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Independent Auditors’ Report on Annual Standalone 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 Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of Siemens Limited (hereinafter referred to as the “Company”) for the year ended 30 September 2020 (‘Standalone annual financial results’), attached herewith, being submitted by the 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, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. 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 the net profit and other comprehensive income and other financial information 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 Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Independent Auditors' Report (*Continued*)

Siemens Limited

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

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

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit and other comprehensive income and other financial information 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. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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:

- Identify and assess the risks of material misstatement of the standalone 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.

Independent Auditors' Report (*Continued*)

Siemens Limited

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

- 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 standalone financial statements on whether the company has adequate internal financial controls with reference to standalone 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 standalone annual financial results made by the Management and Board of Directors.
- 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 standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results 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.

Other Matter

The standalone 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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Farhad Bamji

Partner

Mumbai
25 November 2020

Membership Number: 105234
UDIN : 20105234AAAACE7963

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Statement of Standalone 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	34,224	11,492	37,683	95,808	126,487
b)	Other operating income	966	582	1,075	2,886	3,518
	Total income from operations (a+b)	35,190	12,074	38,758	98,694	130,005
2	Other income (refer note 6)	614	822	1,414	3,099	3,940
3	Total income	35,804	12,896	40,172	101,793	133,945
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	1,978	1,054	(498)
d)	Project bought outs and other direct costs	8,981	2,683	9,594	22,754	31,540
e)	Employee benefits expense (refer note 2 & 5)	3,908	3,528	3,317	15,404	15,475
f)	Finance costs	58	48	86	292	112
g)	Depreciation and amortisation expense (refer note 2)	630	665	507	2,504	1,980
h)	Other expenses, net (refer note 2)	2,884	1,274	4,052	10,180	11,854
	Total expenses	31,349	12,796	35,068	91,587	116,982
5	Profit before tax (3-4)	4,455	100	5,104	10,206	16,963
6	Tax expense (refer note 7)					
a)	Current tax	968	(303)	1,108	2,668	5,345
b)	Deferred tax expense / (credit)	156	302	500	(36)	387
		1,124	(1)	1,608	2,632	5,732
7	Net Profit after tax for the period from continuing operations (5-6)	3,331	101	3,496	7,574	11,231
	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)	3,276	(46)	3,306	7,565	10,869
10	Other comprehensive (loss) / income					
a)	Items that will not be reclassified to profit or loss					
	Re-measurement of defined benefit plans, net	201	-	(367)	(371)	(667)
	Income tax effect	(50)	-	63	93	168
b)	Items that will be reclassified to profit or loss					
	Fair value changes on derivatives designated as cash flow hedges, net	151	(5)	5	149	23
	Income tax effect	(39)	2	*	(38)	(6)
	Total other comprehensive income / (loss)	263	(3)	(299)	(167)	(482)
11	Total comprehensive income / (loss) (including other comprehensive income) [9+10]	3,539	(49)	3,007	7,398	10,387
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	9.35	0.28	9.82	21.27	31.54
	- Basic and diluted EPS from discontinued operations	(0.15)	(0.41)	(0.54)	(0.03)	(1.02)
	- Basic and diluted EPS from Total operations	9.20	(0.13)	9.28	21.24	30.52

* 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	10,206	16,963
Loss before tax from discontinued operations	(13)	(547)
Adjustments for:		
Finance costs	292	112
Bad debts	148	75
Provision for doubtful debts / advances, net	324	384
Depreciation and amortisation expense	2,504	1,980
(Profit) / loss on sale of assets, net	(2)	(505)
Liabilities written back	(135)	(86)
Unrealised exchange loss / (gain), net	724	(1,197)
Interest income	(2,915)	(3,375)
Operating profit before working capital changes	11,133	13,804
Working capital adjustments		
(Increase) / decrease in inventories	(114)	438
(Increase) / decrease in trade and other receivables	994	(701)
Increase / (decrease) in trade payables and other liabilities	(2,150)	4,648
Increase / (decrease) in provisions	(156)	57
Net change in working capital	(1,426)	4,442
Cash generated from operations	9,707	18,246
Direct taxes paid, net	(2,942)	(6,130)
Net cash generated from operating activities	6,765	12,116
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipments and investment property	(172)	(1,002)
Proceeds from sale of property, plant and equipments and investment property	74	861
Interest received	3,057	3,333
Inter corporate deposits given	(7,752)	(9,427)
Refund of inter corporate deposits given	8,482	9,662
Deposits (with original maturity more than 3 months) with banks matured / (placed)	4,600	(13,751)
Net cash generated / (used) from investing activities	8,289	(10,324)
<u>Cash flow from financing activities</u>		
Interest paid	(128)	(107)
Payment of Principal of lease liabilities	(540)	-
Payment of interest of lease liabilities	(174)	-
Dividend paid (including tax thereon)	(3,005)	(3,005)
Net cash used in financing activities	(3,847)	(3,112)
Net increase / (decrease) in cash and cash equivalents	11,207	(1,320)
Cash and cash equivalents at beginning of the year	7,101	8,432
Effect of exchange gain / (loss) on cash and cash equivalents	3	(11)
Cash and cash equivalents at the end of the year	18,311	7,101

Notes :

- 1 The Company 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.2,029 million and Right-of-Use asset amounting to Rs.1,976 million on the date of initial application. Right-of-use assets includes:
- a) Reclassification of finance lease assets under erstwhile lease standard, amounting to Rs.167 million earlier reported under property, plant and equipment,
b) Reduction relating to accrued lease payments amounting to Rs.124 million,
c) 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 Company'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 at its meeting held on 26 August 2020, approved the sale and transfer of the Company's Mechanical Drives (MD) business (included in Portfolio Companies Segment of the Company) 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:

	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 (refer note 2)	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 The 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 Company, 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 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 quarter and year ended 30 September 2019.
- 7 The Company 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 Company 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 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 Company.
- 10 The above Standalone 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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