

Siemens Rail Automation Private Limited

Audited Financial Statements for the financial year ended
30th September, 2020

CIN: U31200MH2003PTC259831

Registered Office: Plot No. 2, Sector No. 2, Kharghar Node, Navi Mumbai – 410210

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INDEPENDENT AUDITOR'S REPORT

To the Members of Siemens Rail Automation Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Siemens Rail Automation Private Limited ("the Company"), which comprise the Balance sheet as at September 30, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at September 30, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on September 30, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) In our opinion and according to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended September 30, 2020, as no managerial remuneration has been paid/provided to the Directors.
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note 30 to the Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 32 to the Ind AS financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership Number: 219350
UDIN: 20219350AAAACA2526

Place of signature: Mumbai
Date: November 18, 2020

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Siemens Rail Automation Private Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of assets. Due to lockdown, the management could not conduct the physical verification during the year as planned. Hence, we are unable to comment on discrepancies, if any.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third party have been confirmed by them and no material discrepancies were noticed in respect of such confirmation.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (“the Act”). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of goods and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, customs duty, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance, sales tax, service tax, excise duty and value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, customs duty, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, sales tax, service tax, excise duty and value added tax are not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of central sales tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (including interest) (Rs.)	Amount paid under protest (Rs.)	Period to which the amount relates (Financial year)	Forum where the dispute is pending
Central Sales Tax Act, 1956	Karnataka Sales Tax	4,394,901	3,884,057	2011-2012	Joint Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Karnataka Sales Tax	10,058,250	3,017,475	2014-2015	Joint Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Karnataka Sales Tax	571,871	4,171,562	2015-2016	Joint Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Karnataka Sales Tax	2,041,154	612,346	2017-2018	Joint Commissioner of Commercial Taxes (Appeals)

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer (including debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended September 30, 2020, as no managerial remuneration has been paid/provided to the Directors. Hence, reporting under clause 3(xi) is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership Number: 219350
UDIN: 20219350AAAACA2526

Place of signature: Mumbai
Date: November 18, 2020

Annexure 2 to the Independent Auditor’s Report of even date on the Ind AS financial statements of Siemens Rail Automation Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Siemens Rail Automation Private Limited (“the Company”) as of September 30, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at September 30, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership Number: 219350
UDIN: 20219350AAAACA2526

Place of signature: Mumbai
Date: November 18, 2020

Siemens Rail Automation Private Limited

Balance sheet

as at 30 September 2020

(Currency : Indian rupees)

	Notes	30 September 2020	30 September 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,145,916	7,878,708
Right to use assets	4	26,771,946	-
Financial assets			
- Trade receivables	5	-	12,080,308
- Other financial assets	6	10,517,936	10,774,710
Deferred tax assets (net)	7	42,729,011	30,900,164
Income tax assets (net)	8	32,172,114	26,669,100
Other non-current assets	9	70,606,908	73,105,940
		183,943,831	161,408,930
Current assets			
Inventories	10	88,193,278	246,292,868
Financial assets			
- Trade receivables	11	192,391,377	90,674,158
- Cash and cash equivalents	12	863,116,485	23,653,783
- Other bank balances	13	715,844,255	1,082,040,850
- Other financial assets	14	2,544,394	7,966,547
Contract assets	15	193,493,240	157,032,383
Other current assets	16	3,016,058	2,723,260
		2,058,599,087	1,610,383,849
TOTAL		2,242,542,918	1,771,792,779
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	648,980	648,980
Other equity	18	448,559,025	325,955,611
		449,208,005	326,604,591
Liabilities			
Non-current liabilities			
Long term provisions	19	6,737,223	7,234,352
Financial liabilities			
- Lease liability	4	16,831,742	-
		23,568,965	7,234,352
Current liabilities			
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises		35,840,751	25,927,223
Total outstanding dues of creditors other than micro enterprises and small enterprises		129,992,322	160,203,057
- Lease liability	4	10,515,926	-
- Other financial liabilities	20	4,966,341	4,710,126
Contract liabilities	23	1,464,787,723	1,155,205,215
Short term provisions	21	53,715,097	41,117,043
Other current liabilities	22	69,947,788	50,791,172
		1,769,765,948	1,437,953,836
TOTAL		2,242,542,918	1,771,792,779
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Siemens Rail Automation Private Limited

per Aruna Kumaraswamy
Partner
Membership No: 219350

Tilak Raj Seth
Director
DIN : 07027068

Puneet Mehra
Director
DIN : 08742621

Place : Mumbai
Date: 18 November 2020

Place : New Delhi
Date: 18 November 2020

Siemens Rail Automation Private Limited

Statement of profit and loss

for the period ended 30 September 2020

(Currency : Indian rupees)

	Notes	30 September 2020	30 September 2019
Income			
Revenue from contracts with customers	24	913,318,692	896,379,303
Other income	25	50,356,505	43,833,754
Total income		963,675,197	940,213,057
Expenses			
Project bought outs and other direct costs	26	546,087,650	543,430,128
Employee benefits expense	27	62,985,740	75,471,931
Finance costs	28	3,305,384	3,463,861
Depreciation and amortization expense	3 & 4	17,547,628	8,623,282
Other expenses	29	170,052,521	131,741,374
Total expenses		799,978,923	762,730,576
Profit before tax		163,696,274	177,482,481
Tax expense			
Current tax		53,974,317	50,407,713
Deferred tax (credit) / charge		(11,544,162)	1,952,025
Total tax expense		42,430,155	52,359,738
Profit for the year		121,266,119	125,122,743
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement gains / (losses) on defined benefit plans		1,026,193	(1,935,308)
Income tax effect		311,102	494,565
Total other comprehensive income for the year, net of tax		1,337,295	(1,440,743)
Total comprehensive income for the year (comprising profit and other comprehensive income)		122,603,414	123,682,000
Basic and diluted earnings per share (in Rs.)			
(Equity shares of face value of Rs 10 each)	36	1,868.56	1,927.99

Significant accounting policies

1

The accompanying notes are an integral part of the financials statements
As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

For and on behalf of the Board of Directors of Siemens Rail Automation Private Limited

per Aruna Kumaraswamy

Partner
Membership No: 219350

Tilak Raj Seth

Director
DIN : 07027068

Puneet Mehra

Director
DIN : 08742621

Place : Mumbai
Date: 18 November 2020

Place : New Delhi
Date: 18 November 2020

Siemens Rail Automation Private Limited

Cash flow statement

for the period ended 30 September 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
<u>Cash flow from operating activities</u>		
Profit before tax	163,696,274	177,482,481
Adjustments for:		
Finance costs	3,305,384	3,463,861
Bad debts	2,291,458	-
Provision for doubtful debts / advances, net	28,315,844	3,897,420
Provision for fixed deposit	2,298,623	-
Depreciation and amortization expense	17,547,628	8,623,282
Other liabilities written back	(1,925,497)	-
Unrealised exchange loss / (gain), net	316,976	(3,031,859)
Interest income	(50,356,505)	(43,833,754)
Operating profit before working capital changes	165,490,185	146,601,431
(Increase)/ decrease in working capital		
Decrease / (Increase) in inventories	158,099,590	(131,300,872)
Decrease / (Increase) in trade and other receivables	(154,242,062)	156,921,127
(Decrease) / Increase in trade payables and other liabilities	310,306,654	470,266,355
(Decrease) / Increase in provisions	13,127,118	24,066,260
Net change in working capital	327,291,300	519,952,870
Cash generated from operations	492,781,485	666,554,301
Direct taxes paid, net	(59,450,915)	(53,757,814)
Net cash generated from operating activities	433,330,570	612,796,487
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipments	-	-
Interest received	55,778,658	37,455,940
Investment in deposits with original maturity more than 3 months with bank	(1,841,500,000)	(2,353,500,000)
Deposits (with original maturity more than 3 months) with banks matured	2,205,397,972	1,299,234,343
Net cash used in investing activities	419,676,630	(1,016,809,717)
<u>Cash flow from financing activities</u>		
Interest paid	(1,247,442)	(3,463,861)
Inter corporate deposits taken	-	15,000,000
Repayment of inter corporate deposits taken	-	(15,000,000)
Payment of lease liabilities	(12,297,056)	-
Net cash used in financing activities	(13,544,498)	(3,463,861)
Net increase / (decrease) in cash and bank balance	839,462,702	(407,477,091)
Cash and cash equivalents at beginning of the year	23,653,783	431,130,874
Cash and cash equivalents at the end of the year	12 863,116,485	23,653,783

Note:

1. The cash flow statement is prepared using the 'indirect method' set out in Ind AS 7 - Statement of Cash Flows.
2. The changes in liabilities arising from financing activities is on account of cash flow changes and there are no non-cash changes.

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number:- 324982E / E300003

Chartered Accountants

per Aruna Kumaraswamy

Partner

Membership No: 219350

For and on behalf of the Board of Directors
of Siemens Rail Automation Private Limited

Tilak Raj Seth Puneet Mehra

Director Director

DIN : 07027068 DIN : 08742621

Place : Mumbai

Date: 18 November 2020

Place : New Delhi

Date: 18 November 2020

Siemens Rail Automation Private Limited

Statement of changes in equity

as at 30 September 2020

(Currency : Indian rupees)

A Equity share capital (refer note 17)

	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid	
As at 30 September 2018	648,980
As at 30 September 2019	648,980
As at 30 September 2020	648,980

B Other equity (refer note 18)

	Reserves and surplus		Total
	Securities premium	Retained earnings	
Balance as at 30 September 2018	172,821,567	29,452,044	202,273,611
Profit for the year	-	125,122,743	125,122,743
Other comprehensive income, net	-	(1,440,743)	(1,440,743)
Total comprehensive income for the year	-	123,682,000	123,682,000
Balance as at 30 September 2019	172,821,567	153,134,044	325,955,611
Profit for the year	-	121,266,119	121,266,119
Other comprehensive income, net	-	1,337,295	1,337,295
Total comprehensive income for the year	-	122,603,414	122,603,414
Balance at 30 September 2020	172,821,567	275,737,458	448,559,025

Significant accounting policies

1

The accompanying notes are an integral part of the financials statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number:- 324982E / E300003

Chartered Accountants

per Aruna Kumaraswamy

Partner

Membership No: 219350

For and on behalf of the Board of Directors
of Siemens Rail Automation Private Limited

Tilak Raj Seth

Director

DIN : 07027068

Puneet Mehra

Director

DIN : 08742621

Place : Mumbai

Date: 18 November 2020

Place : New Delhi

Date: 18 November 2020

Siemens Rail Automation Private Limited

Notes to the financial statements

for the year ended 30 September 2020

(Currency: Indian rupees)

Corporate Information

Siemens Rail Automation Private Limited (“the Company”) was incorporated on November 12, 2003. The Company’s parent company is Siemens Limited and ultimate parent company is Siemens AG, Germany.

The Company is engaged in the business of designing, manufacturing, integration, installation, testing, commissioning, buying and selling of integrated rail management and control products and systems including train control, signaling system, information systems, protection systems, including electronic interlocking and safety processors, trackside on-board equipments and providing maintenance, support and consultancy services in relation to the above.

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified pursuant to section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared and presented under the historical cost convention, except for derivative instruments and certain other financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The accounting policies adopted in the preparation of financial statements are consistent for all the periods presented.

The financial statements are presented in INR, which is the functional currency.

The financial statements were authorised for issue in accordance with a resolution of Board of directors on 17 November 2020.

1.2 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle. Based on the nature of business and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

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

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.3 *Use of estimates*

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 *Property, plant and equipment*

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. The cost includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Depreciation on property, plant and equipment is provided on a straight-line basis over the useful lives of assets estimated by the management, taking into account the nature of the asset on technical evaluation of the useful life, which may not necessarily be in alignment with the indicative useful lives prescribed by Schedule II to the Companies Act, 2013. Such class of assets and their estimated useful lives are as under:

Assets	Estimated useful lives
Plant and equipment	5 years
Computers	3 years
Furniture and fixtures	5 years
Office equipment	5 years

Items of property, plant and equipments that have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated net realizable value and are disclosed separately in the financial statements.

Capital work-in-progress includes the cost of property, plant and equipments that are not ready for use at the balance sheet date.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.5 *Revenue recognition*

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Construction Contracts

Performance obligation in case of construction contracts is satisfied over a period of time, as the Company creates an asset that the customer control and the Company has an enforceable right to payment for performance completed to date if it meets the agreed specifications. Revenue from construction contracts is recognised under the percentage of completion by reference to the stage of completion of the contract activity. The stage of completion is measured by input method i.e. the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Contract revenue earned in excess of billing is reflected under as “contract asset” and billing in excess of contract revenue is reflected under “contract liabilities”. Retention money receivable from project customers does not contain any significant financing element and are retained for satisfactory performance of contract.

Revenue from services

Revenue from services represents service income other than from services which are incidental to sale of products and projects. Revenue from services are recognised pro-rata over the period of contract. Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognized on straight line basis over the period of the performance obligation.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.5 *Revenue recognition (Continued)*

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

1.6 *Inventories*

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Project raw materials are valued at lower of cost and net realizable value. Costs are determined on a weighted average basis.

1.7 *Employee benefits*

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and short term compensated absences, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service.

(b) Post-employment benefits

- (i) ***Defined Contribution Plans:*** Benefits in the form of Provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. Significant accounting policies *(Continued)*

1.7 Employee benefits *(continued)*

balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceed the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre- payment will lead to, for example a reduction in future payment or a cash refund.

- (ii) **Defined Benefit Plans and other Long Term Benefits:** The Company's gratuity and medical benefit scheme are defined benefit plan. Leave wages, silver jubilee, star awards and retirement gift to employees are other long term benefits. The present value of the obligation under such defined benefit plans and other long term benefits are determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

In case of defined benefit plans, re-measurement comprising of actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (wherever applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss. In case of other long term benefits, all remeasurements including actuarial gain or loss are charged to Statement of Profit and Loss

The Company recognises the changes in the following items in the net defined benefit obligation as an expense in statement of profit and loss:

- Service cost including current service cost, past service cost and gains and losses on curtailments and settlements; and
- Net interest expense or income.

Provision for leave wages, medical benefit, silver jubilee and star awards which is expected to be utilized within the next 12 months is treated as short term employee benefits and beyond 12 months as long term employee benefits. For the purpose of presentation, the allocation between short and long term provisions has been made as determined by an actuary. Provision for gratuity is treated as short term employee benefits as the contribution towards the Life Insurance Corporation of India (LIC) is expected to be made within next 12 months.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.8 *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

On initial recognition, financial assets are recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the below categories:

- (a) Financial assets at amortised cost
- (b) Financial assets including derivatives at fair value through profit or loss (FVTPL)
- (c) Financial assets at fair value through other comprehensive income (FVTOCI)

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business where the objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables, loans and other financial assets.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.8 *Financial instruments (continued)*

(b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit and loss are immediately recognised in the statement of profit and loss.

(c) Financial Assets at fair value through other comprehensive income (FVTOCI)

Derivative instruments included in FVTOCI category are measured initially as well as at each reporting date at fair value. Movement in fair value is recognised in OCI.

On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

Derecognition

A financial asset is primarily derecognised when:

- (a) the right to receive cash flows from the asset has expired, or
- (b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies 'expected credit loss' (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are measured at amortised cost e.g. deposits
- (b) Trade receivables or any another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables (including Revenue earned in excess of billing). The application of simplified approach does not require the

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.8 *Financial instruments (continued)*

Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between net of all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on unsecured trade receivables (including revenue earned in excess of billing and project excess cost).

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.8 *Financial instruments (Continued)*

ECL impairment loss allowance (or reversal) recognized during the period is recognized in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss (FVTPL), payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

On initial recognition, financial liabilities are recognised at fair value. In case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transactions costs are attributed to the acquisition or issue of the value of the financial liabilities.

Subsequent measurement

All financial liabilities are recognised initially at fair value and in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and derivative financial instruments.

Financial liabilities which are designated for measurement at FVTPL are subsequently measured at fair value. All other financial liabilities such as deposits are measured at amortised cost using Effective Interest Rate (EIR) method.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts that approximates fair value due to the short maturity of these instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.8 *Financial instruments (Continued)*

of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.9 *Foreign currency transactions*

The Company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of the year.

Translation

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the statement of profit and loss. Non-monetary items are stated in the balance sheet using the exchange rate at the date of the transaction.

1.10 *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.10 *Fair value measurement (continued)*

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In determining the fair value of its financial instruments, the Company 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 includes discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result from general approximation of value and the same may differ from the actual realised value.

1.11 *Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effect of temporary differences between accounting income and taxable income for the year) computed in accordance with the relevant provisions of the Income Tax Act, 1961.

Current tax and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The current tax payable is based on taxable profit for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

1. Significant accounting policies *(Continued)*

1.11 Taxation *(Continued)*

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against those deductible temporary differences and can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

1.12 Earnings per share

Basic earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

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

1.13 Provisions and Contingencies

Provisions are recognized when the Company recognises it has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.13 Provisions and Contingencies (Continued)

estimate can be made of the amount of the obligation. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision.

These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

Disclosures for contingent liability are made when there is a possible or present obligation which arises from past events which is not recognised since it is not probable that there will be an outflow of resources. When there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Contingent assets are not recognized in the financial statements.

1.14 Cash and cash equivalents

Cash and cash equivalents include cash, cheques in hand, cash at bank and deposits with banks having maturity of three months or less. The bank deposits with original maturity of upto three months are classified as cash and cash equivalents and bank deposits with original maturity of more than three months are classified as other bank balances.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

2. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.1 Project revenue and costs

The percentage-of-completion method places considerable importance on accurate estimates to the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. The Company re-assesses these estimates on periodic basis and makes appropriate revisions accordingly.

2.2 Taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.3 Property, plant and equipment and intangible assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

2. Significant accounting judgments, estimates and assumptions *(Continued)*

2.4 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or cash generating unit.

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost, had no impairment been recognised.

2.5 Employee benefits

The Company's obligation for employee benefits is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Refer note 35 for details of the key assumptions used in determining the accounting of these plans.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency: Indian rupees)

2. Significant accounting judgments, estimates and assumptions (Continued)

2.6 Impairment of financial assets

The Company assesses impairment on financial assets based on Expected Credit Loss (ECL) model. The provision matrix is based on its historically observed default rates over the expected life of the financial assets and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward looking estimates are analysed.

2.7 Provisions

Significant estimates are involved in the determination of provisions related to liquidated damages, onerous contracts, warranty costs, asset retirement obligations, legal and regulatory proceedings (Legal Proceedings). The Company records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. The provision for warranty, liquidated damages onerous contracts is based on the best estimate required to settle the present obligation at the end of reporting period.

Legal Proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a Legal Proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Internal and external counsels are generally part of the determination process.

All the estimates are revised periodically.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2020

(Currency: Indian rupees)

Change in accounting policy

Ind AS 116 – Leases

The new standard replaces existing lease recognition standards Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Company has adopted Ind AS 116 Leases effective 1 October 2019, using the modified retrospective method. Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for land and buildings and other equipments. The Company assesses whether a contract is (or contains) a lease, at inception of a contract. A contract is (or contains), a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset.
- (ii) the Company has substantially all the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

Where the Company is the lessee:

At the date of commencement of the lease, the Company recognises a Right-of-Use asset ("ROU") and a corresponding Lease Liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less Accumulated depreciation and impairment losses, if any. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency: Indian rupees)

Change in accounting policy

Ind AS 116 - Leases (Continued)

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Appendix C to Ind AS 12 uncertainty over income-tax treatment

The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company have used in tax computation or plan to use in their income tax filings.

Ind AS 19: Plan amendment, curtailment or settlement

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Annual Improvements to Ind AS 2018

Ind AS 12: Income taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency: Indian rupees)

Standard issued that are not yet effective

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified the following amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2020:

Ind AS 116 – Leases (Practical expedient for rent concession due to COVID-19)

MCA has issued introduced a practical expedient for lessees which allows a lessee not to assess whether rent concessions that occur as a direct consequence of COVID-19 pandemic as lease modifications even if it meets the conditions specified for lease modification. Instead, account for the same as if they were not lease modification. The amendment does not affect lessors.

Though the amendment is applicable for annual periods beginning on or after 1 April 2020, in case the lessee has not yet approved the financial statements for issue before the issuance of the amendment, then the same may be applied for annual periods beginning on or after 1 April 2019. Additional disclosure relating to application of the practical expedient must be made. The Company does not expect this amendment to have any impact on its financial statements.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

3 Property, plant and equipment

Particulars	Plant and equipments	Furniture and fixture	Office equipments	Total
Gross carrying value				
At 1 October 2018	32,333,490	6,371,109	9,269,113	47,973,712
Additions	175,240	-	-	175,240
At 30 September 2019	32,508,730	6,371,109	9,269,113	48,148,952
Accumulated depreciation				
At 1 October 2018	20,024,990	4,063,749	7,558,223	31,646,962
Charge for the year	6,007,315	1,365,774	1,250,193	8,623,282
At 30 September 2019	26,032,306	5,429,522	8,808,416	40,270,244
Net block				
At 30 September 2019	6,476,425	941,586	460,697	7,878,708
Particulars	Plant and equipments	Furniture and fixtures	Office equipments	Total
Gross carrying value				
At 1 October 2019	32,508,730	6,371,109	9,269,113	48,148,952
At 30 September 2020	32,508,730	6,371,109	9,269,113	48,148,952
Accumulated depreciation				
At 1 October 2019	26,032,306	5,429,522	8,808,416	40,270,244
Charge for the year	5,945,876	326,219	460,697	6,732,792
At 30 September 2020	31,978,182	5,755,741	9,269,113	47,003,036
Net block				
At 30 September 2020	530,548	615,368	-	1,145,916
At 30 September 2019	6,476,425	941,586	460,697	7,878,708

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

4 Leases:

The Company has adopted Ind AS 116 'Leases' as at 1 October 2019, using modified retrospective approach. The Company has applied the standard to all its leases with the cumulative impact recognised on the date of initial application i.e. 1 October 2019. Accordingly, previous period information have not been restated.

The Company has lease contracts for office space, warehouse and car lease for a term of 23 to 36 months. The Company has recognised right to use of asset and corresponding lease liability at the present value of the remaining lease payments discounted using Company's incremental borrowing rate at the transition date.

(i) Carrying value of right of use assets (RoU) as at 30 September 2020:

Particulars	Land and building	Other equipments	Total
Balance as at 01 October 2019	37,175,335	411,447	37,586,782
Depreciation	(10,485,679)	(329,157)	(10,814,836)
Balance as at 30 September 2020	26,689,656	82,290	26,771,946

(ii) The following is the movement in lease liabilities for the year ended 30 September 2020:

Particulars	Amount
Balance as at 01 October 2019	37,586,782
Finance cost accrued during the period	2,057,941
Payment of lease liabilities	(12,297,056)
Balance as at 30 September 2020	27,347,668

(iii) Maturity analysis of lease liabilities: (Contractual undiscounted cash flows)

Particulars	As at 30 September 2020
Less than one year	11,545,449
One to five years	17,634,346
More than 5 years	-
Total undiscounted lease liabilities	29,179,795
Lease liabilities included in the statement of financial position	
Current lease liability	10,515,926
Non-current lease liability	16,831,742
Total	27,347,668

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Siemens Rail Automation Private Limited

Notes to the financial statements (continued)

as at 30 September 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
5 Trade receivables - Non - current (unsecured)		
of which		
Long-term trade receivables		
- considered good	-	12,080,308
- considered doubtful	-	26,401
	<u>-</u>	<u>12,106,709</u>
Impairment allowance	-	(26,401)
	<u>-</u>	<u>12,080,308</u>
6 Other financial assets - Non - current		
Financial assets at amortised cost		
Deposits	<u>10,517,936</u>	<u>10,774,710</u>
	<u>10,517,936</u>	<u>10,774,710</u>

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued) for the period ended 30 September 2020

(Currency : Indian rupees)

7 Income tax disclosure

(a) Income tax expense

Particulars	30 September 2020	30 September 2019
Current tax:		
Current income tax charge	53,974,317	54,394,876
Less : MAT credit utilisation	-	(3,987,163)
Net current income tax charge	53,974,317	50,407,713
Deferred tax		
In respect of current year origination of temporary differences	(11,544,162)	1,952,025
Total tax expense recognised in statement of profit and loss	42,430,155	52,359,738

(b) Income tax on other comprehensive income

Particulars	30 September 2020	30 September 2019
Remeasurements of defined benefit plans	(311,102)	(494,565)
Total income tax charged to other comprehensive income	(311,102)	(494,565)

(c) Numerical reconciliation between average effective tax rate and applicable tax rate

Particulars	30 September 2020	30 September 2019
Applicable tax rate - normal rate	25.17%	27.14%
Profit before tax	163,696,274	177,482,481
Other comprehensive income	1,026,193	(1,935,308)
Total	164,722,467	175,547,173
Tax at statutory income tax rate of 25.17% (30 September 2019 : 27.14%)-A	41,457,350	47,650,525
Tax effect of expenses not deductible for tax purpose	661,703	576,243
Tax effect of change in statutory rate	-	3,638,405
Total	42,119,053	51,865,173
Average effective tax rate (tax expense divided by profit before tax)	25.57	29.54
Tax expense reported in statement of profit and loss	42,430,155	52,359,738
Tax expense of other comprehensive income	(311,102)	(494,565)
Total	42,119,053	51,865,173

During the year ended September 30, 2019, the Company has computed tax expense under the new tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, provision for current and deferred tax has been determined at the rate of 25.168%.

(d) Movement of deferred tax

Particulars	30 September 2020	30 September 2019
Deferred tax assets		
a. Provision for doubtful debts, advances and deposits	18,946,463	10,970,265
b. Provision for inventory	12,826,975	9,369,799
c. Impact of expenditure charged to the statement of profit and loss but allowable for tax purposes in following years	5,658,169	6,112,753
d. Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting	5,297,404	4,447,347
Deferred tax assets (net)	42,729,011	30,900,164

(e) Reconciliation of deferred tax assets, net

Particulars	30 September 2020	30 September 2019
Opening balance as on 1st October	30,900,164	32,460,470
Tax expense during the period recognised in profit or loss	11,544,162	(1,952,025)
Tax expense during the period recognised in OCI	284,685	391,719
Deferred tax assets (net)	42,729,011	30,900,164

Siemens Rail Automation Private Limited

Notes to the financial statements (continued)

as at 30 September 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
8 Income tax assets		
Advance income tax, net	32,172,114	26,669,100
	<u>32,172,114</u>	<u>26,669,100</u>
9 Other non-current assets		
Balances with statutory / government authorities [includes payments made under protest of Rs.11,675,441 (2019: Rs.13,827,193)]	69,752,104	72,897,708
Prepaid lease	854,804	208,232
	<u>70,606,908</u>	<u>73,105,940</u>
<p>Balance with government authorities aggregating to Rs.58,076,664 (2019: Rs. 59,070,515) represents Karnataka VAT input credit taken on purchase of materials accumulated over the years. During the year, for a particular assessment year, the assessment was completed and refund of Rs. 53,102,960 was granted by the Department and for the balance amount of Rs. 4,973,704, the assessment is yet to be completed. The Management is confident it will be able to realise these balances in the form of refund upon completion of assessment with VAT authorities, pending which no adjustments have been made in the financial statements.</p>		
10 Inventories (valued at lower of cost and net realisable value)		
Raw materials	88,193,278	246,292,868
	<u>88,193,278</u>	<u>246,292,868</u>
11 Trade receivables - Current (unsecured)		
Trade receivables	225,850,587	102,101,157
Receivables from related parties (refer note 34)	19,251,694	22,438,598
	<u>245,102,281</u>	<u>124,539,755</u>
Of which		
- considered good	192,391,377	90,674,158
- considered doubtful	14,771,937	280,811
- credit impaired	37,938,967	33,584,786
	<u>245,102,281</u>	<u>124,539,755</u>
Impairment allowance	(52,710,904)	(33,865,597)
	<u>192,391,377</u>	<u>90,674,158</u>
<p>i) Trade receivable does not consist any amounts due from directors or other officers of the Company either severally or jointly with any other person. There are no dues receivable from firms or private companies in which any director is a partner, a director or a member.</p> <p>ii) For related party receivables, refer note 34.</p> <p>iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days of credit period.</p>		
12 Cash and cash equivalents		
Balances with banks		
- On current accounts	140,016,485	23,653,783
- Bank deposits with original maturity of less than 3 months	723,100,000	-
	<u>863,116,485</u>	<u>23,653,783</u>

Siemens Rail Automation Private Limited

Notes to the financial statements (continued)

as at 30 September 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
13 Other bank balances		
Bank deposits with original maturity of more than 3 months but less than 12 months	<u>715,844,255</u>	<u>1,082,040,850</u>
	<u>715,844,255</u>	<u>1,082,040,850</u>
Bank deposit includes fixed deposits with banks Rs. 844,255 (net of provision of Rs. 2,298,623) (2019: Rs. 7,597,442) marked as lien for 3rd party on behalf of the Company.		
14 Other financial assets - Current		
Financial assets at amortised cost		
Interest accrued on bank deposits	<u>2,544,394</u>	<u>7,966,547</u>
	<u>2,544,394</u>	<u>7,966,547</u>
15 Contract assets - current		
of which		
- considered good	<u>193,493,240</u>	<u>157,032,383</u>
- considered doubtful	<u>20,270,448</u>	<u>10,773,510</u>
	<u>213,763,688</u>	<u>167,805,893</u>
Impairment allowance	<u>(20,270,448)</u>	<u>(10,773,510)</u>
	<u>193,493,240</u>	<u>157,032,383</u>
16 Other current assets		
Prepaid expenses	<u>260,202</u>	<u>260,597</u>
Balances with statutory / government authorities, net	<u>2,680,162</u>	<u>1,877,994</u>
Loan and advances to employees	<u>-</u>	<u>562,117</u>
Others	<u>75,694</u>	<u>22,552</u>
	<u>3,016,058</u>	<u>2,723,260</u>

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

30 September 2020 30 September 2019

17 Share capital

Authorised

15,000,000 equity shares of Rs 10 each (2019: 15,000,000)

150,000,000 150,000,000

150,000,000 150,000,000

Issued

64,898 equity shares of Rs 10 each (2019: 64,898)

648,980 648,980

648,980 648,980

Subscribed and fully paid-up

64,898 equity shares of Rs 10 each fully paid-up (2019: 64,898)

648,980 648,980

648,980 648,980

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

	30 September 2020		30 September 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	64,898	648,980	64,898	648,980
Shares outstanding at the end of the year	64,898	648,980	64,898	648,980

b) Details of shareholders holding more than 5% shares in the Company and shares held by holding company:

Name of shareholder	30 September 2020		30 September 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Siemens Limited, the holding company	64,897	99.99%	64,897	99.99%

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

c) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

18 Other equity

Nature and purpose of reserve

- Securities premium account represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
- Retained earnings are the profits that the Company has earned till date.

Siemens Rail Automation Private Limited

Notes to the financial statements (continued)

as at 30 September 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
19 Long-term provisions		
<i>Provision for employee benefits</i>		
- Leave wages	3,612,451	4,410,386
- Medical benefits (refer note 35)	1,529,878	1,078,549
- Silver jubilee and star awards	1,401,117	1,539,514
- Retirement gift	193,777	205,903
	<u>6,737,223</u>	<u>7,234,352</u>
20 Other financial liabilities - Current		
Financial liabilities at amortised cost		
Provision for variable pay compensation	4,908,237	4,680,238
Liabilities related to share based payments (refer note 38)	58,104	29,889
	<u>4,966,341</u>	<u>4,710,126</u>
21 Short-term provisions		
a) <i>Provision for employee benefits</i>		
- Leave wages	276,904	300,660
- Gratuity (refer note 35)	6,258,340	6,408,042
- Silver jubilee and star awards	280,721	86,913
	<u>6,815,965</u>	<u>6,795,615</u>
b) <i>Others</i>		
- Warranty (refer note 32)	31,565,217	18,152,717
- Loss order (refer note 32)	261,826	787,714
- Other matters (refer note 32)	15,072,089	15,380,997
	<u>46,899,132</u>	<u>34,321,428</u>
	<u>53,715,097</u>	<u>41,117,043</u>
22 Other current liabilities		
Accrual for employee reimbursements	2,705,731	3,782,725
Other liabilities		
- Withholding and other taxes payable	39,899,506	18,627,002
- Other project related provisions	24,129,481	25,277,509
- Others	3,213,070	3,103,936
	<u>69,947,788</u>	<u>50,791,172</u>
23 Contract liabilities		
Advances from customers	19,043,482	10,157,484
Billing in excess / advance billings	1,445,744,241	1,145,047,731
	<u>1,464,787,723</u>	<u>1,155,205,215</u>

Siemens Rail Automation Private Limited

Notes to the financial statements (continued)

for the year ended 30 June 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
24 Revenue from contracts with customer		
<i>Revenue from operations</i>		
Revenue from sale of product and its related services	860,922,168	846,259,149
Sale of services	<u>50,471,027</u>	<u>50,120,154</u>
	911,393,195	896,379,303
<i>Other operating revenue</i>		
Liabilities written back	<u>1,925,497</u>	<u>-</u>
	913,318,692	896,379,303
25 Other income		
Interest income		
- on bank deposits	50,169,520	42,619,519
- on income tax refund	-	850,790
- others	<u>186,985</u>	<u>363,445</u>
	50,356,505	43,833,754
26 Project bought outs and other direct costs		
Project bought outs	<u>546,087,650</u>	<u>543,430,128</u>
	546,087,650	543,430,128
27 Employee benefits expense		
Salaries, wages and bonus	56,243,618	63,801,317
Contribution to provident and other funds	4,231,854	4,322,453
Staff welfare expenses	<u>2,510,268</u>	<u>7,348,161</u>
	62,985,740	75,471,931
28 Finance costs		
Interest on lease liabilities	2,057,941	-
Interest - Others	<u>1,247,443</u>	<u>3,463,861</u>
	3,305,384	3,463,861
29 Other expenses		
Exchange difference, net	924,003	345,978
Travel and conveyance	25,217,084	28,034,600
Software license fees and other information technology related costs	6,344,606	5,009,756
Rates and taxes	1,020,135	8,114,617
Communications	3,272,214	5,332,691
Power and fuel	1,758,480	3,739,851
Insurance	2,576,868	2,445,659
Rent	1,144,804	11,163,564
Repairs		
- on building	753,500	1,164,617
- others	<u>1,623,073</u>	<u>2,752,962</u>
Legal and professional [includes auditors' remuneration (refer note 31)]	23,777,254	15,415,798
Other subcontracting cost	58,477,196	33,829,403
Office supplies, printing and stationery	2,937,317	2,181,695
Bank guarantee commission / bank charges	212,830	140,168
CSR expenditure (refer note 42)	2,546,000	-
Bad debts	2,291,458	-
Provision for doubtful debts and advances, net	28,315,844	3,897,420
Provision for fixed deposit	2,298,623	-
Miscellaneous expenses	<u>4,561,232</u>	<u>8,172,595</u>
	170,052,521	131,741,374

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

	30 September 2020	30 September 2019
30 Commitments and contingent liabilities		
(a) Pending litigation (to the extent not provided for)		
Liability on account of non-submission of C Forms	<u>5,629,285</u>	<u>8,875,094</u>
	<u>5,629,285</u>	<u>8,875,094</u>

The Company is contesting the aforesaid demands and the management believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

	30 September 2020	30 September 2019
31 Auditors' remuneration (for audit services exclusive of GST)		
As auditor		
- Audit fees	1,048,851	1,153,479
- Tax audit fees	350,000	350,000
In other capacity		
- Other audit related services	300,000	100,000
- Reimbursement of expenses	177,258	40,000
	<u>1,876,109</u>	<u>1,643,479</u>

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

32 Disclosure relating to provisions

Provision for warranty

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacement, material cost, servicing and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contractual warranty period.

Provision for loss orders

A provision for expected loss on construction contracts is recognised when it is probable that the contract costs will exceed total contract revenue. For all other contracts loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Provision for other matters

The Company has made provisions for known pending assessments in respect of taxes, duties and other levies, the outflow of which would depend on the outcome of the respective events.

The movements in the above provisions are summarised below:

	Warranty		Loss orders		Other matters	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Balance as at 1 October 2019	18,152,717	1,899,444	787,714	807,912	15,380,997	6,500,000
Provisions :						
- Created	22,221,887	18,152,717	-	-	-	8,880,997
- Released	(5,954,401)	-	-	-	-	-
- Utilised	(2,854,986)	(1,899,444)	(525,888)	(20,198)	(308,908)	-
Balance as at 30 September 2020	31,565,217	18,152,717	261,826	787,714	15,072,089	15,380,997
- Current	31,565,217	18,152,717	261,826	787,714	15,072,089	15,380,997
- Non-current	-	-	-	-	-	-

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

33 Disclosure pursuant to Ind AS 115 'Revenue from contracts with customers':

(i) The performance obligation is satisfied over a period of time. The timing of revenue recognition is as under:

	30 September 2020	30 September 2019
Recognised over period to time	911,393,195	896,379,303
Total revenue from contract with customers	911,393,195	896,379,303

(ii) Entire revenue from contracts with customers is from within India.

(iii) **Contract balances:**

	30 September 2020	30 September 2019
Trade receivables	192,391,377	102,754,466
Contract assets	193,493,240	157,032,383
Contract liabilities	1,464,787,723	1,155,205,215

(iv) **Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

	30 September 2020	30 September 2019
Revenue as per contracted price	2,143,373,748	1,873,621,141
Adjustments		
Add: Contract assets	213,763,688	167,805,893
Less: Billing in excess / advance billings	(1,445,744,241)	(1,145,047,731)
Revenue from contract with customers	911,393,195	896,379,303

(v) **Remaining performance obligation:**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 September 2020 are as follows:

	30 September 2020	30 September 2019
Within one year	620,156,493	560,552,076
More than one year	3,198,367,784	2,108,579,821
	3,818,524,277	2,669,131,897

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency : Indian rupees)

34 Related party transactions

34.1 Parties where control exists

Siemens AG	Ultimate holding company	Germany
Siemens Limited	Holding company	India

34.2 Other related parties where transactions have taken place during the year

Fellow Subsidiaries	Name	Country
	Siemens Mobility Pte. Ltd.	Singapore
	Siemens Mobility Pty. Ltd.	Australia
	Siemens Technology and Services Pvt. Ltd.	India
	Siemens Rail Automation S.A.U.	Spain
	Siemens Mobility Ltd.	United Kingdom
	Siemens Healthcare Private Ltd.	India

34.3 Related party transactions

Description	2020		2019	
	Holding Company and Ultimate Holding Company	Fellow Subsidiaries	Holding Company and Ultimate Holding Company	Fellow Subsidiaries
Revenue (net of taxes) - sale of materials				
- Siemens Limited	112,897,465	-	45,726,925	-
- Siemens Mobility Pte. Ltd.	835,592	-	-	-
- Siemens Mobility Pty Ltd	2,198,141	-	-	-
Purchase of goods and services				
- Siemens Limited	59,810,888	-	41,296,615	-
- Siemens AG	316,969	-	4,736,882	-
- Siemens Technology and Services Pvt Ltd	-	3,472,861	-	3,768,943
- Siemens Rail Automation S.A.U.	-	2,446,196	-	2,298,124
- Siemens Mobility Ltd.	-	8,923,658	-	-
- Siemens Healthcare Private Ltd.	-	2,520,001	-	-
- Others	-	7,668	-	582,933
Bank guarantee charges				
- Siemens AG	42,810	-	-	-
Interest expenses				
- Siemens Limited	-	-	29,219	-
Inter corporate deposit taken				
- Siemens Limited	-	-	15,000,000	-
Inter corporate deposit repaid				
- Siemens Limited	-	-	15,000,000	-
Outstanding balances				
Receivables				
- Siemens Limited	18,299,999	-	21,505,703	-
- Siemens AG	951,695	-	850,928	-
- Siemens Industrial Turbomachinery Ltd.	-	-	-	81,968
Payables				
- Siemens Rail Automation Pty Ltd	12,422,579	-	-	383,488
- Siemens Mobility GmbH	-	70,696	-	636,973
- Siemens AG	3,248,311	-	2,120,488	-
- Siemens Technology and Services Pvt. Limited	-	1,147,146	-	-
- Siemens Limited	-	-	1,882,360	-
- Siemens Ltd., Australia	-	-	-	26
- Siemens Rail Automation S.A.U.	-	283,336	-	746,947
- Siemens Mobility Limited	-	8,794,116	-	118,303
- Others	-	29	-	-
- Siemens Malaysia Sdn. Bhd.	-	517,587	-	-

There are no payments to key managerial personnel.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency : Indian rupees)

35 Disclosure pursuant to Ind AS 19 'Employee Benefits' :

(i) Defined contribution plans

Amount of Rs. 2,674,879 (2019: Rs. 2,963,869) is recognised as an expense and included in "employee benefits expense" (refer note 27) in the statement of profit and loss.

(ii) Defined benefit plans

a) Amounts for the current period are as follows :

Particulars	Gratuity		Medical		Retirement Gift	
	September 2020	September 2019	September 2020	September 2019	September 2020	September 2019
I Change in defined benefit obligation						
Liability at the beginning of the year	6,836,198	5,908,034	1,078,549	535,325	205,903	-
Expenses recognised in profit and loss Account						
- Interest cost	484,514	410,873	77,979	45,556	14,887	-
- Current service cost	1,189,541	1,120,700	201,023	118,776	40,360	205,903
Remeasurement gains/(losses)						
Actuarial (gain) / loss arising from						
i Change in financial assumptions	31,482	1,186,659	(493,632)	45,684	(72,864)	-
ii Experience variance	(1,162,629)	369,757	665,959	333,208	5,491	-
Benefits paid	(692,610)	(2,159,825)	-	-	-	-
Liability at the end of the year	6,686,496	6,836,198	1,529,878	1,078,549	193,777	205,903
II Fair value of plan assets						
Fair value of plan assets at the beginning of the year	428,156	428,156	-	-	-	-
Expenses recognised in profit and loss Account						
- Expected return on plan assets	-	-	-	-	-	-
Recognised in other comprehensive income						
- Actuarial gain / (loss) on plan assets	-	-	-	-	-	-
Fair value of plan assets at the end of the year	428,156	428,156	-	-	-	-
III Actual return on plan assets						
Expected return on plan assets	-	-	-	-	-	-
Actuarial gain / (loss) on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-	-
IV Amount recognised in the balance sheet						
Defined benefit obligation at the end of the year	6,686,496	6,836,198	1,529,878	1,078,549	193,777	205,903
Fair value of plan assets at the end of the year	428,156	428,156	-	-	-	-
(Surplus)/Deficit	6,258,340	6,408,042	1,529,878	1,078,549	-	-
Current portion of the above	6,258,340	6,408,042	-	-	-	-
Non current portion of the above	-	-	1,529,878	1,078,549	193,777	205,903
V.a Expenses recognised in the statement of profit and loss						
Net interest expense	484,514	410,873	77,979	45,556	14,887	-
Current service cost	1,189,541	1,120,700	201,023	118,776	40,360	205,903
Expense recognised in statement of profit and loss	1,674,055	1,531,573	279,002	164,332	55,247	205,903
V.b Included in other comprehensive income						
Return on plan assets excluding net interest	-	-	-	-	-	-
Net actuarial (gain) / loss recognised	(1,131,147)	1,556,416	172,327	378,892	(67,373)	-
Actuarial (gain) or loss recognised in OCI	(1,131,147)	1,556,416	172,327	378,892	(67,373)	-

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency : Indian rupees)

35 Disclosure pursuant to Accounting Standard - Ind AS 19 'Employee Benefits' : (Continued) :

		Gratuity		Medical		Retirement Gift	
		September 2020	September 2019	September 2020	September 2019	September 2020	September 2019
VII	Actuarial Assumptions						
	Discount Rate	6.72%	7.23%	6.72%	7.23%	6.72%	7.23%
	Attrition rate:						
	upto 30 years	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
	31-50 years	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	above 50 years	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Salary escalation / Medical cost increase rate	0% for current year and 8% thereafter	8.00%	5.00%	3.50%	0% for current year and 8% thereafter	8.00%
VIII	Sensitivity						
	Change in liability for 0.5% decrease in discount rate	561,282	558,188	258,204	166,851	21,427	
	Change in liability for 0.5% increase in discount rate	(504,201)	(501,705)	(217,126)	(141,732)	(19,076)	
	Change in liability for 0.5% decrease in salary/ medical inflation rate	(472,883)	(500,805)	(204,805)	(128,740)	(18,138)	
	Change in liability for 0.5% increase in salary/ medical inflation rate	554,482	551,635	241,698	150,913	21,137	
IX	Maturity Profile of Defined Benefit Obligation (Undiscounted amount)						
	Year 1	322,977	269,519	-	-	-	-
	Year 2	257,599	361,093	-	-	-	-
	Year 3	274,008	359,948	-	-	-	-
	Year 4	308,693	376,286	-	-	-	-
	Year 5	374,014	421,525	-	-	-	-
	Years 6 to 10	2,754,326	4,533,123	-	-	227,447	-
X	Weighted Average Duration of Defined Benefit Obligation						
	Duration (Years)	15.97	15.90				

b) The gratuity balance is funded only to the extent of Rs. 428,156 (2019: 428,156). The Company expects to contribute Rs. 322,977 (2019: Rs. 269,519) in next year.

c) The estimates of future salary increases, considered in actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) General descriptions of significant defined plans

I Gratuity Plan

Gratuity is payable to all eligible employees of the Group on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's Scheme whichever is more beneficial. Under the Act, employee who has completed five years of service is entitled to the benefit. The level of benefits provided depends on the members length of service and salary at retirement age.

II Medical

Post retirement medical benefit is paid to the retired employees till their survival and after their death, benefits are available to the employee's spouse. It consists of 3 components, which is health insurance, Domiciliary medical allowance and Company support in case the expenses incurred are more than the health insurance coverage subject to the ceiling limit as per the grades.

III Retirement Gift

Retirement gift is paid as a token of appreciation to the permanent employees who are separating on their retirement from the Company.

(iv) Broad category of fair value of plan assets & as a percentage of total plan assets of the gratuity plan

Particulars (Unquoted)	2020		2019	
	Amount	%	Amount	%
Insurance company	428,156	100%	428,156	100%
Total plan assets	428,156	100%	428,156	100%

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

36 Earnings per share:

	30 September 2020	30 September 2019
Weighted average number of equity shares outstanding during the year	64,898	64,898
Profit after tax	121,266,119	125,122,743
Basic and diluted earnings per share	1,868.56	1,927.99

37 Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

	30 September 2020	30 September 2019
Principal amount due to suppliers under MSMED Act	35,840,751	25,927,223
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	-	240,759
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	161,113,778
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payments already made	109,134	2,863,177
Interest accrued and remaining unpaid at the end of the accounting year	3,213,070	3,103,936

interest accrued is considered due upon claim from vendors.

The information has been given in respect to such vendors to the extent they could be identified as 'micro and small enterprises' on the basis of information available with the Company.

38 Share-based payment transactions

All the share-based payment awards at Company are classified as cash-settled transactions. The employees of the Company are eligible for the Ultimate Holding Company's share awards namely Share Matching Plan (SMP). Under SMP, the employee may invest a specified part of their compensation in the Ultimate Holding Company's shares and at the end of 3 years (vesting period) employee gets one free share for every three shares purchased.

Details of liabilities arising from the share-based payment transactions are as follows:

	30 September 2020	30 September 2019
Other current financial liabilities (refer note 20)	58,104	29,889
Total	58,104	29,889

Effect of share-based payment transaction on the profit and loss, shown under the head employee benefits expense is Rs. 118,770 (2019: Rs. 30,147).

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

39 Capital management

For the purpose of the Company's capital management, equity includes equity share capital and all other equity reserves attributable to the equity holders of the Company. The Company manages its capital to optimise returns to the shareholders and makes adjustments to it in light of changes in economic conditions or its business requirements. The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The management and the Board of Directors monitors the return on capital.

40 Financial instruments

A) Accounting classifications and fair values

i) Category-wise classification for applicable financial assets:

Particulars	Notes	Carrying value / Fair value	
		30 September 2020	30 September 2019
<u>Measured at amortised cost:</u>			
(a) Trade receivables	5 & 11	192,391,377	102,754,466
(b) Cash and cash equivalents and other bank balances	12 & 13	1,578,960,740	1,105,694,633
(c) Other financial assets	6 & 14	13,062,330	18,741,257
Total		1,784,414,447	1,227,190,356

ii) Category-wise classification for applicable financial liabilities:

Particulars	Notes	30 September 2020 / 30 September 2019	
		30 September 2020	30 September 2019
<u>Measured at amortised cost:</u>			
(a) Trade payables		165,833,074	186,130,280
(b) Other liabilities	20	4,966,341	4,710,126
(c) Lease liability	4	27,347,668	-
Total		198,147,083	190,840,406

All financial assets and liabilities are short term in nature. Hence, their value is not expected to be materially different from carrying amount.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2020

(Currency : Indian rupees)

41 Financial risk management

A Credit risk

Credit risk is defined as an unexpected loss in financial instruments if the contractual partner is failing to discharge its obligations in full and on time. The Company is exposed to credit risk from its operating and financing activities like trade receivables, deposits with banks and other financial instruments.

Trade receivables

The major exposure to credit risk at the reporting date is primarily from receivables comprising of trade and project unbilled receivables (net). Credit risk on receivables is limited due to the Company's large and diverse customer base which includes public sector enterprises, state owned companies and private corporates. The effective monitoring and controlling of credit risk through credit evaluations and ratings is a core competency of the Company's risk management system.

For receivables, as a practical expedient, the Company computes expected credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The ECL is calculated on rating and default probability percentage arrived from the historic default trend. In order to determine the default probability percentage, a simple average of customer wise specific allowances or actual bad debts incurred in succeeding year (derived rates) (whichever is higher) for the preceding three years is considered as a percentage of gross receivables positions for each grading i.e. rating and division of each customer as at reporting date. The impairment allowance also includes provision for customer specific receivables.

The reconciliation of impairment allowances is as follows:

Particulars	30 September 2020	30 September 2019
Balance at the beginning of the year	(44,665,508)	(40,768,088)
(Charge) / reversal during the year	(28,315,844)	(3,897,420)
Balance at the year end	(72,981,352)	(44,665,508)

B Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company regularly monitors the rolling forecasts and actual cashflows, to ensure it has sufficient funds to meet the operational needs.

The table below summarise the maturity profile of the Company's financial liabilities based on contractually agreed undiscounted cash flows :

Particulars	Notes	Total	Payable within 1 year	More than 1 year
As at 30 September 2020				
Trade payables		165,833,074	165,833,074	-
Lease liability *	4	29,179,795	11,545,449	17,634,346
Other financial liabilities	20	4,966,341	4,966,341	-
		<u>199,979,210</u>	<u>182,344,864</u>	<u>17,634,346</u>
As at 30 September 2019				
Trade payables		186,130,280	186,130,280	-
Other financial liabilities	20	4,710,126	4,710,126	-
		<u>190,840,406</u>	<u>190,840,406</u>	<u>-</u>

* contractual undiscounted cash flow.

42 Corporate social responsibility

Description	30 September 2020	30 September 2019
(a) Gross amount required to be spent by the Company during the year	1,961,673	364,401
(b) Amount actually spent on CSR activities in cash (other than construction/acquisition of any asset)	2,546,000	-
(c) Amount yet to be spent in cash during the year (if any)	-	364,401

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency : Indian rupees)

43 Segment information:

Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance as a whole. Accordingly, the business of designing, manufacturing, commissioning and maintenance support of electronic interlocking system in relation to the above is considered as single operating segment.

44 Impact of COVID-19

On account of the spread of COVID-19 virus, the Government of India had imposed a complete nation-wide lockdown on 24 March 2020 leading to shut down of the Company's operations. The Company has resumed its operations considering the directives of the Government and is currently in the process of further scaling up the same. The Company has communicated to its customers their inability to meet the contractual timelines due to the impact of the pandemic and invoked contractual clauses relating to force majeure thereby minimising the risk of liquidated damages etc on its projects. Management estimates that considering that the Company executes projects which are primarily funded by the Central Government, the credit risk and risk of cancellation of order is minimal. The management believes that the impact is short term and temporary in nature and the pandemic is not likely to have an impact on the recoverability of the carrying value of its assets as at 30 September 2020 and the future operations. The management is continuously and closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is still continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these financial statements.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

for the year ended 30 September 2020

(Currency : Indian rupees)

- 45 Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

The accompanying notes are an integral part of the financials statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number:- 324982E / E300003

Chartered Accountants

For and on behalf of the Board of Directors of

Siemens Rail Automation Private Limited

per Aruna Kumaraswamy

Partner

Membership No: 219350

Tilak Raj Seth

Director

DIN : 07027068

Puneet Mehra

Director

DIN : 08742621

Place : Mumbai

Date: 18 November 2020

Place : New Delhi

Date: 18 November 2020