

# Price Waterhouse & Co Chartered Accountants LLP

## Independent Auditor's Report

To the Members of Titagarh Capital Private Limited

### Report on the Audit of the Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of Titagarh Capital Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss and its cash flows for the year then ended.

#### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

3. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, 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 will 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 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.



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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

**Responsibilities of management and those charged with governance for the financial statements**

4. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
5. 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

6. 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 SAs 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.
7. As part of an audit in accordance with SAs, we exercise professional judgment 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



- 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.
8. We communicate with those charged with governance 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.
9. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on other legal and regulatory requirements**

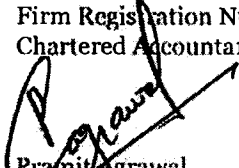
10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



INDEPENDENT AUDITORS' REPORT  
To the Members of Titagarh Capital Private Limited  
Report on the Financial Statements  
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- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 19 to the financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2019.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.
  - (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

  
Pramit Agrawal  
Partner  
Membership Number 099903

Kolkata  
May 30, 2019

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Titagarh Capital Private Limited on the Ind AS financial statements for the year ended March 31, 2019

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### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Titagarh Capital Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Titagarh Capital Private Limited on the Ind AS financial statements for the year ended March 31, 2019

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### **Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants



Pramit Agrawal

Partner

Membership Number 099903

Kolkata

May 30, 2019

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Titagarh Capital Private Limited on the financial statements as of and for the year ended March 31, 2019.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the company, representing 887 railway wagons aggregating to Rs. 103,547,863 are in the possession of Indian Railways and has not been physically verified by the management during the year. Accordingly, we are unable to comment on discrepancies, if any. Also note refer 19. to the financial statement.
- (c) The Company does not own any immovable properties as disclosed in note 9 on property, plant and equipment to the financial statement. Therefore the provision of the Clause 3(i)(c) of the aforesaid order are not applicable to the company.
- ii. The company is in the business of rendering services, and consequently, does not hold any inventory. Therefore the provision of the Clause 3(ii) of the said order are not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships, or other parties covered in the register maintained under Section 189 of the Act. The Company has granted unsecured loan, to one company covered in the register maintained under Section 189 of the Act.
  - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
  - (b) In respect of the aforesaid loans, no schedule for repayment of principal and payment of interest has been stipulated by the Company. Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.
  - (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, as applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost record under sub section (1) of the section 148 of the Act for any of the product of the company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, in respect of income tax, goods and service tax though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax or goods and service tax which have not been deposited on account of any dispute.



**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Titagarh Capital Private Limited on the financial statements as of and for the year ended March 31, 2019.

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- viii. As the company does not have any loans & borrowings from any financial institution or bank or government, nor it has issued any debenture as at the balance sheet date, the provision of the clause 3(viii) of the order is not applicable to the company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a non banking financial institution without accepting deposit.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

  
Pramit Agrawal  
Partner

Membership Number 099903

Kolkata

May 30, 2019



TITAGARH CAPITAL PRIVATE LIMITED  
Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019 Amount in Rs.	As at March 31, 2018 Amount in Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	400,000,000	400,000,000
Reserves and Surplus	4	(146,563,314)	(144,949,442)
<b>Current Liabilities</b>			
Short - term Borrowings	5	49,000,000	50,000,000
Trade Payables	6		
Total Outstanding Dues of Creditors to Micro Enterprises and Small Enterprises			
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		200,000	200,000
Other Current Liabilities	7	1,093,915	4,296,004
Short - term Provisions	8	520,210	146,010
<b>TOTAL</b>		<b>304,250,811</b>	<b>309,682,572</b>
<b>B ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	9	103,547,863	103,547,863
Non - current Investments	10	150,000,000	160,000,000
Long - term Loans and Advances	11	4,016,758	4,381,578
<b>Current Assets</b>			
Cash and Cash Equivalents	12	3,037,518	1,546,147
Short - term Loans and Advances	11	42,500,000	50,000,000
Other Current Assets	13	1,148,672	218,886
<b>TOTAL</b>		<b>304,250,811</b>	<b>309,682,572</b>

The accompanying notes are an integral part of these Financial Statements.

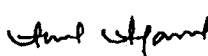
This is the Balance Sheet referred to in our Report of even date.

For Price Waterhouse & Co Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No: 304026E/E-300009

  
Pramit Agarwal  
Partner  
Membership Number 099903

Place: Kolkata  
Date : May 30, 2019

For and on behalf of the Board of Directors of Titagarh Capital Private Limited

  
Anli Kumar Agarwal  
Director  
DIN: 01501767

  
Saurav Singhania  
Chief Financial Officer

  
Divyanshu  
Wholetime Director & Company Secretary  
DIN: 00168213

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TITAGARH CAPITAL PRIVATE LIMITED  
Statement of Profit and Loss for the year ended March 31, 2019

	Notes	For the year ended March 31, 2019 Amount in Rs.	For the year ended March 31, 2018 Amount in Rs.
<b>Income</b>			
Revenue from Operations	14	6,556,298	21,136,985
Other Income	15	109,474	125,000
<b>Total Revenue</b>		<b>6,665,772</b>	<b>21,261,985</b>
<b>Expenses</b>			
Employee Benefits Expense	16	360,708	355,232
Finance Costs	17	6,580,273	20,019,827
Other Expenses	18	1,328,663	623,633
<b>Total Expenses</b>		<b>8,279,644</b>	<b>20,998,692</b>
<b>Profit/(Loss) before Tax</b>		<b>(1,613,872)</b>	<b>263,293</b>
<b>Tax Expense</b>			<b>86,781</b>
Current Tax			
<b>Profit/(Loss) for the Year</b>		<b>(1,613,872)</b>	<b>176,512</b>
<b>Earnings/(Loss) Per Equity Share</b> [Nominal Value per Share Rs. 100 (March 31, 2018: Rs. 100)]			
Basic (in Rs.)	20	(1.08)	0.12
Diluted (in Rs.)	20	(1.08)	0.04

The accompanying notes are an integral part of these Financial Statements

This is the Statement of Profit and Loss referred to in our Report of even date.

For and on behalf of the Board of Directors of Titagarh Capital Private Limited

For Price Waterhouse & Co Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No: 304026E/E-300009

Anil Kumar Agarwal  
Partner  
Membership Number 099903

Place: Kolkata  
Date: May 30, 2019

Anil Kumar Agarwal  
Director  
DIN: 01601787

Dinesh Agarwal  
Wholesale Director & Company Secretary  
DIN: 00168213

Saurav Singhania  
Saurav Singhania  
Chief Financial Officer

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TITAGARH CAPITAL PRIVATE LIMITED  
Cash Flow Statement for the year ended March 31, 2019

	For the year ended March 31, 2019 Amount in Rs.	For the year ended March 31, 2018 Amount in Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(1,613,672)	176,512
Adjustments for:		
Contingency Provision Created/ (Written Back) against Standard Assets	359,200	(125,000)
Finance Costs	6,590,273	20,019,827
Operating Profit before Working Capital Changes	5,335,601	20,074,339
Changes in Working Capital :-		
(Increase)/ Decrease in Short-term and Long-term Loans and Advances	7,060,718	50,000,000
(Increase)/ Decrease in Other Current Assets	(931,686)	(218,986)
Decrease in Trade Payables	-	(787,000)
Increase in Short - term Provisions	15,000	11,257
(Increase)/ Decrease in Other Current Liabilities	232,569	(111,551)
	6,376,601	48,896,720
Cash Generated From/ (Used in) Operations	11,712,202	68,967,059
Income Taxes (Paid)/ Refund (Net)	804,100	(2,016,488)
Net Cash From/ (Used in) Operating Activities	12,516,302	66,950,571
<b>B. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from loan taken from Holding Company	190,000,000	300,000,000
Loan repaid to Holding Company	(191,000,000)	(353,500,000)
Interest paid	(10,024,931)	(15,817,824)
Net Cash From/(Used in) Financing Activities	(11,024,931)	(69,317,824)
Net increase/ (Decrease) in Cash and Cash Equivalent (A+B)	1,491,371	(2,367,231)
Cash and Cash Equivalents at the beginning of the year (Refer Note 12)	1,546,147	3,913,378
Cash and Cash Equivalents at the end of the year (Refer Note 12)	3,037,518	1,546,147

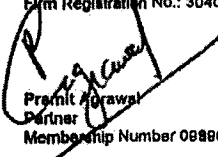
The above Cash Flow Statement has been prepared under the 'indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement notified under the Companies (Accounting Standards) Rules, 2008 (as amended), specified under section 133 and other relevant provisions of the Companies Act, 2013.

The accompanying notes are an integral part of these Financial Statements.

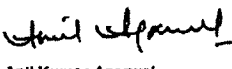
This is the Cash Flow Statement referred to in our Report of even date.

For and on behalf of the Board of Directors of Titagarh Capital Private Limited

For Price Waterhouse & Co Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No.: 304028E/E-300009

  
Premjit Agarwal  
Partner  
Membership Number 088903

Place: Kolkata  
Date: May 30, 2019

  
Anil Kumar Agarwal  
Director  
DIN: 01801767

  
Saurav Singhania  
Chief Financial Officer

  
Dinesh Arya  
Whole-time Director & Company Secretary  
DIN: 00168213

# TITAGARH CAPITAL PRIVATE LIMITED

## Notes to the financial statements as at and for the year ended March 31, 2019

### 1. Corporate Information

Titagarh Capital Private Limited (the Company) is a private limited company domiciled in India. The Company has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a non-banking financial institution without accepting public deposits.

### 2.1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), specified under section 133 and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### (b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (c) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs related to an item of Property, Plant and Equipment are recognised in the carrying amount of the item if the recognition criteria are met.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.



## TITAGARH CAPITAL PRIVATE LIMITED

### Notes to the financial statements as at and for the year ended March 31, 2019

#### (d) Depreciation on Property, Plant and Equipment

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the property, plant and equipment, based on technical evaluation done by management's expert, which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the property, plant and equipment. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset.

The depreciable amount of a property, plant and equipment is determined after deducting its residual value. Depreciation is recognised even if the fair value of the asset exceeds its carrying amount, as long as the asset's residual value does not exceed its carrying amount. As more fully described in Note 9, since the residual value of the railway wagons exceeds the carrying value as at year end, no depreciation has been provided during the year.

#### (e) Leases

##### As a lessor:

The Company has leased certain property, plant and equipment and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

#### (f) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred

#### (g) Impairment of Property, Plant and Equipment

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the assets' net selling price and value in use. In assessing the 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 value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the property, plant and equipment over its remaining useful life.



## TITAGARH CAPITAL PRIVATE LIMITED

### Notes to the financial statements as at and for the year ended March 31, 2019

#### (h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

#### (i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and can be reliably measured and it is reasonable to expect ultimate collection.

#### Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividend Income

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

#### (j) Employee Benefit

Short term employee benefits : These are recognised at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

#### (k) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.



## TITAGARH CAPITAL PRIVATE LIMITED

### Notes to the financial statements as at and for the year ended March 31, 2019

#### (l) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period attributable to equity shareholders after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### (m) Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

#### (n) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

#### (o) Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash on hand, cash at bank and fixed deposits with an original maturity of three months or less.



3 SHARE CAPITAL	As at March 31, 2019 Amount in Rs.	As at March 31, 2018 Amount in Rs.
<b>Authorised Shares</b>		
21,00,000 (March 31, 2018: 21,00,000) Equity shares of Rs 100 each	210,000,000	210,000,000
25,00,000 (March 31, 2018: 25,00,000) 1% Non Cumulative Compulsory Convertible Preference Shares (NCCCPS) of Rs 100 each	250,000,000	250,000,000
	<u>460,000,000</u>	<u>460,000,000</u>
<b>Issued, Subscribed and Fully Paid-up Shares</b>		
15,00,000 (March 31, 2018: 15,00,000) Equity shares of Rs 100 each	150,000,000	150,000,000
25,00,000 (March 31, 2018: 25,00,000) 1% NCCCPS of Rs 100 each	250,000,000	250,000,000
	<u>400,000,000</u>	<u>400,000,000</u>

a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

There is no movement in the Share Capital during the current year and previous year

b) Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs 100 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of Interim Dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Terms/ Rights and Terms of conversion/redemption of NCCCPS

NCCCPS carry non-cumulative dividend @ 1% p.a. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of NCCCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to NCCCPS. The shares are compulsorily convertible into equity shares at par by August 27, 2022. In the event of liquidation of the Company, the holders of preference shares will be entitled to receive not more than the value representing their investment before distribution to equity shareholders.

d) Shares held by Holding Company

Out of equity and preference shares issued by the Company, shares held by its holding company are as below

	As at March 31, 2019		As at March 31, 2018	
	Rs	% Holding	Rs	% Holding
Titaqarh Wagons Limited, the Holding Company				
15,00,000 (March 31, 2018: 15,00,000) Equity shares of Rs 100 each fully paid	150,000,000	100%	150,000,000	100%
25,00,000 (March 31, 2018: 15,00,000) 1% NCCCPS of Rs 100 each fully paid	250,000,000	100%	250,000,000	100%

4 RESERVES AND SURPLUS

A. Reserve Fund under Section 45-IC of the Reserve Bank of India Act, 1934

Balance as at the beginning of the year	1,032,215	996,913
Add: Amount transferred from Surplus in the Statement of Profit and Loss during the year		35,302
Balance as at the end of the year	<u>1,032,215</u>	<u>1,032,215</u>

According to Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC shall create a Reserve Fund and transfer therein a sum not less than twenty per cent of its Net Profit every year as disclosed in the Statement of Profit and Loss and before dividend is declared. The Company has not transferred any amount to the Reserve Fund in the current year due to losses incurred in current year (Previous year- Rs 35,302).

B. Deficit in the Statement of Profit and Loss

Balance as at the beginning of the year	(145,981,657)	(146,122,867)
Profit/(Loss) for the year	(1,613,872)	176,512
Less: Amount transferred to Reserves under Section 45-IC of the Reserve Bank of India Act, 1934		(35,302)
Net deficit as at the end of the year	<u>(147,595,529)</u>	<u>(146,981,657)</u>

Total	(A+B)	<u>(146,563,314)</u>	<u>(144,949,442)</u>
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TITAGARH CAPITAL PRIVATE LIMITED  
Notes to Financial Statements as at and for the year ended March 31, 2019

	As at March 31, 2019 Amount in Rs.	As at March 31, 2018 Amount in Rs.
<b>5 SHORT - TERM BORROWINGS</b>		
Unsecured Loan from Holding Company (Refer Note 21)	49,000,000	50,000,000
	<u>49,000,000</u>	<u>50,000,000</u>
Unsecured Loan from Holding Company is repayable on demand and carries interest rate of 10% p a at year end (Previous Year- 10% p a.)		
<b>6 TRADE PAYABLES</b>		
Payables for Services (Refer Note below)		
- Total Outstanding dues of creditors to micro enterprises and small enterprises	200,000	200,000
Total outstanding dues of creditors other than micro enterprises and small enterprises	<u>200,000</u>	<u>200,000</u>
<b>Total</b>		
As per information available with the company, there are no suppliers covered under Micro, Small & Medium Enterprise Development Act, 2006 As a result, no interest provision / payment has been made by the company to such creditors, if any, and no disclosure thereof is made in these accounts		
<b>7 OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on Loan from Holding Company (Refer Note 21)	767,345	4,202,003
Statutory Dues	<u>326,570</u>	<u>94,001</u>
<b>Total</b>	<u>1,093,915</u>	<u>4,296,004</u>
<b>8 SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits (Compensated Absences)	36,010	21,010
Other Provisions		
Contingency Provision against Standard Assets (Refer Note below)	484,200	125,000
	<u>520,210</u>	<u>146,010</u>

Based on The Reserve Bank of India Master Directions, provision has been made for standard assets at 0.25 percent of the balance of such assets as at year end which has been disclosed separately as 'Contingent Provision against Standard Assets'.

**9 PROPERTY, PLANT AND EQUIPMENT**  
Tangible Assets- Plant and Machinery (Railway Wagons)

	Amount in Rs.
<b>Gross Block at Cost</b>	
At April 1, 2017	108,448,399
Movement during the year	-
At March 31, 2018	<u>108,448,399</u>
Movement during the year	-
At March 31, 2019	<u>108,448,399</u>
<b>Depreciation (Refer Note below)</b>	
At April 1, 2017	4,900,536
Movement during the year	-
At March 31, 2018	<u>4,900,536</u>
Movement during the year	-
At March 31, 2019	<u>4,900,536</u>
<b>Net Block</b>	
At March 31, 2019	<u>103,547,863</u>
At March 31, 2018	<u>103,547,863</u>

The above railway wagons include 200 wagons purchased in 2013-14 and 687 wagons purchased in 2009-10 which comprises significant quantity of steel scrap on discard. The management based on the technical evaluation, has worked out the residual value of the aforesaid wagons considering the realizable value of the steel content on discard of these wagons. Since the residual value of these wagons is higher than the carrying value, no depreciation has been charged on the above asset. Also refer Notes 19 and 25(4)

	Face value	No. of Shares		As at March 31, 2019 Amount in Rs.	As at March 31, 2018 Amount in Rs.
		As at March 31, 2019	As at March 31, 2018		
<b>10 NON - CURRENT INVESTMENTS</b>					
<b>Trade Investment (Valued at Cost)</b>					
<b>Preference Shares (Unquoted)</b>					
11% Non Convertible Cumulative Redeemable Preference Shares in Cimcco Limited (Refer Note below)	10	15,000,000	-	150,000,000	-
8% Non Convertible Non Cumulative Redeemable Preference Shares in Cimcco Limited	10	-	15,000,000	-	150,000,000
				<u>150,000,000</u>	<u>150,000,000</u>
Aggregate amount of Unquoted Investments				150,000,000	150,000,000

**Note:**

The Board of the Company in its meeting held on February 4, 2019 consented for extension of the redemption period of the 1,50,00,000 8% Non-cumulative Non-convertible Redeemable Preference Shares ('NCNCRPS') of Rs. 10/- each aggregating Rs.15 crore, subscribed by the Company in Cimcco Limited ('Cimcco') redeemable at par by July 7, 2019, for five years along with a change in the Dividend rate on the aforesaid NCNCRPS from non-cumulative 8% to cumulative 11%. The said variation of the terms and conditions of NCNCRPS was also approved by the Board of Cimcco in its meeting held on February 4, 2019 and was also approved by the shareholders of Cimcco by passing a special resolution by way of postal ballot on March 28, 2019.



TITAGARH CAPITAL PRIVATE LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2019

11 LOANS AND ADVANCES (Unsecured, Considered Good, unless otherwise stated)	Long - term		Short - term	
	As at March 31, 2019 Amount in Rs.	As at March 31, 2018 Amount in Rs.	As at March 31, 2019 Amount in Rs.	As at March 31, 2018 Amount in Rs.
Loans to a Related Party (Refer Note 21)#			42,500,000	50,000,000
<b>Other Loans and Advances</b>				
Advance Income Tax (Net of Provision for Tax Rs. 86,781 (March 31, 2018: Rs. 86,781))	3,577,476	4,381,576		
Balances with Government Authorities	439,282			
	<u>4,016,758</u>	<u>4,381,576</u>	<u>42,500,000</u>	<u>50,000,000</u>
# Represents loan given to Cimnco Limited. The loan is repayable on demand and carries interest rate at 11 % p a (Previous Year- 11%)				
12 CASH AND CASH EQUIVALENTS		As at March 31, 2019 Amount in Rs.		As at March 31, 2018 Amount in Rs.
Cash on Hand		123,550		123,550
Bank Balances:				
In Current Accounts		2,913,968		1,422,597
		<u>3,037,518</u>		<u>1,546,147</u>
13 OTHER CURRENT ASSETS (Unsecured, Considered Good, unless otherwise stated)				
Interest Accrued:				
On Loans to a Related Party (Refer Note 21)		1,148,672		216,986
		<u>1,148,672</u>		<u>216,986</u>
		For the year ended March 31, 2019 Amount in Rs.		For the year ended March 31, 2018 Amount in Rs.
14 REVENUE FROM OPERATIONS				
Interest Income on				
Loans to a Related Party		6,556,298		21,136,985
		<u>6,556,298</u>		<u>21,136,985</u>
15 Other income				
Interest Income on				
Income Tax Refund		109,474		-
Other Non Operating Income				
Contingency Provision on Standard Assets Written Back		-		125,000
		<u>109,474</u>		<u>125,000</u>
16 EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages and Bonus (Refer Note 24)		<u>360,708</u>		<u>355,232</u>
		<u>360,708</u>		<u>355,232</u>
17 FINANCE COSTS				
Interest Expenses*		6,590,273		20,019,827
		<u>6,590,273</u>		<u>20,019,827</u>
* Includes Interest Expense to Titagarh Wagons Limited, Holding Company (Refer Note 21)				
18 OTHER EXPENSES				
Legal and Professional Fees		475,445		229,878
Rates and Taxes		22,462		5,500
Director Fees		185,000		177,950
Contingency Provision against Standard Assets		359,200		-
Payment to Auditors				
As Auditor			200,000	200,000
Audit Fee	200,000			
In Other Capacity:				
Other Services (Certificates etc.)	75,000	275,000		200,000
Sundry Balances Written Off				10,451
Miscellaneous Expenses		11,556		54
		<u>1,328,663</u>		<u>623,633</u>



19 Contingent Liabilities

Claims against the Company not acknowledged as Debt :

By an Equipment Lease Agreement (hereinafter, "PLA 1") dated May 21, 1997 executed between IDBI Bank Limited (the "Lessor" therein) and Cimco Birla Limited (the "Lessee" therein), 687 BOXN Wagons were granted on lease to Cimco for a fixed non-cancellable period of 10 years on the terms and conditions recorded in the said agreement. By another Equipment Lease Agreement (hereinafter, "PLA 2") dated October 17, 1997 executed between SBI Leasing Group (the "Lessor" therein) and Cimco (the "Lessee" therein), 200 BCNA Wagons were granted on lease to Cimco for a fixed non-cancellable period of 10 years on the terms and conditions recorded in the said agreement. Thereafter on May 28, 1997, Cimco entered into a sub-lease agreement (hereinafter, "SLA 1") in respect of the said 687 BOXN Wagons with the Executive Director, Ministry of Railways, Railway Board (the "sub-lessee" therein) for a fixed non-cancellable period of 10 years with effect from the date of delivery. Similarly on October 20, 1997, Cimco entered into a sub-lease agreement (hereinafter, "SLA 2") in respect of the said 200 BCNA Indian Railways for a fixed non-cancellable period of 10 years.

The terms and conditions of both SLAs 1 and 2 were substantially similar to that of the PLAs 1 and 2. On the expiry of the respective fixed period of the lease, both PLAs 1 and 2 were renewable at the option of Cimco (the "lessee") on a year to year basis on the same terms and conditions as those contained in the respective PLAs except the lease rentals. Similarly, both SLAs were renewable, on the expiry of the respective fixed period of the lease, at the option of the Railways (the "sub-lessee") on a year to year basis for the secondary period on the same terms and conditions as those contained in the SLA save and except the sub-lease rentals.

In terms of Clause 2.12 of PLA 1, Cimco exercised its option for renewal after the expiry of the fixed period of the lease, and thus the PLA in respect of 687 BOXN Wagons was renewed by IDBI for 10 years by an agreement executed on September 17, 2009 with effect from September 30, 2007 upto March 31, 2019, on rake to rake basis progressively. Similarly in terms of Clause 1.6 of PLA 2, Cimco exercised its option for renewal after the expiry of the fixed period of the lease, and thus the PLA in respect of 200 BCNA Wagons was renewed by SBI Leasing for 10 years by an agreement executed on December 31, 2013 with effect from September 30, 2007 upto March 31, 2019, on rake to rake basis progressively.

However, even after the expiry of the fixed period of 10 years Indian Railway did not exercise their option to renew the respective SLAs 1 and 2 despite continuing to use the wagons without making any payment of the lease rental for the secondary period.

By a deed of transfer and deed of assignment both dated September 24, 2009, Titagarh Capital Private Limited (hereinafter, "TCPL") purchased/ acquired from IDBI, ownership of 687 BOXN wagons along with all the existing and future rights, interests, advantages, benefits and privileges of IDBI under PLA 1. Pursuant to the execution of the aforementioned agreements, TCPL became the absolute owner of the 687 nos. BOXN Wagons and also became entitled to receipt of the lease rentals and/or user charges in respect of the said 687 nos. BOXN Wagons.

Further by an Agreement to Transfer the Reversionary Rights dated December 31, 2013, SBI Leasing Group sold/transferred the 200 BCNA Wagons to Cimco and there under assigned all the existing and future rights, interests, advantages, benefits and privileges of SBI Leasing Group under the PLA 2 dated October 17, 1997, as renewed on December 30, 2013, to Cimco. Subsequently, TCPL by a Deed of Transfer, Assignment and Novation dated March 31, 2014 purchased/ acquired from Cimco ownership of 200 BCNA wagons along with all the existing and future rights, interests, advantages, benefits and privileges of SBI Leasing under the PLA 2 read with the agreement to transfer the reversionary rights dated December 31, 2013.

Due to the non-payment of the lease rental for the secondary period despite repeated requests, TCPL filed a Civil Suit against Cimco before the Hon'ble High Court of Calcutta seeking immediate re-possession of the 687 BOXN Wagons and recovery of the entire amount of the outstanding lease rentals together with interest thereon. In the said proceedings, the Railways were added as a party at their own prayer.

Hon'ble High Court of Calcutta passed an interim order directing the Indian Railways to deposit the user charges for the Wagons at the rate of rent last paid by them in 2007, from the day after expiry of the lease till March 31, 2014, which order was partially modified by Division Bench of Hon'ble High Court of Calcutta based on appeal filed by Indian Railway and interest @ 12% was also directed to be paid by Indian Railways.

Being aggrieved by the Order, Railways preferred to file a Special Leave to Petition before the Hon'ble Supreme Court of India and the Hon'ble Supreme Court, with the consent of the parties vide its order dated September 17, 2015, disposed of the SLP by referring all the disputes relating to 687 BOXN Wagons and 200 BCNA Wagons, total 887 Wagons, to the sole Arbitration of Hon'ble Mr. Justice (Retd.) S S Nigam.

In view of ultimate claim against the Railways, TCPL and Cimco jointly filed claim aggregating Rs. 2,582.31 Lacs (Rs. 2,582.31 Lacs) - before the Ld. Sole Arbitrator and have also sought Payment by Railways of the user charges for the 687 BOXN Wagons and 200 BCNA Wagons for the period after the expiry of the primary lease period till the date of realization along with interest at the rate of 22% per annum for delayed payment of user charges for the 687 BOXN Wagons and 200 BCNA Wagons till the date of realization and also a direction on Railways to return possession of the 687 BOXN Wagons and 200 BCNA Wagons and order of injunction restraining the Railways from using the Wagons.

Indian Railways have filed their counter claim seeking to acquire ownership and title of the wagons at the residual value of 1% of the cost of acquisition.

In the arbitration proceedings, the final arguments have been completed by both the parties on November 26, 2018 and in terms of the directions passed by the Ld. Arbitrator, the written submissions have been filed by the Claimants. During the legal proceedings before the various forum, Railways have specifically admitted to their willingness to make payment of the lease rentals for the secondary lease period. The award is awaited.

As on as on March 31, 2019, the amount of claim before the Sole Arbitrator works out to Rs. 215,182,932 (Rs. 166,984,532) on account of Secondary lease rental for 887 wagons and Rs. 314,026,441 (Rs. 248,282,849) on amount of interest computed @ 22% per annum as per terms of the Agreement. The realisable value of 887 wagons (based on Management assessment) works out to Rs. 423,958,037 (Rs. 466,493,556).

TCPL is hopeful of favorable outcome, supported by legal opinion, on conclusion of arbitration proceeding and delivery of arbitration award. However, since the matter is under arbitration, as matter of prudence, TCPL has not accounted for these income in its books.

20 Earnings/(Loss) per Share (EPS) :

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit / (Loss) after Tax (Amount in Rs.)	(1,613,872)	176,512
Weighted average number of equity shares in calculating basic EPS (Numbers)	1,500,000	1,500,000
Basic Earnings/(Loss) per share (Rs.)	(1.08)	0.12
Net Profit for calculation of diluted EPS (Amount in Rs.)	(1,613,872)	176,512
Dilutive potential equity shares- NCCPS (Numbers) [Refer Note 3(c)] #	-	2,500,000
Weighted average number of equity shares in calculating diluted EPS (Numbers)	4,000,000	4,000,000
Diluted Earnings/(Loss) per share (Rs.)	(1.08)	0.04

# The conversion of NCCPS was anti-dilutive in nature for the year ended March 31, 2019 and hence the basic EPS was considered as the dilutive EPS.



21 Related Party Disclosures

Names of Related Parties and Related Party Relationship

Related Parties where control exists:

Holding Company Tilagarh Wagons Limited

Other Related Parties under AS 18 with whom transactions have taken place during the year :

Fellow Subsidiary Cimcco Limited

Other Related Parties with whom transactions have taken place during the year :

Key Management Personnel

Mr. Sunimal Talukdar - Independent Director  
Mr. Nandan Bhattacharya - Independent Director  
Mr. Anil Agarwal - Director  
Mr. Dinesh Arya - Wholtime Director & Company Secretary (w.e.f. 27th Mar. 2019); Non-Executive Director (till 20th Mar. 2019)  
Ms. Averi Misra - Company Secretary (till 4th Feb. 2019)  
Mr. Saurav Singhania - Chief Financial Officer (w.e.f. 27th Mar. 2019)

(Amount in Rs.)

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	Fellow Subsidiaries	Key Management Personnel	Total
<b>Transactions during the year:</b>				
<b>Interest Received / Receivable</b>				
Cimcco Limited		6,556,298		6,556,298
		(21,136,985)		(21,136,985)
<b>Interest Paid / Provided</b>				
Titagarh Wagons Limited	5,590,273			5,590,273
	(20,008,605)			(20,008,605)
<b>Director Sitting Fees (Excluding taxes)</b>				
Anil Kumar Agarwal			40,000	40,000
			(37,500)	(37,500)
Dinesh Arya			40,000	40,000
			(27,500)	(27,500)
Sunimal Talukdar			56,000	56,000
			(45,000)	(45,000)
Nandan Bhattacharya			50,000	50,000
			(45,000)	(45,000)
<b>Remuneration to Key Management Personnel</b>				
Averi Misra			360,708	360,708
			(343,975)	(343,975)
<b>Loan Received</b>				
Titagarh Wagons Limited	190,000,000			190,000,000
	(300,000,000)			(300,000,000)
<b>Loans Given</b>				
Cimcco Limited		190,000,000		190,000,000
		(350,000,000)		(350,000,000)
<b>Repayment of Loan taken</b>				
Titagarh Wagons Limited	191,000,000			191,000,000
	(353,500,000)			(353,500,000)
<b>Repayment of Loan given</b>				
Cimcco Limited		197,500,000		197,500,000
		(400,000,000)		(400,000,000)
<b>Balance outstanding as at the year end :</b>				
<b>Short - term Loans and Advances</b>				
Cimcco Limited		42,500,000		42,500,000
		(50,000,000)		(50,000,000)
<b>Non - current Investments</b>				
Cimcco Limited		150,000,000		150,000,000
		(150,000,000)		(150,000,000)
<b>Other Current Assets- Interest Accrued</b>				
Cimcco Limited		1,148,672		1,148,672
		(216,995)		(216,995)
<b>Short - term Borrowings</b>				
Titagarh Wagons Limited	49,000,000			49,000,000
	(50,000,000)			(50,000,000)
<b>Other Current Liabilities</b>				
Titagarh Wagons Limited	767,345			767,345
	(4,202,003)			(4,202,003)

22 Deferred Tax

In absence of virtual certainty supported with convincing evidence in terms of Accounting Standard 22, the Company as a matter of prudence has not recognized the Deferred Tax Asset arising on account of brought forward losses and unabsorbed depreciation, details of which are as under:

	As at March 31, 2019	As at March 31, 2018
<b>Deferred Tax Assets</b>		
Unabsorbed Business Losses	10,960,254	12,405,640
Unabsorbed Depreciation	5,400,252	5,778,270
<b>Total</b>	<b>16,360,506</b>	<b>18,183,910</b>

23 Segment Reporting

In terms of Accounting Standard 17 - "Segment Reporting" notified by the Companies Act, the Company is engaged in the business of financial services and has only one reportable segment. The Company operates in only one geographical segment, i.e., "within India" and no separate information for geographical segment has been given.

24 Provident fund and Payment of Gratuity Act are not applicable to the Company as it has employed less than 10 employees during the year



**TITAGARH CAPITAL PRIVATE LIMITED**

Notes to Financial Statements as at and for the year ended March 31, 2019

25 Additional information as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 :

PARTICULARS	(Amount in Rs.)	
	Year ended 31 March 2019 (Year ended 31 March 2018)	
	Amount outstanding	Amount overdue
<b>LIABILITIES SIDE:</b>		
<b>1 Loans and advances availed by the NBFCs inclusive of interest accrued but not paid:</b>		
<b>a) Debentures :</b>		
-Secured	-	-
-Unsecured (other than falling within the meaning of public deposits)	(-)	(-)
(b) Deferred Credits	-	-
(c) Term Loans	(-)	(-)
(d) Inter-corporate loans and borrowing	49,767,345 (54,202,003)	-
(e) Commercial Paper	-	-
(f) Public Deposits*	(-)	(-)
(g) Other Loans (Specify nature)	-	-
* Please see Note 1 below	(-)	(-)
<b>2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid:</b>		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits*	(-)	(-)
* Please see Note 1 below	(-)	(-)
<b>ASSETS SIDE:</b>		
		<u>Amount outstanding</u>
<b>3 Break-up of Loans and Advances including bills receivables other than those included in (4) below:</b>		
(a) Secured		-
(b) Unsecured		42,500,000 (50,000,000)
<b>4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities : @</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		-
(b) Operating lease		-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Other Loans counting towards asset financing activities		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		-

@ The disclosure of leased assets do not include fixed assets (i.e railway wagons) given on secondary lease to Indian Railways against which the Company is not recognising lease rental income as the matter is disputed and sub-judice. Also refer notes 2.1(e) and 19 for details



(Amount in Rs.)  
Year ended 31 March 2019  
(Year ended 31 March 2018)

Note 25 Continued

	Amount outstanding
<b>5 Break-up of Investments :</b>	
<b>Current Investments :</b>	
1 Quoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	(-)
(ii) Debentures and Bonds	(-)
(iii) Units of mutual funds	(-)
(iv) Government Securities	(-)
(v) Others (please specify)	-
2 Unquoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	(-)
(ii) Debentures and Bonds	(-)
(iii) Units of mutual funds	(-)
(iv) Government Securities	-
(v) Others (please specify)	(-)
<b>Long Term investments :</b>	
1. Quoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	(-)
(ii) Debentures and Bonds	(-)
(iii) Units of mutual funds	(-)
(iv) Government Securities	-
(v) Others (please specify)	(-)
2. Unquoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	150,000,000
(ii) Debentures and Bonds	(150,000,000)
(iii) Units of mutual funds	(-)
(iv) Government Securities	(-)
(v) Others (please specify)	(-)

6 Borrower group-wise classification of assets financed as in (3) and (4) above: (See Note 2 below)

(Amount in Rs.)

Category	Amount net of provisions		
	Secured	Unsecured	Total
<b>1. Related Parties **</b>			
(a) Subsidiaries	(-)	(-)	(-)
(b) Companies in the same group	(-)	42,500,000	42,500,000
(c) Other related parties	(-)	(50,000,000)	(50,000,000)
2 Other than related parties	(-)	(-)	(-)
<b>Total</b>	(-)	42,500,000	42,500,000
	(-)	(50,000,000)	(50,000,000)

\*\* As per Accounting Standard of ICAI (Please see Note 3)



Note 25 Continued

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (See note 3 below)

Category	(Amount in Rs.)	
	Market Value/Break up or fair market value or NAV	Book value (Net of Provisions) (Amount in Rs.)
1. Related Parties **		
(a) Subsidiaries	-	(-)
(b) Companies in the same group #	-	150,000,000
(c) Other related parties	-	(150,000,000)
2. Other than related parties	-	(-)
Total	(-)	(-)
	(-)	150,000,000
	(-)	(150,000,000)

\*\* As per Accounting Standard of ICAI (Please see Note 3)

# Investments in unquoted preference shares (Refer Note 10 - Non-current investments)


8 Other Information

Particulars	(Amount in Rs.)	
	Year ended 31 March 2019	(Year ended 31 March 2018)
(i) Gross Non-Performing Assets		(-)
(a) Related parties		(-)
(b) Other than related parties		(-)
(ii) Net Non-Performing Assets		(-)
(a) Related parties		(-)
(b) Other than related parties		(-)
(iii) Assets acquired in satisfaction of debt		(-)

Notes:

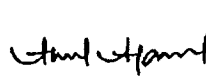
- As defined in point six of paragraph 3 of Chapter-2 of these Directions.
  - Provisioning norms shall be applicable as prescribed in these Directions.
  - All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.
  - Previous year amounts are in brackets.
- 26 The Board of Directors at its meeting held on May 30, 2019 approved a draft scheme (the Scheme) for merger of the Company with Titagarh Wagons Limited (Holding Company) pursuant to Sections 230 to 232 of the Companies Act, 2013 with April 01, 2019 as the Appointed Date, subject to such approvals from relevant authorities, as may be necessary and sanction by the Hon'ble National Company Law Tribunal.
- 27 Previous year's figures have been regrouped and/or rearranged wherever necessary.

For Price Waterhouse & Co Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No.: 304025E/E-300009

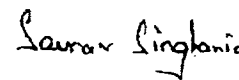
  
Pravin Agrawal  
Partner  
Membership Number 099903

Place: Kothkale  
Date: May 30, 2019

For and on behalf of the Board of Directors of Titagarh Capital Private Limited

  
Anil Kumar Agarwal  
Director  
DIN: 01501767

  
Dinesh Arya  
Whistle Blower & Company Secretary  
DIN: 00160213

  
Saurav Singhania  
Chief Financial Officer

