

# Directors' Report

Dear Members,

The Directors have pleasure in presenting the 62<sup>nd</sup> Annual Report of your Company and the Audited Financial Statements for the year ended 30<sup>th</sup> September 2019.

## 1. Financial Performance

(₹ in million)

	Standalone	
	2018-19	2017-18
Turnover	136,838	127,251
Less: Expenses	124,254	116,057
Profit from operations before other income and finance costs	12,584	11,194
Add: Other Income	3,946	2,800
Less: Finance costs	114	82
Profit before tax	16,416	13,912
Less: Tax	5,547	4,973
Profit for the year	10,869	8,939
Other Comprehensive income	(499)	61
Balance in the Statement of Profit and Loss brought forward	48,665	42,665
Amount available for appropriation	59,034	51,665
Appropriations:		
Proposed Dividend	2,493	2,493
Dividend Distribution Tax	512	507
Balance in the Statement of Profit and Loss carried forward	56,030	48,665

## 2. Operations

The Turnover of the Company was ₹ 136,838 million for the year ended 30<sup>th</sup> September 2019 as compared to ₹ 127,251 million in the previous year. The Company's Profit from Operations for the year ended 30<sup>th</sup> September 2019 was ₹ 12,584 million as compared to ₹ 11,194 million in the previous year.

The Profit after Tax for the year ended 30<sup>th</sup> September 2019 was ₹ 10,869 million as compared to ₹ 8,939 million during 30<sup>th</sup> September 2018.

## 3. Dividend

The Board of Directors has recommended a dividend of ₹ 7 per equity share having face value of ₹ 2 each, subject to the approval of the Members at the 62<sup>nd</sup> Annual General Meeting ("AGM"). In the previous year, the Company paid a Dividend of ₹ 7 per equity share of ₹ 2 each.

Pursuant to the requirements of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), the Dividend Distribution Policy of the Company is available on the Company's website at <https://new.siemens.com/in/en/company/investor-relations.html>

## 4. Revocation of divestment proposal

The Board of Directors at its meeting held on 21<sup>st</sup> February 2018, had inter-alia, agreed in principle, subject to terms and conditions to be determined to sell:

- (i) Its Mobility segment and wholly owned subsidiary Siemens Rail Automation Private Limited to Siemens AG, Germany or its subsidiary and
- (ii) Its Mechanical Drives business (included in portfolio of Companies segment) to Siemens AG or its subsidiary

In this regard, after due deliberations, the Board of Directors at its Meeting held on 7<sup>th</sup> August 2019 decided not to pursue the aforesaid matters for the time being.

# Directors' Report

---

## 5. Subsidiary company

Siemens Rail Automation Private Limited ('SRAPL') is a non-material and unlisted subsidiary of the Company pursuant to LODR. SRAPL is engaged in the business of manufacture, supply, design, installation and commissioning of Railway Signaling equipment consisting of trackside and on board equipment.

The Company has not made any equity investment in SRAPL during the year. Your Company has obtained a certificate from the Statutory Auditor certifying that the Company is in compliance with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 with respect to downstream investments.

A summary of performance of SRAPL is provided below.

The Turnover of SRAPL for FY 2018-19 stood at ₹ 896 million (0.7% of consolidated turnover of the Company) as compared to ₹ 806 million in the previous year and its Profit from Operations for the year ended 30<sup>th</sup> September 2019 was ₹ 137 million as compared to ₹ 102 million in the previous year.

SRAPL has reported Profit after Tax for the year ended 30<sup>th</sup> September 2019 of ₹ 125 million as compared to ₹ 73 million during FY 2017-18.

The Company does not have any joint venture or associate companies during the year.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("the Act"), a statement containing salient features of Financial Statements of SRAPL in the prescribed Form AOC-1 is provided in **Annexure I** forming part of this Report. The audited Financial Statements of SRAPL for FY 2018-19 are available on the Company's website at <https://new.siemens.com/in/en/company/investor-relations.html> and the same are also available for inspection at the Registered Office of the Company as per the details mentioned in notice of the 62<sup>nd</sup> AGM. Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same.

### Consolidated Financial Statements

The Annual Audited Consolidated Financial Statements together with the Report of Auditors' thereon forms part of this Annual Report.

## 6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in **Annexure II** forming part of this Report.

## 7. Corporate Governance

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of this Report as **Annexure III**.

Pursuant to the requirements of LODR, a detailed report on Corporate Governance along with the Auditor's Certificate thereon forms part of this Report as **Annexure IV**.

General Shareholder Information forms part of this Report as **Annexure V**.

## 8. Directors and Key Managerial Personnel

During FY 2018-19, on recommendations of the Nomination and Remuneration Committee ("NRC") of the Company and in accordance with the provisions of the Act and LODR, the Board of Directors has appointed Ms. Anjali Bansal (DIN:00207746) as an Additional Director and Independent Director of the Company for a term of three years with effect from 1<sup>st</sup> April 2019, subject to approval of Members.

During FY 2018-19, Mr. Christian Rummel (DIN:01992982) resigned as Director, Executive Director and Chief Financial Officer of the Company with effect from close of business hours on 31<sup>st</sup> August 2019 as he has taken up new assignment in Siemens AG.

Based on recommendation of NRC and Audit Committee of the Company, the Board of Directors of your Company has appointed Dr. Daniel Spindler (DIN: 08533833) as Director, Executive Director and Chief Financial Officer of the Company for the period 1<sup>st</sup> September 2019 to 31<sup>st</sup> July 2023. The terms and conditions of the appointment of Dr. Spindler (DIN: 08533833) including remuneration are subject to the approval of the Members and concerned authorities.

As per provisions of Section 161 of the Act and Article 107 of the Articles of Association of the Company, Ms. Bansal (DIN:00207746) and Dr. Spindler (DIN: 08533833) shall hold office as Additional Director upto the date of the forthcoming 62<sup>nd</sup> AGM and are eligible for appointment as Director. Notice under Section 160 of the Act have been received from a Member proposing their candidature for the office of Director of the Company.

---

At the forthcoming 62<sup>nd</sup> AGM, Mr. Johannes Apitzsch (DIN: 05259354) retires by rotation and being eligible, offers himself for re-appointment.

The Independent Directors of the Company viz. Mr. Deepak S. Parekh (DIN: 00009078), Mr. Yezdi Malegam (DIN: 00092017), Mr. Darius Shroff (DIN: 00170680), Mr. Keki Dadiseth (DIN: 00052165), Mr. Mehernosh Kapadia (DIN: 00046612) and Ms. Anjali Bansal (DIN: 00207746) have furnished declarations to the Company under Section 149(7) of the Act, confirming that they meet the criteria prescribed for Independent Directors under Section 149(6) of the Act as well as under LODR.

Mr. Deepak S. Parekh (DIN: 00009078), Mr. Yezdi Malegam (DIN: 00092017), Mr. Darius Shroff (DIN: 00170680) and Mr. Keki Dadiseth (DIN: 00052165) were appointed as Independent Directors of the Company at 57<sup>th</sup> AGM held on 30<sup>th</sup> January 2015 for a period of five consecutive years. Accordingly, their first term as Independent Director ends on 29<sup>th</sup> January 2020.

Mr. Shroff and Mr. Dadiseth have stated that they would not be seeking re-appointment for the second term as Independent Directors of the Company. The Board places on record the appreciation for the valuable services, support and guidance rendered by Mr. Shroff and Mr. Dadiseth during their respective tenure as Directors of the Company.

Considering expertise in specific functional areas, contributions made and rich and varied experience of Mr. Deepak S. Parekh (DIN: 00009078) and Mr. Yezdi Malegam (DIN: 00092017), the Board of Directors based on performance evaluation and on recommendation of NRC, has proposed re-appointment of Mr. Deepak S. Parekh (DIN: 00009078) and Mr. Yezdi Malegam (DIN: 00092017) as Independent Directors of the Company for second term of three years and one year respectively effective from 30<sup>th</sup> January 2020 subject to approval of the Members at ensuing AGM by way of Special Resolution. Notice under Section 160 of the Act has been received from a Member proposing their candidature for reappointment as Independent Director of the Company.

The resolutions for aforementioned appointments and re-appointment along with the brief profiles of the appointees form part of the Notice of the 62<sup>nd</sup> AGM and respective resolutions are recommended for your approval.

Mr. Sunil Mathur, Managing Director and Chief Executive Officer (DIN:02261944), Dr. Daniel Spindler, Executive Director and Chief Financial Officer (DIN: 08533833) and Mr. Ketan Thaker, Company Secretary (ACS No.: 16250) are the Key Managerial Personnel of the Company as on the date of this Report.

## **9. Board Meetings**

During FY 2018-19, five meetings of the Board of Directors were held. The details of the attendance of Directors at the Board Meetings are mentioned in the report on Corporate Governance annexed hereto.

## **10. Annual evaluation of Board, its Committees and individual Directors**

The details of the Annual evaluation of Board, its Committees and individual Directors are mentioned in the report on the Corporate Governance annexed hereto.

## **11. Audit Committee**

The Company has an Audit Committee pursuant to the requirements of the Act read with the rules framed thereunder and LODR. The details relating to the same are given in the report on Corporate Governance forming part of this Report. During FY 2018-19, the recommendations of Audit Committee were duly approved and accepted by the Board.

## **12. Corporate Social Responsibility**

At Siemens, we have an unrelenting drive and promise to sustainably improve living conditions for as many people as possible. We deliver on this promise by combining our innovation with our know-how in the areas of electrification and automation, enhanced by digitalization and by acting as a reliable and responsible partner. Our company-wide Corporate Citizenship framework forms a part of the Sustainability & Citizenship priority area. The Company considers it as its economic, environmental and social responsibility to foster sustainable local development as well as add value to the local economy in which it operates.

In accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has a Corporate Social Responsibility ("CSR") Committee of Directors comprising of Mr. Deepak S. Parekh (Chairman) (DIN: 00009078), Ms. Mariel von Schumann (DIN: 06625674), Mr. Sunil Mathur (DIN: 02261944) and Dr. Daniel Spindler (DIN: 08533833) (from 1<sup>st</sup> September 2019). Dr. Spindler (DIN: 08533833) was appointed in place of Mr. Christian Rummel (DIN:01992982) who was member of this Committee until 31<sup>st</sup> August 2019. The Committee reviews and monitors the CSR projects and expenditure undertaken by the Company on a regular basis.

# Directors' Report

---

The Company implements the CSR projects directly as well as through implementing partners. The details of such initiatives, CSR spend etc., have been provided as **Annexure VI** to this Report, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## 13. Remuneration Policy

On recommendation of NRC, the Company has formulated amongst others, a policy on Directors' appointment as well as Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other employees. The details of the Remuneration policy are mentioned in the report on the Corporate Governance and the same is also placed on the Company's website at <https://new.siemens.com/in/en/company/investor-relations.html>

A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as **Annexure VII** forming part of this Report.

## 14. Vigil Mechanism

As per the provisions of Section 177(9) of the Act and Regulation 22 of LODR, the Company is required to establish a Vigil Mechanism for Directors and employees to report genuine concerns. The Company has a Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers ("the Whistleblower Policy") in place and the details of the Whistleblower Policy are provided in the Report on Corporate Governance forming part of this Report. The Company has disclosed information about the establishment of the Whistleblower Policy on its website <https://new.siemens.com/in/en/company/investor-relations/business-ethics.html>

## 15. Risk Management Policy

Siemens Enterprise Risk Management (ERM) is a company-wide framework of methods and processes used to identify, assess, monitor and mitigate risks and seize opportunities related to achievement of Siemens business objectives. The Siemens ERM approach is based on the globally accepted "The Committee of Sponsoring Organizations of the Treadway Commission" ("COSO") framework i.e. "ERM – Integrated Framework". The COSO framework provides a generic concept which has been customized to reflect Company's requirements.

Major risks identified by the Business Divisions and Corporate Departments are systematically addressed through mitigating actions on a continuing basis. The Company has a Risk Management Committee in accordance with the requirements of LODR to inter alia monitor the risks and their mitigating actions. The Board of Directors of the Company also reviews the Risk Assessment and Mitigation Report annually.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are given in the Management's Discussion and Analysis, which forms part of this Report.

## 16. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, the Directors confirm that, to the best of their knowledge and belief:

- a) that in the preparation of the Annual Financial Statements for the year ended 30<sup>th</sup> September 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30<sup>th</sup> September 2019 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual Financial Statements have been prepared on a going concern basis;
- e) that proper internal financial controls are in place and that such internal financial controls were adequate and were operating effectively;
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and are adequate and operating effectively.

---

**17. Extract of Annual Return**

The Extract of Annual Return in Form MGT 9 as required under Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 forms part of this Report as **Annexure VIII**.

**18. Particulars of contracts or arrangements with Related Parties**

The particulars of contracts or arrangements with Related Parties referred to in Section 188(1) of the Act, in the prescribed Form AOC - 2, forms part of this report as **Annexure IX**.

**19. Particulars of Loans, Guarantees or Investments**

A statement providing particulars of loans, guarantees or investments under Section 186 of the Act is provided as **Annexure X** forming part of this Report.

**20. Business Responsibility Report**

In compliance with Regulation 34(2)(f) of LODR, your Company has included Business Responsibility Report ("BRR"), as part of the Annual Report, describing initiatives taken by the Company from an environmental, social and governance perspective.

As a Green Initiative, the BRR for FY 2018-19 has been hosted on the Company's website, which can be accessed at <https://new.siemens.com/in/en/company/investor-relations/annual-report.html>

Any Member interested in obtaining a copy of BRR may write to the Company Secretary.

**21. Fixed Deposits**

Your Company has not accepted any fixed deposits and as such no amount of principal or interest was outstanding as of the Balance Sheet date.

**22. Amount if any proposed to transfer to reserves**

The Company has made no transfer to reserves during FY 2018-19.

**23. Employees**

Your Directors place on record their deep appreciation for the contribution made by the employees of the Company at all levels.

The information on employees particulars as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure forming part of the Report. In terms of Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding aforesaid Annexure. The said information is available for inspection by the Members at the Registered Office of the Company as per the details mentioned in notice of the 62<sup>nd</sup> AGM on any working day of the Company up to the date of the 62<sup>nd</sup> AGM. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

**24. Policy on Prevention of Sexual Harassment at Workplace**

The Company has Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder and Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment. During FY 2018-19, two complaints with allegations of sexual harassment were received by the Company and the same were investigated and resolved.

**25. Auditors**

- i) M/s. S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) ceased to be the Statutory Auditor of the Company on conclusion of 61<sup>st</sup> AGM of the Company held on 6<sup>th</sup> February 2019 upon completion of their permitted tenure as per the Act.

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022) ("BSR") have been appointed by the members as Statutory Auditor of the Company for a term of five years, to hold office from the conclusion of 61<sup>st</sup> AGM held on 6<sup>th</sup> February 2019, until the conclusion of 66<sup>th</sup> AGM.

# Directors' Report

---

The Auditors' Report dated 19<sup>th</sup> November 2019 issued by BSR for FY 2018-19 does not contain any qualification, reservation, adverse remark or disclaimer.

- ii) The Board of Directors on recommendation of the Audit Committee has re-appointed Messrs R. Nanabhoy & Co., Cost Accountants (Firm Registration No. 000010), as Cost Auditor of the Company, for the Financial Year ending 30<sup>th</sup> September 2020, at a remuneration as mentioned in the Notice convening the 62<sup>nd</sup> AGM and same is recommended for your consideration and ratification.

The Company had filed the Cost Audit Report for FY 2017-18 on 25<sup>th</sup> February 2019 which is within the time limit prescribed under the Companies (Cost Records and Audit) Rules, 2014.

As per requirements of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and accordingly, such records has been maintained in respect of the applicable products for the year ended 30<sup>th</sup> September 2019.

- iii) Pursuant to provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to requirement of LODR, the Secretarial Audit Report for FY 2018-19 issued by Secretarial Auditor i.e. Messrs Parikh Parekh & Associates, Practicing Company Secretaries (Unique Code No. P1978MH01000) is provided as **Annexure XI** to this Report. The Secretarial Audit Report for FY 2018-19 does not contain any qualification, reservation, adverse remark or disclaimer.
- iv) There have been no instances of fraud reported by abovementioned Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government during FY 2018-19.

## 26. Compliance with Secretarial Standards

During FY 2018-19, the Company has complied with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

## 27. Material changes and commitment, if any, affecting financial position of the Company from financial year end and till the date of this report

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year to which the Financial Statements relate and the date of this Report.

## 28. Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

## 29. Acknowledgements

The Board of Directors takes this opportunity to thank Siemens AG - the Parent Company, customers, members, suppliers, bankers, business partners / associates and Central and State Governments for their consistent support and co-operation to the Company.

On behalf of the Board of Directors  
For **Siemens Limited**

**Deepak S. Parekh**  
Chairman  
DIN: 00009078

Mumbai  
Tuesday, 19<sup>th</sup> November 2019