

INDEPENDENT AUDITORS' REPORT

Siemens Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Siemens Limited ("the Company"), which comprise the standalone balance sheet as at 30 September 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters	How the matter was addressed in our audit
<p>Revenue recognition on construction contracts</p> <p>A significant portion of the Company's business is from construction contracts, where revenue is recognized under the percentage-of-completion method, based on the percentage of costs incurred to date compared to the total estimated contract costs. (Refer note 32 and 41 to the standalone financial statements).</p> <p>We identified revenue recognition on construction contracts as a key audit matter, since: -</p> <ul style="list-style-type: none"> There is an inherent risk and presumed risk of fraud around the accuracy of revenues recognised considering the customized and complex nature of these contracts and significant inputs of IT systems. Application of Ind AS 115 Revenue from Contracts with customers is complex and involves a number of significant judgements and estimates. These relate to identifying performance obligations, transaction price, estimating the balance cost-to-complete the contract and determining the percentage of completion of the relevant performance obligation. 	<p>As part of our audit, we obtained an understanding of the Company's systems, processes, policies and controls for construction contracts.</p> <p>Obtained an understanding of business processes specific to construction contracts, from its initiation through presentation in the standalone financial statements and tested the operating effectiveness of key controls over these processes.</p> <p>As part of our substantive audit procedures, we evaluated Company's estimates and assumptions based on risk-based selection of sample contracts. Our audit procedures included, among others, test of the contracts including terms and conditions, termination rights, penalties for delay and breach of contract as well as liquidated damages.</p> <p>Evaluated revenues recognized for the selected projects, analyzed billable revenues and cost of sales to be recognized in the statement of profit and loss to the extent of progress towards completion.</p> <p>Performed inquiries with respect to the development of the budgeted project costs, deviations between planned and actual costs, the estimated costs to complete, and Company's assessments on probabilities related to contract risks.</p> <p>Performed a retrospective analysis of costs incurred with planned costs to identify significant variations and if these are considered in estimating the planned cost and balance costs to complete.</p>

INDEPENDENT AUDITORS' REPORT *(Continued)*

Siemens Limited

Key Audit Matters *(Continued)*

The key audit matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> These contracts may involve onerous obligations which require critical assessment of provision for foreseeable losses to be made by the Company. At year-end, a significant amount of work-in-progress (contract assets) related to these contracts is recognised on the balance sheet. 	<p>We have involved our Information Technology (IT) specialists to assess the design and operating effectiveness of key IT controls over:</p> <ul style="list-style-type: none"> IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls over computation of revenue recognised. Tested the IT controls for mathematical accuracy of cost and revenue reports generated by the system. Tested the access and application controls on allocation of resources and budgeting systems.
Litigations and claims	
<p>The Company operates in various States within India, exposing it to a variety of different Central and State laws, regulations and interpretations thereof. In this regulatory environment, there is an inherent risk of litigations and claims. Consequently, provisions and contingent liability disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government/department proceedings, as well as investigations by authorities and commercial claims. (Refer note 38 (b) and 40 for details of Company's contingent liabilities as at 30 September 2020).</p> <p>The Company applies significant judgment in estimating the likelihood of the future outcome in each case when considering how much to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved and resolution of litigation and claims proceedings may span over multiple years and may involve protracted negotiation or litigation.</p> <p>Given the inherent complexity and magnitude of potential exposures across the Company and the judgment necessary to estimate the amount of provisions required or to determine required disclosures, this is a key audit matter.</p>	<p>Our procedures included the following substantive procedures: -</p> <ul style="list-style-type: none"> Obtained an understanding of key litigations and claims during the year. Analysed status of litigations and claims based on correspondence between the Company and the various tax/legal authorities and legal opinions obtained by the Company. Tested completeness of litigations and claims recorded by examining the Company's legal expenses, circulating legal confirmations and minutes of board meetings. With respect to tax matters, involved internal tax specialists to assess the Company's assumptions in estimating the possible outcome of the disputed cases by considering legal precedence and other judicial rulings. Assessed and tested the presentation and disclosures relating to these litigations.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditors' report thereon.

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

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

Management’s and Board of Directors’ Responsibility for the Standalone Financial Statements

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

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT *(Continued)*

Siemens Limited

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 30 September 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 30 September 2020 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 30 September 2020 on its financial position in its standalone financial statements - refer Note 38(b) to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer Note 40 and 49 to the standalone financial statements;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 30 September 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the

current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Farhad Bamji

Partner

Membership No. 105234

ICAI UDIN: 20105234AAAACG7815

Place of Signature: Mumbai

Date: 25 November 2020



Annexure A to the Independent Auditors' report on the standalone financial statements of Siemens Limited for the year ended 30 September 2020.

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 30 September 2020, we report the following:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets. However, as represented by the management, the Company has not carried out the activity of physical verification of fixed assets planned for the current year due to COVID-19 pandemic. Accordingly, we are not able to comment upon discrepancies noted, if any.
- (c) According to the information and explanations given to us, the title deeds of immovable properties of land and buildings as disclosed in Note 3 and 4 to the Standalone Financial Statements, are held in the name of the Company.
- ii. The inventory, except for goods-in-transit and with third party, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have been substantially confirmed by them.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and Section 186 of the Companies Act, 2013 in respect of loans given, investments made, guarantees and securities given.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the records maintained by the Company pursuant for maintenance of cost records under Section 148 (1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees State Insurance, Income tax, Goods and Service tax, duty of Customs, Cess and other statutory dues, as applicable have generally been regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues were in arrears as at 30 September 2020, for a period of more than six months from the date they became payable.
According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Value added tax, Service tax, Goods and Service tax, duty of Customs, duty of Excise which have not been deposited with the appropriate authorities on account of any disputes, except for the following:

Name of the Statute	Nature of dues	Amount (₹ in millions)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 & Service Tax	Duty, Penalty	10	2003-11	Asst. Comm / Dy. Comm / Comm / Comm(Appeals)
		285	1988-00 and 2003-13	Tribunal
State & Central Sales Tax Acts	Tax, Interest & Penalty	398	1967-69, 1970-71, 1972-73, 1987-90, 1995-97, 1998-01 and 2005-18	Assistant/Additional Commissioner
		988	1992-93, 1995-97 and 1999-18	Dy. Comm / Comm / Joint / Spl. Comm
		2,529	1972-78, 1991-92, 1993-94 and 1995-16	Tribunal
		2,150	1984-85, 1989-91, 2001-07, 2009-13 and 2016-17	High Court
Goods and Service Tax Act, 2017	Tax & Interest	42	2018-20	Dy. Comm / Comm / Joint / Spl. Comm
Custom Act, 1962	Duty	120	1998-99	High Court
		197	2003-08	High Court
		7	2003-08	Tribunal
Income Tax Act, 1961	Income Tax	275	2005-06, 2008-09, 2010-11 and 2012-13	CIT (Appeal)
		2,293	2008-15	Tribunal

- viii. According to the information and explanations given to us, the Company has not taken any loans or borrowings from any financial institution, bank or Government nor has it issued any debentures. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.
- ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the records, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Farhad Bamji

Partner

Membership No. 105234

ICAI UDIN: 20105234AAAACG7815

Place of Signature: Mumbai

Date: 25 November 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Siemens Limited for the year ended 30 September 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Siemens Limited ("the Company") as of 30 September 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 30 September 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

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

acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Farhad Bamji

Partner

Membership No. 105234

ICAI UDIN: 20105234AAAACG7815

Place of Signature: Mumbai

Date: 25 November 2020

