TITAGARH
RAIL SYSTEMS LIMITED
formerly Titagarh Wagons Limited

December 07, 2023

To,

BSE Limited	**National Stock Exchange of India Limited**
Corporate Relations Department	**Listing Department**
Phiroze Jeejeebhoy Towers	Exchange Plaza, Plot No. C/1, G Block
Dalal Street, Fort	Bandra Kurla Complex, Bandra (East)
Mumbai 400 001	Mumbai 400 051
Maharashtra, India	Maharashtra, India
Scrip Code: 532966	**Symbol:** TITAGARH

Dear Madam / Sir

Sub: Intimation of the approval of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, ("**SEBI Listing Regulations**") as amended, and in furtherance to the Outcome of Board Meeting dated 18th October, 2023 in relation to the approval of the Unaudited Standalone & Consolidated Financial Results of the Company for the Quarter and Half Year ended 30th September, 2023, we wish to inform you that the Board of Directors of the Company, in its meeting held today, i.e., Thursday, 7th December, 2023, have approved the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements of the Company for the half year ended 30th September, 2023 and for half year ended 30th September, 2023, prepared in accordance with the IND AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, as amended, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Companies Act, 2013 along with the respective review reports of Unaudited Interim Special Purpose Condensed Consolidated Financial Statements issued by the Statutory Auditors and Joint Statutory Auditors of the Company, Price Waterhouse & Co Chartered Accountants LLP and Salarpuria & Partners, Chartered Accountants, dated 7th December, 2023. Copy of the same is attached herewith as **Annexure A.**

The meeting commenced at 4.30 P.M. and concluded at 8.10 P.M.

We request you to take the above on record, and the same be treated as compliance under Regulation 29 and 30 and other applicable regulations of the SEBI Listing Regulations.

Further, these Unaudited Interim Special Purpose Condensed Consolidated Financial Statements is also being uploaded on the Company's website at www.titagarh.in

Thanking you,
Yours faithfully,

For Titagarh Rail Systems Limited
(formerly Titagarh Wagons Limited)

DINESH ARYA
Digitally signed by DINESH ARYA
Date: 2023.12.07 20:18:49 +05'30'

Dinesh Arya
Company Secretary & Chief Compliance Officer
M. No. FCS 3665

Enclosure: As stated above

Annexure A

Price Waterhouse & Co Chartered Accountants LLP
56 & 57, Block DN, Ground Floor
'A' Wing, Sector V, Salt Lake
Kolkata 700 091

Salarpuria & Partners
Chartered Accountants
7, C.R. Avenue, Kolkata- 700 072

The Board of Directors

Titagarh Rail Systems Limited (Formerly known as Titagarh Wagons Limited)
756, Anandapur
E M Bypass
Kolkata 700 107

1. This report is issued in accordance with the terms of our agreement dated December 5, 2023.

2. We have reviewed the accompanying unaudited interim special purpose condensed consolidated financial statements of Titagarh Rail Systems Limited (formerly known as Titagarh Wagons Limited) (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and its associate company and joint ventures (refer Note 1(a) to the Unaudited interim special purpose condensed consolidated financial statements) comprising its Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet as at September 30, 2023, and the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss (including other comprehensive income), Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity, Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement and selected explanatory notes for the six months period then ended (herein after referred to as the "Unaudited interim special purpose condensed consolidated financial statements") prepared by the Management of the Holding Company for the purpose of proposed Qualified Institutional Placement of the equity shares of the Holding Company. We have signed the attached Unaudited interim special purpose condensed consolidated financial statements for identification purposes only.

Management's Responsibilities for the Unaudited interim special purpose condensed consolidated financial statements.

3. The preparation of the Unaudited interim special purpose condensed consolidated financial statements in accordance with Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, is the responsibility of the Management of the Holding Company, including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Unaudited interim special purpose condensed consolidated financial statements and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditors' Responsibilities

4. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity - issued by the Institute of Chartered Accountants of India.

5. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

SALARPURIA & PARTNERS Chartered Accountants Kolkata

Price Waterhouse & Co Chartered Accountants LLP Kolkata

Basis for Qualified Conclusion

6. We draw attention to Note 2.1 (i) to the Unaudited interim special purpose condensed consolidated financial statements in respect of non-disclosure of comparative financial information, which comprise the Unaudited Special Purpose Condensed Consolidated Balance Sheet as at March 31, 2023, and the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity and Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement and selected explanatory notes for the six month period ended September 30, 2022, which is not in compliance with the requirements of Ind AS 34, "Interim Financial Reporting".

Qualified Conclusion

7. Based on our review conducted as above, except for the non disclosure of the comparative financial information as described in the Basis for Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying Unaudited interim special purpose condensed consolidated financial statements has not been prepared, in all material respects, in accordance with the Ind AS 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

Emphasis of Matter Paragraph – Basis of Preparation

8. We draw attention to Note 2.1 (i) to the Unaudited interim special purpose condensed consolidated financial statements, which describes the Basis of Preparation of the financial information for the six month period ended September 30, 2023. These Unaudited interim special purpose condensed consolidated financial statements are not intended to, and do not, comply with all the disclosure provisions applicable to financial statements prepared under the Companies Act, 2013, as those are not considered relevant by the Management and the intended users of the Unaudited interim special purpose condensed consolidated financial statements for the purposes for which those have been prepared. Our conclusion is not modified in respect of this matter.

Other Matter

9. We did not review the unaudited interim special purpose condensed financial statements of (i) one subsidiary prepared on liquidation basis considered in the preparation of the Unaudited interim special purpose condensed consolidated financial statements which reflect total assets of Rs. 890.28 lacs and net assets of Rs 890.28 lacs as at September 30, 2023, net profit after tax from discontinued operations of Rs 19.00 lacs and total comprehensive income from discontinued operations of Rs 15.91 lacs and net cash flows amounting to Rs. 1,196.63 lacs for the six month period ended September 30, 2023; and (ii) one associate company and three joint ventures included in these unaudited interim special purpose condensed consolidated financial statements, which reflect net loss after tax of Rs 49.15 lacs for the six month period ended September 30, 2023. These unaudited interim special purpose condensed financial statements have been provided to us by the management, and our conclusion on the unaudited interim special purpose condensed consolidated financial statements to the extent they relate to the subsidiary, associate company and joint ventures is based solely on such unaudited interim special purpose condensed financial statements/ financial information as furnished to us. According to the information and explanations given to us by the Management, these unaudited interim special purpose condensed financial statements/ financial information are not material to the Group. Our conclusion is not modified in respect of the above matter.

10. The consolidated financial results for the quarter ended September 30, 2023 and year to date results for the period April 1, 2023 to September 30, 2023 had been prepared by the Holding Company under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on which we had expressed an unmodified conclusion vide our review report dated October 18, 2023.

SALARPURIA & PARTNERS * Kolkata * Chartered Accountants

Price Waterhouse & Co Chartered Accountants LLP * Kolkata * Chartered Accountants

Restriction on use

11. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as joint auditors of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as joint auditors of any financial statements of the Company.

12. The review report on the Unaudited interim special purpose condensed consolidated financial statements as at September 30, 2023 is addressed to and provided to the Board of Directors of the Holding Company and has been prepared for and only for the purposes of including it in the Preliminary Placement Document ('PPD') and Placement Document ('PD'), to be filed by the Holding Company with the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies in Kolkata, as applicable, in connection with the proposed Qualified Institutional Placement of the equity shares of the Holding Company. Accordingly, our report should not be distributed or otherwise made available to any other person or used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Pramit Agrawal
Partner
Membership Number 099903
UDIN: 23099903BGWLRP1204
Place: Kolkata
Date: December 7, 2023

For Salarpuria & Partners
Firm Registration Number: 302113E
Chartered Accountants

Anand Prakash
Partner
Membership Number 056485
UDIN: 23056485BGZEJO7985
Place: Kolkata
Date: December 7, 2023

TITAGARH RAIL SYSTEMS LIMITED (FORMERLY TITAGARH WAGONS LIMITED)

Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet as at September 30, 2023

	Notes	As at September 30, 2023 Rs. In Lacs
I. ASSETS		
Non-current Assets		
a) Property, Plant and Equipment	3.1	61,410.20
b) Right-of-Use Assets	3.5	9,630.84
c) Capital Work-in-progress	3.4	5,849.92
d) Investment Properties	3.3	821.24
e) Intangible Assets (Other than Goodwill)	3.2	122.05
f) Equity Accounted Investments	4.2	5.85
g) **Financial Assets**		
i) Investments	4.1	3,179.81
ii) Other Financial Assets	6	5,710.44
h) Non-current Tax Assets (Net)	7	2,868.68
i) Other Non-current Assets	9	5,942.66
Total Non-current Assets		**95,541.69**
Current Assets		
a) Inventories	10	40,342.47
b) **Financial Assets**		
i) Trade Receivables	5	61,958.22
ii) Cash and Cash Equivalents	11.1	9,668.02
iii) Bank Balances other than (ii) above	11.2	7,350.76
iv) Other Financial Assets	6	3,848.65
c) Contract Assets	8	28,203.46
d) Other Current Assets	9	25,806.94
Total Current Assets		**177,178.52**
Assets held for sale	3.6	71.13
TOTAL - ASSETS		**272,791.34**
II. EQUITY AND LIABILITIES		
EQUITY		
a) Equity Share Capital	12	2,543.42
b) Other Equity	13	135,917.39
Total Equity Attributable to Owners of Titagarh Rail Systems Limited (Formerly Titagarh Wagons Limited)		**138,460.81**
LIABILITIES		
Non-current Liabilities		
a) **Financial Liabilities**		
i) Borrowings	14	4,355.53
ii) Lease Liabilities	3.5	9,667.51
b) Contract Liabilities	20	14,228.16
c) Provisions	16	356.01
d) Deferred Tax Liabilities (Net)	18	1,068.98
Total Non-current Liabilities		**29,676.19**
Current Liabilities		
a) **Financial Liabilities**		
i) Borrowings	14	21,683.67
ii) Lease Liabilities	3.5	509.01
iii) Trade Payables	19	
a) Total Outstanding dues of Micro Enterprise and Small Enterprises		1,459.45
b) Total Outstanding dues of Creditors Other Than Micro Enterprises and Small Enterprises		24,720.18
iv) Other Financial Liabilities	15	3,046.58
b) Contract Liabilities	20	49,480.73
c) Other Current Liabilities	21	342.83
d) Provisions	16	748.15
e) Current Tax Liabilities (Net)	17	2,584.24
Total Current Liabilities		**104,574.84**
Liabilities held for sale	3.6	79.50
TOTAL - LIABILITIES		**134,330.53**
TOTAL - EQUITY AND LIABILITIES		**272,791.34**
Summary of Significant Accounting Policies	2	

The above Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

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

Pramit Agrawal
Partner
Membership No. 099903
Place: Kolkata
Date : December 7, 2023

Salarpuria & Partners
Firm Registration Number: 302113E
Chartered Accountants

Anand Prakash
Partner
Membership No. 056485
Place: Kolkata
Date : December 7, 2023

For and on behalf of the Board Of Directors of Titagarh Rail Systems Limited (formerly Titagarh Wagons Limited)

Anil Kumar Agarwal
Director (Finance) and
Chief Financial Officer
DIN: 01501767
Place: Kolkata
Date : December 7, 2023

Prithish Chowdhary
Director (Marketing and Business Development)
DIN: 08509158
Place: Kolkata
Date : December 7, 2023

Dinesh Arya
Company Secretary
Place: Kolkata
Date : December 7, 2023

Saurav Singhania
Jt. Chief Financial Officer and
Group Finance Controller
Place: Kolkata
Date : December 7, 2023

TITAGARH RAIL SYSTEMS LIMITED (FORMERLY TITAGARH WAGONS LIMITED)

Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss for the six months ended September 30, 2023

	Notes	For the six months ended September 30, 2023 Rs. In Lacs
Income		
Revenue from Operations	22	184,621.04
Other Income	23	1,065.93
Total Income		**185,686.97**
Expenses		
Cost of Raw Materials and Components Consumed	24	140,633.17
Changes in Inventories of Finished Goods, Work-in-progress and Saleable Scrap	25	2,716.55
Employee Benefits Expense	26	3,308.09
Finance Costs	27	3,938.55
Depreciation and Amortisation Expense	28	1,332.30
Other Expenses	29	15,843.91
Total Expenses		**167,772.57**
Profit before Share of Net Loss of Joint Venture and Associate Accounted for Using the Equity Method, Exceptional Items and Tax		**17,914.40**
Share of Net Loss of Joint Venture and Associate Accounted for Using the Equity Method		(49.15)
Profit before Exceptional Items and Tax		**17,865.25**
Exceptional Items		-
Profit before Tax from continuing operations		**17,865.25**
Tax Expense	30	
Current Tax		4,944.25
Deferred Tax		(297.12)
Total Tax Expense		**4,647.13**
Profit for the period after Tax from continuing operations		**13,218.12**
Discontinued operations	40	
Profit from discontinued operations before tax		19.00
Tax expense of discontinued operations		-
Profit for the Period after Tax from discontinued operations		**19.00**
Profit for the period after Tax		**13,237.12**
Other Comprehensive Income		
Item that will not be Reclassified to Profit or Loss in Subsequent Periods:		
Remeasurement Gain / (Losses) on Defined Benefit Plans		(0.93)
Tax on above		0.24
Item that will be Reclassified to Profit or Loss in Subsequent Periods:		
Exchange differences on Translation of Foreign Operations		(3.09)
Fair value change of cash flow hedges		79.24
Tax on above		(19.94)
Other Comprehensive Income for the period (Net of Tax)		**55.52**
Total Comprehensive Income for the period		**13,292.64**
Arising from:		
Continuing operations		13,276.73
Discontinued operations		15.91
Earnings per Equity Share		
[Nominal Value per Share Rs. 2/-]	31	
For continuing operations		
Basic (In Rs.)		10.74
Diluted (In Rs.)		10.74
For discontinued operations		
Basic (In Rs.)		0.02
Diluted (In Rs.)		0.02
For continuing and discontinued operations		
Basic (In Rs.)		10.76
Diluted (In Rs.)		10.76
Summary of Significant Accounting Policies	2	

The above Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

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

Pramit Agrawal
Partner
Membership No. 099903
Place: Kolkata
Date : December 7, 2023

Salarpuria & Partners
Firm Registration Number: 302113E
Chartered Accountants

Anand Prakash
Partner
Membership No. 056485
Place: Kolkata
Date : December 7, 2023

For and on behalf of the Board Of Directors of Titagarh Rail Systems Limited (formerly Titagarh Wagons Limited)

Anil Kumar Agarwal
Director (Finance) and Chief Financial Officer
DIN: 01501767
Place: Kolkata
Date : December 7, 2023

Prithish Chowdhary
Director (Marketing and Business Development)
DIN: 08509158
Place: Kolkata
Date : December 7, 2023

Dinesh Arya
Company Secretary
Place: Kolkata
Date : December 7, 2023

Saurav Singhania
Jt. Chief Financial Officer and Group Finance Controller
Place: Kolkata
Date : December 7, 2023

TITAGARH RAIL SYSTEMS LIMITED (FORMERLY TITAGARH WAGONS LIMITED)
Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement for the six months ended September 30, 2023

		For the six months ended September 30, 2023 Rs. In Lacs
A.	CASH FLOWS FROM OPERATING ACTIVITIES	
	Profit before Tax from:	
	Continuing Operations	17,865.25
	Discontinued Operations	19.00
	Profit before Tax	17,884.25
	Adjustments for:	
	Depreciation and Amortisation Expense	1,332.30
	Finance Cost	3,938.55
	Provision for Doubtful Debts and Advances	452.31
	Unrealised Foreign Exchange Fluctuations Loss	169.23
	Share of Loss of a Joint Venture	49.15
	Unspent Liabilities / Provisions No Longer Required Written Back	(2.61)
	Interest Income	(553.04)
	Discontinued operations - non cash portion	(19.00)
	Operating Profit before Changes in Operating Assets and Liabilities	23,251.14
	Decrease in Trade Payables	(6,109.28)
	Increase in Contract Liabilities	7,018.31
	Increase in other Non-current and Current Financial and Non-financial Liabilities and Provisions	1,781.81
	Increase in Trade Receivables	(34,630.96)
	Decrease in Inventories	4,785.66
	Increase in Contract Assets	(1,035.43)
	Increase in Non-current and Current Financial and Non-financial Assets	(6,917.62)
	Cash Generated From Operations	(11,856.37)
	Income Taxes Paid (net of Refund)	(2,887.62)
	Net Cash Used in Operating Activities	(14,743.99)
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
	Payments for Acquisition of Property, Plant and Equipment including Capital Work-in-Progress, Intangible Assets and Intangible Assets under Development	(5,846.40)
	Fixed Deposits Made	(5,634.66)
	Fixed Deposits Matured	3,184.43
	Investment in a Joint venture	(55.00)
	Interest Received	405.37
	Net Cash Used in Investing Activities	(7,946.26)
C.	CASH FLOWS FROM FINANCING ACTIVITIES	
	Proceeds from issue of Share Capital	152.00
	Receipts of Securities Premium	28,728.00
	Share Issue Expenses	(67.00)
	Repayment of Long-term Borrowings	(2,365.00)
	Payment of Lease Liabilities	(673.87)
	Receipts of Short-term Borrowings (Net)	3,404.66
	Finance Costs Paid	(2,365.55)
	Dividend Paid (including Dividend Distribution Tax) of earlier years	(3.88)
	Net Cash From Financing Activities	26,809.36
D.	Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	8.36
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C+D)	4,127.47
	Cash and Cash Equivalents - Opening Balance	5,540.55
	Cash and Cash Equivalents - Closing Balance (Refer Note 11.1)	9,668.02
E.	The above Cash flow includes following related to discontinued operation	
	Net Cash Used in Operating Activities	-
	Net Cash Used in Investing Activities	(625.59)
	Net Cash Generated from Financing Activities	(579.40)
		(1,204.99)

(a) The above Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The above Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

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

Pramit Agrawal
Partner
Membership No. 099903
Place: Kolkata
Date : December 7, 2023

Salarpuria & Partners
Firm Registration Number: 302113E
Chartered Accountants

Anand Prakash
Partner
Membership No. 056485
Place: Kolkata
Date : December 7, 2023

For and on behalf of the Board of Directors of Titagarh Rail Systems Limited (Formerly Titagarh Wagons Limited)

Anil Kumar Agarwal
Director (Finance) and Chief Financial Officer
DIN: 01501767
Place: Kolkata
Date : December 7, 2023

Prithish Chowdhary
Director (Marketing and Business Development)
DIN: 08509158
Place: Kolkata
Date : December 7, 2023

Dinesh Arya
Company Secretary
Place: Kolkata
Date : December 7, 2023

Saurav Singhania
Jt. Chief Financial Officer and Group Finance Controller
Place: Kolkata
Date : December 7, 2023

TITAGARH RAIL SYSTEMS LIMITED (FORMERLY TITAGARH WAGONS LIMITED)
Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity for the six months ended September 30, 2023

A) Equity Share Capital (Refer Note 12)

(Rs in Lacs)

Particulars	Number in Lacs	Amount
Balance as at March 31, 2023	1,195.71	2,391.42
Changes in Equity Share Capital	76.00	152.00
Balance as at September 30, 2023	1,271.71	2,543.42

B) Other Equity

(Rs. in Lacs)

Particulars	Reserves and Surplus (Refer Note 13)				Other Reserve (Refer Note 13)		Total Other Equity	Total
	Securities Premium Account	General Reserve	Capital Reserve	Retained Earnings	Foreign Currency Translation Reserve	Hedge Reserve Account		
Balance as at March 31, 2023	41,064.37	5,411.39	7,442.50	39,182.40	891.44	(28.35)	93,963.75	93,963.75
Profit for the Period	-	-	-	13,237.12	-	-	13,237.12	13,237.12
Other Comprehensive Income (Net of Tax)								
-Remeasurement Losses on Defined Benefit Plans & Exchange Difference and Fair value change of cash flow hedges	-	-	-	(0.69)	(3.09)	59.30	55.52	55.52
Total Comprehensive Income for the year	-	-	-	13,236.43	(3.09)	59.30	13,292.64	13,292.64
Share Issue Expenses	-	-	-	(67.00)	-	-	(67.00)	(67.00)
Premium on Issue of Equity Shares Pursuant to Preferential allotment	28,728.00	-	-	-	-	-	28,728.00	28,728.00
Balance as at September 30, 2023	69,792.37	5,411.39	7,442.50	52,351.83	888.35	30.95	135,917.39	135,917.39

The above Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

Pramit Agrawal
Partner
Membership No 099903
Place: Kolkata
Date : December 7, 2023

Salarpuria & Partners
Firm Registration Number: 302113E
Chartered Accountants

Anand Prakash
Partner
Membership No. 056485
Place: Kolkata
Date : December 7, 2023

For and on behalf of the Board Of Directors of Titagarh Rail Systems Limited (formerly Titagarh Wagons Limited)

Anil Kumar Agarwal
Director (Finance) and Chief Financial Officer
DIN: 01501767
Place: Kolkata
Date : December 7, 2023

Prithish Chowdhary
Director (Marketing and Business Development)
DIN: 08509158
Place: Kolkata
Date : December 7, 2023

Dinesh Arya
Company Secretary
Place: Kolkata
Date : December 7, 2023

Saurav Singhania
Jt. Chief Financial Officer and Group Finance Controller
Place: Kolkata
Date : December 7, 2023

1 Group Background

Titagarh Rail Systems Limited (Formerly Titagarh Wagons Limited) (the 'Parent Company') is a public limited company incorporated and domiciled in India. The registered office of the Parent Company is located at Poddar Point, 113 Park Street, 10th Floor, Kolkata - 700016 and its manufacturing facilities are located in West Bengal and Rajasthan. The equity shares of the Parent Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

The Parent Company, its subsidiaries (collectively referred to as 'the Group'), its associate and joint ventures are mainly engaged in the manufacturing and selling of Freight Wagons, Passenger Coaches, Metro Trains, Train Electricals, Steel Castings, Specialised Equipment's & Bridges, Ships, etc. as detailed under segment information in Note 35.

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements were approved and authorised for issue in accordance with the resolution of the Parent Company's Board of Directors on December 7, 2023.

(a) The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements comprise the Unaudited Interim Special Purpose Condensed Financial Statements of the Parent Company, its subsidiary company, its associate and a joint venture as detailed below.

Name of the Subsidiary	Principal Place of Business / Country of Incorporation	Proportion of Ownership Interest as on September 30, 2023	Principal Business Activities
Titagarh Singapore Pte. Limited (TSPL) [Refer Note 40(a)]	Singapore	100%	Special purpose vehicle for holding investments in the foreign subsidiaries, raising finance for the off shore business providing management services
Titagarh Wagons AFR (TWA) *	France	100%	Engaged in manufacture of freight wagons

* The Parent Company holds 100% equity in TWA together with TSPL.
On 4th June 2019, the commercial court of Paris has approved the start of Rehabilitation Procedure and from said date, Parent company was no longer in control of TWA, under French Law. The commercial Court of Paris vide its judgement dated August 13, 2019 has approved a plan for transfer of business and assets of TWA to another bidder an ordered for liquidation of TWA. Currently TWA is under Liquidation. Also refer Note 4.1 (b).

Name of the Associate	Principal Place of Business / Country of Incorporation	Proportion of Ownership Interest as on September 30, 2023	Principal Business Activities
Titagarh Firema S.p.A (TFA)	Italy	49.70%	Engaged in manufacture of passenger trains, metros, hi-speed trains, train electrical, locomotives etc.

Name of the Joint Venture	Principal Place of Business / Country of Incorporation	Proportion of Ownership Interest as on September 30, 2023	Principal Business Activities
Titagarh Mermec Private Limited	India	50%	Engaged in development and manufacture of cost effective diagnostic solutions for signaling and safety
Ramkrishna Titagarh Rail Wheels Limited	India	49%	Engaged in the business of Manufacturing, testing and supply of wheels Discs of different types of Indian Railway Rolling Stock including machining and assembly of wheels and axles.
Titagarh Firema Engineering Services Private Limited	India	49%	Engaged in the business of research, engineering and design related services to support transit and propulsion business.

2 Material Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

2.1 Basis of Preparation

(i) Compliance with Indian Accounting Standards

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements have been prepared to be included in the Preliminary Placement Document ('PPD') and Placement Document ('PD') (hereinafter collectively referred to as the "Offer documents"), to be filed by the Parent Company with the Securities and Exchange Board of India ("SEBI"), BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and the Registrar of Companies (the "ROC') in Kolkata, as applicable, in connection with proposed Qualified Institutional Placement of the equity shares of the Parent Company ("Offering").

These Unaudited Interim Special Purpose Condensed Consolidated Financial Statements comprising of the Unaudited Special Purpose Condensed Consolidated Balance Sheet as at September 30, 2023, the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss, the Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity and the Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement for the six months period ended September 30, 2023 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Unaudited Interim Special Purpose Condensed Consolidated Financial Statements") have been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time other than comparative financial information which has not been presented.

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements as those are not considered relevant by the Management and the intended users of the Unaudited interim special purpose condensed consolidated financial statements for the purposes for which it has been prepared and should be read in conjunction with the Parent Company's annual Ind AS financial statements.

The accounting policies adopted in the preparation of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the annual Ind AS financial statements for the year ended March 31, 2023. Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in the financial position and performance since the last annual financial statements.

All amounts included in these Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are reported in lakhs of Indian rupees (Rs. In Lacs) unless stated otherwise.

(ii) Historical Cost Convention

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities (including derivative instruments)
- Defined benefits plan- plan assets
- Share based payments

(iii) Current versus Non-current Classification

The Group presents assets and liabilities in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) expected to be realised or intended to be sold or consumed in the normal operating cycle,

b) held primarily for the purpose of trading,

c) expected to be realised within twelve months after the reporting period, or

d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in the normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period, or

d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as Non-current.

2.2 Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the Unaudited Interim Special Purpose Condensed Consolidated Financial Statement of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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Non-controlling interests, if any in the results and equity of subsidiaries are shown separately in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss, Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity and Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet respectively.

(ii) Changes in Ownership Interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

(iii) Goodwill Arising on Consolidation
Goodwill is initially recognised at cost and is subsequently measured at cost less impairment losses, if any. Goodwill is tested for impairment annually or more frequently when there is an indication that it may be impaired. An impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(iv) Joint Arrangements:
Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has four joint ventures and one associate

Associate
Interests in Associate are accounted for using the equity method, after initially being recognised at cost in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet.

Joint Venture
Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet.

(v) Equity Method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investments equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint venture are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in 2.6 below.

2.3 Property, Plant and Equipment
All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives and Residual Values
Depreciation is calculated on pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual value, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management's expert which are different than those specified by Schedule II to Companies Act 2013 in respect of factory buildings / other buildings , plant and equipment and railway sidings, in order to reflect the actual usage of assets. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

The useful lives of the property, plant and equipment as estimated by the management are as follows:

Particulars	Useful Life
Factory Buildings / Other Buildings	30 / 35 / 60 / 65 years
Plant and Equipments	15 / 20 / 30 years
Railway Sidings	15 / 30 years
Furniture and Fixtures	10 years
Office Equipments	5 years
Computers	8 years
Vehicles	8 years

Leasehold land is amortised on straight - line basis over the primary lease period of 99 years or its estimated useful life, whichever is shorter. Leasehold improvement are amortised on straight - line basis over the primary lease period (ranging from 2 to 10 years) or their estimated useful lives, whichever is shorter.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The management believes that the assigned useful lives and residual value are reasonable.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within 'Other Income'/'Other Expenses'.

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Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as 'Capital Advances' under 'Other Non-current Assets' and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in-progress'.

2.4 **Intangible Assets**

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Computer Software

Computer Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of computer software includes license fees and cost of implementation/system integration services, where applicable.

Brand and Design and Drawings

The Group had acquired the brand name of "Sambre et Meuse" along with all the available designs and drawings for manufacturing of bogies

Prototype

The Group had developed prototype for tractors which was capitalised.

Research and Development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible Assets' are recognised as an expense as incurred.

Amortisation Method and Period

Computer Software and Brand and Design and Drawings are amortised on a pro-rata basis using the straight-line method over its estimated useful life of 5 years.

Prototype are amortised on a pro-rata basis using the straight-line method over its estimated useful life of 10 years (until impaired).

Amortisation method and useful lives are reviewed periodically including at each financial year end.

The management believes that the assigned useful lives and residual value are reasonable.

2.5 **Investment Properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.6 **Impairment of Non-financial Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units).

2.7 **Inventories**

Inventories are stated at the lower of cost and net realisable value. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost are assigned to individual items of inventory on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of raw materials and components consumed is a derived figure out of opening stock, closing stock and purchases including adjustment if any during the period.

2.8 **Leases**

As a Lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:-

a) Fixed payments (including in substance fixed payments) less any lease incentive receivable.

b) Variable lease payment that are based on an index or a rate, initially measured using the index or a rate at the commencement date.

c) Amount expected to be paid by the Group as under residual value guarantees.

d) Exercise price of a purchase option if the Group is reasonably certain to exercise that option.

e) Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

To determine the incremental borrowing rate, the Group:

a) Where possible, use recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received.

b) use a built up approach that starts with risk free interest rate adjusted for credit risk of leases held by the companies in the group, which does not have recent third party financing.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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Right-of-use assets are measured at cost comprising the following :-
i) the amount of the initial measurement of lease liability
ii) any lease payment made at or before the commencement date less any lease incentive received
iii) any initial direct cost and
iv) restoration costs.

Right of use of assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payment associated with short-term leases of equipment and all the leases of low value assets are recognised on a straight line basis as an expenses in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss. Short term leases are leases with a lease term of less than 12 months or less.

As a Lessor
Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.9 Investments (other than Investments in Associate and Joint Venture) and Other Financial Assets

(i) Classification
The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.
The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.
The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

•**Amortised Cost**: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss when the asset is derecognised or impaired.

•**Fair Value through Other Comprehensive Income (FVOCI)**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income/Other Expenses'.

•**Fair Value through Profit or Loss (FVTPL)**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss within 'Other Gain / (Losses)' in the period in which it arises.

Equity Instruments
The Group subsequently measures all equity investments (other than investments in joint ventures and associate) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Gain / (Losses)' in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss.

(iii) Impairment of Financial Assets
The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments, if any. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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(iv) Modification of Financial Instruments

The Group if renegotiates or otherwise modifies the contractual cash flows of financial instrument, the Group assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the original financial instrument is derecognised and recognizes a 'new' instrument at fair value and recalculates a new effective interest rate for the instrument. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the management recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

(v) Derecognition of Financial Assets

A financial asset is derecognised only when
-the Group has transferred the rights to receive cash flows from the financial asset or
-retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vi) Income Recognition

Interest Income

Interest income on financial assets at amortised cost is accrued on a time proportion basis using the effective interest rate method and is recognised in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(vii) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.10 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

2.11 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. These are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of liability for at least 12 months after the reporting period.

2.13 Other Financial Liabilities

Other financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Other financial liabilities are initially measured at the fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Derivative Instruments

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other Income' / 'Other Expenses'.

2.15 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.16 Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

2.17 Cash and Cash Equivalents

For the purpose of presentation in the Unaudited Interim Special Purpose Condensed Consolidated Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held with banks / financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet.

2.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.19 Revenue Recognition

The Group has applied five step model as per Ind AS 115 'Revenue from contracts with customers' to recognise revenue in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is recognised either at point of time and over a period of time based on various conditions as included in the contracts with customers.

Revenue is measured at transaction price (net of variable consideration, if any). The transaction price is the consideration received or receivable and is reduced by rebates, allowances and taxes and duties collected on behalf of the government. Revenue also includes adjustments made towards liquidated damages, normal product warranty and price variations wherever applicable.

Revenue is recognised in the income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of Products

Revenue for sale of products mainly comprises of wagons/locomotive shells and related items, where revenue is recognised at a point in time, when control of the asset is transferred to the customer, which generally occurs on receipts of dispatch memo / inspection certificate from customer as per terms of contract. On receipt of same, the title of goods passes on to the customer basis the laid down criteria under the standard.

Revenue from sale of specialized products

Revenue from specialized products mainly consists of defence related products (i.e Bailey bridge, Shelters etc), Ship building, Metro Trains, Train Electricals, Mainline electric multiple unit and Electric multiple unit in respect of which revenue is recognised over a period of time as performance obligations are satisfied over time as per criteria laid down under the standard and specified above.

Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Profit (contract revenue less contract cost) is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose, total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

The outcome of a construction contract is considered as estimated reliably when (a) all approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit (contract revenue less contract cost) is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc. For determining the expected cost to completion of the contracts, cost of steel, labour and other related items are considered at current market price based on fixed cost purchase orders placed or firm commitments received from suppliers / contractors as these purchase orders and future firm commitments are enforceable over the period of the contracts.

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When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as unbilled revenue. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as liability as advance from customer. Amounts received before the related work is performed are included as a liability as advance from customer. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract Liabilities are recognised when there is billing in excess of revenue and advance received from customers.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less. The Group adjusts the promised amount of consideration if the contract contains significant financing component.

Sale of Services
Revenue from service contracts are recognised in the accounting period in which the services are rendered. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the standalone selling price and revenue is recognised at point in time on fulfilment of respective performance obligation. In case, the service contracts include one performance obligation revenue is recognised based on the actual service provided to the end of the reporting period as proportion of the total services to be provided. This is determined based on the actual expenditure incurred to the total estimated cost.

Revenue from services rendered is recognised as the services are rendered and is booked based on agreement / arrangements with the concerned parties.

Other Operating Revenues
Export entitlement are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. Management fees are recognised on an accrual basis as per the terms of the agreement/arrangement with the concerned party.

2.20 Foreign Currency Transactions and Translation

(i) Functional and Presentation Currency
Items included in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are presented in Indian Rupee (Rupees or Rs.), which is the Parent Company's and a subsidiary's functional and the Group's presentation currency.

(ii) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the period-end, monetary assets and liabilities denominated in foreign currencies are restated at the period-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the period-end restatement are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.21 Employee Benefits

(i) Short-term Employee Benefits
Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment Benefits

Defined Benefit Plans
The liability recognised in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in 'Retained Earnings' in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity.

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Defined Contribution Plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(iii) Other Long-term Employee Benefits

Long-term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, done at the end of each financial year. Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(iv) Termination Benefits

Termination benefits, in the nature of voluntary retirement benefits, are recognised as expense in the Statement of Profit and Loss if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.22 Share Based Payments

Share-based compensation benefits are provided to employees of the Parent Company via the Titagarh Rail Systems Limited (Formerly Titagarh Wagons Limited) Employee Stock Option Scheme namely ESOP Scheme 2014.

Employees of the Parent Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Employee Stock Options Outstanding Account in equity, over the period in which the performance and/or service conditions are fulfilled, in Employee Benefit Expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Parent Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.23 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Group's entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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2.24 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expenses relating to a provision is recognised in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranties

Provisions for warranty related costs are recognised when the product is sold. Initial recognition is based on historical experience i.e. claims received up to the period end and the management's estimate of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims. The initial estimate of warranty related costs is revised annually.

Liquidated Damages

Liquidated damages on supply of materials are provided based on the contractual obligations, deduction made by the customers, as the case may be based on management's best estimate of the expenditure required to settle the obligations.

Litigations, Claims and Contingencies

The management estimates the provisions for pending litigations, claims and demands based on its assessment of probability for these demands crystallising against the Group in due course. Also refer Note 2.25.

Onerous Contract

Provision is recognised for the contract, where unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.25 Contingencies

A disclosure for contingent liabilities is made 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

2.26 Earnings Per Equity Share

(i) Basic Earnings Per Equity Share

Basic earnings per equity share is calculated by dividing:

· the profit / (loss) attributable to owners of the Parent Company

· by the weighted average number of equity shares outstanding during the period.

(ii) Diluted Earnings Per Equity Share

Diluted earnings per equity share adjusts the figures used in the determination of basic earnings per equity share to take into account:

· the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

· the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.27 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, being the Board of Directors of the Parent Company.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of the Parent Company. Refer Note 35 for segment information presented.

2.28 Business Combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interest method.

Other business combinations, involving entities or businesses are accounted for using acquisition method.

2.29 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to purchase of property , plant and equipment are included in non current liabilities as deferred income and are credited to statement of profit and loss on straight line basis over the expected lives of related assets and presented within other income

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2.30 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the group entities, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.31 Exceptional items

When items of income and expenses within statement of profit and loss from ordinary activities are of as such size, nature and or incidence that there disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

2.32 Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

2.33 Hedging activities

Cash flow hedges that qualify for hedge accounting

The effective portion of the change in the fair value of the derivative is recognised directly in other comprehensive income and in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, as follows:

- If the cash flow hedge of a forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss in the same period in which the hedged item affects the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss as and when they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss for the period.

2.34 Critical Estimates and Judgements

The preparation of Unaudited Interim Special Purpose Condensed Consolidated Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these Unaudited Interim Special Purpose Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses for the period presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each reporting date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

The areas involving critical estimates or judgements are:

· Employee Benefits (Estimation of Defined Benefit Obligations) — Notes 2.21

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

· Impairment of Trade and Other Receivables — Notes 2.9(iii) and 38(a)

The risk of uncollectibility of trade receivables and other receivables is primarily estimated based on prior experience, past due status of doubtful receivables which includes factors such as ability to pay, bankruptcy, payment history etc. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically. The Group uses specific identification method in determining the allowance for credit losses of trade receivable considering historical credit loss experience and is adjusted for forward looking information. Receivables are deemed to be past due or impaired with reference to the Group's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Further, the Group has also applied the simplified approach for expected credit loss on trade receivable and contract assets.

· Estimation of Expected Useful Lives of Property, Plant and Equipment, Right of use Assets and Intangible Assets— Notes 2.3, 2.4, 2.8, 3.1, 3.2 and 3.5

Management reviews its estimate of the useful lives of property, plant and equipment, Right of use assets and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment, right of use assets and intangible assets.

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· Accounting for revenue from contracts wherein Group satisfies performance obligation and recognises revenue over time- Notes 2.19 and 22

For contracts wherein performance obligation are satisfied over time, a group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation, in order to depict Group Entity's performance in transferring control of goods or services promised to a customer. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work to be performed. This involves determination of margin to be recognised on the contract, which are dependent on the total costs to complete contracts, that is, the cost incurred till date and estimation of future cost to complete the contract and price variations etc. This estimation involves exercise of significant judgement by the management in making cost forecasts considering future activities to be carried out in the contract, and the related assumptions etc. Experience, reduces but does not eliminate the risk that estimates may change significantly.

· Litigations, Claims and Contingencies — Notes 2.24, 2.25 and 34
Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. The Group consults with their legal counsel and other experts on matters related to specific litigations where considered necessary. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

· Valuation of Deferred Tax Assets — Notes 2.23 and 18
Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

· Warranties and Liquidated Damages— Notes 2.24 and 16
The Group's product warranty obligations and estimations thereof are determined using historical information of claims received up to the period end and the management's estimate of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

Liquidated damages on supply of products are provided based on the contractual obligations or deduction made by the customers considering the current situation and status of the project, the reasons for delays and past experience with the customers.

Changes in estimated frequency and amount of future warranty claims/ liquidated damages can materially affect warranty / liquidated damage expenses.

· Fair Value Measurements — Notes 2.9(vii) and 37
When the fair values of financial assets and financial liabilities recorded in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

2.35 Business Combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the
- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Parent Company
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Parent Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.
The excess of the:
- consideration transferred
- amount of any non-controlling interest in the acquired entity
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

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2.36 Assets (or disposal groups) held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of de-recognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet.

New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective April 1, 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 1, 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Group's accounting policy already complies with the now mandatory treatment.

2.37 Changes in accounting policies and disclosures

(i) Amendments to Ind AS

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 1, 2023. However, these amendments does not have an impact on the unaudited interim special purpose condensed consolidated financial statements including material accounting policy information.

(a) Ind AS 1 - Disclosure of material accounting policies

The amendments related to shifting of disclosure of erstwhile "significant accounting policies" to "material accounting policies" in the notes to the financial statements requiring companies to reframe their accounting policies to make them more "entity specific". This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS).

(b) Ind AS 8 - Definition of accounting estimates

The amendement will help entities to distinguish between accounting policies and accounting estimates. The definition of a 'change in accounting estimate' has been replaced with a definition of 'accounting estimates'. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

(c) Ind AS 12 - Income Taxes

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12. At the date of transition to Ind Ass, a first-time adopter shall recognise a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax liability for all deductible and taxable temporary differences associated with: a) right-of-use assets and lease liabilities. b) decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the realised asset. Therefore, if a Group has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognise on gross basis based on the carrying amount of right-of-use assets and lease liabilities.

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Notes to the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at and for the six months ended September 30, 2023

3.1 Property, Plant and Equipment

(Rs in Lacs)

	Freehold Land	Leasehold Land	Leasehold Improvement	Buildings	Plant and Equipments	Railway Wagons #	Railway Sidings	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Total
Gross Carrying Amount												
As at March 31, 2023	23,417.80	20,873.78	70.94	10,730.03	13,680.81	405.99	772.42	402.67	243.06	516.20	387.76	71,501.46
Additions	-	-	-	-	91.96	-	-	0.57	2.26	1.66	33.46	129.91
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at September 30, 2023	23,417.80	20,873.78	70.94	10,730.03	13,772.77	405.99	772.42	403.24	245.32	517.86	421.22	71,631.37
Accumulated Depreciation												
As at March 31, 2023	-	1,338.19	70.61	1,702.88	5,184.33	20.87	174.10	284.41	156.96	382.71	186.01	9,501.07
Charge for the period	-	87.93	-	145.77	376.30	-	18.75	19.27	14.22	33.42	22.08	717.74
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at September 30, 2023	-	1,426.12	70.61	1,848.65	5,560.63	20.87	192.85	303.68	171.18	416.13	208.09	10,218.81
Impairment												
As at March 31, 2023	-	-	-	-	2.36	-	-	-	-	-	-	2.36
Charge for the period	-	-	-	-	-	-	-	-	-	-	-	-
As at September 30, 2023	-	-	-	-	2.36	-	-	-	-	-	-	2.36
Net Carrying Amount												
As at September 30, 2023	23,417.80	19,447.66	0.33	8,881.38	8,209.78	385.12	579.57	99.56	74.14	101.73	213.13	61,410.20

a) Refer Note 33 for disclosure of contractual commitments for acquisition of Property, Plant and Equipment.

b) Refer Note 14 for information on Property, Plant and Equipment pledged as security by the Group.

c) Assets pledged as security for term loans availed by an associate:

The Parent Company has provided pari pasu security of its land at Bharatpur (Gross book value of Rs. 16,964.87 Lacs) against a term loan of Euro 50 million and overdraft facility of Euro 30 million sanctioned by Bank of Baroda in earlier years to Titagarh Firema S.p.A, an Associate of the Parent Company.

d) In respect of a leasehold land parcel having a written down value of Rs. 2,409.17 lakhs, measuring 36 Bigha 6 Biswa at Goshpura, Gwalior, the Company approached the Hon'ble High Court, Gwalior for restoration of the Company' s name in the record of rights and complete the mutation proceedings in a time bound manner, since its application for the aforesaid was pending for long time with concerned authority. The Hon'ble High Court, Gwalior vide its Order dated May 2, 2023 directed the concerned authority to decide on the Company's representation within a period of four weeks. Pending action on the aforesaid Order, the Company received a notice issued by District Industry Centre (DIC), Gwalior cancelling the said lease without giving the Company an opportunity of hearing. Subsequently, the Company filed an appeal before the Commissioner Industries, MSME, Bhopal, who dismissed said appeal on October 9, 2023. The Company has preferred an appeal against same on November 6, 2023 before Principal Secretary, Bhopal which is pending. The Company continues to be in possession of the said leasehold land, and basis legal advice the Company believes that the above matter does not have any material impact on the financial statements.

Represents 368 Railway Wagons sub leased to Indian Railways. As per Arbitration Award dated July 3, 2019, use of said wagons have been restricted by Indian Railway and Indian Railway has been instructed to give the possession back to the Parent Company, being the sole and beneficial owner of said wagons. The realisable value of 368 wagons as per management estimate is estimated to be more than the book value of Rs. 385.12 Lacs.

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3.2 Intangible Assets

(Rs in Lacs)

	Other Intangible Assets				
	Computer Software	Brand	Design and Drawings	Prototype	Total
Gross Carrying Amount					
As at March 31, 2023	729.50	227.79	1,587.65	880.39	3,425.33
Additions	-	-	11.39	-	11.39
As at September 30, 2023	729.50	227.79	1,599.04	880.39	3,436.72
Accumulated Amortisation					
As at March 31, 2023	585.58	227.79	1,544.94	396.17	2,754.48
Charge for the period	44.04	-	9.39	-	53.43
As at September 30, 2023	629.62	227.79	1,554.33	396.17	2,807.91
Impairment					
As at March 31, 2023	22.54	-	-	484.22	506.76
Charge for the period	-	-	-	-	-
As at September 30, 2023	22.54	-	-	484.22	506.76
Net Carrying Amount					
As at September 30, 2023	77.34	-	44.71	-	122.05

3.3 Investment Properties

	(Rs in Lacs) Freehold Land
Carrying Amount as at March 31, 2023	821.24
Additions/(Deletion)	-
Carrying Amount as at September 30, 2023	821.24

Information regarding Investment Properties

The Group's Investment Properties consists of two parcels of land situated at Bharatpur and Malanpur respectively. As at September 30, 2023, fair valuation of the two properties is estimated to be Rs. 1,180.98 Lacs. These valuations are based on valuations performed by an independent va uer who holds recognised and relevant professional qualifications. The fair value was derived using the market comparable approach based on recent market prices and the fair value measurement categorised within Level-3.

The Group has no restrictions on the realisability of its Investment Properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements. There is no income earned or expenditure incurred by the Group in relation to the Investment Properties.

Significant Increase/(Decrease) in circle rate of land will result in significant higher/(lower) fair valuation of properties.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at September 30, 2023 is as shown below:

Significant unobservable inputs	Sensitivity of the input to Fair Value
For 5% change in Market Rate for Land owned by the Group	5% Increase (Decrease) in the Market Rate would result in Increase (Decrease) in fair value by Rs. 59.05 Lacs.

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3.4 Capital Work-in-Progress

(i) Movement in Capital work in progress

	As at September 30, 2023
Balance at the beginning of the period	1,227.91
Additions during the period	4,622.01
Balance at the end of the period	5,849.92

Capital work in progress primarily comprises of construction of new office and sheds and ongoing installation of new machineries etc. in the factories located in West Bengal and Bharatpur (Rajasthan) of the Parent Company.

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3.5 Right-of-use assets and leases (Rs in Lacs)

The Group leasing arrangement includes land having a fixed lease term of 10 years.

(i) Amount recognised in balance sheet

	Land	Total
Gross Carrying Amount		
As at March 31, 2023	11,146.82	11,146.82
Additions	-	-
As at September 30, 2023	11,146.82	11,146.82
		-
Accumulated Depreciation & Impairment		-
As at March 31, 2023	954.85	954.85
Charge for the period	561.13	561.13
As at September 30, 2023	1,515.98	1,515.98
Net Carrying Amount		
As at September 30, 2023	9,630.84	9,630.84

Lease liabilities	Non-current	Current	Total
September 30, 2023	9,667.51	509.01	10,176.52

(ii) Amount recognised in Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss for the six months ended September 30, 2023

The statement of profit or loss shows the following amounts relating to leases:

Lease liabilities	For the six months ended September 30, 2023
Depreciation charge of right of use assets (Refer Note no 28)	561.13
Expenses relating to short term leases (included in other expenses, Refer Note 29)	110.41
Interest expense (included in finance costs) (Refer Note 27)	456.78
Total	1,128.32

(iii) The total cash outflow for leases for the period was Rs. 673.87 Lacs.

(iv) Extension and termination options:

Extension and termination options are included in the parent company's lease contract. These are used to maximise operational flexibility in terms of managing the assets used in the parent company's operations. The extension and termination options held are exercisable by mutual consent of both the lessor and the lessee.

3.6 Asset held for sale

	As at September 30, 2023
Office space at Hyderabad	71.13
Total	**71.13**

Liabilities held for sale

	As at September 30, 2023
Office space at Hyderabad	79.50
Total	**79.50**

Note:

Titagarh Firema Engineering Services Private Limited ("TFESPL"), a Joint Venture, has been incorporated on September 16, 2023 having Titagarh Rail Systems Limited ("TRSL") and Titagarh Firema SPA ("Firema") as Joint Venturers. TFESPL will acquire the Parent Company's design centre in Hyderabad and will carry on the business of research, engineering and design related services to support passenger rail segment business of the Group The above business arrangement is effective from October 1, 2023.

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4.1 Investments (Non-current)

	No of Shares / Units As at September 30, 2023	Face value per share/unit (Rs.)	As at September 30, 2023 Rs. In Lacs
Investments in Equity Shares			
In Others (Quoted) (at FVTPL) (a)			
Orissa Sponge Iron & Steel Limited #	550	10	0.05
In Others (Unquoted) (at FVTPL) * (a)			
Titagarh Enterprises Limited	4,932,960	10	3,140.55
Titagarh Industries Limited	56,850	10	39.00
National Savings Certificate (at Amortised Cost) (Unquoted) @			0.21
Total			**3,179.81**
Aggregate book value of quoted investments			0.05
Aggregate book value of unquoted investments			3,179.76
Market value of quoted investments			0.05

\# Quotation not available since suspended due to penal reason.
* Represents following shares pledged with the banks for the cash credit and working capital facility availed by the Parent company {Also refer note 14(b)(i)(A)} :

Name of Investments	No. of Shares/Units As at September 30, 2023	Face value per share/unit (Rs.)	Amount Pledged September 30, 2023 Rs. In Lacs
Titagarh Enterprises Limited	4,932,960	10	493.29
Titagarh Industries Limited	56,850	10	5.69
			498.98

@ Pledged with the Commercial Tax Officer, Bharatpur as Security Deposit.
(a) Refer Note 37 for determination of fair values.
(b) The Parent Company has investment of 7,000,500 equity shares of Titagarh Wagons AFR, a subsidiary of the Parent Company which is under liquidation and not under control of the Parent, hence not consolidated. Refer Note 1(a)

4.2. Equity Accounted Investments

	No of Shares / Units As at September 30, 2023	Face value per share/unit (Rs.)	As at September 30, 2023 Rs. In Lacs
Titagarh Firema S.p.A. (Refer Note (a) below)	16,400,000	EURO 1	1,272.63
Less: Share of loss of Associate			(1,272.63)
Titagarh Mermec Private Limited	5,000	10.00	0.50
Less: Share of loss of Joint Venture			(0.50)
Ramkrishna Titagarh Rail Wheels Limited			55.00
Less: Share of loss of Joint Venture			(49.15)
Titagarh Firema Engineering Services Private Limited			*
Less: Share of loss of Joint Venture			-
			5.85

* Below rounding off norm
(a) Includes 3 million equity shares pledged by the Parent Company for the loan taken by TFA from Bank of Baroda U.K Branch.

5. Trade Receivables (At Amortised Cost)
(Unsecured, Considered Good unless stated otherwise)

	Non-Current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Trade Receivables		
Trade receivables from contract with customers	-	62,237.62
Trade receivables from contract with customers – related parties (Refer Note 36)	-	1,290.07
Less: Loss allowance	-	554.54
Less: Liquidated Damages [Refer note 38(b)]	-	1,014.93
Total receivables	-	**61,958.22**
Break-up of security details		
Trade receivables considered good – secured	-	63,527.69
Trade receivables considered good – unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	-	**63,527.69**
Less: Loss Allowances	-	554.54
Less: Liquidated Damages [Refer note 38(b)]	-	1,014.93
Total trade receivables	-	**61,958.22**

a) Liquidated damages has been adjusted with trade receivable in accordance with the requirement of IND AS 115.
b) Refer Note 14 for information on Trade Receivables pledged as security by the Group.
c) There are no outstanding receivables due from directors or other officers of the Parent Company.

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6. Other Financial Assets
(Unsecured, Considered Good unless stated otherwise)

	Non-Current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Security Deposits*	381.05	182.50
Measured at Fair Value through OCI #		
Derivative Assets	-	358.37
Measured at Amortised Cost		
Bank Deposits with Remaining Maturity of More than Twelve Months @	4,926.64	-
Interest Accrued on:		
Fixed Deposits with Banks	402.75	327.80
Other Receivable	-	85.34
Charges Recoverable	-	2,894.64
Total	**5,710.44**	**3,848.65**

@ Includes deposits held as Margin money whose receipts are lying with banks as security against loans, guarantees/letters of credits issued by them.

* Includes security deposit given to related parties Rs. 294.63 Lacs.

Derivative instruments used by the Parent Company are in the nature of forward exchange contracts. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments". The Parent Company does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities. All the instruments are hedge effective for the six months period ended September 30, 2023.

7. Tax Assets (Net)

	Non-Current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Advance Tax (Including Tax Deducted at Source) (Net of provision for tax Rs. 23,541.63 Lacs)	2,868.68	-
	2,868.68	-

8. Contract Assets

	Non-Current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Retention money held by Customers	-	160.51
Contract assets relating to unbilled revenue	-	28,042.95
	-	**28,203.46**

9. Other Assets
(Unsecured, Considered Good unless stated otherwise)

	Non-current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Capital Advances	4,788.82	-
Security Deposits	484.30	-
Advances Recoverable in Cash or Kind		
Considered Good - Related Parties [Refer (a) below]	-	196.63
Considered Good - Others	-	19,453.69
Considered Doubtful - Others	-	200.71
	-	**19,851.03**
Less: Provision for Doubtful Advances - To Others	-	200.71
	-	**19,650.32**
Balances with Government Authorities	-	4,897.09
Prepaid Expenses	669.54	1,259.53
Total	**5,942.66**	**25,806.94**

a) Represents Rs. 166.63 Lacs recoverable from associate company and Rs. 30.00 Lacs recoverable from Directors of the Parent Company. Also Refer Note 36.

10. Inventories

(Valued at Lower of Cost and Net Realisable Value)	As at September 30, 2023 Rs. In Lacs
Raw materials and components (Includes Goods in transit Rs. 2,800.43 lacs)	32,950.93
Work-in-progress	4,943.79
Saleable Scrap	403.21
Stores and Spares	2,044.54
Total	**40,342.47**

(a) Refer Note 14 for information on inventories pledged as security by the Group.
(b) Work in progress includes project work in progress of Rs. 1,278.10 Lacs
(c) Value of inventories above is stated after provisions (net of reversal) Rs. 871.04 Lacs for write-downs to net realisable value and provision for slow moving and obsolete items of raw materials and stores and spares, resulting in net charge of Rs. 229.40 lacs during the period.

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11. Cash and Bank Balances

	As at September 30, 2023 Rs. In Lacs
11.1 Cash and Cash Equivalents	
Balances with Banks:	
On Current Accounts	4,309.94
Deposits with Original Maturity of Less Than Three Months @	5,341.67
Cash on hand (including Cheques in hand of Rs. Nil)	16.41
	9,668.02
11.2 Other Bank Balances	
Balances with Banks:	
On Unpaid Dividend Accounts	8.29
On Unpaid Fractional Share Entitlement Accounts	8.59
Bank deposits with maturity of more than three months but less than twelve months @	7,333.88
	7,350.76
Total	**17,018.78**

@ deposits held as Margin money whose receipts are lying with banks as security against loans, guarantees/letters of credits issued by them.

12. Equity Share Capital

	As At September 30, 2023	
	No. of shares in lacs	Rs. In Lacs
Authorised Shares		
Equity Shares of Rs. 2/- each	12,905.00	25,810.00
Preference shares of Rs. 10 /- each	1,270.00	12,700.00
		38,510.00
Issued, Subscribed and Paid-up Shares		
Equity Shares of Rs. 2/- each, fully paid-up	1,271.71	2,543.42
	1,271.71	**2,543.42**

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

	For the six months ended	
	No. of shares in lacs	Rs. In Lacs
Equity Shares		
Outstanding at the beginning of the period	1,195.71	2,391.42
Shares issued during the period (Refer note (i) below)	76.00	152.00
Outstanding at the end of the period	**1,271.71**	**2,543.42**

(i) Pursuant to approval by the Board of Directors and the Shareholders of the Parent Company in their meetings held on June 10, 2023 and on July 4, 2023 respectively, and approval of Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), the Audit Committee as authorised by the Board of Directors, allotted 76,00,000 Equity Shares on Preferential basis to Smallcap World Fund Inc, a SEBI Registered FPI, at a price of Rs.380 per share (Face Value: Rs. 2 each fully paid up) including premium of Rs.378 per share. The Parent Company received listing approval from BSE and NSE on July 19, 2023 and July 20, 2023 respectively and trading approval on July 25, 2023. These allotted equity shares shall be under lock in for six months from the date of trading approval as per existing regulations.

b) Terms and rights attached to Equity Shares
The Parent Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(c) Details of Shareholders holding more than 5% shares in the Parent Company

Name of the Shareholders	As at September 30, 2023	
	No. of shares	% holding
Equity shares of Rs 2 each fully paid		
Titagarh Capital Management Services Private Limited	24,071,588	18.93%
Jagdish Prasad Chowdhary (Trustee of Chowdhary Foundation)	18,201,875	14.31%
Rashmi Chowdhary	12,816,105	10.08%
HDFC Large and Midcap Fund	7,142,025	5.62%
Smallcap World Fund, INC	7,600,000	5.98%

As per records of the Parent Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(d) Details of Shareholding of Promoters

Promoter Name	As at September 30, 2023	
	No. of shares	% of total shares
Titagarh Capital Management Services Private Limited	24,071,588	18.93%
Jagdish Prasad Chowdhary (Trustee of Chowdhary Foundation)	18,201,875	14.31%
Jagdish Prasad Chowdhary	70,700	0.06%
Umesh Chowdhary	77,530	0.06%
Rashmi Chowdhary	12,816,105	10.08%
Sumita Kandoi	5,751	0.00%
Vinita Bajoria	32,051	0.03%
Bimla Devi Kajaria	2,000	0.00%
Titagarh Logistics Infrastructures Private Limited	1,908,487	1.50%

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13. Other Equity
-Reserves and Surplus

		As at September 30, 2023 Rs. In Lacs
A.	**Securities Premium Account**	
	Premium received on Equity Shares issued are recognised in the Securities Premium Account. This reserve may be utilised in accordance with the provisions of Section 52 of the Act.	
	Balance at the beginning of the period	41,064.37
	Premium on Issue of Equity Shares Pursuant to Preferential allotment [Refer Note 12(a)(i)]	28,728.00
	Balance at the end of the period	**69,792.37**
B.	**General Reserve (Refer Note 13.1)**	
	Balance at the beginning of the period	5,411.39
	Movement during the period	-
	Balance at the end of the period	**5,411.39**
C.	**Capital Reserve**	
	Balance at the beginning of the period	7,442.50
	Movement during the period	-
	Balance at the end of the period	**7,442.50**
D.	**Retained Earnings**	
	Balance at the beginning of the period	39,182.40
	Profit for the Period	13,237.12
	Add: Appropriations	
	Item of Other Comprehensive Income recognised directly in Retained Earnings	
	-Remeasurements Losses on Defined Benefit Plan (Net of Tax)	(0.69)
	Share Issue Expenses	(67.00)
	Net surplus in the statement of profit and loss	**52,351.83**
	- Other Reserves	
E.	**Foreign Currency Translation Reserve (FCTR)**	
	Exchange difference arising from translation of foreign operations are recognised in other comprehensive income as described in accounting policies [Refer Note 2.20(ii)] and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss on disposal of the net investment.	
	Balance at the beginning of the period	891.44
	Exchange Differences on Translation of Foreign Operations during the period	(3.09)
	Balance at the end of the period	**888.35**
F.	**Cash Flow Hedge Reserve (Refer Note 13.2 and 13.3)**	
	Balance at the beginning of the period	(28.35)
	Changes in fair value recognised during the period	79.24
	Tax impact on above	(19.94)
	Balance at the end of the period	**30.95**
	Total Other Equity (A+B+C+D+E+F)	**135,917.39**

13.1 **General Reserve :-** Under the erstwhile Indian Companies Act, 1956, a general reserve was created in the books of the Parent Company through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Parent Company may transfer such percentage of its profits for the period as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.

13.2 **Cash Flow Hedge Reserve:-**The cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item.
The Parent Company has designated certain foreign currency forward contracts as cash flow hedges in respect of foreign exchange risks.

13.3 During the period, ineffective portion of cash flow hedges recognised in the consolidated statement of profit and loss amounted to Rs. Nil.
The amount recognised in cash flow hedge reserve (net of tax) is expected to impact the consolidated statement of profit and loss as below:
- within the next one year: gain Rs. 59.30 Lacs
- later than one year: gain Rs. Nil Lacs

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14. Borrowings

	Non-current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Secured		
Term Loan from Banks [Refer (a) below]	4,355.53	1,551.64
Cash Credits & Working Capital Demand Loan from Banks [Refer (b) below]	-	14,792.03
Buyers Credit	-	5,340.00
Total	**4,355.53**	**21,683.67**

Secured Borrowings

a) Term Loan from Banks

i) In case of Parent Company:

(A) Term Loan of Rs. 4,967.95 Lacs carrying interest @ 9.02% to 9.05% p.a. linked to 1 year MCLR has been availed during the previous financial year and is repayable in 16 equal quarterly installments from April 2024 to January 2028. Above term loan was secured by way of first charge over land at Gwalior district, Madhya Pradesh owned by the Parent Company. Charge is yet to be created over such land.

(B) Term Loan of Rs. 939.22 lacs carries interest @ 8.92% to 9.07% p.a linked to 1 year MCLR and is repayable in 7 quarterly installments starting from June 2022 to December 2023. Above term loan is secured by a first pari-passu charge by way of mortgage upon all fixed assets including land and building, plant and machinery and other movable/immovable assets at Parent Company's Bharatpur Plant. The loan is further secured by the second charge on the Parent Company's current assets relating to Bharatpur Plant.

b) Cash Credits, Working Capital Demand Loan and Buyers Credit from Banks:

i) In case of Parent Company:

(A) Cash Credits, Working Capital Demand Loans and Buyers Credit of Rs. 20,132.03 Lacs are secured by first charge on the Company's current assets, movable fixed asset both present and future and further creating charge on immovable properties of the Parent company by deposit of title deeds except immovable properties at Bharatpur, Rajasthan, Gwalior and Bhind district, Madhya Pradesh. The above facilities are also secured by way of pledge of investment in equity shares of Titagarh Enterprises Limited and Titagarh Industries Limited. All the mortgages and charges created in favour of the above lenders rank pari-passu with consortium member banks.

B) Cash Credits is repayable on demand and carry an interest rate ranging between 8.45% to 11.50% p.a. linked with MCLR.

C) Working Capital Demand Loans carry interest ranging from 5.75% to 11.50% p.a. and are repayable on demand.

D) Buyers Credit carry an interest rate of 5.87% to 6.24% p.a. and is linked to Secured Overnight Financing Rate (SOFR). The same is repayable from October 3, 2023 to April 19, 2024.

15. Other Financial Liabilities

	Current As at September 30, 2023 Rs. In Lacs
Measured at Amortised Cost	
Interest accrued and not due on Borrowings	118.25
Investor Education and Protection Fund will be credited by following amounts (as and when due)	
Unpaid Dividends	8.29
Unpaid fractional share	8.59
Others	
Employee Related Liabilities	794.08
Payable for Purchase of Property, Plant and Equipment	617.37
Other Liabilities *	1,500.00
Total	**3,046.58**

* Arbitration was invoked following the dispute between Cimmco Limited (since merged into the Parent Company) and Texmaco Rail Engineering Limited (Texmaco) in respect of breach of the agreement authorising Texmaco to use the designs for main body work and integral frame of non-pressurized bulk powder cement wagons (BCCW Wagons) for a fixed term. The arbitration result was awarded in favour of the Parent Company dated June 20, 2022. Texmaco filed a petition for stay, challenging the said award before the High Court at Calcutta. An order of interim stay of execution of the award has been made, upon Texmaco depositing a sum of Rs. 1,500.00 Lacs with the Registrar. The Parent Company filed an application for withdrawing the said sum deposited by Texmaco in lieu of bank guarantee furnished by it and received the amount of Rs. 1,500.00 Lacs on June 15, 2023.

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FRN 304026E/E300009
Kolkata

Titagarh Rail Systems Limited
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TITAGARH RAIL SYSTEMS LIMITED (FORMERLY TITAGARH WAGONS LIMITED)
Notes to the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at and for the six months ended September 30, 2023

16. Provisions

	Non-Current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Provisions for Employee Benefits:		
Gratuity	356.01	129.94
Leave Benefits	-	132.99
	356.01	**262.93**
Other Provisions:		
Warranties [Refer (a) below for movement]	-	258.02
Litigation, Claims and Contingencies [Refer (a) below for movement] & [34 (i)]	-	227.20
	-	**485.22**
Total	**356.01**	**748.15**

a) Movement of provisions for warranties and Litigation, Claims and Contingencies are as follows:

	Warranties For the six months ended September 30, 2023 Rs. In Lacs	Litigations, Claims and Contingencies For the six months ended September 30, 2023 Rs. In Lacs
At the Beginning of the period	283.40	227.20
Made during the period	106.92	-
Unused amounts reversed/ utilized during the period (Net)	(132.30)	-
At the End of the period	**258.02**	**227.20**

Information about individual provisions and significant estimates:
Warranties
Provision is made for estimated warranty Claims in respect of products sold which are under warranty at the end of the reporting period. Management estimates the provision based on contractual terms, historical warranty claims information and any recent trends that may suggest future claims could differ from historical amounts.

Litigation, claims and contingencies
The amounts represent best possible estimates of pending litigations / claims filed by vendors, customers, labours etc and probable claims arising out of certain tax matters. The timing and probability of outflow and expected reimbursements, if any, with regard to these matters depends on the ultimate outcome of the legal process or settlement / conclusion of the matter with the relevant authorities / customers / vendors etc.

17. Current Tax Liabilities

	As at September 30, 2023 Rs. In Lacs
Provision for Income Tax (Net of Advance tax and TDS Rs.7,688.40 Lacs)	2,584.24
Total	**2,584.24**

18. Deferred Tax (Assets)/Liabilities

		As at September 30, 2023 Rs. In Lacs
Deferred Tax Liabilities		
Arising out of temporary differences in depreciable assets and non-depreciable assets		8,670.07
Unrealised Gain on securities - Fair value through Profit & Loss (FVTPL)		396.63
Fair valuation of Derivative Assets		90.20
Gross Deferred Tax Liabilities	(A)	**9,156.90**
Deferred Tax Assets		
Provision for fall in value of Investments		4,798.55
Provision for Doubtful Debts, Advances and Claims Receivable		284.69
Provision for Warranties and Liquidated Damages		255.44
Provision for Litigations, Claims and Contingencies		57.18
Provision for Employee Benefits		204.99
Lease Liabilities		2,487.07
Gross Deferred Tax Assets	(B)	**8,087.92**
Net Deferred Tax Liabilities	(A-B)	**1,068.98**

The movement in deferred tax assets and liabilities during the six months ended September 30, 2023:

	As at April 01, 2023 Deferred tax Asset / (Liability)	(Credit) / Charge in Statement of Profit and Loss #	As at September 30, 2023 Deferred tax Asset / (Liability)
Arising out of temporary differences in depreciable assets and non-depreciable assets	(9,006.28)	336.21	(8,670.07)
Unrealised Gain on FVTPL Securities	(404.91)	8.28	(396.63)
Fair valuation of Derivative Assets	-	(90.20)	(90.20)
Total Deferred Tax Liabilities	**(9,411.19)**	**254.29**	**(9,156.90)**
Provision for fall in value of Investments	4,967.00	(168.45)	4,798.55
Provision for Doubtful Debts and Advances	170.85	113.84	284.69
Provision for Warranties & Liquidated Damages	40.45	214.99	255.44
Provision for Litigation, Claims & Contingencies	57.18	-	57.18
Provision for Employee Benefits	183.95	21.04	204.99
Lease Liabilities	2,635.87	(148.80)	2,487.07
Fair valuation of derivative assets	9.53	(9.53)	-
Total Deferred Tax Assets	**8,064.83**	**23.09**	**8,087.92**
Deferred Tax Asset / (Liabilities) (Net)	**(1,346.36)**	**277.38**	**(1,068.98)**

Includes income tax impact on remeasurement gains/(losses) on defined benefit plan amounting to Rs. 0.24 Lacs and income tax impact on Fair value change of cash flow hedges amounting to Rs. 19.94 Lacs included in Other Comprehensive Income and income tax impact on exchange difference on consolidation of Rs. Nil included in foreign currency translation reserve.

Deferred tax asset against capital loss for provision for fall in value of Investment has been recognised to the extent of identifiable capital gains against which corresponding deferred tax liability is recognised.

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19. Trade Payables (At Amortised Cost)

	Current As at September 30, 2023 Rs. In Lacs
Trade Payables	
Total outstanding dues of Micro Enterprises and Small Enterprises	1,459.45
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	24,720.18
Total	26,179.63

(a) Trade Payables include dues to related parties of Rs. 84.95 Lacs. Refer Note 36 for details.

20. Contract Liabilities

	Non-Current As at September 30, 2023 Rs. In Lacs	Current As at September 30, 2023 Rs. In Lacs
Advance from Customers	14,228.16	49,390.21
Revenue in Excess of Billing	-	90.52
	14,228.16	49,480.73

21. Other Liabilities

	Current As at September 30, 2023 Rs. In Lacs
Statutory Dues	342.83
	342.83

22. Revenue from Operations

	For the six months ended September 30, 2023 Rs. In Lacs
Revenue from Contract with Customers:-	
Sale of Products	
Finished Goods	178,833.60
Raw Materials and Components	3,452.66
Other Operating Revenues	
Scrap Sales	2,107.29
Others	227.49
Total	184,621.04

Revenue from operation includes revenue from contract with customers under IND AS 115 amounting to Rs. 182,286.26 Lacs The details of which are given below:-

	For the six months ended September 30, 2023 Rs. In Lacs
Revenue recognised at a point in time	150,458.82
Revenue recognised over time	31,827.44
	182,286.26

Reconciliation of revenue recognised with contract price:	For the six months ended September 30, 2023 Rs. In Lacs
Contract price	175,938.26
Adjustment for:	
Liquidated Damages	(913.75)
Escalation	7,261.75
Revenue from operation	182,286.26

23. Other Income

	For the six months ended September 30, 2023 Rs. In Lacs
23.1 Interest Income	
From Financial Assets at Amortised Cost	
Bank Deposits	400.92
Others ##	152.12
	553.04
23.2 Others	
Net Foreign Exchange Fluctuations and Fair Value (Gain)/ Loss on Derivatives Not Designated as Hedges #	378.72
Unspent Liabilities / Provisions No Longer Required Written Back	2.61
Other Non-operating Income*	131.56
	512.89
Total	1,065.93

* Mainly comprises of Rs. 109.84 lacs recovery from customer against dues charged off in earlier periods.
# Foreign Exchange Fluctuations includes Rs. 280.57 Lacs on account of cancellation of forward contracts during the period.
Interest income - Others for the current period mainly represents interest income from supplier for early payment of related outstandings.

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24. Cost of Raw Materials and Components Consumed

		For the six months ended September 30, 2023 Rs. In Lacs
Inventories at the Beginning of the period		36,488.73
Add: Purchases		137,095.37
		173,584.10
Less: Inventories at the End of the Period		32,950.93
Cost of Raw Materials and Components Consumed		**140,633.17**

25. Changes in Inventories of Finished Goods, Work-in-progress and Saleable Scrap

		For the six months ended September 30, 2023 Rs. In Lacs
Inventories at the end of the period		
Finished Goods		-
Work-in-Progress		4,943.79
Saleable Scrap		403.21
	(A)	**5,347.00**
Inventories at the beginning of the period		
Finished Goods		-
Work-in-Progress		6,996.43
Saleable Scrap		1,067.12
	(B)	**8,063.55**
(Increase) / Decrease	**(B-A)**	**2,716.55**

26. Employee Benefits Expense

	For the six months ended September 30, 2023 Rs. In Lacs
Salaries, Wages and Bonus	2,990.05
Contribution to Provident & Other Funds	150.70
Gratuity Expense	38.58
Staff Welfare Expenses	128.76
Total	**3,308.09**

27. Finance Costs

	For the six months ended September 30, 2023 Rs. In Lacs
Interest Expenses on Financial Liabilities Carried at Amortised Cost - Borrowings, etc.	2,656.69
Interest & Finance Charge on Leases	456.78
Other Borrowing Costs (Bank Charges, etc.)	825.08
Total	**3,938.55**

Interest Expenses on Financial Liabilities Carried at Amortised Cost - Borrowings, etc includes Rs. 1,009.00 Lacs representing cost of financing component @ 9% against long term advance from customer

28. Depreciation and Amortisation Expense

	For the six months ended September 30, 2023 Rs. In Lacs
Depreciation of Property, Plant and Equipments (Refer Note 3.1)	717.74
Depreciation of Right-of-use Assets (Refer Note 3.5)	561.13
Amortisation of Intangible Assets (Refer Note 3.2)	53.43
Total	**1,332.30**

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Notes to the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at and for the six months ended September 30, 2023

29. Other Expenses

		For the six months ended September 30, 2023 Rs. In Lacs
Consumption of Stores and Spares		5,135.32
Job Processing and Other Machining Charges (including Contract Labour Charges)		4,768.18
Power and Fuel		2,479.06
Design and Development Expenses		42.77
Repairs		
Plant and Machinery		82.29
Buildings		95.42
Others		48.85
Rent and Hire Charges		110.41
Rates and Taxes		90.20
Insurance		131.00
Security Services		204.88
Advertising and Sales Promotion		45.93
Brokerage and Commission		139.79
Travelling and Conveyance		519.33
Legal and Professional Fees		435.13
Commission to non-whole time directors		12.50
Directors Sitting Fees		23.00
Payment to Auditors		55.91
Warranty Claims (net)	239.22	
Less: Adjusted with Provision	(132.30)	106.92
Provision for Doubtful Debts and Advances		452.32
Corporate Social Responsibility Expenses		10.13
Miscellaneous Expenses		854.57
Total		**15,843.91**

30. Income Tax Expense / (Benefit)

	For the six months ended September 30, 2023 Rs. In Lacs
(A) Amount Recognised in the Statement of Profit and Loss	
Current Tax	4,944.25
Deferred Tax	(297.12)
Total Income Tax Expense Recognised in Profit and Loss	**4,647.13**
(B) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable	
Accounting Profit /(Loss) before Tax	17,884.25
At India's Statutory Income Tax Rate of 25.168%	**4,501.11**
Adjustments:	
Non-deductible Income / (Expenses) for Tax Purposes	
Expenses not allowed as deductions	21.80
Impact of lower tax rate (Capital Gains tax rate) on the fair valuation of land and investment in equity shares through FVTPL	16.84
Impact of dividend received from subsidiary	158.19
Impact of Discontinued Operations	(4.78)
Others	(46.03)
	4,647.13

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31 Earnings/(Loss) Per Equity Share

	For the six months ended September 30, 2023
(A) Basic and Diluted	
(i) Number of Equity Shares at the Beginning of the period	119,571,089
(ii) Number of Equity Shares at the End of the period	127,171,089
(iii) Weighted Average Number of Equity Shares Outstanding during the period	123,142,674
(iv) Face Value of Each Equity Share (Rs)	2.00
(v) Profit after Tax Available for Equity Shareholders of the Parent Company (Rs. In Lacs):	
From Continuing Operation (Rs.in Lacs)	13,218.12
From Discontinuing Operation (Rs.in Lacs)	19.00
From Continuing and Discontinuing Operation (Rs.in Lacs)	13,237.12
(vi) Basic and Diluted Earnings/(Loss) per Equity Share (Rs.) [(v)/(iii)]	
From Continuing Operation	10.74
From Discontinuing Operation	0.02
From Continuing and Discontinuing Operation	10.76

32 There are no loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties.

33 Commitments	As at September 30, 2023 Rs.in Lacs
Estimated amount of contracts remaining to be executed on capital accounts and not provided for [net of advances Rs. Nil]	4,235.86

34 Contingent Liabilities	As at September 30, 2023 Rs.in Lacs
(i) Claims against the Group not acknowledged as debt	
Disputed claims contested by the Group and pending at various courts/arbitration*	3,826.58
Matters under appeal with:	
Sales tax authorities	2,510.17
Income tax authorities	4,845.72
Customs and Excise Authorities	13,610.73
Goods and service tax Authorities	181.52
Custom Duty on import of equipments and spare parts under EPCG scheme	1,190.54
	26,165.26

* Includes Rs.1,360.45 Lacs which in terms of BIFR order, even if decided against the Group, would stand at Rs.136.04 Lacs only.

In respect of above cases based on favourable decisions in similar cases/legal opinions taken by the Group/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the consolidated financial statements.

In respect of above contingent liabilities, it is not practicable for the Group to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above.

(ii) Further:

(a) Erstwhile Cimmco Limited (Since merged with the Parent Company) had prior to year 2000, obtained certain advance licenses for making duty free import of inputs subject to fulfilment of export obligation (EO) within the specified time limit/extended time limit (as extended pursuant to sanctioned scheme of BIFR) from the date of issuance of such licenses. However, in absence of complete list of licenses along with the imports made against each license, the amount of contingent liability towards custom duty saved on unfulfilled export obligations and penal interest if any, is presently unascertainable.

(b) SBI Caps has raised a claim of Rs. 1,128.95 lacs on erstwhile Cimmco Limited (since merged with the Parent Company) on account of disallowance of depreciation by the income tax authorities on the wagons leased by SBI Caps to erstwhile Cimmco Limited (since merged with the Parent Company) which in turn has been sub leased to Indian Railways. The same pertains to the assessment year 1998-99 to 2004-05 (period prior to change of management in terms of the BIFR order) and the matter is pending with ITAT Mumbai. As per the separate lease agreements entered between SBI CAPS, erstwhile Cimmco Limited (since merged with the Parent Company) and Indian Railways, any claims, charges, duties taxes and penalties as may be levied by the Government or any other authority pertaining to leased wagons shall be borne by the Indian Railways. Considering the above terms contained in the above agreements and also favourable ITAT judgements regarding the admissibility of the depreciation on the leased assets the Parent Company believes that there would not be any liability that would crystallise on account of the above.

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35 Segment Information

The Operating segment based on the Group's products has been identified as "Freight Rail Systems" (which includes shipbuilding, bridges and defence) and "Passenger Rail Systems".
a) Freight Rail Systems - Consists of manufacturing of Wagons, Loco Shells, bogies, couplers, its components, designing and construction of Warships, Passenger Vessels, Tug and specialised equipment's for Defence, Bridge Girders etc.
b) Passenger Rail Systems - Consists of designing and manufacturing of Metro, Passenger Coaches, EMUs, Train Sets, Mono Rail, Propulsion equipment, Traction Motors and its components.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. Also, the Group's borrowings (includes finance costs), income taxes, investments and derivative instruments are managed at head office and are not allocated to operating segments.

Segment Revenue is measured in the same way as in the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss.
Segment Assets and Liabilities are measured in the same way as in the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet.
These asset and liabilities are allocated based on the operations of the segment and physical location of assets.

Information about Operating Segments

For the six months ended September 30, 2023

(Rs. in Lacs)

	Freight Rail Systems	Passenger Rail Systems	Total
Revenue from Operations			
Segment Revenue (External)	154,694.01	29,927.03	184,621.04
Segment Profit/(Loss) (a)	20,489.63	997.35	21,486.98
Unallocated (Income) / Expenses			
Finance Costs			2,436.04
Interest Income			(403.74)
Interest Expense - Net (b)			2,032.30
Depreciation and Amortisation Expense			136.42
Other Corporate Income			(433.55)
Other Corporate Expenses			1,886.56
Unallocable expenditure net of income (c)			1,589.43
Profit before Taxes (a-b-c)			17,865.25
Tax Expenses /(Credit)			4,647.13
Profit for the period			13,218.12
Material Non-cash (Income) / Expenses:			
Depreciation and Amortisation Expense	1,008.62	187.26	1,195.88
Unspent Liabilities / Provisions No Longer Required Written Back	2.61	-	2.61
Segment Assets	148,582.50	76,289.54	224,872.04
Unallocated Assets			
Investments			3,185.66
Cash and Cash Equivalents			9,668.02
Other Bank Balances			7,350.76
Non-current / Current Tax Assets (Net)			2,868.68
Other Unallocated Assets			24,846.18
Total Assets			272,791.34
Segment Liabilities	67,590.50	33,576.31	101,166.81
Unallocated Liabilities			
Borrowings			26,039.20
Current Tax Liabilities (Net)			2,584.24
Deferred Tax Liabilities (Net)			1,068.98
Other Unallocated Liabilities			3,471.30
Total Liabilities			134,330.53

Entity-wide Disclosures:-
(a) The Parent Company is domiciled in India. The amount of Group's revenue from external customers broken down by location of the customers is shown below:-

	For the six months ended September 30, 2023 Rs.in Lacs
India	184,519.99
Rest of the World	101.05
Total	184,621.04

(b) Non-current assets (excluding Financial Assets) by location of assets is shown below:

	For the six months ended September 30, 2023 Rs.in Lacs
India	86,651.44
Rest of the World	-
Total	86,651.44

(c) Total revenue from external customers which represents more than 10% of the total revenue from external customers of the Group includes sales to Indian Railways of Rs. 86,263.27 Lacs, Rungta Sons Private Limited of Rs. 34,599.72 Lacs and Maharashtra Metro Railway Corporation Rs 28,534.95 Lacs.

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36 Related Party Disclosures

Names of Related Parties and Related Party Relationship

Related parties:

Associate Company:	Titagarh Firema S.p.A, Italy
Joint Venture Companies:	Titagarh Mermec Private Limited Titagarh Firema Engineering Services Private Limited ("TFESPL") (w.e.f September 16, 2023) Ramkrishna Titagarh Rail Wheels Limited ("RTRWL") (w.e.f June 09, 2023)

Other related parties with whom transactions have taken place during the period:

Key Management Personnel (KMPs):	Mr. J P Chowdhary – Executive Chairman Mr. Umesh Chowdhary – Vice Chairman & Managing Director Mr. Anil Kumar Agarwal - Director (Finance), Chief Business & Risk Officer and Chief Financial Officer Mr. Saurav Singhania- Joint Chief Financial Officer & Group Finance Controller Mr. Saket Kandoi - Director (Whole-Time Director) Mrs. Rashmi Chowdhary - Non-Executive Director Mr. Prithish Chowdhary - Director (Marketing & Business Development) Mr. Manoj Mohanka - Independent Director Mr. Atul Ravishanker Joshi - Independent Director Mr. Sunirmal Talukdar - Independent Director Mr. Sushil Kumar Roongta - Independent Director Mr. Krishan Kumar Jalan - Independent Director Ms. Nayantara Palchoudhuri - Independent Director Mr. Dinesh Arya - Company Secretary Mr. B. Prasada Rao - Independent Director (w.e.f September 04, 2023) Mr. Debanjan Mandal - Independent Director (w.e.f September 04, 2023)
Close Family Members of the KMPs:	Mrs. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Mrs. Vinita Bajoria, Daughter of Mr. J P Chowdhary Mrs. Sumita Kandoi, Daughter of Mr. J P Chowdhary
Enterprises over which KMP/ Shareholders/ Close Family Members have significant influence:	Titagarh Capital Management Services Private Limited Titagarh Enterprises Limited Titagarh Industries Limited Shivaliks Mercantile Private Limited Nicco Eastern Private Limited

Details of transactions between the Group and Related Parties and outstanding balances as at the period end are given below:

(Rs. in Lacs)

Nature of transactions	Associate	Enterprises over which KMPs/ Shareholders/ Close Family Members of the KMPs have significant influence	KMPs	Relatives of KMPs	Total
In relation to the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss					
Sale of Products					
Titagarh Firema S.p.A	101.05	-	-	-	101.05
Purchase of Raw Materials and Components					
Titagarh Firema S.p.A	1,397.36	-	-	-	1,397.36
Nicco Eastern Private Limited	-	190.21	-	-	190.21
Payment for Lease Rental					
Titagarh Enterprises Limited	-	673.87	-	-	673.87

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(Rs. in Lacs)

Nature of transactions	KMPs	Total
In relation to the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss		
Remuneration [Refer (b) below]		
Mr. J P Chowdhary	134.64	134.64
Mr. Umesh Chowdhary	134.64	134.64
Mr. Prithish Chowdhary	28.57	28.57
Mr. Saket Kandoi	35.02	35.02
Mr. Anil Agarwal	48.88	48.88
Mr. Dinesh Arya	19.95	19.95
Mr. Saurav Singhania	32.44	32.44
Commission to non-whole time directors		
Mr. Sunirmal Talukdar	2.09	2.09
Mr. Manoj Mohanka	2.08	2.08
Mr. Atul Ravishanker Joshi	2.09	2.09
Mr. Sushil Kumar Roongta	2.09	2.09
Ms. Nayantara Palchoudhri	2.09	2.09
Mr. Krishan Kumar Jalan	2.08	2.08
Sitting Fees to Directors		
Mr. Manoj Mohanka	4.80	4.80
Mr. Atul Ravishanker Joshi	4.20	4.20
Mrs. Rashmi Chowdhary	2.00	2.00
Mr. Sunirmal Talukdar	5.00	5.00
Ms. Nayantara Palchoudhuri	2.00	2.00
Mr. Krishan Kumar Jalan	2.00	2.00
Mr. Sushil Kumar Roongta	3.00	3.00

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36 Related Party Disclosures

Nature of transactions	Joint Venture	Associate	Enterprises over which KMPs/ Shareholders/ Close Family Members of the KMPs have significant influence	KMPs	Relatives of KMPs	Total
In relation to the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet						
Investments						
Ramkrishna Titagarh Rail Wheels Limited	55.00	-	-	-	-	55.00
Balances Outstanding as at the period end						
Trade Receivables						
Titagarh Firema S.p.A	-	1,290.07	-	-	-	1,290.07
Trade Payables						
Nicco Eastern Private Limited	-	-	84.95	-	-	84.95
Capital Advance						
Titagarh Firema S.p.A	-	2,387.31	-	-	-	2,387.31
Advances Recoverable in Cash or Kind						
Mr. Anil Kumar Agarwal	-	-	-	30.00	-	30.00
Titagarh Firema S.p.A	-	166.63	-	-	-	166.63
Other Financial Liabilities						
Titagarh Firema Engineering Services Private Limited	*	-	-	-	-	*
Commission payable to non whole time directors						
Mr. Sunirmal Talukdar	-	-	-	2.09	-	2.09
Mr. Manoj Mohanka	-	-	-	2.08	-	2.08
Mr. Atul Ravishanker Joshi	-	-	-	2.09	-	2.09
Mr. Sushil Kumar Roongta	-	-	-	2.09	-	2.09
Ms. Nayantara Palchoudhri	-	-	-	2.09	-	2.09
Mr. Krishan Kumar Jalan	-	-	-	2.08	-	2.08
Investments						
Titagarh Firema S.p.A (Net of Loss: Rs.1,272.63 Lacs)	-	-	-	-	-	-
Titagarh Mermec Private Limited (Net of Loss: Rs.0.50 Lacs)	-	-	-	-	-	-
Ramkrishna Titagarh Rail Wheels Limited (Net of Loss: Rs.49.15 Lacs)	5.85	-	-	-	-	5.85
Titagarh Firema Engineering Services Private Limited (Net of Loss: Rs. Nil Lacs)	*	-	-	-	-	*
Security Deposit						
Titagarh Enterprises Limited	-		294.63	-	-	294.63

* below rounding off norm
Also refer Note 3.1 (c) and Note 4.2 (a) for asset and shares pledged respectively against loan taken by Titagarh Firema S.p.A

Notes :

a) Terms and Conditions of Transactions with Related Parties
Transactions relating to dividend were on the same terms and conditions that applied to other shareholders. The sales/services to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured and interest-free and settlement occurs in cash.

b)

Compensation of Key Managerial Personnel	For the six months ended September 30, 2023
Short-term employee benefits	409.53
Contribution to provident and other funds	24.61
	434.14

The remuneration to key management personnel does not include provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Parent Company as a whole.

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37 Fair Values

(i) Fair value hierarchy
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the unaudited Interim special purpose condensed consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the six months ended September 30, 2023.

The following table provides the fair value measurement hierarchy of the Group's assets:

(Rs. in Lacs)

		Level 1	Level 2	Level 3	Total
Quantitative disclosures Fair Value Measurement hierarchy for Assets:	Date of Valuation				
Assets Measured at Fair Value:					
Investments	September 30, 2023	-	-	3,179.60	3,179.60
Derivative financial Assets	September 30, 2023	-	358.37	-	358.37
Total Financial Assets	September 30, 2023	-	358.37	3,179.60	3,537.97

(ii) Fair value measurement using significant unobservable inputs (Level 3)
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value heirarchy - (FVTPL assets in unquoted equity shares / units valued using Discounted Cash Flow method) together with a quantitative sensitivity analysis as at September 30, 2023 is as shown below:

	(Rs. In Lacs) September 30, 2023
Significant Unobservable Input - Weighted Average Cost of Capital / Discounting Rate *	
Impact of 1% Increase	(319.00)
Impact of 1% Decrease	434.68
Significant Unobservable Input - Circle Rate for land owned by the respective Investee Company #	September 30, 2023
Impact of 5% Increase	57.86
Impact of 5% Decrease	(57.86)

* For FVTPL assets in unquoted equity shares
\# For FVTPL assets in unquoted equity shares

(iii) Reconciliation of fair value measurement of financial instruments classified as FVTPL assets:

	Investment in equity shares (Rs. In Lacs)
Closing Balance as on March 31, 2023	3,179.60
Re-measurement recognised in Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss	-
Closing Balance as on September 30, 2023	3,179.60

(iv) Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2023.
The methods and assumptions were used to estimate the fair values:

(a) The fair value of foreign exchange forward contracts is determined using forward exchange rates at the Balance Sheet date.
(b) The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.
(c) For financial assets / liabilities carried at fair value, the carrying amounts are equal to their fair values.
(d) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimate technique. Therefore, for substantially all financial instruments, the fair value estimates are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

38 (a) Reconciliation of Impairment Provision

(Rs. In lacs)

	Trade Receivables	Other Financial Assets
Opening Balance as at March 31, 2023	102.22	-
Provision made during the period	452.32	-
Closing Balance as at September 30, 2023	554.54	-

The impairment provision as disclosed above are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions based on the Group's past history, counter party's ability to pay, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Movement of Liquidated Damages:

Particulars	(Rs. In Lacs)
Opening Balance as at March 31, 2023	160.73
Provision made during the period	913.75
Provision utilized / reversed during the period	(59.55)
Closing Balance as at September 30, 2023	1,014.93

38.1 The Group does not have any material foreseeable losses on long term contracts. Further the net losses on derivative contracts during the period have been recognised in the financial statements in keeping with Group's accounting policy.

39 Revenue recognised in relation to contract liability

	As at September 30, 2023 (Rs. in Lacs)
Revenue recognised that was included in the contract liability balance at the beginning of the period	15,729.79

The aggregate amount of the transaction price allocated to the remaining performance obligation, which are partially or fully unsatisfied as at period end is Rs. 2,841,711.38 Lacs and the entity will recognise this revenue as the contract is completed and / or executed, which is expected to occur over the next 12-30 months.
Trade receivables in respect of contract with customers has been included in Note-5

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40 Discontinued Operations:

(a) The voluntary winding up of TSPL at Singapore has already been initiated in the previous year ended March 31, 2023 in accordance with local laws and the same is expected to be completed in the current year. Accordingly, the financial statements of TSPL has been prepared on liquidation basis (fair value) and has been disclosed as discontinuing operations.

(b) The results of discontinued operations (without elimination) in respect of TSPL are set out below:

Rs. in lacs

Particulars	Period Ended September 30, 2023 Titagarh Singapore Pte Ltd
Income	
Other Income	20.52
Total Income	20.52
Expenses	
Finance Costs	0.24
Other Expenses	1.28
Total Expenses	1.52
Profit before exceptional items & tax from discontinued operation	19.00
Exceptional Items	-
Profit before Tax	19.00
Tax Expense:	
Current Tax	-
Deferred Tax	-
Total Tax Expense	-
Profit after tax from discontinued operations	19.00
Other Comprehensive Income	
Item that will be Reclassified to Profit or Loss in Subsequent Periods:	
Exchange Differences on Translation of Foreign Operations	(3.09)
Income tax relating to above	-
Other Comprehensive Income for the Year (Net of Tax)	(3.09)
Total Comprehensive Income for the Year from discontinued operations	15.91

(c) Discontinued operations comprises the following:

	Period Ended September 30, 2023
Profit from Discontinued operations after tax pertaining to TSPL (Refer Note (a) above)	19.00
	19.00

41 The Parent Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the exposure is not material.

42 The name of the Company has been changed from Titagarh Wagons Limited to Titagarh Rail Systems Limited w.e.f May 19, 2023 after obtaining the necessary approvals.

43 Subsequent to September 30, 2023, the Company has made additional investment in its joint venture, Ramkrishna Titagarh Wheels Limited of Rs. 4,655.00 lakhs.

44 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Parent Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

45 The Parent Company and ABB India Limited (ABB) have formed a strategic partnership to work together for supply of propulsion systems for Metro projects in India. The Parent Company will purchase ABB propulsion systems including traction converters, auxiliary converters, traction motors and TCMS software. The agreement between the parties also include the Parent Company securing the manufacturing rights and production license for traction motors along with the complete transfer of technology of the GoA 4 (Driverless Metro) TCMS software from ABB as part of the Government's Make in India initiative.

46 The Board of Parent Company had at its meeting held on November 8, 2023 constituted a Committee of three directors to identify the strategy for future growth of the Shipbuilding, Bridges & Defence business (SBD) including inter alia identification of a strategic/ joint venture partner for the same.

47 The Parent Company had prepared separate Statement of Consolidated Unaudited Financial Results for the Quarter and Half Year Ended September 30, 2023, the Consolidated Unaudited Statement of Assets and Liabilities as on that date and the Consolidated Unaudited Statement of Cash Flows for the half-year ended on that date (together referred to as the "Statement"), in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting". The said Statement was submitted by the Parent Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

48 For enhancing the future growth of the Parent Company and such objects as shall form part of the placement document(s) in this regard, the Board of Parent Company at its meeting held on November 8, 2023 decided to raise fund upto Rs.700 crore by issue of equity shares by way of QIP to the eligible qualified institutional buyers subject to necessary approvals. An extra general meeting of the members has been scheduled on December 2, 2023 for passing of a special resolution as required by the provisions of law including the Companies Act, 2013, SEBI ICDR Regulations etc. applicable thereto.

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

Pramit Agrawal
Partner
Membership No. 099903
Place: Kolkata
Date: December 7, 2023

Salarpuria & Partners
Firm Registration Number: 302113E
Chartered Accountants

Anand Prakash
Partner
Membership No. 056485
Place: Kolkata
Date : December 7, 2023

For and on behalf of the Board of Directors of Titagarh Rail Systems Limited (Formerly Titagarh Wagons Limited)

Anil Kumar Agarwal
Director (Finance) and Chief Financial Officer
DIN: 01501767
Place: Kolkata
Date : December 7, 2023

Prithish Chowdhary
Director (Marketing and Business Development)
DIN: 08509158
Place: Kolkata
Date : December 7, 2023

Dinesh Arya
Company Secretary
Place: Kolkata
Date : December 7, 2023

Saurav Singhania
Jt. Chief Financial Officer and Group Finance Controller
Place: Kolkata
Date : December 7, 2023