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Independent Auditors’ Report on Annual Consolidated Financial Results of Siemens Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015

To the Board of Directors of Siemens Limited

Report on the audit of the Consolidated Annual Financial Results

Opinion

We have audited the accompanying consolidated annual financial results of Siemens Limited (hereinafter referred to as the “Holding Company”) and its subsidiary (Holding Company and its subsidiary together referred to as “the Group”) for the year ended 30 September 2020 (‘the Statement’ or ‘Consolidated annual financial results’), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘Listing Regulations’).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the separate standalone annual financial results of the subsidiary, the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following subsidiary:
Siemens Rail Automation Private Limited
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive income and other financial information of the Group for the year ended 30 September 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group 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 obtained by us along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the “Other Matters” paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Independent Auditors' Report (*Continued*)

Siemens Limited

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results 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 consolidated annual financial results.

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

Independent Auditors' Report (*Continued*)

Siemens Limited

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results (*Continued*)

- Identify and assess the risks of material misstatement of the consolidated annual financial results, 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 through a separate report on the complete set of consolidated financial statements on whether the company has adequate internal financial controls with reference to consolidated 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 in the consolidated annual financial results made by the Management and Board of Directors of the Holding Company.
- Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. 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 consolidated annual financial results 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entity included in the consolidated financial results of which we are the independent auditor. For the other entity included in the consolidated annual financial results, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated annual financial results of which we are the independent auditors 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.

Independent Auditors' Report (*Continued*)

Siemens Limited

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results (*Continued*)

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.

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- (a) The consolidated annual financial results include the audited financial results of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 2,243 million as at 30 September 2020, total revenue (before consolidation adjustments) of Rs. 964 million, total net profit after tax (before consolidation adjustments) of Rs. 121 million and net cash inflows of Rs 839 million for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their independent auditor. The independent auditors' reports on standalone annual financial results of the entity has been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditor and the procedures performed by us as stated in the paragraph above.

Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

- (b) The consolidated annual financial results include the results for the quarter ended 30 September 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

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Date: 2020.11.25
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Farhad Bamji
Partner

Mumbai
25 November 2020

Membership Number: 105234
UDIN: 20105234AAAACF3168

SIEMENS

Statement of Consolidated audited financial results for the quarter and year ended 30 September 2020

(Rs. in millions)

No.	Particulars	Quarter ended			Year ended	
		30 September	30 June	30 September	30 September	
		2020 (Audited) (Refer note 9)	2020 (Unaudited)	2019 (Audited) (Refer note 9)	2020 (Audited)	2019 (Audited)
1	Revenue from operations					
	a) Income from operations	34,508	11,653	37,873	96,606	127,337
	b) Other operating income	960	572	1,071	2,859	3,502
	Total income from operations (a+b)	35,468	12,225	38,944	99,465	130,839
2	Other income (refer note 6)	625	833	1,427	3,149	3,984
3	Total income	36,093	13,058	40,371	102,614	134,823
4	Expenses					
	a) Cost of materials consumed	6,199	1,401	7,416	17,762	25,193
	b) Purchases of stock-in-trade	5,030	2,458	8,118	21,637	31,326
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3,659	739	1,979	1,054	(498)
	d) Project bought outs and other direct costs	9,147	2,757	9,693	23,171	32,032
	e) Employee benefits expense (refer note 2 & 5)	3,928	3,543	3,330	15,465	15,550
	f) Finance costs	59	49	89	295	115
	g) Depreciation and amortisation expense (refer note 2)	635	669	508	2,521	1,989
	h) Other expenses, net (refer note 2)	2,945	1,305	4,086	10,340	11,975
	Total expenses	31,602	12,921	35,219	92,245	117,682
5	Profit before tax (3-4)	4,491	137	5,152	10,369	17,141
6	Tax expense (refer note 7)					
	a) Current tax	985	(292)	1,119	2,722	5,396
	b) Deferred tax expense / (credit)	149	301	504	(48)	389
		1,134	9	1,623	2,674	5,785
7	Net Profit after tax for the period from continuing operations (5-6)	3,357	128	3,529	7,695	11,356
	Loss before tax from discontinued operations (refer note 3)	(75)	(145)	(278)	(13)	(547)
	Tax expense / (credit) on discontinued operations	(20)	2	(88)	(4)	(185)
8	Loss after tax for the period from discontinued operations	(55)	(147)	(190)	(9)	(362)
9	Profit / (loss) for the Period (7+8)	3,302	(19)	3,339	7,686	10,994
10	Other comprehensive (loss) / income					
	a) Items that will not be reclassified to profit or loss					
	Re-measurement of defined benefit plans, net	203	-	(372)	(370)	(669)
	Income tax effect	(50)	-	65	93	168
	b) Items that will be reclassified to profit or loss					
	Fair value changes on derivative designated as cash flow hedges, net	151	(5)	5	149	23
	Income tax effect	(39)	2	*	(38)	(6)
	Total other comprehensive income / (loss)	265	(3)	(302)	(166)	(484)
11	Total comprehensive income / (loss) (including other comprehensive income) [9+10]	3,567	(22)	3,037	7,520	10,510
12	Paid-up equity share capital (Face Value of equity shares : Rs. 2 each fully paid up)	712	712	712	712	712
13	Earnings Per Share (EPS) of Rs. 2 each (in Rupees) **					
	- Basic and diluted EPS from continuing operations	9.43	0.36	9.91	21.62	31.90
	- Basic and diluted EPS from discontinued operations	(0.15)	(0.41)	(0.53)	(0.03)	(1.02)
	- Basic and diluted EPS from Total operations	9.28	(0.05)	9.38	21.59	30.88

* denotes figures less than a million

Statement of Cash flow for the year ended 30 September 2020

(Rs. in millions)

	30 September	30 September
	2020 (Audited)	2019 (Audited)
<u>Cash flow from operating activities</u>		
Profit before tax from continuing operations	10,369	17,141
Loss before tax from discontinued operations	(13)	(547)
Adjustments for:		
Finance costs	295	116
Bad debts	150	75
Provision for doubtful debts / advances, net	352	388
Provision for fixed deposit	2	-
Depreciation and amortisation expense	2,521	1,989
(Profit) / loss on sale of assets, net	(2)	(505)
Liabilities written back	(137)	(86)
Unrealised exchange loss / (gain), net	724	(1,201)
Interest income	(2,965)	(3,419)
Operating profit before working capital changes	11,296	13,951
Working capital adjustments		
(Increase) / decrease in inventories	44	307
(Increase) / decrease in trade and other receivables	846	(536)
Increase / (decrease) in trade payables and other liabilities	(1,843)	5,110
Increase / (decrease) in provisions	(142)	82
Net change in working capital	(1,095)	4,963
Cash generated from operations	10,201	18,914
Direct taxes paid, net	(3,004)	(6,185)
Net cash generated from operating activities	7,197	12,729
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment and investment property	(180)	(1,003)
Proceeds from sale of property, plant and equipments and investment	78	861
Interest received	3,114	3,371
Inter corporate deposits given	(7,752)	(9,412)
Refund of inter corporate deposits given	8,482	9,647
Deposits (with original maturity more than 3 months) with banks matured / (placed)	4,967	(14,805)
Net cash generated / (used) from investing activities	8,709	(11,341)
<u>Cash flow from financing activities</u>		
Interest paid	(130)	(110)
Payment of Principal of lease liabilities	(550)	-
Payment of interest of lease liabilities	(175)	-
Dividend paid (including tax thereon)	(3,005)	(3,005)
Net cash used in financing activities	(3,860)	(3,115)
Net increase / (decrease) in cash and cash equivalents	12,046	(1,727)
Cash and cash equivalents at beginning of the year	7,125	8,863
Effect of exchange gain / (loss) on cash and cash equivalents	3	(11)
Cash and cash equivalents at the end of the year	19,174	7,125

Notes :

- 1 The Group has adopted Ind AS 116 'Leases' (Ind AS 116) as at 1 October 2019, using modified retrospective approach. The above approach has resulted in a recognition of Lease liability of Rs.2,065 million and Right-of-Use asset amounting to Rs.2,011 million on the date of initial application. Right-of-use assets includes:
- Reclassification of finance lease assets under erstwhile lease standard, amounting to Rs.167 million earlier reported under property, plant and equipment,
 - Reduction relating to accrued lease payments amounting to Rs.124 million,
 - Reduction in respect of certain Right-of-Use assets where IND AS 116 has been applied since the lease commencement date and the difference between Right-of-Use assets and Lease liability amounting to Rs.72 million (net of deferred tax asset Rs.24 million) has been reduced from retained earnings.

- 2 The Group's operations and financial results have been adversely impacted by the lockdown imposed to contain the spread of Coronavirus (COVID-19) since last week of March 2020. The operations gradually resumed with requisite precautions during the quarter ended 30 June 2020 with limited availability of workforce and disrupted supply chain. Consequently, the results for the year were affected.

The expenses incurred during shutdown and partial shutdown in respect of factories and project sites for continuing operations were as under:

(Rs. in millions)

	Quarter ended	Year ended
	30 June 2020	30 September 2020
Employee benefits expense	1,248	1,689
Depreciation and amortisation expense	423	609
Other expenses	405	549
Total	2,076	2,847

The expenses incurred during shutdown and partial shutdown in respect of factories and project sites for discontinued operations were as under:

(Rs. in millions)

	Quarter ended	Year ended
	30 June 2020	30 September 2020
Employee benefits expense	114	153
Depreciation and amortisation expense	55	81
Other expenses	63	101
Total	232	335

- 3 The Board of Directors of the Holding Company at its meeting held on 26 August 2020, approved the sale and transfer of the Group's Mechanical Drives (MD) business (included in Portfolio Companies Segment of the Group) to Flender Drives Private Limited, a subsidiary of Flender GmbH, which in turn is a subsidiary of Siemens AG, Germany as a going concern on a slump sale basis, with effect from 1 January 2021, for a consideration of Rs.4,400 million, subject to adjustment for the change in net current assets and capital expenditure, subsequent to 30 June 2020 upto the date of actual transfer of the MD business. This is subject to receipt of requisite statutory and regulatory approvals, as applicable and fulfilment of conditions precedent as agreed between the parties. The results of the MD business included in the above financial results and segment are as follows:

Particulars	Quarter ended			Year ended	
	30 September 2020	30 June 2020	30 September 2019	30 September 2020	30 September 2019
Revenue from operations	2,135	1,121	2,530	6,713	6,833
Other income	1	*	*	2	7
Total income	2,136	1,121	2,530	6,715	6,840
Expenses					
Cost of materials consumed	983	647	1,745	3,859	4,362
Purchases of stock-in-trade	21	20	89	268	635
Changes in inventories of finished goods, work-in-progress and stock-in-trade	527	265	412	601	456
Project bought outs and other direct costs	124	4	122	204	216
Employee benefits expense (refer note 2)	154	149	123	609	561
Finance costs	1	*	1	4	1
Depreciation and amortisation expense (refer note 2)	37	57	51	205	194
Other expenses, net	364	124	265	978	962
Total expenses	2,211	1,266	2,808	6,728	7,387
Loss before tax from discontinued operations	(75)	(145)	(278)	(13)	(547)
Tax expense / (credit)	(20)	2	(88)	(4)	(185)
Loss after tax from discontinued operations	(55)	(147)	(190)	(9)	(362)

* denotes figures less than a million

- 4 Siemens Limited ("The Holding Company") has entered into definitive agreements for the acquisition of 99.22% (approximately) of the paid-up equity share capital of C&S Electric Limited from its promoters for an estimated value of Rs.21,200 million subject to adjustments and receipt of requisite regulatory approvals and fulfilment of conditions precedent as agreed between the parties.
- 5 Pursuant to rationalisation of operations in Digital Industries and Portfolio Companies segments of the Group, Employee benefits expense for year ended 30 September 2019 include a charge of Rs.753 million.
- 6 During the year ended 30 September 2019, the Holding Company had transferred and assigned its leasehold interest in the property located at Halol Industrial Area, Phase III (Plot I-B and Plot I-C), Gujarat for a consideration of Rs.1,935 million to LM Wind Power Blades (India) Private Limited. Accordingly, profit on the transaction amounting to Rs.473 million is included under "Other income" for the year ended 30 September 2019.
- 7 The Group had opted for lower corporate tax rate available under section 115BAA of the Income-tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group had re-measured its deferred tax assets and a charge of Rs.741 million had been provided during the quarter and year ended 30 September 2019.
- 8 The Board of Directors of Holding company have recommended a dividend of Rs.7 per share for the year ended 30 September 2020 amounting to Rs.2,493 million.
- 9 The figures for the quarter ended 30 September 2020 and 30 September 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited nine months figures as reported by the Group.
- 10 The above Consolidated financial results were reviewed and approved by the Audit Committee and Board of Directors at their meeting held on 25 November 2020.
- 11 Previous period figures have been regrouped / reclassified wherever necessary, to conform to current period classification.

For Siemens Limited

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Sunil Mathur
Managing Director and Chief Executive Officer

Place : Mumbai

Date : 25 November 2020

Siemens Limited

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