adopted:

FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

(i) Transition

The Company plans to adopt the new standard retrospectively from 1 January 2018, in line with the transition provisions permitted under the standard. Comparatives for 2017 will not be restated and the Company will recognise any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening retained earnings.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit losses impairment model under FRS 109:

- contract assets; and
- loan to and other receivables from immediate holding corporation



TITAGARH SINGAPORE PTE. LIMITED

Notes to the Financial Statements

For the financial year ended 31 March 2018

24 New or revised accounting standards and interpretations (continued)

The Company does not expect significant impact on adoption of FRS 109.

25 Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Titagarh Singapore Pte. Limited on 20 December 2018.

