

# Notes to the financial statements for the year ended 30 September 2019 (Currency: Indian rupees millions)

## Corporate information

Siemens Limited ("The Company") is a public company domiciled in India with its registered office at Birla Aurora, Level 21, Plot No. 1080 Dr. Annie Besant Road, Worli Mumbai – 400030. The Company is listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The Company offers products, integrated solutions for industrial applications for manufacturing industries, drives for process industries, intelligent infrastructure and buildings, efficient and clean power generation from fossil fuels and oil & gas applications, transmission and distribution of electrical energy for passenger and freight transportation, including rail vehicles, rail automation and rail electrification systems.

## 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, Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Companies Act.

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 and all values are rounded to the nearest millions (₹ 1,000,000), except when otherwise indicated.

The financial statements were authorised for issue in accordance with a resolution of Board of directors on 19 November 2019.

### 1.2 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's 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.

### 1.3 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. The following useful lives are considered:

Assets	Estimated useful lives
<b>Land</b>	
- Freehold	-
- Leasehold	Over the lease period
<b>Buildings</b>	
- Factory buildings	30 years
- Other buildings	50 years
- Roads	10 years
- Leasehold improvements	Over the lease period

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 1.3 Property, plant and equipment *(Continued)*

<b>Plant and equipment</b>	3 – 20 years
<b>Furniture and fixtures</b>	5 years
<b>Office equipment</b>	
- Computers	3 years
- Hardware, mainframes and servers	5 years
- Other office equipment	3 - 5 years
<b>Vehicles</b>	4 years

If significant parts of property, plant and equipment have different useful lives, then they are accounted as separate items (major components) of property, plant and equipment.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their carrying value and estimated net realizable value and are disclosed separately in the financial statements. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Profit and loss account.

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

#### 1.4 Intangible assets

Intangible assets comprises of software and technical know-how. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. These intangible assets are amortised on straight-line basis based on the following useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use:

<b>Assets</b>	<b>Estimated useful lives</b>
Software	3 - 5 years
Technical know-how	5 - 10 years

#### 1.5 Investment property

Investments in land or buildings (including property under construction) which are held to earn rentals and/or for capital appreciation are classified as investment property. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price and borrowing costs, if capitalisation criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use.

Depreciation on investment property is provided on a straight-line basis over the useful lives of assets estimated by the management. Such classes of investment properties and their estimated useful lives are as under:

<b>Assets</b>	<b>Estimated useful lives</b>
<b>Land</b>	
- Freehold land	-
- Leasehold land	Over the lease period
<b>Factory Buildings</b>	30 years

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is recognised in the Statement of Profit and Loss.

#### 1.6 Revenue recognition

Revenue is recognised 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. Revenue are stated exclusive of goods and service tax and net of trade and quantity discount.

Revenue from sale of products is recognised on transfer of control of the products to the customers, which is usually on dispatch of goods.

## 1.6 Revenue recognition (Continued)

When the outcome of a construction contract can be estimated reliably, revenue from construction contracts are recognized under the percentage-of-completion method, based on the percentage of costs incurred to date compared to the total estimated contract costs. An expected loss on the construction contract is recognized as an expense immediately. Contract revenue earned in excess of billing has been reflected as "Contract assets" and billing in excess of contract revenue has been reflected under "Contract liabilities" in the balance sheet.

Revenue from services represents service income other than from services which are incidental to sale of products and projects. Revenue from services is recognised as per the terms of the contract with the customer using the proportionate completion method. 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.

Commission income is recognised as and when the terms of the contract are fulfilled alongwith the proof of shipment is received from the supplier.

Export incentives receivable are accrued for, when the right to receive the credit is established and there is no significant uncertainty regarding the realisability of the incentive.

Rental income arising from operating leases is accounted on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit and Loss due to its operating nature.

## 1.7 Inventories

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

Raw materials, work-in-progress, finished goods and traded goods are carried at the lower of cost and net realisable value. Cost is determined on the basis of the weighted average method.

The net realisable value of work-in-progress is determined with reference to the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale of related finished goods. Raw materials held for the production of finished goods are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

## 1.8 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of the specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in arrangement.

### Where the Company is the lessee:

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased items are classified as operating leases. Lease payments under an operating lease, are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period which they are incurred.

### Where the Company is the lessor:

Assets subject to operating leases are included in property, plant and equipment and investment property. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

## 1.9 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 and other long-term benefits

(i) **Defined Contribution Plans:** The Company's approved superannuation scheme and employee state insurance scheme are defined contribution plans. The Company's contribution payable under the schemes is recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

# Notes to the Financial Statements (*Continued*) for the year ended 30 September 2019 (Currency: Indian rupees millions)

## 1.9 Employee benefits (*Continued*)

(ii) **Defined Benefit Plans and other Long Term Benefits:** The Company's gratuity, pension and medical benefit schemes are defined benefit plans. Leave wages, retention bonus, silver jubilee and star awards 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.

Provident fund has been considered as a defined benefit plan since any additional obligations on account of investment risk and interest rate risk are required to be met by the Company.

In case of defined benefit plans, remeasurement 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 (OCI) and is reflected in retained earnings and 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 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, pension, medical benefit, retention bonus, 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.

The contribution to gratuity trust is expected to be made within next 12 months. Accordingly, the provision for gratuity is classified as current.

## 1.10 Share-based payments

Share-based payment consists of share awards of the Holding Company to the employees of the Company. These awards are predominantly designed as cash-settled transactions. The fair value of the amount payable is remeasured at the end of each reporting period upto the settlement date, with the changes in the fair value recognised as employee benefits expenses with a corresponding increase in liabilities.

## 1.11 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 costs 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)
- (d) Equity instruments

## 1.11 Financial instruments (Continued)

### (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 Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans and other financial assets.

### (b) Financial Assets including derivatives 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.

### (d) Equity instruments

Equity investment in subsidiary is measured at cost.

## 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.

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.

## Impairment of financial assets

The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on the following financial assets and credit risk exposure:

- (a) Financial assets that are measured at amortised cost e.g. deposits
- (b) Trade receivables, contract assets or any another financial asset that result from transactions with customers.

The Company follows the simplified approach for recognition of impairment loss allowance on trade receivables (net of billing in excess) and contract assets. The application of the simplified approach does not require the 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 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.

# Notes to the Financial Statements (*Continued*) for the year ended 30 September 2019 (Currency: Indian rupees millions)

## 1.11 *Financial instruments (Continued)*

### **Impairment of financial assets (*Continued*)**

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 trade receivables (net of billing in excess) and Contract assets.

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

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 transaction costs are attributed to the acquisition or issue of the financial liabilities.

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

#### **Subsequent measurement**

Financial liabilities, including derivatives and embedded derivatives, 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 EIR method.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amount that approximates the fair value is used 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 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 and 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.

## 1.12 *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.

## 1.12 Foreign currency transactions (Continued)

### Derivative instruments and hedge accounting

The Company's exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives like forward contracts and options. The Company enters into forward exchange contracts and options, where the counterparty is a bank. The hedging strategy is used for mitigating the currency fluctuation risk and the Company does not use the forward exchange and options contracts for trading or speculative purpose.

The forward exchange and options contracts are re-measured at fair value at each reporting date with the resultant gains/losses thereon being recorded in Statement of Profit and Loss, except that are designated as hedges.

Commodity risk is mitigated by entering into future contracts to hedge against fluctuation in commodity prices

The Company designates some of the forward contracts in a cash flow hedging relationship by applying the hedge accounting principles.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated as hedges for future cash flows are recognised in OCI and reflected in the cash flow hedge reserve, net of applicable deferred income taxes. The ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts accumulated in cash flow hedge reserve are reclassified to profit and loss in the period during which the forecasted transaction materialises.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in cash flow hedge reserve is immediately transferred to the Statement of Profit and Loss for the period.

## 1.13 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
- 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.

## 1.14 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 OCI or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

# Notes to the Financial Statements (*Continued*) for the year ended 30 September 2019 (Currency: Indian rupees millions)

## **1.14 Taxation (*Continued*)**

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 taxpaying units intend to settle the asset and liability on a net basis.

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.

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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

## **1.15 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## **1.16 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 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 and present obligation that 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 and 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.

Provisions for warranty related cost are recognised when the product is sold or service is provided to the customer. Initial recognition is based on past experience.

Contingent assets are not recognized in the financial statements.

## **1.17 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. Bank deposits with original maturity of up to three months are classified as 'Cash and cash equivalents' and with original maturity of more than three months are classified as 'Other bank balances'.

## **1.18 Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grants or subsidies relate to revenue, they are recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs for which they are intended to compensate. Where the grants or subsidies relate to an asset, the same are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.



## **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 (POC) 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.

### **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 45 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 Actuary considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

# Notes to the Financial Statements (*Continued*) for the year ended 30 September 2019 (Currency: Indian rupees millions)

## 2.5 *Employee benefits (Continued)*

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.

## 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.

## *Change in Accounting Policy*

### **Ind AS 115 - Revenue from Contracts with Customers**

The new standard replaces existing revenue recognition standards Ind AS 11, Construction contracts and Ind AS 18, Revenue. The core principle of the new standard is that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

Ind AS 115 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the full retrospective method of adoption with the date of initial application of 1 October, 2017. Under this method, the standard must be applied to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 October 2017.

There is no impact to be recognised at the date of initial application as an adjustment to the opening balance of retained earnings as at 1 October 2017. The comparative information was also not restated as there is no change even after adoption of Ind AS 115 and continues to be reported under Ind AS 18.

### ***Standard issued that are not yet effective***

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

### **Ind AS 116 - Leases**

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. 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. Currently for operating lease, rentals are charged to the statement of profit and loss. The Company is currently evaluating the implication of Ind AS 116 on the financial statements.

### ***Standard issued that are not yet effective (Continued)***

#### **Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify 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. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

#### **Ind AS 19 – Employee benefits (amendments relating to plan amendment, curtailment or settlement)**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

#### **Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

#### **Ind AS 23- Borrowing Cost**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not have any Borrowings and hence there is no impact in financial statements.

#### **Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any such long-term interests in associates and joint ventures.

#### **Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes to the financial statements (*Continued*)  
as at 30 September 2019  
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3 Property, plant and equipment

	Freehold Land	Leasehold Land	Buildings (Refer note i & ii)	Plant and equipment (Refer note ii & iii)	Furniture and fixtures (Refer note ii)	Office equipments (Refer note ii)	Vehicles	Total
<b>Gross carrying value</b>								
At 1 October 2017	560	325	5,378	9,028	289	659	3	16,242
Additions	-	-	202	1,875	17	149	-	2,243
Deductions / adjustments (Refer note iv)	-	-	-	(150)	(5)	(16)	-	(171)
<b>At 30 September 2018</b>	<b>560</b>	<b>325</b>	<b>5,580</b>	<b>10,753</b>	<b>301</b>	<b>792</b>	<b>3</b>	<b>18,314</b>
<b>Accumulated depreciation / impairment</b>								
At 1 October 2017	-	8	439	3,085	129	368	1	4,030
Charge for the year	-	6	239	1,456	55	154	-	1,910
Deductions / adjustments	-	-	-	(45)	(4)	(16)	-	(65)
<b>At 30 September 2018</b>	<b>-</b>	<b>14</b>	<b>678</b>	<b>4,496</b>	<b>180</b>	<b>506</b>	<b>1</b>	<b>5,875</b>
<b>Net block</b>								
At 30 September 2018	560	311	4,902	6,257	121	286	2	12,439

**Property, plant and equipment (Continued)**

	Freehold Land	Leasehold Land	Buildings (Refer note i & ii)	Plant and equipments (Refer note ii & iii)	Furniture and fixtures (Refer note ii)	Office equipments (Refer note ii)	Vehicles	Total
<b>Gross carrying value</b>								
At 1 October 2018	560	325	5,580	10,753	301	792	3	18,314
Additions	-	-	180	1,560	19	174	-	1,933
Deductions / adjustments	-	(199)	(3)	(419)	(5)	(25)	(2)	(653)
<b>At 30 September 2019</b>	<b>560</b>	<b>126</b>	<b>5,757</b>	<b>11,894</b>	<b>315</b>	<b>941</b>	<b>1</b>	<b>19,594</b>
<b>Accumulated depreciation / impairment</b>								
At 1 October 2018	-	14	678	4,496	180	506	1	5,875
Charge for the year	-	6	264	1,669	48	139	2	2,128
Deductions / adjustments	-	(11)	(1)	(253)	(5)	(25)	(2)	(297)
<b>At 30 September 2019</b>	<b>-</b>	<b>9</b>	<b>941</b>	<b>5,912</b>	<b>223</b>	<b>620</b>	<b>1</b>	<b>7,706</b>
<b>Net block</b>								
<b>At 30 September 2019</b>	<b>560</b>	<b>117</b>	<b>4,816</b>	<b>5,982</b>	<b>92</b>	<b>321</b>	<b>*</b>	<b>11,888</b>

**Notes:-**

i) Buildings includes gross block of ₹ 734 (2018: ₹ 734) representing 365 shares of ₹ 50 each and 11 shares of ₹ 100 each (2018: 365 shares of ₹ 50 each and 11 shares of ₹ 100 each) in various co-operative housing societies respectively.

ii) **Assets include assets given on operating lease**

Particulars	Buildings	Plant and equipments	Furniture and fixtures	Office equipments
Gross carrying value as at 30 September 2018	430	442	7	29
Written Down Value as at 30 September 2018	375	323	2	13
Depreciation charge for the year	58	36	2	23
Gross carrying value as at 30 September 2019	<b>417</b>	<b>62</b>	<b>20</b>	<b>16</b>
Written Down Value as at 30 September 2019	<b>356</b>	<b>35</b>	<b>2</b>	<b>10</b>
Depreciation charge for the year	<b>65</b>	<b>42</b>	<b>5</b>	<b>26</b>

iii) Plant and equipments includes gross block of ₹ 7 (2018: ₹ 7) and Net block of ₹ Nil (2018: ₹ Nil) which represents cost incurred by the Company on certain assets ownership of which vests with the West Bengal State Electricity Board.

iv) Includes government grant amounting to ₹ 79 pertaining to investment in qualifying assets, which has been netted-off with property, plant and equipment.

\* denotes figures less than a million

Notes to the Financial Statements (*Continued*)  
as at 30 September 2019  
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4 Investment Property

	Land and Buildings	Total
<b>Gross carrying value</b>		
At 1 October 2017	1,154	1,154
Additions	-	-
Deductions / adjustments	-	-
<b>At 30 September 2018</b>	<b>1,154</b>	<b>1,154</b>
<b>Accumulated depreciation</b>		
At 1 October 2017	75	75
Charge for the year	37	37
Deductions / adjustments	-	-
<b>At 30 September 2018</b>	<b>112</b>	<b>112</b>
<b>Net block</b>		
<b>At 30 September 2018</b>	<b>1,042</b>	<b>1,042</b>

	Land and Buildings	Total
<b>Gross carrying value</b>		
At 1 October 2018	1,154	1,154
Additions	-	-
Deductions / adjustments	(1,152)	(1,152)
<b>At 30 September 2019</b>	<b>2</b>	<b>2</b>
<b>Accumulated depreciation</b>		
At 1 October 2018	112	112
Charge for the year	27	27
Deductions / adjustments	(138)	(138)
<b>At 30 September 2019</b>	<b>1</b>	<b>1</b>
<b>Net block</b>		
<b>At 30 September 2019</b>	<b>1</b>	<b>1</b>

Notes:

i) <b>Information regarding income and expenditure on investment properties</b>	<b>Sept 2019</b>	Sept 2018
Rental income derived from investment properties	151	273
Direct operating expenses (including repairs and maintenance) generating rental income	(23)	(27)
Profit arising from investment properties before depreciation and indirect expenses	128	246
Less: Depreciation	(27)	(37)
Profit arising from investment properties before indirect expenses	<u>101</u>	<u>209</u>

#### 4 Investment Property (Continued)

##### ii) Fair value disclosure

Description of valuation techniques used and key inputs to valuation on investment properties:

Particulars	Valuation technique	Fair Value	
		Sept 2019	Sept 2018
Land and building	Stamp duty reckoner rate/ Valuation Report	482	1,788

The valuation of certain investment properties is in accordance with the Ready Reckoner rates prescribed by for the purpose of levying stamp duty. The Company has referred to the publications and government website for Ready Reckoner rates. Further, the fair value of certain investment property has been determined with the help of Independent valuer. Fair value of property is based on Direct Comparison Approach and Depreciated Replacement Cost Approach.

#### 5 Intangible assets

	Intangible assets		
	Technical know-how	Software	Total
<b>Gross carrying value</b>			
At 1 October 2017	66	40	106
Additions	-	-	-
Deductions / adjustments	-	-	-
<b>At 30 September 2018</b>	<b>66</b>	<b>40</b>	<b>106</b>
<b>Accumulated depreciation / impairment</b>			
At 1 October 2017	36	17	53
Charge for the year	13	7	20
Deductions / adjustments	-	-	-
<b>At 30 September 2018</b>	<b>49</b>	<b>24</b>	<b>73</b>
<b>Net block</b>			
<b>At 30 September 2018</b>	<b>17</b>	<b>16</b>	<b>33</b>

	Intangible assets		
	Technical know-how	Software	Total
<b>Gross carrying value</b>			
At 1 October 2018	66	40	106
Additions	-	-	-
Deductions / adjustments	-	-	-
<b>At 30 September 2019</b>	<b>66</b>	<b>40</b>	<b>106</b>
<b>Accumulated depreciation / impairment</b>			
At 1 October 2018	49	24	73
Charge for the year	12	6	18
Deductions / adjustments	-	-	-
<b>At 30 September 2019</b>	<b>61</b>	<b>30</b>	<b>91</b>
<b>Net block</b>			
<b>At 30 September 2019</b>	<b>5</b>	<b>10</b>	<b>15</b>

Notes to the Financial Statements (*Continued*)  
as at 30 September 2019  
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	Sept 2019	Sept 2018
<b>6 Investments - Non - current</b>		
<b>Investment in subsidiary company (unquoted) (investment valued at cost unless otherwise stated)</b>		
64,898 (2018 : 64,898) Equity Shares of ₹ 10 each fully paid-up in Siemens Rail Automation Pvt. Ltd.	550	550
Aggregate amount of unquoted investments	<u>550</u>	<u>550</u>
<b>7 Trade receivables - Non - current (unsecured)</b>		
Long-term trade receivables		
- considered good	673	746
- considered doubtful	13	6
	<u>686</u>	<u>752</u>
Impairment Allowance	(13)	(6)
	<u>673</u>	<u>746</u>
<b>8 Loans - Non - current (unsecured, considered good)</b>		
Loan to employees	18	18
Loan to related parties (Refer note 44 and below)	1,210	3,750
	<u>1,228</u>	<u>3,768</u>
Loans to related parties are given for the purpose of meeting the working capital requirements and for general corporate purposes such as asset back loans/leases.		
<b>9 Other financial assets - Non - current</b>		
<b>i) Financial assets at amortised cost</b>		
Security deposits	370	277
Export incentive	100	80
<b>ii) Financial assets at fair value through Profit or Loss</b>		
Derivative contracts	55	21
	<u>525</u>	<u>378</u>
<b>10 Income tax disclosure</b>		
<b>(a) Income tax expense</b>		
<b>Current tax:</b>		
Current Income tax charge	5,185	5,221
Adjustments in respect of prior years - True up	(13)	47
<b>Deferred tax</b>		
In respect of current year origination and reversal of temporary differences	(380)	(268)
In respect of prior years - True up	14	(47)
Deferred tax assets not recoverable	-	44
Changes in statutory tax rate	741	(24)
<b>Total tax expense recognised in Statement of Profit and Loss</b>	<u>5,547</u>	<u>4,973</u>
<b>(b) Income Tax on Other Comprehensive Income</b>		
Remeasurements of defined benefit plans	(168)	33
Fair value changes on derivative designated as cash flow hedge reserve	6	4
<b>Total tax expense recognised in Other Comprehensive Income</b>	<u>(162)</u>	<u>37</u>



10 Income tax disclosure (Continued)

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 30 September 2019 and 30 September 2018

	Sept 2019	Sept 2018
Profit Before tax	16,416	13,912
Other Comprehensive items	(644)	105
<b>Total</b>	<u>15,772</u>	<u>14,017</u>
<b>Tax at statutory average income tax rate of 29.79% (2018 : 34.78%) (A)</b> <b>[Refer note (f)]</b>	<b>4,698</b>	<b>4,876</b>
Tax effect of expenses that are not deductible for tax purposes	51	112
Tax effect of Capital gain & tax paid at lower rate	(105)	-
Tax effect of change in statutory rate	741	(24)
Deferred tax assets not recoverable	-	44
<b>Total (B)</b>	<u>687</u>	<u>132</u>
<b>At the effective income tax rate of 34.15% (2018: 35.73%) (A+B)</b>	<u>5,385</u>	<u>5,008</u>
Income tax reported in Statement of Profit and Loss	5,547	4,973
Income tax expense of Other Comprehensive Income	(162)	37
<b>Total</b>	<u>5,385</u>	<u>5,010</u>

(d) Movement of Deferred tax

	Balance Sheet		Profit & Loss	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018
<b>Deferred tax assets</b>				
Arising on account of temporary differences in :				
Provision for doubtful debts and advances	567	746	(179)	(100)
Provision for loss allowance	273	417	(144)	109
Provisions made disallowed and allowed only on payment basis	1,099	1,540	(441)	70
Provision for Inventory allowance	624	551	74	(13)
Other temporary differences	338	509	(172)	320
<b>Less - Deferred tax liability</b>				
Arising on account of temporary differences in :				
Accelerated Depreciation for tax purposes	(621)	(1,108)	487	(91)
<b>Deferred tax assets (net)</b>	<u>2,280</u>	<u>2,655</u>	<u>(375)</u>	<u>295</u>
Deferred tax recognised directly in Other Comprehensive Income	130	10	120	(70)
<b>Total Deferred tax as shown in Balance sheet and Profit and Loss</b>	<u>2,410</u>	<u>2,665</u>	<u>(255)</u>	<u>225</u>

(e) Reconciliation of deferred tax assets, net

	Sept 2019	Sept 2018
Opening balance	2,665	2,440
Tax income/(expense) during the period recognised in profit or loss	(375)	295
Tax income/(expense) during the period recognised in Other Comprehensive Income	120	(70)
<b>Deferred tax assets (net)</b>	<u>2,410</u>	<u>2,665</u>

# Notes to the Financial Statements (*Continued*) as at 30 September 2019 (Currency: Indian rupees millions)

## 10 Income tax disclosure (*Continued*)

(f) The Company has opted for lower corporate tax rate available under section 115BAA of the Income-tax Act, 1961 ('the Act') as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income-tax at relevant tax rates applicable for the year ended 30 September 2019 which are as below:

- 1 October 2018 to 31 March 2019 : 34.94%
- 1 April 2019 to 30 September 2019 : 25.17%
- Average current tax rate : 29.79%

Further, the Company has also re-measured its deferred tax assets and the relevant impact has been provided through Profit & Loss Account for the year ended 30 September 2019.

	Sept 2019	Sept 2018
<b>11 Income tax assets (net)</b>		
Advance payments of income tax [net of provision for tax ₹ 50,848 (2018: ₹ 49,631) including payments made under protest of ₹ 4,973 (2018: ₹ 4,738)]	<u>6,623</u>	<u>6,349</u>
	<u>6,623</u>	<u>6,349</u>
<b>12 Other non-current assets</b>		
Capital advances	175	134
Balances with statutory / government authorities [includes payments made under protest of ₹ 1,611 (2018: ₹ 1,562)]	3,076	2,887
Prepaid lease	90	61
Others	<u>178</u>	<u>72</u>
	<u>3,519</u>	<u>3,154</u>
<b>13 Inventories (valued at lower of cost and net realisable value)</b>		
Raw materials [includes Goods in Transit ₹ 759 (2018 : ₹ 694)]	4,316	4,797
Work-in-progress	3,341	3,165
Finished goods	551	691
Traded goods [includes Goods in Transit ₹ 1,500 (2018 : ₹ 796)]	<u>2,742</u>	<u>2,736</u>
	<u>10,950</u>	<u>11,389</u>
<b>14 Trade receivables - Current (unsecured)</b>		
Trade receivables	37,053	35,298
Receivables from related parties (Refer note 44)	<u>2,759</u>	<u>2,820</u>
	39,812	38,118
Of which		
- considered good	38,089	36,504
- considered doubtful	637	596
- which have significant increase in credit risk	-	35
- credit impaired	<u>1,086</u>	<u>983</u>
	39,812	38,118
Impairment allowance	<u>(1,723)</u>	<u>(1,614)</u>
	<u>38,089</u>	<u>36,504</u>

- 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. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- ii) For terms and conditions relating to related party receivables, refer note 44.
- iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days of credit period.

	Sept 2019	Sept 2018
<b>15 Cash and cash equivalents (Refer note below)</b>		
<b><i>Balances with banks</i></b>		
- On current accounts	1,865	1,920
- Bank deposits with original maturity of less than 3 months	4,920	6,490
Cash on hand	1	2
Cheques / drafts on hand	315	20
	<u>7,101</u>	<u>8,432</u>

**Changes in liabilities arising from financing activities:**

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

**16 Other bank balances**

Bank deposits with remaining maturity of less than 12 months	41,721	27,971
Unpaid dividend account (Refer note below)	91	55
	<u>41,812</u>	<u>28,026</u>

The balance in unpaid dividend is used only for payment of dividend.

**17 Loans - Current (unsecured, considered good)**

Inter corporate deposits to related parties (Refer note below and note 44)	7,220	4,915
Loan to employees	65	50
	<u>7,285</u>	<u>4,965</u>

Inter corporate deposit to related parties are given for the purpose of meeting the working capital requirements.

Particulars in respect of loans and advances in the nature of loans as required by Regulation 34(3) read with Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies Act, 2013

Name of the Company	Sept 2019	Sept 2018
i) Loans and advances in the nature of loans to subsidiary		
Inter corporate deposit to subsidiary : <b>Siemens Rail Automation Pvt. Ltd.</b>		
- Balance as at year end	-	-
- Maximum amount outstanding at any time during the year	15	175

Siemens Rail Automation Pvt. Ltd. has utilised the inter corporate deposit for meeting the working capital requirements. It was repaid by October 2018.

Notes to the Financial Statements (*Continued*)  
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	Sept 2019	Sept 2018
<b>18 Other financial assets - Current</b>		
<b>i) Financial assets at amortised cost</b>		
Security deposits		
- considered good	310	163
- considered doubtful	36	25
	<u>346</u>	<u>188</u>
Impairment allowance	(36)	(25)
	<u>310</u>	<u>163</u>
Interest accrued on inter corporate deposits	48	65
Interest accrued on bank deposits	483	426
Export incentive / Government grant	872	1,045
Others	522	437
<b>ii) Financial assets at fair value through Profit or Loss</b>		
Derivative contracts	638	589
<b>iii) Financial assets at fair value through Other Comprehensive Income</b>		
Derivative contracts	24	18
	<u>2,897</u>	<u>2,743</u>
<b>19 Contract assets</b>		
- considered good	13,568	14,800
- considered doubtful	166	169
	<u>13,734</u>	<u>14,969</u>
Impairment allowance	(166)	(169)
	<u>13,568</u>	<u>14,800</u>
<b>20 Other current assets</b>		
Advance to suppliers	642	821
Prepaid expenses	112	84
Balances with statutory / government authorities, net	1,632	2,980
Others	1	1
	<u>2,387</u>	<u>3,886</u>

Notes to the Financial Statements *(Continued)*  
for the year ended 30 September 2019  
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	Sept 2019	Sept 2018
<b>21 Share capital</b>		
<b>Authorised</b>		
1,000,000,000 Equity shares of ₹2 each (2018: 1,000,000,000 Equity shares of ₹ 2 each)	<u>2,000</u>	<u>2,000</u>
	<u>2,000</u>	<u>2,000</u>
<b>Issued</b>		
356,983,950 Equity shares of ₹ 2 each (2018: 356,983,950 Equity shares of ₹ 2 each)	<u>714</u>	<u>714</u>
<b>Subscribed and fully paid-up</b>		
356,120,255 Equity shares of ₹ 2 each fully paid-up (2018: 356,120,255 Equity shares of ₹ 2 each fully paid-up)	<u>712</u>	<u>712</u>
	<u>712</u>	<u>712</u>

**a) Shares held by holding company and subsidiary of holding company:**

255,351,805 (2018: 255,351,805) Equity shares of ₹ 2 each, fully paid-up, are held by the Holding Company, Siemens Aktiengesellschaft, Germany;

11,738,108 (2018: 11,738,108) Equity shares of ₹ 2 each, fully paid-up, are held by Siemens Metals Technologies Vermögensverwaltungs GmbH (formerly known as Siemens VAI Metals Technologies GmbH), a 100% subsidiary of Siemens Aktiengesellschaft, Germany.

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

	2019		2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	<u>356,120,255</u>	<u>712</u>	356,120,255	712
Shares issued / subscribed during the year	-	-	-	-
Shares outstanding at the end of the year	<u>356,120,255</u>	<u>712</u>	<u>356,120,255</u>	<u>712</u>

**c) Details of shareholders holding more than 5% shares in the Company as on 30 September:**

Name of shareholder	2019		2018	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Siemens Aktiengesellschaft, Germany	<u>255,351,805</u>	<u>71.70%</u>	<u>255,351,805</u>	<u>71.70%</u>

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.

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

(Currency: Indian rupees millions)

### 21 Share capital *(Continued)*

**d) Details of aggregate number of shares issued for consideration other than cash and bonus shares issued during the period of five years immediately preceding 30 September:**

Equity shares allotted as	2019	2018
Fully paid up to the shareholders of Siemens Power Engineering Pvt. Ltd. (SPEL) in accordance with the scheme of amalgamation	3,461,538	3,461,538
Fully paid up to the shareholders of Winergy Drive Systems India Pvt. Ltd. (Winergy) in accordance with the scheme of amalgamation	625,139	625,139

**e) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

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.

### 22 Other equity

**Nature and purpose of reserve**

- Capital reserve was created on account of merger of group companies in earlier years.
- Amalgamation reserve pertains to amalgamation of Siemens VDO Automotive Limited in 2006.
- Capital redemption reserve pertains to entity accounted as business combination under common control.
- Securities premium account represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
- General reserve is created out of profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up shares. As General reserve is created by transfer on one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be subsequently reclassified to statement of profit and loss.
- Cash flow hedge reserve represents mark-to-market valuation of effective hedges as required by Ind AS 109.
- Retained earnings are the profits that the Company has earned till date, less any transfers to General reserve and payment of dividend.

The above reserves will be utilised in accordance with the provision of the Companies Act, 2013.

Notes to the Financial Statements (*Continued*)  
as at 30 September 2019  
(Currency: Indian rupees millions)

	Sept 2019	Sept 2018
<b>23 Dividend distribution made and proposed</b>		
<b>Cash dividend on equity shares declared and paid:</b>		
Final dividend for the year ended 2018: ₹ 7 per share (2017: ₹ 7 per share)	2,493	2,493
Dividend distribution tax on final dividend	512	507
	<u>3,005</u>	<u>3,000</u>
<b>Proposed dividend on equity shares:</b>		
Final cash dividend for the year ended 2019 : ₹ 7 per share (2018: ₹ 7 per share)	2,493	2,493
Dividend distribution tax on proposed dividend	512	512
	<u>3,005</u>	<u>3,005</u>
<b>24 Other financial liabilities - Non - current</b>		
<b>i) Financial liabilities at amortised cost</b>		
Security deposits	-	79
<b>ii) Financial liabilities at fair value through Profit or Loss</b>		
Derivative contracts	84	51
Liabilities related to share based payments (Refer note 48)	238	328
	<u>322</u>	<u>458</u>
<b>25 Other non-current liabilities</b>		
Others	135	146
	<u>135</u>	<u>146</u>
<b>26 Long-term provisions</b>		
<b>a) Provision for employee benefits</b>		
- Pension (Refer note 45)	240	120
- Leave wages	808	665
- Medical benefits (Refer note 45)	1,072	858
- Silver jubilee and star awards	390	478
- Retention Bonus	3	-
- Retirement gift	98	-
	<u>2,611</u>	<u>2,121</u>
<b>b) Others</b>		
- Other matters (Refer note 40)	25	25
	<u>25</u>	<u>25</u>
	<u>2,636</u>	<u>2,146</u>

Notes to the Financial Statements *(Continued)*  
as at 30 September 2019  
(Currency: Indian rupees millions)

	Sept 2019	Sept 2018
<b>27 Other financial liabilities - Current</b>		
<b>i) Financial liabilities at amortised cost</b>		
Security deposits	72	157
Unclaimed dividend	91	55
Liability for capital goods	142	420
Others	2,198	2,045
<b>ii) Financial liabilities at fair value through Profit or Loss</b>		
Derivative contracts	567	1,214
Liabilities related to share based payments (Refer note 48)	207	154
<b>iii) Financial liabilities at fair value through Other Comprehensive Income</b>		
Derivative contracts	-	7
	<u>3,277</u>	<u>4,052</u>
<b>28 Contract liabilities</b>		
Advances from customers	8,232	8,157
Billing in excess / Advance billings	3,478	3,149
	<u>11,710</u>	<u>11,306</u>
<b>29 Current Tax liabilities</b>		
Provision for tax [net of advance tax ₹ 12,320 (2018: ₹ 8,091)]	<u>468</u>	<u>1,194</u>
<b>30 Other current liabilities</b>		
Accrued salaries and benefits	332	391
Interest accrued and due	159	153
Other liabilities		
- Withholding and other taxes payable	286	154
- Others	336	269
	<u>1,113</u>	<u>967</u>



	Sept 2019	Sept 2018
<b>31 Short-term provisions</b>		
<b>a) Provision for employee benefits</b>		
- Pension (Refer note 45)	35	32
- Leave wages	54	67
- Medical benefits (Refer note 45)	62	63
- Gratuity (Refer note 45)	769	557
- Silver jubilee and star awards	47	32
- Retention of records	8	-
- Retirement gift	2	-
	977	751
<b>b) Others</b>		
- Warranty (Refer notes 40)	3,215	2,787
- Loss order (Refer note 40)	1,085	1,198
- Liquidated damages (Refer note 40)	957	1,057
- Other matters (Refer note 40)	2,866	3,073
	8,123	8,115
	9,100	8,866
<b>32 Revenue from operations (gross)</b>		
<b>Revenue from contracts with customers</b>		
Sale of products	75,284	69,292
Revenue from projects	42,093	41,338
Sale of services	15,665	12,064
Commission income	189	233
	133,231	122,927
<b>Other operating revenue</b>		
Export incentives (Refer note 53)	1,126	1,658
Recoveries from group companies	1,632	1,598
Rental income	484	655
Liabilities written back	86	136
Others	279	277
	3,607	4,324
	136,838	127,251
<b>33 Other income</b>		
Interest income	3,382	2,773
Profit on sale of assets, net	504	10
Others	60	17
	3,946	2,800

**Notes to the Financial Statements (Continued)**  
**for the year ended 30 September 2019**  
**(Currency: Indian rupees millions)**

	Sept 2019	Sept 2018
<b>34 Project bought outs and other direct costs</b>		
Spares and stores consumed	310	328
Project bought outs	26,998	24,057
Other direct costs	4,448	4,406
	<u>31,756</u>	<u>28,791</u>
<b>35 Employee benefits expense</b>		
Salaries, wages and bonus, net	14,006	12,503
Contribution to provident and other funds	1,149	1,012
Share based payments to employees	110	285
Staff welfare expenses	771	687
	<u>16,036</u>	<u>14,487</u>
<b>36 Finance costs</b>		
Interest - Others	114	82
	<u>114</u>	<u>82</u>
<b>37 Other expenses</b>		
Exchange loss / (gains), net *	(778)	1,190
Travel and conveyance	1,485	1,223
Software license fees and other information technology related costs	1,381	1,592
Rates and taxes	435	621
Communications	352	278
Packing and forwarding	1,734	1,689
Power and fuel	517	535
Insurance	365	314
Rent	875	766
Repairs		
- on building	224	204
- on machinery	923	740
- others	252	235
Legal and professional [includes auditors' remuneration (Refer note 39)]	1,769	1,538
Advertising and publicity	381	226
Office supplies, printing and stationery	190	91
Research and development expenditure	49	147
Bank guarantee commission / bank charges	274	274
Commission to directors	19	16
Directors' fees	3	3
Bad debts [net of reversal of provision for doubtful debts of ₹ 244 (2018: ₹ 562)]	75	101
CSR expenditure (Refer note 55)	240	195
Provision for doubtful debts and advances, net	374	256
License fees	670	528
Miscellaneous expenses	1,006	977
	<u>12,815</u>	<u>13,739</u>

\* Includes amount transferred from cash flow hedge reserve to exchange loss / (gains) amounting to ₹ (7) [2018: (6)]

	Sept 2019	Sept 2018
<b>38 Commitments and contingent liabilities</b>		
<b>(a) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<u>868</u>	<u>638</u>
For commitments relating to lease arrangements (Refer note 42)		
<b>(b) Contingent liabilities (to the extent not provided for)</b>		
Income tax (excluding interest)	5,081	5,075
Excise, service tax and sales tax liabilities, under dispute	7,559	10,182
Customs liabilities, under dispute	120	120
Claims against the Company not acknowledged as debts	365	262
In respect of above contingent liabilities, the future cash outflows are determinable only on receipt of judgements pending at various forums / authorities. The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required.		
<b>(c)</b> There are numerous interpretative issues relating to the Supreme Court (SC) judgment on Provident Fund dated 28 February 2019. The Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.		
<b>39 Auditors' remuneration (for audit services exclusive of service tax / GST)</b>		
	Sept 2019	Sept 2018
<b>As auditor</b>		
- Audit fees	23	21
- Tax audit fees	-	6
<b>In other capacity</b>		
- Other audit related services	12	16
- Reimbursement of expenses	<u>2</u>	<u>4</u>
	<u>37</u>	<u>47</u>

#### 40 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 liquidated damages***

Liquidated damages are provided based on contractual terms when the delivery/ commissioning dates of an individual project have exceeded or are likely to exceed the delivery/ commissioning dates as per the respective contracts. This expenditure is expected to be incurred over the respective contractual terms up to closure of the contract (including 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 contractual risks, litigation cases and pending assessments in respect of taxes, duties and other levies, the outflow of which would depend on the cessation of the respective events.

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 40 Disclosure relating to Provisions *(Continued)*

The movements in the above provisions are summarised below:

	Warranty		Liquidated damages		Loss orders		Other matters	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018	Sept 2019	Sept 2018	Sept 2019	Sept 2018
Balance as at 1 October	2,787	2,786	1,057	1,050	1,198	891	3,098	2,519
Provisions :								
- Created	1,330	949	487	483	1,114	1,191	890	1,229
- Utilised	(314)	(316)	(279)	(218)	(972)	(742)	(505)	(267)
- Reversed	(588)	(632)	(308)	(258)	(255)	(142)	(592)	(383)
Balance as at 30 September	<u>3,215</u>	<u>2,787</u>	<u>957</u>	<u>1,057</u>	<u>1,085</u>	<u>1,198</u>	<u>2,891</u>	<u>3,098</u>
- Current	3,215	2,787	957	1,057	1,085	1,198	2,866	3,073
- Non-current	-	-	-	-	-	-	25	25

#### 41 Disclosure pursuant to Indian Accounting Standard - 115 'Revenue from contracts with customer' :

(i) Out of the total revenue recognised under Ind AS 115 during the period, ₹ 50,635 (2018: ₹ 47,734) is recognised over a period of time and ₹ 82,596 (2018: ₹ 75,193) is recognised at a point in time.

#### (ii) Reconciliation between revenue recognized and contract price:

	Sept 2019	Sept 2018
Contract Price	133,747	123,503
Less: Reductions towards variable consideration components *	516	576
<b>Revenue</b>	<u>133,231</u>	<u>122,927</u>

\* Reduction towards variable consideration components include discounts, liquidated damages, etc.

#### (iii) Remaining performance obligations: The aggregate amount of transaction price allocated to remaining performance obligations and expected conversion of the same into revenue is as follows:

	Unexecuted Order Value	Expected conversion in revenue	
		Up to 1 year	More than 1 year
Transaction price allocated to the remaining performance obligation	118,795	82,043	36,752

(iv) Revenue recognised during the year from opening balance of contract liabilities amounts to ₹ 9,580 (2018: ₹ 7,683).

(v) There is no revenue recognised during the year from the performance obligation that is satisfied in previous year (arising out of contract modifications).

(vi) Information regarding geographical disaggregation of revenue has been included in segment information [Refer note 43(ii)].

#### 42 Disclosure pursuant to Indian Accounting Standard - 17 'Leases' :

##### a) Where the Company is the lessee:

Lease payments on non cancellable lease arrangement debited to the statement of profit and loss and the future lease payments in respect of non cancellable operating lease are summarised below:

	Sept 2019	Sept 2018
(i) Not later than one year from the balance sheet date	824	724
(ii) Later than one year and not later than five years	1,531	1,738
(iii) Later than five years	247	458
	<u>2,602</u>	<u>2,920</u>

Lease rent debited to the statement of profit and loss ₹ 875 (2018: ₹ 766)

Sub-lease payments recognised in the statement of profit and loss ₹ 315 (2018: ₹ 451)

The future sub-lease payments expected to be received under non cancellable sub-lease as at 30 September are as follows :

	Sept 2019	Sept 2018
(i) Not later than one year from the balance sheet date	-	297
(ii) Later than one year and not later than five years	-	390
	<u>-</u>	<u>687</u>

There is no contingent rent recognised in the statement of profit and loss.

General description of the leasing arrangement:

- (i) The Company has entered into operating lease arrangements for its office premises, storage locations, machinery, residential premises, computer equipments and motor cars for its employees.
- (ii) The future lease rental payments are determined on the basis of the monthly lease payment terms as per the agreements.
- (iii) At the expiry of the non cancellable lease period the option of renewal rests with the Company.
- (iv) Some of the lease agreements have escalation clause ranging from 5% to 15% pa. There are no exceptional / restrictive covenants in the lease agreements.

##### b) Where the Company is the lessor:

Lease income from non cancellable lease arrangement credited to the statement of profit and loss and the future lease income in respect of non cancellable operating lease are summarised below:

	Sept 2019	Sept 2018
(i) Not later than one year from the balance sheet date	-	297
(ii) Later than one year and not later than five years	-	390
	<u>-</u>	<u>687</u>

Lease income recognised during the year in statement of profit and loss ₹ 484 (2018: ₹ 655)

There is no contingent rent recognised in the statement of profit and loss.

General description of the leasing arrangement:

- (i) The Company has entered into operating lease arrangements of its factory premises, office premises, machinery and residential premises.
- (ii) The future lease rental income is determined on the basis of the monthly lease terms as per the agreements.
- (iii) At the expiry of the non cancellable lease period the option of renewal rests with both parties.
- (iv) The lease agreements have escalation clause of 5% to 10% pa. There are no exceptional / restrictive covenants in the lease agreements.

Notes to the Financial Statements *(Continued)*  
for the year ended 30 September 2019  
(Currency: Indian rupees millions)

43 (i) Information about business segments

	Revenue						Results	
	External revenue		Inter segmental revenue		Total		2019	2018
	2019	2018	2019	2018	2019	2018		
Gas and Power	50,415	48,089	144	169	50,559	48,258	6,911	5,184
Smart Infrastructure	35,704	35,718	2,246	2,244	37,950	37,962	3,516	3,024
Mobility	11,192	9,814	11	-	11,203	9,814	1,126	985
Digital Industries	26,298	22,966	576	732	26,874	23,699	1,648	1,521
Portfolio Companies	12,038	9,327	4	8	12,042	9,335	(857)	118
Others	1,191	1,337	-	-	1,191	1,336	240	362
Eliminations	-	-	(2,981)	(3,153)	(2,981)	(3,153)	-	-
<b>Total</b>	<b>136,838</b>	<b>127,251</b>	<b>-</b>	<b>-</b>	<b>136,838</b>	<b>127,251</b>	<b>12,584</b>	<b>11,194</b>
Less : Interest expenses							(114)	(82)
Add : Interest income							3,382	2,773
Add : Other Income							564	27
<b>Profit before exceptional items and tax</b>							<b>16,416</b>	<b>13,912</b>
<b>Profit before tax</b>							<b>16,416</b>	<b>13,912</b>
Income tax							(5,172)	(5,268)
Deferred tax							(375)	295
<b>Profit after tax</b>							<b>10,869</b>	<b>8,939</b>
<b>Total</b>	<b>136,838</b>	<b>127,251</b>	<b>-</b>	<b>-</b>	<b>136,838</b>	<b>127,251</b>	<b>10,869</b>	<b>8,939</b>

43 (i) Information about business segments (Continued)

	Assets		Liabilities		Capital Expenditure		Non-cash expenditure			
	2019	2018	2019	2018	2019	2018	Depreciation & amortisation / Impairment (Refer note 3, 4 & 5)		Others	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Gas and Power	37,732	37,863	25,613	22,738	356	338	651	742	(460)	779
Smart Infrastructure	19,387	20,043	14,716	14,803	1,066	491	731	514	(264)	554
Mobility	7,553	7,388	6,326	5,442	130	25	113	45	100	(5)
Digital Industries	7,924	8,840	5,583	6,439	51	171	249	192	30	195
Portfolio Companies	8,562	7,832	4,653	4,909	315	236	311	299	(155)	48
Others	1,239	3,184	916	1,041	71	187	118	175	(1)	4
	<u>82,397</u>	<u>85,150</u>	<u>57,807</u>	<u>55,372</u>	<u>1,989</u>	<u>1,448</u>	<u>2,173</u>	<u>1,967</u>	<u>(750)</u>	<u>1,575</u>
Unallocated corporate items	69,707	57,342	3,861	4,066	192	113	-	-	-	-
<b>Total</b>	<u><u>152,104</u></u>	<u><u>142,492</u></u>	<u><u>61,668</u></u>	<u><u>59,438</u></u>	<u><u>2,181</u></u>	<u><u>1,561</u></u>	<u><u>2,173</u></u>	<u><u>1,967</u></u>	<u><u>(750)</u></u>	<u><u>1,575</u></u>

43 (ii) Secondary segment information

	Revenue based on location of customers		Non-Current assets	
	2019	2018	2019	2018
Within India	111,475	100,606	22,629	23,641
Outside India	25,363	26,645	-	-
<b>Total</b>	<u><u>136,838</u></u>	<u><u>127,251</u></u>	<u><u>22,629</u></u>	<u><u>23,641</u></u>

# Notes to the Financial Statements (*Continued*) for the year ended 30 September 2019 (Currency: Indian rupees millions)

## 43 (iii) Other disclosures :

- The Chief Operating Decision Maker (“CODM”) evaluates the Company’s performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit from operations as the performance indicator for all of the operating segments. The Chief Executive Officer, Chief Financial Officer and Division CEO & CFO’s are the CODM of the Company.
- Inter-segment prices are normally negotiated amongst the segments with reference to the costs, market price and business risks/ Transfer prices between operating segments are on arm’s length basis in a manner similar to the transactions with third parties.
- No operating segments have been aggregated to form the above reportable operating segments.
- Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.
- Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are managed on a group basis.
- Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.
- Profits / losses on inter segment transfers are eliminated at the Company level.

## (iv) Segment information :

During the quarter ended 30 June 2019, there has been a reorganisation of its primary reportable business segments. Accordingly, comparative figures for the previous periods have been restated.

**Business Segments:** The business of the Company is divided into seven segments. These segments are the basis for management control and hence, form the basis for reporting. The business of each segment comprises of :

- **Gas and Power :** - Provides fully integrated products, solutions and services across the energy value chain of oil and gas production, power generation and transmission for various customers such as utilities, independent power producers and engineering, procurement and construction (EPC) companies.
- **Smart Infrastructure :** - Supplier of products, systems, solutions and services for transmission and distribution of electrical energy for power utilities, industrial companies and infrastructure segments . Portfolio covers systems for low & medium voltage distribution, solutions for smart grids and energy automation, low voltage power supply systems. Provides intelligent and connected infrastructure for grids and buildings.
- **Mobility :** - Supplier of solutions for passenger and freight transportation – including rail vehicles, rail automation systems, rail electrification systems, road traffic technology and IT solutions.
- **Digital Industries :** - Contains portfolio of leading edge automation, drives and software technologies covering the complete life cycle from product design and production execution to services for discrete and process Industries.
- **Portfolio Companies :** - Supplier of products, process solutions & services across life cycles for Wind and industry sectors.
- **Others :** - Services provided to other group companies and lease rentals have been classified as “Others”.

**Geographical Segments :** The business is organised in two geographical segments i.e. within India and outside India.

### Allocation of common costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

### Unallocated corporate items :

Unallocated items include general corporate items which are not allocated to any business segment.



#### 44 Related party transactions

##### 44.1 Parties where control exists

Siemens AG Holding company

##### 44.2 Subsidiary

Siemens Rail Automations Pvt. Ltd., India Subsidiary

##### 44.3 Other related parties where transactions have taken place during the year:

Fellow Subsidiaries	Name	Country
	Siemens Spa	Algeria
	Siemens S.A.	Angola
	Siemens S.A.	Argentina
	Siemens Ltd.	Australia
	Flender Pty. Ltd.	Australia
	J.R.B. Engineering Pty Ltd	Australia
	Siemens Mobility Pty Ltd	Australia
	Siemens Aktiengesellschaft Österreich	Austria
	Siemens AG Österreich, Transformers	Austria
	Flender GmbH	Austria
	Trench Austria GmbH	Austria
	ETM professional control GmbH	Austria
	Siemens Mobility GmbH, Plant Rail Systems	Austria
	Siemens Metals Technologies Vermögensverwaltungs GmbH	Austria
	Siemens W.L.L.	Bahrain
	Siemens Bangladesh Ltd.	Bangladesh
	Siemens Healthcare Ltd.	Bangladesh
	Siemens S.A./N.V.	Belgium
	Siemens Mobility S.A. / N.V	Belgium
	Siemens Healthcare NV	Belgium
	Flender S.P.R.L.	Belgium
	Siemens Ltda.	Brazil
	Siemens Eletroeletronica Ltda.	Brazil
	Siemens Pte Ltd. Brunei Branch	Brunei
	Siemens EOOD	Bulgaria
	Siemens Canada Ltd.	Canada
	Siemens Canada Ltd. - RuggedCom	Canada
	Siemens Canada Ltd. - Process Instruments Business Unit	Canada
	Trench Ltd.	Canada
	Siemens Canada Ltd. - Dist Gen (PRW)	Canada
	Flender Corporation Canada Branch	Canada
	Siemens Healthcare Diagnostics Manufacturing Ltd.	Cayman Islands
	Siemens S.A.	Chile
	Flender S.p.A.	Chile

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 44.3 Other related parties where transactions have taken place during the year *(Continued)*

Fellow Subsidiaries	Name	Country
	Siemens Power Automation Ltd.	China
	Siemens Electrical Apparatus Ltd., Suzhou	China
	Siemens Switchgear Ltd., Shanghai	China
	Siemens Ltd., China	China
	Flender Ltd., China	China
	Siemens Factory Automation Engineering Ltd.	China
	Siemens High Voltage Switchgear Co., Ltd., Shanghai	China
	Siemens Circuit Protection Systems Ltd., Shanghai	China
	Siemens Electrical Drives Ltd.	China
	Siemens High Voltage Circuit Breaker Co., Ltd., Hangzhou	China
	Siemens Numerical Control Ltd., Nanjing	China
	Siemens Electrical Drives (Shanghai) Ltd.	China
	Siemens Power Plant Automation Ltd.	China
	Trench High Voltage Products Ltd., Shenyang	China
	Yangtze Delta Manufacturing Co. Ltd., Hangzhou	China
	Siemens Medium Voltage Switching Technologies (Wuxi) Ltd.	China
	Beijing Siemens Cerberus Electronics Ltd.	China
	Siemens Shanghai Medical Equipment Ltd.	China
	Siemens Transformer (Guangzhou) Co., Ltd.	China
	MWB (Shanghai) Co Ltd.	China
	Siemens International Trading Ltd., Shanghai	China
	Siemens Industrial Automation Products Ltd., Chengdu	China
	Siemens Healthineers Diagnostics (Shanghai) Co., Ltd.	China
	Siemens Wiring Accessories Shandong Ltd.	China
	Siemens Shenzhen Magnetic Resonance Ltd.	China
	Siemens Standard Motors Ltd.	China
	Siemens Industrial Turbomachinery (Huludao) Co. Ltd.	China
	Siemens S.A.	Colombia
	Siemens S.A.	Costa Rica
	Koncar-Energetski Transformatori, d.o.o.	Croatia
	Siemens, s.r.o.	Czech Republic
	Siemens, s.r.o., odstěpný závod Industrial Turbomachinery	Czech Republic
	Siemens Electric Machines s.r.o.	Czech Republic
	OEZ s.r.o.	Czech Republic
	Siemens Gamesa Renewable Energy A/S	Denmark
	Siemens A/S	Denmark
	Siemens, S.R.L.	Dominican Republic
	Siemens S.A.	Ecuador
	Siemens Technologies S.A.E.	Egypt

#### 44.3 Other related parties where transactions have taken place during the year (Continued)

Fellow Subsidiaries	Name	Country
	Siemens S.A.	El Salvador
	Siemens Osakeyhtiö	Finland
	Siemens SAS	France
	Trench France SAS	France
	Flender-Graffenstaden SAS	France
	Siemens SAS, Division production Process Automation, Usine de Haguenau	France
	Siemens Industry Software SAS	France
	Siemens Mobility SAS	France
	Dresser-Rand SAS	France
	Siemens Compressor Systems GmbH	Germany
	Siemens Turbomachinery Equipment GmbH	Germany
	Flender Industriegetriebe GmbH	Germany
	Siemens Heat Transfer Technology B.V. Niederlassung Deutschland	Germany
	Flender GmbH	Germany
	Siemens Mobility GmbH	Germany
	Siemens Mobility GmbH, dARE	Germany
	SYKATEC Systeme, Komponenten, Anwendungstechnologie GmbH	Germany
	Weiss Spindeltechnologie GmbH	Germany
	Siemens Healthcare Diagnostics Holding GmbH	Germany
	Trench Germany GmbH	Germany
	Siemens Bank GmbH	Germany
	HSP Hochspannungsgeräte GmbH	Germany
	Siemens Healthcare GmbH	Germany
	Siemens Industry Software GmbH	Germany
	Siemens Financial Services GmbH	Germany
	Siemens Healthcare Diagnostics Products GmbH	Germany
	Siemens Beteiligungen Inland GmbH	Germany
	evosoft GmbH	Germany
	Siemens Power Control GmbH	Germany
	Next47 GmbH	Germany
	NEO New Oncology GmbH	Germany
	Siemens Oil & Gas Equipment Ltd.	Ghana
	Siemens A.E., Electrotechnical Projects and Products	Greece
	Eviop-Tempo A.E. Electrical Equipment Manufacturers	Greece
	Siemens S.A.	Guatemala
	Siemens Ltd.	Hong Kong
	Siemens Industry Software Ltd.	Hong Kong
	Siemens Mobility Kft.	Hungary
	Siemens Zrt.	Hungary

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 44.3 Other related parties where transactions have taken place during the year *(Continued)*

Fellow Subsidiaries	Name	Country
	Siemens Zrt., Plant PG SU Budapest	Hungary
	Siemens Logistics India Pvt. Ltd.	India
	Siemens Technology and Services Pvt. Ltd.	India
	Siemens Industry Software (India) Pvt. Ltd.	India
	Siemens Healthcare Pvt. Ltd.	India
	Dresser-Rand India Pvt. Ltd.	India
	Siemens Gamesa Renewable Energy Engineering Centre Pvt. Ltd.	India
	Mentor Graphics (India) Pvt. Ltd.	India
	Siemens Financial Services Pvt. Ltd.	India
	Siemens Convergence Creators Pvt. Ltd.	India
	Siemens Factoring Pvt. Ltd.	India
	PETNET Radiopharmaceutical Solutions Pvt. Ltd.	India
	Siemens Industry Software Computational Dynamics India Pvt. Ltd.	India
	Preactor Software India Pvt. Ltd.	India
	Mentor Graphics (Sales and Services) Pvt. Ltd.	India
	Calypto Design Systems India Pvt. Ltd.	India
	Fast Track Diagnostics Asia Pvt. Ltd.	India
	P.T. Siemens Indonesia	Indonesia
	PT Siemens Mobility Indonesia	Indonesia
	PT. Siemens Industrial Power	Indonesia
	Siemens Sherkate Sahami (Khas)	Iran
	Mentor Graphics (Ireland) Ltd.	Ireland
	Siemens Israel Ltd.	Israel
	Siemens S.p.A.	Italy
	Trench Italia S.r.l.	Italy
	Siemens Transformers S.r.l.	Italy
	Flender Italia S.r.l.	Italy
	Siemens K.K.	Japan
	Siemens SARL	Ivory Coast
	Siemens TOO	Kazakhstan
	Siemens Ltd. Seoul	Korea
	Siemens Electrical & Electronic Services K.S.C.C.	Kuwait
	Siemens Malaysia Sdn. Bhd.	Malaysia
	Dresser-Rand Asia Pacific Sdn. Bhd.	Malaysia
	Siemens, S.A. de C.V.	Mexico
	Siemens Servicios S.A. de C.V.	Mexico
	Siemens Innovaciones S.A. de C.V.	Mexico
	Siemens S.A.	Morocco
	Siemens Plant Operations Tahaddart SARL	Morocco
	Siemens Nederland N.V.	Netherlands

#### 44.3 Other related parties where transactions have taken place during the year (Continued)

Fellow Subsidiaries	Name	Country
	Siemens Nederland N.V. (Dependent ARE 456b)	Netherlands
	Siemens Heat Transfer Technology B.V.	Netherlands
	Siemens Industry Software B.V.	Netherlands
	Flender B.V.	Netherlands
	Siemens (N.Z.) Ltd.	New Zealand
	Siemens Ltd.	Nigeria
	Siemens AS	Norway
	Siemens L.L.C.	Oman
	Siemens Pakistan Engineering Co. Ltd.	Pakistan
	Siemens S.A.C.	Peru
	Siemens, Inc.	Philippines
	Siemens Power Operations, Inc.	Philippines
	Siemens Sp. z o.o.	Poland
	Siemens S.A.	Portugal
	Siemens W.L.L.	Qatar
	Siemens S.R.L.	Romania
	SIMEA S.R.L., Plan SEIT Sibiu	Romania
	OOO Siemens	Russia
	OOO Siemens Gas Turbine Technologies	Russia
	Siemens Ltd.	Saudi Arabia
	Arabia Electric Ltd. (Equipment)	Saudi Arabia
	Dresser-Rand Arabia LLC	Saudi Arabia
	ISCOSA Industries and Maintenance Ltd.	Saudi Arabia
	Siemens d.o.o. Beograd	Serbia
	Siemens Pte. Ltd.	Singapore
	Power Automation Pte. Ltd.	Singapore
	Siemens Mobility Pte. Ltd.	Singapore
	Siemens Healthcare Pte. Ltd.	Singapore
	Flender Pte. Ltd.	Singapore
	Siemens s.r.o.	Slovakia
	Siemens Mobility, s.r.o.	Slovakia
	Siemens d.o.o.	Slovenia
	Siemens Proprietary Ltd.	South Africa
	Flender (Pty) Ltd.	South Africa
	Siemens Mobility (Pty) Ltd.	South Africa
	Siemens S.A.	Spain
	Fábrica Electrotécnica Josa, S.A.U.	Spain
	Siemens Mobility, S.L.U.	Spain
	Flender Iberica SI	Spain
	Siemens Rail Automation S.A.U.	Spain

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 44.3 Other related parties where transactions have taken place during the year *(Continued)*

Fellow Subsidiaries	Name	Country
	Siemens Industrial Turbomachinery AB	Sweden
	Siemens AB	Sweden
	Siemens Schweiz AG	Switzerland
	Siemens Schweiz AG, Smart Infrastructure, Global Headquarters	Switzerland
	Dresser Rand Sales Company GmbH	Switzerland
	Siemens Ltd.	Taiwan
	Siemens Ltd.	Thailand
	Siemens Mobility Ltd.	Thailand
	Siemens Sanayi ve Ticaret Anonim Sirketi	Turkey
	Flender Mekanik Güc Aktarma Sistemleri Sanayi ve Ticaret Anonim Sirketi	Turkey
	Siemens Finansal Kiralama A.S.	Turkey
	Siemens Ukraine	Ukraine
	Siemens LLC	UAE
	SD (Middle East) LLC	UAE
	Siemens Industrial Turbomachinery Ltd.	UK
	Siemens plc	UK
	Siemens Transmission & Distribution Ltd.	UK
	Industrial Turbine Company (UK) Ltd.	UK
	I DT Factory Congleton	UK
	Siemens Protection Devices Ltd.	UK
	Siemens HC Ltd. MR Magnet Technology	UK
	Flender Ltd.	UK
	Siemens Industry, Inc.	USA
	Siemens Energy, Inc.	USA
	Siemens Energy, Inc. (US) - Fossil Products (OPP)	USA
	Siemens Energy, Inc. (US) - Oil& Gas (PT2)	USA
	Flender Corporation	USA
	Siemens Energy, Inc. (US) - Dist Gen (PS1)	USA
	Dresser-Rand Company	USA
	eMeter Corporation	USA
	Siemens Corporation	USA
	Siemens Product Lifecycle Management Software Inc.	USA
	Siemens Demag Delaval Turbomachinery, Inc.	USA
	Siemens Power Generation Service Company, Ltd.	USA
	Siemens Mobility, Inc	USA
	Siemens Healthcare Diagnostics Inc.	USA
	Siemens Medical Solutions USA, Inc.	USA
	Enlighted, Inc.	USA
	Siemens Ltd.	Vietnam

<b>44.4</b>	<b>Key Managerial personnel</b>	<b>Name</b>
	<b><i>Whole-Time Directors</i></b>	Mr. Sunil Mathur Mr. Christian Rummel (upto 31.08.2019) Dr. Daniel Spindler (w.e.f. 01.09.2019)
	<b><i>Company Secretary</i></b>	Mr. Ketan Thaker
	<b><i>Non-Executive Directors</i></b>	Mr. Josef Kaeser Mr. Cedrik Neike Mr. Johannes Apitzsch Ms. Mariel von Schumann
	<b><i>Independent Directors</i></b>	Mr. Deepak Parekh Mr. Yezdi Malegam Mr. Darius Shroff Mr. Keki Dadiseth Mr. Mehernosh Kapadia Ms. Anjali Bansal (Director w.e.f. 1.4.2019)
	<b><i>Managing board of SAG</i></b>	Mr. Josef Kaeser Dr. Roland Busch Ms. Lisa Davis Mr. Klaus Helmrich Ms. Janina Kugel Mr. Cedrik Neike Mr. Michael Sen Mr. Ralf P.Thomas
<b>44.5</b>	<b>Others</b>	Siemens India Ltd. Indian Staff Provident Fund Siemens India Ltd. Gratuity Fund Indian School of Business (Common director) Breach Candy Hosp. Trust (Common director) Omnicom India Marketing Advisory Services Pvt. Ltd. Bharatiya Reserve Bank Note Mudran Pvt. Ltd.

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 44.6 Related party transactions

Description	2019					2018				
	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others
<b>Revenue (net of taxes)</b>										
- Siemens AG	6,215	-	-	-	-	7,199	-	-	-	-
- Siemens Rail Automation Pvt. Ltd.	-	29	-	-	-	-	25	-	-	-
- Siemens W.L.L.	-	-	207	-	-	-	-	2,370	-	-
- Others	-	-	7,419	-	3	-	-	5,655	-	3
<b>Commission income</b>										
- Siemens AG	67	-	-	-	-	100	-	-	-	-
- Siemens Industrial Turbomachinery Ltd.	-	-	35	-	-	-	-	24	-	-
- Siemens Energy, Inc. (US) - Dist. Gen (PS1)	-	-	24	-	-	-	-	34	-	-
- Industrial Turbine Company (UK) Ltd.	-	-	20	-	-	-	-	43	-	-
- Trench High Voltage Products Ltd., Shenyang	-	-	15	-	-	-	-	20	-	-
- Siemens Industrial Turbomachinery AB	-	-	15	-	-	-	-	2	-	-
- Others	-	-	13	-	-	-	-	10	-	-
<b>Recoveries from group companies</b>										
- Siemens AG	1,022	-	-	-	-	1,094	-	-	-	-
- Siemens Rail Automation Pvt. Ltd.	-	11	-	-	-	-	11	-	-	-
- Siemens Technology and Services Pvt. Ltd. (STS)	-	-	206	-	-	-	-	172	-	-
- Siemens Healthcare Private Limited	-	-	74	-	-	-	-	70	-	-
- Others	-	-	319	-	-	-	-	242	-	-
<b>Reimbursement of expenses received</b>										
- Siemens AG	685	-	-	-	-	888	-	-	-	-
- Siemens Rail Automation Pvt. Ltd.	-	-	-	-	-	-	*	-	-	-
- Siemens Mobility GmbH	-	-	32	-	-	-	-	8	-	-
- Siemens Energy, Inc.	-	-	28	-	-	-	-	11	-	-
- Siemens Ltd., Thailand	-	-	18	-	-	-	-	8	-	-
- Siemens Proprietary Ltd.	-	-	5	-	-	-	-	25	-	-
- Others	-	-	96	-	-	-	-	125	-	-
<b>Purchase of goods and services</b>										
- Siemens AG	26,170	-	-	-	-	29,992	-	-	-	-
- Siemens Rail Automation Pvt. Ltd.	-	57	-	-	-	-	69	-	-	-
- Flender GmbH	-	-	1,859	-	-	-	-	1,100	-	-
- Siemens High Voltage Switchgear Co., Ltd., Shanghai	-	-	1,549	-	-	-	-	867	-	-
- Others	-	-	11,055	-	-	-	-	8,526	-	-

\* denotes figures less than a million



#### 44.6 Related party transactions (Continued)

Description	2019					2018				
	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others
<b>Rent income</b>										
- Siemens Rail Automation Pvt. Ltd.	-	*	-	-	-	-	-	-	-	-
- Siemens Healthcare Pvt. Ltd.	-	-	138	-	-	-	-	149	-	-
- Siemens Financial Services Pvt. Ltd.	-	-	81	-	-	-	-	76	-	-
- Siemens Technology and Services Pvt. Ltd. (STS)	-	-	68	-	-	-	-	73	-	-
- Others	-	-	52	-	-	-	-	57	-	-
<b>Interest income</b>										
- Siemens Financial Services Pvt. Ltd.	-	-	616	-	-	-	-	521	-	-
- Siemens Rail Automation Pvt. Ltd.	-	*	-	-	-	-	5	-	-	-
- Others	-	-	51	-	-	-	-	14	-	-
<b>Bank guarantee charges</b>										
- Siemens AG	102	-	-	-	-	111	-	-	-	-
- Others	-	-	1	-	-	-	-	*	-	-
<b>Dividend paid (on payment basis)</b>										
- Siemens AG	1,787	-	-	-	-	1,787	-	-	-	-
- Siemens Metals Technologies Vermögensverwaltungs GmbH	-	-	82	-	-	-	-	82	-	-
<b>Purchase of fixed assets / investment property / capital work in progress</b>										
- Siemens AG	64	-	-	-	-	43	-	-	-	-
- Flender Ltd., China	-	-	88	-	-	-	-	-	-	-
- Flender GmbH	-	-	18	-	-	-	-	35	-	-
- Siemens Ltda.	-	-	5	-	-	-	-	13	-	-
- Others	-	-	14	-	-	-	-	1	-	-
<b>Sale of fixed assets / investment property</b>										
- Siemens Osakeyhtiö	-	-	-	-	-	-	-	10	-	-
<b>KMP Remuneration **</b>										
- Mr. Sunil Mathur										
Short term employee benefits	-	-	-	126	-	-	-	-	122	-
Post-employment benefits	-	-	-	6	-	-	-	-	5	-
Share based payments	-	-	-	3	-	-	-	-	29	-
- Mr. Christian Rummel										
Short term employee benefits	-	-	-	56	-	-	-	-	59	-
Share based payments	-	-	-	3	-	-	-	-	16	-

\* denotes figures less than a million

\*\* Remuneration does not include the provisions made for gratuity, leave and medical benefits, as they are determined on an actuarial basis for the company as a whole. Remuneration in the form of stock awards are included only upon vesting.

Notes to the Financial Statements *(Continued)*  
for the year ended 30 September 2019  
(Currency: Indian rupees millions)

44.6 Related party transactions *(Continued)*

Description	2019					2018				
	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others
<b>KMP Remuneration ** (Continued)</b>										
- Dr. Daniel Spindler										
Short term employee benefits	-	-	-	3	-	-	-	-	-	-
- Mr. Ketan Thaker										
Short term employee benefits	-	-	-	6	-	-	-	-	5	-
Post-employment benefits	-	-	-	*	-	-	-	-	*	-
Share based payments	-	-	-	*	-	-	-	-	*	-
<b>Payment to Trusts</b>										
- Siemens India Ltd. Indian Staff Provident Fund	-	-	-	-	421	-	-	-	-	390
- Siemens India Ltd. Gratuity Fund	-	-	-	-	379	-	-	-	-	344
<b>Sitting fees to Independent Directors/ Non-executive Directors</b>										
	-	-	-	3	-	-	-	-	3	-
<b>Commission to Independent Directors/Non-executive Directors</b>										
	-	-	-	19	-	-	-	-	16	-
<b>Loans / Inter Corporate Deposits given</b>										
- Siemens Financial Services Pvt. Ltd.	-	-	5,970	-	-	-	-	8,390	-	-
- Siemens Technology and Services Pvt. Ltd. (STS)	-	-	2,258	-	-	-	-	2,122	-	-
- Siemens Rail Automation Pvt. Ltd.	-	15	-	-	-	-	25	-	-	-
- Others	-	-	1,184	-	-	-	-	545	-	-
<b>Repayment of Loans / Inter corporate deposits given</b>										
- Siemens Financial Services Pvt. Ltd.	-	-	6,500	-	-	-	-	6,050	-	-
- Siemens Rail Automation Pvt. Ltd.	-	15	-	-	-	-	175	-	-	-
- Siemens Technology and Services Pvt. Ltd. (STS)	-	-	2,258	-	-	-	-	2,122	-	-
- Others	-	-	889	-	-	-	-	200	-	-
<b>Factoring of trade receivables ***</b>										
- Siemens Financial Services Pvt. Ltd.	-	-	209	-	-	-	-	958	-	-
- Siemens Factoring Pvt. Ltd.	-	-	192	-	-	-	-	431	-	-
<b>Outstanding Balances</b>										
<b>Receivables</b>										
- Siemens AG	1,236	-	-	-	-	1,093	-	-	-	-
- Siemens Rail Automation Pvt. Ltd.	-	3	-	-	-	-	2	-	-	-
- Siemens Proprietary Ltd.	-	-	268	-	-	-	-	27	-	-
- Siemens S.A., Colombia	-	-	159	-	-	-	-	*	-	-
- Siemens W.L.L.	-	-	93	-	-	-	-	443	-	-
- Others	-	-	1,000	-	-	-	-	1,255	-	-

\* denotes figures less than a million

\*\* Remuneration does not include the provisions made for gratuity, leave and medical benefits, as they are determined on an actuarial basis for the company as a whole. Remuneration in the form of stock awards are included only upon vesting.

\*\*\* The Company has entered into factoring arrangement for certain trade receivables on a non recourse basis. Collections arising of the said arrangement amounting to ₹ 401 (2018: ₹ 1,389) have been adjusted.

#### 44.6 Related party transactions (Continued)

Description	2019					2018				
	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others	Holding Company	Subsidiary	Fellow Subsidiaries	Key managerial personnel	Others
<b>Payables</b>										
- Siemens AG	5,481	-	-	-	-	6,464	-	-	-	-
- Siemens Rail Automation Pvt. Ltd.	-	29	-	-	-	-	14	-	-	-
- Siemens Energy, Inc. (US) - Dist. Gen (PS1)	-	-	1,167	-	-	-	-	680	-	-
- Siemens High Voltage Switchgear Co., Ltd., Shanghai	-	-	887	-	-	-	-	149	-	-
- Siemens W.L.L.	-	-	23	-	-	-	-	610	-	-
- Others	-	-	2,866	-	-	-	-	2,590	-	-
<b>Loans / Inter corporate deposits to related parties</b>										
- Siemens Financial Services Pvt. Ltd.	-	-	7,610	-	-	-	-	8,140	-	-
- Siemens Factoring Pvt. Ltd.	-	-	820	-	-	-	-	525	-	-
<b>Interest receivable on Inter corporate deposits</b>										
- Siemens Financial Services Pvt. Ltd.	-	-	50	-	-	-	-	62	-	-
- Siemens Factoring Pvt. Ltd.	-	-	4	-	-	-	-	2	-	-
<b>KMP remuneration payable **</b>										
- Mr. Sunil Mathur	-	-	-	64	-	-	-	-	61	-
- Mr. Christian Rummel	-	-	-	24	-	-	-	-	26	-
- Mr. Ketan Thaker	-	-	-	1	-	-	-	-	*	-
- Dr. Daniel Spindler	-	-	-	*	-	-	-	-	-	-

\* denotes figures less than a million

\*\* Remuneration does not include the provisions made for gratuity, leave and medical benefits, as they are determined on an actuarial basis for the company as a whole. Remuneration in the form of stock awards are included only upon vesting.

All transactions entered into with related parties defined under the Companies Act, 2013 during the financial year, were on arm's length pricing basis.

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 45 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' :

##### (i) Defined Contribution Plans

Amount of ₹ 183 (2018: ₹ 186) is recognised as an expense and included in "Employee benefits expense" (Refer note 35) in the Statement of Profit and Loss.

##### (ii) Defined Benefit Plans

a) Amounts for the current period are as follows :

	Gratuity		Pension		Medical	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018	Sept 2019	Sept 2018
<b>I Change in defined benefit obligation</b>						
Liability at the beginning of the year	2,268	2,360	152	191	921	763
Expenses recognised in profit and loss Account						
- Interest cost	181	163	11	13	76	53
- Current service cost	203	214	-	-	38	31
- Past service cost	-	-	-	-	-	29
Recognised in Other Comprehensive Income						
Remeasurement (gains) / losses						
Actuarial (gain) / loss arising from						
i Change in demographic assumptions	-	-	-	-	-	-
ii Change in financial assumptions	332	(314)	18	(8)	181	(166)
iii Experience variance	9	65	131	(7)	(20)	262
Benefits paid	(286)	(220)	(37)	(37)	(62)	(51)
Liability at the end of the year	<u>2,707</u>	<u>2,268</u>	<u>275</u>	<u>152</u>	<u>1,134</u>	<u>921</u>

<b>II Fair value of plan assets</b>						
Fair value of plan assets at the beginning of the year	1,712	1,549	-	-	-	-
Expenses recognised in profit and loss Account	-	-	-	-	-	-
- Return on plan assets	150	112	-	-	-	-
Remeasurement gains / (losses)						
- Actuarial gain / (loss) on plan assets	(16)	(74)	-	-	-	-
Contributions	378	345	-	-	-	-
Benefits paid	(286)	(220)	-	-	-	-
Fair value of plan assets at the end of the year	<u>1,938</u>	<u>1,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

45 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' : (Continued)

(ii) Defined Benefit Plans (Continued)

	Gratuity		Pension		Medical	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018	Sept 2019	Sept 2018
<b>III Actual return on plan assets</b>						
Return on plan assets	150	112	-	-	-	-
Actuarial gain / (loss) on plan assets	(16)	(74)	-	-	-	-
Actual return on plan assets	<u>134</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>IV Amount recognised in the balance sheet</b>						
Defined benefit obligation at the end of the year	2,707	2,268	275	152	1,134	921
Fair value of plan assets at the end of the year	<u>1,938</u>	<u>1,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Surplus) / Deficit	769	556	275	152	1,134	921
Effect Of Asset Ceiling	-	-	-	-	-	-
Current portion of the above	769	556	35	32	62	63
Non Current portion of the above	-	-	240	120	1,072	858

<b>V.a Expenses recognised in the Statement of Profit and Loss</b>						
Net Interest Expense	31	51	11	13	76	53
Current service cost	203	214	-	-	38	31
Past service cost	-	-	-	-	-	29
Expense recognised in Statement of Profit and Loss	<u>234</u>	<u>265</u>	<u>11</u>	<u>13</u>	<u>114</u>	<u>113</u>

<b>V.b Included in Other Comprehensive Income</b>						
Return on plan assets excluding net interest	16	74	-	-	-	-
Net actuarial (gain) / loss recognised	<u>341</u>	<u>(249)</u>	<u>149</u>	<u>(15)</u>	<u>161</u>	<u>96</u>
Actuarial (gain) / loss recognised in OCI	<u>357</u>	<u>(175)</u>	<u>149</u>	<u>(15)</u>	<u>161</u>	<u>96</u>

Notes to the Financial Statements *(Continued)*  
for the year ended 30 September 2019  
(Currency: Indian rupees millions)

45 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' : *(Continued)*

(ii) Defined Benefit Plans *(Continued)*

	Gratuity		Pension		Medical	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018	Sept 2019	Sept 2018
<b>VI Actuarial Assumptions</b>						
Discount Rate	7.23%	8.51%	7.23%	8.51%	7.23%	8.51%
Attrition rate:						
up to 30 years	15.00%	15.00%	-	-	15.00%	15.00%
31-50 years	3.00%	3.00%	-	-	3.00%	3.00%
above 50 years	2.00%	2.00%	-	-	2.00%	2.00%
Salary Escalation / Pension increase rate / Medical cost increase rate	8.00%	8.00%	5.00%	5.00%	3.50%	3.50%
<b>VII Sensitivity</b>						
Change in Liability for 0.5% decrease in discount rate	150	116	8	3	87	60
Change in Liability for 0.5% increase in discount rate	(138)	(107)	(7)	(3)	77	(53)
Change in Liability for 0.5% decrease in salary/ medical inflation rate	(138)	(108)	(7)	(3)	(64)	(31)
Change in Liability for 0.5% increase in salary/ medical inflation rate	148	116	7	3	72	33
<b>VIII Maturity Profile of Defined Benefit Obligation (Undiscounted amount)</b>						
Year 1	120	125	36	32	64	63
Year 2	182	179	35	29	66	63
Year 3	169	193	34	25	69	65
Year 4	235	172	33	22	71	66
Year 5	218	206	31	19	73	67
Years 6 to 10	1,581	924	128	63	420	376
<b>IX Weighted Average Duration of Defined Benefit Obligation</b>						
Duration (Years)	11.20	14.45	5.80	4.09	15.10	13.36

**45 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' : (Continued)**

**(ii) Defined Benefit Plans (Continued)**

- b) The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2018-19 and the method of assumption used in preparing sensitivity analysis did not change compared to previous year.
- c) The fund formed by the Company manages the investments of the Gratuity fund. Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities. The Company expects to contribute ₹120 (2018: ₹ 125) to gratuity fund in 2019-20.

The investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes the asset liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally it aims to have a portfolio mix of equity instruments and debt instruments to minimize the risk exposed to investment.

- d) 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.
- e) The Company has contributed ₹ 551 (2018: ₹ 556) towards provident fund during the year ended 30 September 2019. The Guidance note issued by the Institute of Actuaries of India states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. The Actuary has accordingly provided a valuation and based on the assumptions provided below there is no shortfall as at 30 September 2019.

**The details of the fund and plan asset position as at 30 September are as follows:**

	Sept 2019	Sept 2018
Present value of benefit obligation at year end	11,852	10,451
Fair value of plan assets at year end	12,121	10,874
Shortfall / (Surplus)	(269)	(423)
Effect due to Asset Ceiling	269	423

**Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:**

	Sept 2019	Sept 2018
Government of India securities (GOI) bond yield	7.23%	8.51%
Remaining term of maturity (in years)	13.63	14.45
Expected guaranteed interest rate	8.60%	8.55%

**(iii) General descriptions of significant defined plans**

**I Gratuity Plan**

Gratuity is payable to all eligible employees of the Company 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.

# Notes to the Financial Statements (*Continued*) for the year ended 30 September 2019 (Currency: Indian rupees millions)

## 45 Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' : (*Continued*)

### (iii) General descriptions of significant defined plans (*Continued*)

#### II Medical

Post retirement medical benefit is paid to the retired employees and their spouse 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 Pension

Pension is paid to management cadre employees of the company, who retired before March 1998. Pension is paid on monthly basis. In case of death in retirement, 100 percent pension is paid to the spouse for first six months and then 60 percent thereafter.

### (iv) Broad category of Fair value of plan assets & as a percentage of total plan assets of the Gratuity plan

Particulars (Unquoted)	2019		2018	
	Amount	%	Amount	%
Equity Instruments	31	1.55%	23	1.34%
Debt Instruments	1,907	98.45%	1,689	98.66%
<b>Total Plan Assets</b>	<b>1,938</b>	<b>100.00%</b>	<b>1,712</b>	<b>100.00%</b>

46 Earnings per share:	Sept 2019	Sept 2018
Weighted average number of equity shares outstanding during the year	356,120,255	356,120,255
Profit after tax	10,869	8,939
<b>Basic and diluted earnings per share</b>	<b>30.52</b>	<b>25.10</b>

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

The Company has amounts due to suppliers under MSMED as at 30 September. The disclosure pursuant to the said Act is as under:

	Sept 2019	Sept 2018
Principal amount due to suppliers under MSMED Act.	2,116	1,249
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid.#	3	2
Payment made to suppliers (other than interest) beyond the appointed day during the year.	9,596	10,531
Interest due and payable towards suppliers under MSMED Act towards payments already made.	156	151
Interest accrued and remaining unpaid at the end of the accounting year.	159	153

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

# Interest accrued is considered due upon claim from vendors



#### 48 Share-based payment transactions

Share matching plan (SMP) and Siemens Stock Awards (SSA) at Siemens Ltd are classified as cash-settled transactions. The employees of the Company are eligible for the Holding Company's share awards, i.e. SMP and SSA. Under SMP the employee may invest a specified part of their compensation in the Holding Company's shares and at the end of 3 years (vesting period) employee gets one free share for every three shares purchased.

Under SSA, the Company grants stock awards of the Holding Company's shares to the Chief Executive Officer, Chief Financial Officer, members of senior management and other eligible employees. The vesting period is 4 years, after which the beneficiary gets certain number of shares which is tied to the performance of the employee in case of CEO Special Allocation scheme and performance of the Holding Company in case of Performance Oriented Siemens Stock Awards.

At the end of each reporting period, the Company recognises the fair value of the liability and the expense at each reporting period at the market price of the Holding Company's share.

Under Siemens Profit Sharing (SPS), shares of the Holding Company are granted to the eligible employees on achievement of the targets by the Holding Company.

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

	Sept 2019	Sept 2018
Other current financial liabilities	207	154
Other non-current financial liabilities	238	328
<b>Total carrying amount of the liabilities</b>	<b>445</b>	<b>482</b>

Effect of Share-based payment transaction on the profit & loss, shown under the head Employee benefit expense is ₹ 110 (2018: ₹ 285)

#### 49 Derivative Instruments

##### a) Forward Contracts and Option contracts

The Company uses forward contracts and options to mitigate its risks associated with foreign currency fluctuations having underlying transaction and relating to firm commitments or highly probable forecast transactions. The Company does not enter into any forward and options contracts which are intended for trading or speculative purposes.

The forward exchange and options contracts are fair valued at each reporting date with the resultant gains / losses thereon being recorded in Statement of Profit and Loss.

The details of forward contracts outstanding at the year end are as follows:

Currency	Buy			Sell		
	Number of contracts	Amount	Indian rupees equivalent	Number of contracts	Amount	Indian rupees equivalent
<b>US Dollar</b>						
30 Sept 2019	342	113	8,036	442	294	20,864
30 Sept 2018	394	132	9,587	385	268	19,445
<b>Euro</b>						
30 Sept 2019	657	199	15,385	338	151	11,690
30 Sept 2018	626	180	15,148	289	146	12,279
<b>Qatari Riyal</b>						
30 Sept 2019	2	1	17	2	30	584
30 Sept 2018	3	2	34	3	72	1,441

## Notes to the Financial Statements (*Continued*) as at 30 September 2019 (Currency: Indian rupees millions)

### 49 Derivative Instruments (*Continued*)

#### b) Significant unhedged exposures in various foreign currencies as at the year end:

##### Payables

	Foreign currency		Indian rupees	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018
Bangladesh Taka	71	11	59	9
Sri Lankan Rupee	335	189	130	81
Qatari Riyal	-	2	-	37

##### Receivables and bank balances

	Foreign currency		Indian rupees	
	Sept 2019	Sept 2018	Sept 2019	Sept 2018
Bangladesh Taka	152	96	128	83
Sri Lankan Rupee	365	90	142	39
Qatari Riyal	15	34	293	680

The forward contracts have been converted in Indian rupees, at the spot rates, as at 30 September to facilitate reading purposes only.

The Company has a policy of hedging its foreign currency exposure on a net basis.

#### c) Commodity Contracts

The Company uses Commodity Future Contracts to hedge against fluctuation in commodity prices. The following are outstanding future contracts entered into by the Company as at the year end.

Year	Commodity	Number of Contracts	Buy / Sell
Sept 2019	Copper	1,376	Buy
	Aluminium	1,561	Buy
	Silver	152	Buy
Sept 2018	Copper	3,739	Buy
	Aluminium	482	Buy
	Silver	177	Buy

**Note:** Each contract of copper is of 2,500 kg (2018: 1,000 kg), Aluminium is of 1,000 kg (2018: 1,000 kg) and silver is of 30 kg

### 50 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 are 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 Company funds its operations through internal accruals. The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders.

## 51 Financial Instruments

### A) Accounting Classifications and Fair Values

#### i) Category-wise classification for applicable financial assets:

Particulars	Notes	Carrying value / Fair value	
		Sept 2019	Sept 2018
<b>I. Measured at fair value through Profit or Loss (FVTPL):</b>			
(a) Derivative contracts not designated as cash flow hedges	9 & 18	693	610
<b>Total I</b>		<u>693</u>	<u>610</u>
<b>II. Measured at amortised cost:</b>			
(a) Investments	6	550	550
(b) Trade Receivables	7 & 14	38,762	37,249
(c) Loans	8 & 17	8,513	8,732
(d) Cash and cash equivalents and other bank balances	15 & 16	48,913	36,457
(e) Other assets (excluding derivative contracts)	9 & 18	2,705	2,493
<b>Total II</b>		<u>99,443</u>	<u>85,481</u>
<b>III. Measured at fair value through Other Comprehensive Income (FVTOCI):</b>			
(a) Derivative contracts designated as cash flow hedges	18	24	18
<b>Total III</b>		<u>24</u>	<u>18</u>
<b>Total (I+II+III)</b>		<u><u>100,160</u></u>	<u><u>86,109</u></u>

#### ii) Category-wise classification for applicable financial liabilities:

Particulars	Notes	Sept 2019	Sept 2018
<b>I. Measured at fair value through Profit or Loss (FVTPL):</b>			
(a) Derivative contracts not designated as cash flow hedges	24 & 27	651	1,265
(b) Liabilities related to share based payments	24 & 27	445	482
<b>Total I</b>		<u>1,096</u>	<u>1,747</u>
<b>II. Measured at amortised cost:</b>			
(a) Trade payables		32,907	30,304
(b) Other liabilities (excluding derivative contracts)	24 & 27	2,503	2,756
<b>Total II</b>		<u>35,410</u>	<u>33,060</u>
<b>III. Measured at fair value through Other Comprehensive Income (FVTOCI):</b>			
(a) Derivative contracts designated as cash flow hedges	27	-	7
<b>Total III</b>		<u>-</u>	<u>7</u>
<b>Total (I+II+III)</b>		<u><u>36,506</u></u>	<u><u>34,814</u></u>

The carrying amounts of financial instruments such as cash and cash equivalents, other bank balances, short term loans, trade receivables, trade payables, current security deposits and other current financial assets and liabilities (except derivative financial instrument those being measured at fair value through other comprehensive income) are considered to be same as their fair values due to their short term nature.

# Notes to the Financial Statements (*Continued*)

## as at 30 September 2019

### (Currency: Indian rupees millions)

#### 51 Financial Instruments (*Continued*)

##### B) Fair Value Hierarchy

The following table provides fair value measurement hierarchy of financial instruments as referred in note (A) above:

##### Quantitative disclosures fair value measurement hierarchy as at 30 September 2019:

	Level 1	Level 2	Level 3	Total
<b>Assets at Fair value</b>				
<b>I. Fair values through profit and loss</b>				
(a) Derivative contracts not designated as cash flow hedges	-	693	-	<b>693</b>
<b>II. Fair value through Other Comprehensive Income</b>				
(a) Derivative contracts designated as cash flow hedges	-	24	-	<b>24</b>
<b>Liabilities at Fair value</b>				
<b>I. Fair values through profit and loss</b>				
(a) Derivative contracts not designated as cash flow hedges	-	651	-	<b>651</b>
(b) Liabilities related to share based payments	-	445	-	<b>445</b>
<b>II. Fair value through Other Comprehensive Income</b>				
(a) Derivative contracts designated as cash flow hedges	-	-	-	-

##### Quantitative disclosures fair value measurement hierarchy as at 30 September 2018:

	Level 1	Level 2	Level 3	Total
<b>Assets at Fair value</b>				
<b>I. Fair values through profit and loss</b>				
(a) Derivative contracts not designated as cash flow hedges	-	610	-	<b>610</b>
<b>II. Fair value through Other Comprehensive Income</b>				
(a) Derivative contracts designated as cash flow hedges	-	18	-	<b>18</b>
<b>Liabilities at Fair value</b>				
<b>I. Fair values through profit and loss</b>				
(a) Derivative contracts not designated as cash flow hedges	-	1,265	-	<b>1,265</b>
(b) Liabilities related to share based payments	-	482	-	<b>482</b>
<b>II. Fair value through Other Comprehensive Income</b>				
(a) Derivative contracts designated as cash flow hedges	-	7	-	<b>7</b>

The Company enters into foreign exchange forward contracts, which are valued using valuation techniques that employs the use of market observable inputs.

There have been no transfers between Level 1 and Level 2 during the period.

## 52 Financial Risk Management

The Company's principal financial liabilities comprise of trade payable, security deposits and other financial liabilities. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and other financial assets that arise from its operations. The Company also enters into hedging transactions to cover foreign exchange exposure risk.

The Company's operating business is exposed to market risk, credit risk and liquidity risk. In order to optimize the allocation of the financial resources across the segments, as well as to achieve its aims, the Company identifies, analyses and manages the associated market risks. The Company seeks to manage and control these risks primarily through its regular operating activities and uses derivative financial instruments when deemed appropriate. All derivative activities for risk management purposes are carried out by teams that have the appropriate skills, experience and supervision. The Company has a Risk Management Committee, which ensures that the Company's financial risk taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and mitigated in accordance with the Company's policies and overall risk appetite.

### A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency rate risk and interest rate risk. Financial instrument affected by market risks includes deposits, derivative financial instruments, trade receivables, trade payables and other financials assets.

#### Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes on foreign exchange rate. The Company operates internationally and transacts in several currencies and has foreign currency trade receivables and trade payables. Hence, the Company is exposed to foreign exchange risk. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

#### Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in major currencies like US Dollar and Euro with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars		Effect on profit before tax		Effect on equity (net of tax)	
		Sept 2019	Sept 2018	Sept 2019	Sept 2018
US Dollar	+ 5%	599	437	-	-
	- 5%	(599)	(437)	-	-
Euro	+ 5%	31	64	-	*
	- 5%	(31)	(64)	-	*

\* denotes figures less than a million

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Consequently, could have unforeseen impact on Company's cost of borrowing or returns thus impacting the profit and loss.

The Company does not have any borrowings. Surplus funds are invested in deposits at fixed interest rates. The tenure of the deposits is managed to match with the liquidity profile of the Company.

### B 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, foreign exchange transactions and other financial instruments.

# Notes to the Financial Statements *(Continued)*

## for the year ended 30 September 2019

### (Currency: Indian rupees millions)

#### 52 Financial Risk Management *(Continued)*

##### 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 reconciliation of ECL is as follows:

Particulars	Sept 2019	Sept 2018
Balance at the beginning of the year	1,790	2,095
Loss allowance based on ECL	113	(305)
Balance at the year end	1,903	1,790

##### Other financial assets

Credit risk from cash and cash equivalents, term deposits and derivative financial instruments is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds, temporarily, are made only with approved counter parties and within credit limits assigned to each counterparty. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

#### C 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
<b>As at 30 Sept 2019</b>				
Trade Payables		32,907	32,890	17
Derivative contracts	24 & 27	651	567	84
Other financial liabilities	24 & 27	2,948	2,710	238
		36,506	36,167	339
<b>As at 30 Sept 2018</b>				
Trade Payables		30,304	30,302	2
Derivative contracts	24 & 27	1,272	1,221	51
Other financial liabilities	24 & 27	3,238	2,831	407
		34,814	34,354	460

- 53 The Company is eligible for incentives on export of certain goods and services under the Merchandise Exports from India Scheme and Service Exports from India Scheme respectively, under the Foreign Trade Policy for the period 2015-2020. During the previous year, the Company had started receiving the licenses under the schemes and consequently recognised an amount of ₹ 1,333 (including an amount of ₹ 852 for earlier years) which is reflected in "Other operating revenue".
- 54 The board of directors of the Company, at their meeting held on 21 February 2018, has agreed in-principle, subject to terms and conditions to be determined, to sell
- (i) its Mobility Division and its wholly owned subsidiary Siemens Rail Automation Private Limited, to Siemens AG, Germany ("SAG") or its subsidiary.
  - (ii) its Mechanical Drives business (included in Portfolio Companies Segment) to SAG or its subsidiary.
- It has been decided not to pursue the matter for the time being.
- 55 Detailed disclosures pertaining to expenditure on Corporate Social Responsibilities activities are provided in Director's Report.
- 56 Previous year's figures have been regrouped / reclassified to conform to current year's classification as under: -
- (i) Loans (Inter corporate deposits to related parties) amounting to ₹1,540 regrouped from "Loans - Non-current - Loan to related parties" to "Loans – Current - Inter corporate deposits to related parties".
  - (ii) Bank deposits amounting to ₹16,700 million, forming part of "Cash and cash equivalents (Balances with banks)", have been reclassified to "Other bank balances".

As per our report of even date

**For B S R & Co. LLP**

ICAI Firm Registration Number:- 101248W/W-100022  
Chartered Accountants

**Farhad Bamji**

*Partner*

Membership No: 105234

Mumbai

Date: 19 November 2019

**For and on behalf of the Board of Directors of Siemens Limited**

**Deepak S. Parekh**

*Chairman*  
DIN: 00009078

**Sunil Mathur**

*Managing Director  
and Chief Executive  
Officer*  
DIN: 02261944

**Daniel Spindler**

*Executive Director  
and Chief Financial  
Officer*  
DIN: 08533833

**Yezdi H. Malegam**

*Director and Chairman of  
Audit Committee*  
DIN: 00092017

**Ketan Thaker**

*Company Secretary*  
ACS No. 16250

Mumbai

Date: 19 November 2019