

Chairman's Statement



Dear Shareholders,

During the financial year 2020, the sudden outbreak of the COVID-19 pandemic together with existing geo-political tensions impacted businesses and economies across the world. The business environment remained volatile and challenging, particularly impacting manufacturing growth that slowed down across several sectors such as automobile, energy, infrastructure, agriculture, travel and severely impacted the small and medium scale enterprises as also government spending. Further, the lockdown in April and May 2020 impacted production activity and supply chains across the country and in many parts of the world as well. The Company's performance was impacted mainly on account of a disruption in the supply chain, capacity under-utilization, logistics-related issues as well as the challenges related to migrant workers.

Despite the pressures from global market conditions, India has over the years continued to remain one of the most resilient and attractive destinations for investment and I am convinced that India's intrinsic growth potential remains intact even though it may have shifted on timelines due to the pandemic.

With Siemens' portfolio of Energy, Mobility, Digital Industries and Smart Infrastructure coupled with Siemens' leadership role in Digitalization across all these businesses, Siemens Limited continues to be well-positioned to meet the needs of India.

Financial Performance from continuing operations – Highlights

For the financial year ended 30th September 2020, the Company received New Orders valued at ₹ 107,517 million, a 13.8 percent decrease over ₹ 124,744 million in the financial year ended 30th September 2019. The Order Backlog as of 30th September 2020 stood at ₹ 123,596 million. Sales (excluding Other operating revenues) were down by 24.3 percent to ₹ 95,808 million, compared to ₹ 126,487 million in the previous year.

Profits from Operations stood at ₹ 7,399 million compared to ₹ 13,135 million in the previous year. For the year ended 30th September 2020, the Company's Profit before Tax stood at ₹ 10,206 million compared to ₹ 16,963 million in the previous year, decrease of 39.8 percent. The Profit after Tax for the year was ₹ 7,574 million, decrease by 32.6 percent compared to ₹ 11,231 million in the previous year.

The Board of Directors of the Company has recommended a dividend of ₹ 7/- per equity share of the face value of ₹ 2/- each for the Financial Year ended 30th September 2020.

Business Performance – Highlights

From an operational perspective, the Company continued to focus on profitable growth, introducing innovative solutions to the market and enhancing its digitalization offerings across all its business segments.

Among the key highlights during the financial year, the Company took strides towards finding solutions to the nation's energy challenges when it signed a Memorandum of Understanding with NTPC Limited and TERI. The MOU is aimed at identifying, evaluating and setting up reference use cases of hydrogen sector-coupling for various upstream and downstream applications. The Company signed another MoU with TERI for collaboration on technologies to support the energy transition in India including sector-coupling. In addition, the Company successfully implemented an efficient power supply system with advanced passenger safety features for Kolkata Metro Rail Corporation Limited (KMRCL). The Central Park Depot of Kolkata Metro will also be equipped with advanced Supervisory Control and Data Acquisition system (SCADA) and Operation Control Centre supplied by the company, contributing to a safe, energy-efficient and comfortable rail commute. The 'Atal Tunnel', one of the world's longest and highest-altitude tunnels which was inaugurated by Honorable Prime Minister of India, Shri Narendra Modi, has also been equipped with the Company's state-of-the-art automation technologies.

In a step to meet the increasing demand for electrification across industry, infrastructure and buildings in India, the Company also signed an agreement to acquire New Delhi-based C&S Electric Limited. The acquisition has further received the regulatory approval of the Competition Commission of India. This will strengthen the Company's portfolio not only in India, but also for export to competitive international markets. In addition, the Company's Board of Directors approved the sale of the Mechanical Drives business to Siemens AG, which has subsequently announced its intention to sell the business to Carlyle Group.

Digitalization

During the financial year 2020, the Company's digitalization portfolio saw renewed interest from customers particularly in the Pharma, Food and Beverage, Automotive and Power Distribution segments enabling increased productivity and flexibility. The Company also won an order from Lalitpur Power Generation Company Limited (LPGCL), a Bajaj Group company, for advanced

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digital solutions for LPGCL's power plant located in Lalitpur, Uttar Pradesh. The Company will provide a complete thermal twin for the LPGCL coal-fired power plant, enabling improvements in the plant's performance.

The Company also introduced digital solutions for resilient workplaces to adapt to the 'new normal'. This includes IoT solutions that support adherence to social distancing and contact tracing guidelines, body temperature detection integrated with access control, indoor air quality optimization and secured remote monitoring of a building's systems.

Business Responsibility

The Company has undertaken several sustainability initiatives to address issues of the environment, foster sustainable local development while also promoting Skill Development in the country. These initiatives, generally known as Corporate Social Responsibility (CSR), are referred to as Corporate Citizenship at Siemens. The Corporate Citizenship initiatives are in line with the Company's goal and focus on: Education & Science, Social and Environment.

The Company's response to the COVID-19 pandemic focused on strengthening the public health system and subsequently supporting the most vulnerable members of the society.

In tough and uncertain times, the company pledged a total contribution of ₹ 20 crore towards fighting COVID-19. The interventions included set up of a COVID-19 Testing Lab, state-of-the-art Computed Tomography scanner for treatment of COVID-19 patients, 75,000 units of COVID-19 testing kits (PCR tests and Antibody tests), 50 ventilators to several government hospitals across India and 500,000 surgical masks and 100,000 gloves to frontline health workers. The Company also supported 25,000 migrant and daily wage workers with dry rations and hygiene kits.

In the area of education, the Company's scholarship program completed its eighth year and so far, has provided holistic development support to 735 engineering students from 77 government engineering colleges across 23 States of India. Fifty percent of these scholarships are offered to girls. The program received recognition within the Siemens world when it won the Werner von Siemens 2020 Award in the Siemens Matters category.

The Company also signed a Joint Declaration of Intent with the Ministry of Skill Development and Entrepreneurship, Government of India (MSDE), Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany (BMZ) to create framework conditions for high-quality training in India based on Dual Vocational Education and Training (Dual VET). The Company is supporting long-term research & development through the concept of a Digital Transformation Lab at the Indian Institute of Science (IISc) in Bengaluru. The new Lab has been fitted with a premium digital industry software suite. The lab will support the skilling of graduate and research students of the institution.

In the area of sustainable communities and environment, the Company's Project Asha focuses on 72 villages in Palghar and Aurangabad through interventions in education, healthcare, sanitation, water conservation, energy, livelihood and governance. The Project has helped provide potable water as well as water for irrigation in numerous villages – over 150 million liters of rainwater have been harvested and over 1,100 acres of arable land brought under irrigation in the two districts. The project focused on watershed development ensuring the availability of drinking water and water for irrigation. Earlier the community relied on Paddy and Ragi crops, which was for mere consumption purposes. With the availability of water, vegetable cultivation in the Kharif season has been introduced. This year the main efforts have concentrated around livelihood.

People Excellence

The Company placed utmost priority on the safety, health and well-being of its employees. A cross-functional Siemens Taskforce was constantly reviewing the rapidly changing situation to ensure that measures are always continuously implemented to keep employees safe during the pandemic period while also attempting to ensure business continuity.

Regular Townhalls and 'pulse checks' were conducted to engage with employees, monitor stress levels, gather feedback on various initiatives and support employees to maintain a work-life balance. A team of medical experts from the Company were available to provide preventive healthcare support and also to support employees who needed medical care. The Company is also extremely proud of its project and service engineers who worked under very difficult conditions to ensure that critical facilities in hospitals, diagnostic centers and essential infrastructure & services continue to function & remain operational.

In addition to the above, the Company lays great stress on ensuring a Zero Harm Culture for each one of its employees as well as all employees working on a contractual basis. During the year, several measures were introduced to ensure the health and safety at all offices, factories and project sites.

Many initiatives have been taken by the Company to make it an employer of choice and a great place to work. The ongoing initiatives are centered around competency building, career development and creating an environment of empowerment and trust.

Outlook

While there are unprecedented challenges that have risen due to the pandemic, green-shoots and demand revival in various sectors are now visible. The government's stimulus packages, efforts to introduce favorable reforms and policies are steps in the right direction. These are very encouraging signs for the manufacturing sector and a boost to exports. It is imperative that domestic demand picks up for economic growth to sustain, which will require government investments in infrastructure and large projects.

India's GDP is expected to revive on the back of digitization, globalization, favorable demographics, and reforms. The Company is fully aligned to support the 'Atmanirbhar Bharat' program announced by the Honorable Prime Minister with its offerings to support the various initiatives of Make in India, Digital India, Power for All, Smart Cities, Modernization of the Railways, etc.

The Company has also witnessed heightened interest from customers for Digitalization solutions to enable them to reduce their Capex requirements, save cash and increase their productivity. Being a global leader in Automation and Digitalization coupled with a strong local footprint, the Company is in an advantageous position to enable greater productivity and be the preferred choice for customers across all business segments.

In conclusion, I would like to wish, good health and safety and sincerely thank our customers, the board, the management, unions and most importantly, the dedicated employees for their consistent support and commitment to Siemens Limited during another challenging year.

Deepak Parekh

Chairman

