Siemens Rail Automation Private Limited

Audited Financial Statements for the financial year ended 30th September, 2018

CIN: U31200MH2003PTC259831
Registered Office: Plot No. 2, Sector No. 2, Kharghar Node, Navi Mumbai – 410210
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INDEPENDENT AUDITOR'S REPORT

To the Members of Siemens Rail Automation Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Siemens Rail Automation Private Limited ("the Company"), which comprise the Balance Sheet as at September 30, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the 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 September 30, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose 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 Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on September 30, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2018, 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 over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended September 30, 2018;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 on its financial position in its Ind AS financial statements – Refer Note 29 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts – Refer Note 31 to Ind AS financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership Number: 219350
Place of Signature: Mumbai
Date: November 5, 2018

Annexure 1 referred to in paragraph 1 under the section, 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Siemens Rail Automation Private Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at September 30, 2018 and no material discrepancies were noticed in respect of such confirmations.

(iii) 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the products of the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, custom duty, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases with regards to Tax Deducted at Source.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, customs duty, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues outstanding of income tax, which have not been deposited on account of any dispute. The dues outstanding in respect to sales tax and Value added tax are as follows:

Name of the statute	Nature of the dues	Gross amount	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Karnataka Value Added Tax Act, 2003	Value added tax	78,32,353	23,49,706	2011-2012	Joint Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Karnataka Sales Tax	4,394,901	3,884,057	2011-2012	Assistant Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Karnataka Sales Tax	1,538,858	1,594,564	2012-2013	Assistant Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Karnataka Sales Tax	1,685,613	966,768	2013-2014	Assistant Commissioner of Commercial Taxes (Appeals)

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and

no material frauds on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership Number: 219350
Place of signature: Mumbai
Date: November 5, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SIEMENS RAIL AUTOMATION PRIVATE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Siemens Rail Automation Private Limited ("the Company") as of September 30, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at September 30, 2018, based on the internal control over financial reporting 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

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per Aruna Kumaraswamy
Partner
Membership Number: 219350
Place of Signature: Mumbai
Date: November 5, 2018

Siemens Rail Automation Private Limited

Balance sheet
as at 30 September 2018

(Currency : Indian rupees)

	Notes	30 September 2018	30 September 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	16,326,750	22,971,306
Capital work-in-progress		186,288	-
Other intangible assets	4	-	241,843
Financial Assets			
- Trade receivables	5	12,258,035	12,684,960
- Other financial assets	6	12,562,419	13,026,766
Deferred tax assets (net)	7	32,460,470	39,378,610
Income tax assets (net)	8	23,216,153	34,827,938
Other non-current assets	9	68,429,014	68,215,282
		165,439,129	191,346,705
Current assets			
Inventories	10	114,991,996	48,812,558
Financial Assets			
- Trade receivables	11	222,282,661	147,239,598
- Cash and cash equivalents	12	431,130,874	27,078,961
- Other bank balances	13	27,775,193	6,675,307
- Other financial assets	14	191,918,745	139,847,289
Other current assets	15	1,347,165	6,902,140
		989,446,634	376,555,853
TOTAL		1,154,885,763	567,902,558
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	16	648,980	648,980
Other Equity	17	202,273,611	127,742,565
		202,922,591	128,391,545
Liabilities			
Non-current liabilities			
Long term Provisions	18	7,186,117	8,380,141
		7,186,117	8,380,141
Current liabilities			
Financial Liabilities			
- Loans	19	-	150,000,000
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		295,976,796	124,693,484
- Other financial liabilities	20	5,539,902	10,162,663
Short term Provisions	21	15,163,710	10,532,462
Other current liabilities	22	628,096,647	135,742,263
		944,777,055	431,130,872
TOTAL		1,154,885,763	567,902,558
Significant accounting policies	1-2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Siemens Rail Automation Private Limited

per Aruna Kumaraswamy
Partner
Membership No: 219350

Tilak Raj Seth
Director
DIN : 07027068

Ritesh Khandelwal
Director
DIN : 07877939

Place : Mumbai
Date: 5 November 2018

Place : Gurgaon
Date: 5 November 2018

Siemens Rail Automation Private Limited

Statement of profit and loss
for the year ended 30 September 2018

(Currency : Indian rupees)

	Notes	30 September 2018	30 September 2017
Income			
Revenue from operations	23	**806,182,060**	608,835,103
Other income	24	**4,909,939**	539,923
Total income		**811,091,999**	609,375,026
Expenses			
Project bought outs and other direct costs	25	**506,111,818**	345,061,597
Excise Duty		**-**	34,980,137
Employee benefits expense	26	**86,428,352**	98,383,731
Finance costs	27	**4,609,840**	17,854,581
Depreciation and amortization expense	3 & 4	**9,806,231**	11,319,899
Other expenses	28	**101,482,334**	104,016,527
Total expenses		**708,438,575**	611,616,472
Profit/ (Loss) before tax		**102,653,424**	(2,241,446)
Tax expense			
Current tax		**(22,518,835)**	-
Deferred tax credit / (charge) , inclusive of MAT credit		**(6,918,140)**	32,552,934
Total tax expense		**(29,436,975)**	32,552,934
Profit for the period		**73,216,449**	30,311,488
Other comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**1,821,276**	303,410
Income tax effect		**(506,679)**	-
Total other comprehensive income for the year, net of tax		**1,314,597**	303,410
Total Comprehensive Income (Comprising Profit and Other Comprehensive Income)		**74,531,046**	30,614,898
Basic and diluted earnings per share (in Rs.) (Equity shares of face value of Rs 10 each)	35	**1,128.18**	467.06
Significant accounting policies	1-2		

The accompanying notes are an integral part of the financials statements.
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

per Aruna Kumaraswamy
Partner
Membership No: 219350

Place : Mumbai
Date: 5 November 2018

For and on behalf of the Board of Directors of
Siemens Rail Automation Private Limited

Tilak Raj Seth
Director
DIN : 07027068

Ritesh Khandelwal
Director
DIN : 07877939

Place : Gurgaon
Date: 5 November 2018

Siemens Rail Automation Private Limited

Cash flow statement

for the year ended 30 September 2018

(Currency : Indian rupees)

	Notes	30 September 2018	30 September 2017
Cash flow from operating activities			
Profit/ (Loss) before tax		102,653,424	(2,241,446)
Adjustments for:			
Finance costs	27	4,609,840	17,854,581
Bad debts	28	-	95,917
Provision for doubtful debts / advances, net	28	1,417,682	11,041,424
Depreciation and amortization expense	3 & 4	9,806,231	11,319,899
Unrealised exchange loss / (gain), net		(55,785)	(191,677)
Interest income	24	(4,909,939)	(539,923)
Operating profit before working capital changes		113,521,453	37,338,775
(Increase)/ decrease in working capital			
Decrease / (Increase) in inventories		(66,179,438)	66,080,158
Decrease /(Increase) in trade and other receivables		(121,031,500)	48,887,132
(Decrease) / Increase in trade payables and other liabilities		659,178,905	46,960,395
Decrease /(Increase) in provisions		5,258,500	2,412,835
Net change in working capital		477,226,467	164,340,520
Cash generated from operations		590,747,920	201,679,295
Direct taxes paid, net		(11,413,729)	(7,568,645)
Net cash generated from operating activities		579,334,191	194,110,650
Cash flow from investing activities			
Purchase of property, plant and equipments		(3,106,120)	(659,265)
Interest received		3,321,206	402,927
Deposits (with maturity more than 3 months) with bank		(20,779,339)	1,205,533
Net cash generated from investing activities		(20,564,253)	949,195
Cash flow from financing activities			
Interest paid		(4,718,025)	(17,874,086)
Inter corporate deposits taken		25,000,000	301,000,000
Refund of inter corporate deposits taken		(175,000,000)	(454,000,000)
Net cash used in financing activities		(154,718,025)	(170,874,086)
Net increase / (decrease) in cash and bank balance		404,051,913	24,185,759
Cash and cash equivalents at beginning of the year		27,078,961	2,893,202
Cash and cash equivalents at the end of the year	12	431,130,874	27,078,961
Significant accounting policies	1-2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

per Aruna Kumaraswamy
Partner
Membership No: 219350

Place : Mumbai
Date: 5 November 2018

For and on behalf of the Board of Directors
of Siemens Rail Automation Private Limited

Tilak Raj Seth
Director
DIN : 07027068

Ritesh Khandelwal
Director
DIN : 07877939

Place : Gurgaon
Date: 5 November 2018

Siemens Rail Automation Private Limited

Statement of Changes in equity
as at 30 September 2018

(Currency : Indian rupees)

A **Equity share capital**

	Notes	Amount
As at 30 September 2016	16	648,980
Changes in equity share capital		-
As at 30 September 2017		**648,980**
Changes in equity share capital		-
As at 30 September 2018		**648,980**

B **Other equity**

	Notes	Reserves and Surplus		Total
		Securities Premium	Retained earnings	
Balance as at 30 September 2016	17	172,821,567	(75,693,900)	97,127,667
Profit for the year			30,311,488	30,311,488
Other comprehensive income			303,410	303,410
Balance as at 30 September 2017		**172,821,567**	**(45,079,002)**	**127,742,565**
Profit for the year		-	73,216,449	73,216,449
Other comprehensive income			1,314,597	1,314,597
Total comprehensive income for the year		-	74,531,046	**74,531,046**
Balance at 30 September 2018		**172,821,567**	**29,452,044**	**202,273,611**

Significant accounting policies 1-2

The accompanying notes are an integral part of the financials statements.
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

per Aruna Kumaraswamy
Partner
Membership No: 219350

Place : Mumbai

Date: 5 November 2018

For and on behalf of the Board of Directors
of Siemens Rail Automation Private Limited

Tilak Raj Seth
Director
DIN : 07027068

Ritesh Khandelwal
Director
DIN : 07877939

Place : Gurgaon

Date: 5 November 2018

Siemens Rail Automation Private Limited

Notes to the financial statements

for the year ended 30 September 2018

(Currency: Indian rupees)

Corporate Information

Siemens Rail Automation Private Limited ("the Company") was incorporated on November 12, 2003. The Company's parent company is Siemens Limited and ultimate parent company is Siemens AG, Germany.
The Company is engaged in the business of designing, manufacturing, integration, installation, testing, commissioning, buying and selling of integrated rail management and control products and systems including train control, signaling system, information systems, protection systems, including electronic interlocking and safety processors, trackside on-board equipments and providing maintenance, support and consultancy services in relation to the above.

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 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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.

The financial statements were authorised for issue in accordance with a resolution of Board of directors on 5 November 2018.

1.2 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal 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. Significant accounting policies (Continued)

1.3 Use of estimates

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 and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 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. Such class of assets and their estimated useful lives are as under:

Assets	Estimated useful lives
Plant and equipment	5 years
Computers	3 years
Furniture and fixtures	5 years
Office equipment	5 years

Items of property, plant and equipments that have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated net realizable value and are disclosed separately in the financial statements.

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

1. Significant accounting policies (Continued)

1.5 Intangible assets

Intangible assets comprises of software. 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:

Assets	Estimated useful lives
Software	5 years

1.6 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Revenue are stated exclusive of sales tax, value added tax, goods and service tax and net of trade and quantity discount. Revenue is inclusive of excise duty.

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 "Project excess cost" under "Other financial assets" and "Billing in excess" of contract revenue has been reflected under "Other current liabilities" in the balance sheet.

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

1.7 Share-based payments

Share-based payment schemes of the Company is predominantly designed as cash-settled transactions. The changes in the fair value at the end of each reporting period is recognised as employee benefits expenses with a corresponding increase in liabilities.

1. Significant accounting policies (Continued)

1.8 Inventories

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

Project raw materials are valued at lower of cost and net realizable value. Costs are determined on a weighted average basis.

1.9 Leases

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.

1.10 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 benefits

(i) ***Defined Contribution Plans***: Benefits in the form of Provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceed the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre- payment will lead to, for example a reduction in future payment or a cash refund.

(ii) ***Defined Benefit Plans and other Long Term Benefits***: The Company's gratuity and medical benefit scheme are defined benefit plan. Leave wages, silver jubilee and star awards to employees 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,

1. Significant accounting policies (Continued)

1.10 Employee benefits (Continued)

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.

Incase of defined benefit plans, re-measurement 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 and is reflected in retained earnings and the same 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 the changes in the 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, medical benefit, 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. Provision for gratuity is treated as short term employee benefits as the contribution towards the Life Insurance Corporation of India (LIC) is expected to be made within next 12 months.

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.

1. Significant accounting policies (Continued)

1.11 Financial instruments (Continued)

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. The purchases or sales of financial assets are accounted for at the trade date.

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)

(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 profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables, loans and other financial assets.

(b) Financial Assets 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.

1. Significant accounting policies (Continued)

1.11 Financial instruments (Continued)

(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.

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

In accordance with Ind AS 109, the Company applies 'expected credit loss' (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are measured at amortised cost e.g. deposits

(b) Trade receivables or any another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables (including Revenue earned in excess of billing). The application of 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 that 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,

1. Significant accounting policies (Continued)

1.11 Financial instruments (Continued)

Impairment of financial assets (Continued)

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.

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 unsecured trade receivables (including revenue earned in excess of billing and project excess cost).

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.

1. Significant accounting policies (Continued)

1.11 Financial instruments (Continued)

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.

Subsequent measurement

All financial liabilities are recognised initially at fair value and in the case of payables, net of directly attributable transaction costs.

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

Financial liabilities 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 Effective Interest Rate (EIR) method.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value 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 or 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 Significant accounting policies (Continued)

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.

1.13 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

1. Significant accounting policies (Continued)

1.13 Fair value measurement (Continued)

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

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 tax paying 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.

Deferred tax is recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down to the extent it is no longer

1. Significant accounting policies (Continued)

1.14 Taxation (Continued)

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.

Minimum Alternate Tax:
According to Section 115JAA of the Income Tax Act, 1961, Minimum Alternative Tax (MAT) paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set- off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period 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 or present obligation which 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 or present obligation

1. Significant accounting policies (Continued)

1.16 Provisions and Contingencies (Continued)

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.
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. The bank deposits with original maturity of upto three months are classified as cash and cash equivalents and bank deposits with original maturity of more than three months are classified as other bank balances.

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 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. Significant accounting judgments, estimates and assumptions

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.

2. Significant accounting judgments, estimates and assumptions

2.5 Employee benefits (Continued)

Refer note 43 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 management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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.

Standard issued that are not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 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, 2018:

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.

Essential concepts in Ind AS 115 have been analysed on revenue stream level. The Company's revenue streams mainly consist of revenue from projects, products and services arising from varied segments. Existing revenue recognition in case of revenue from projects is based on percentage-of-completion method including any adjustments arising of variable considerations and penalties, revenue from sale of products is based on transfer of risks and rewards to customer and revenue from services is as per proportionate completion method.

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates
The Appendix B clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

While an initial assessment of the above standards does not indicate a significant impact, except for the disclosure requirements of Ind AS 115 - Revenue from Contracts with Customers, a reliable estimate of the impact can be concluded only upon completion of the ongoing evaluation process. The Company does not expect any effect on its financial statements.

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

as at 30 September 2018

(Currency : Indian rupees)

3 Property, plant and equipment

Particulars	Plant and equipments	Furniture and fixture	Office equipments	Total
Gross carrying value				
At 1 October 2016	31,529,961	5,195,216	7,669,438	44,394,615
Additions	-	170,160	489,105	659,265
At 30 September 2017	**31,529,961**	**5,365,376**	**8,158,543**	**45,053,880**
Accumulated depreciation				
At 1 October 2016	6,945,268	1,294,787	3,209,989	11,450,044
Charge for the year	6,633,725	1,340,636	2,658,169	10,632,530
Deductions / adjustments				-
At 30 September 2017	**13,578,993**	**2,635,423**	**5,868,158**	**22,082,574**
Net block				
At 30 September 2017	**17,950,968**	**2,729,953**	**2,290,385**	**22,971,306**

Particulars	Plant and equipments	Furniture and fixtures	Office equipments	Total
Gross carrying value				
At 1 October 2017	31,529,961	5,365,376	8,158,543	45,053,880
Additions	803,529	1,005,733	1,110,570	2,919,832
At 30 September 2018	**32,333,490**	**6,371,109**	**9,269,113**	**47,973,712**
Accumulated depreciation				
At 1 October 2017	13,578,993	2,635,423	5,868,158	22,082,574
Charge for the year	6,445,997	1,428,326	1,690,065	9,564,388
At 30 September 2018	**20,024,990**	**4,063,749**	**7,558,223**	**31,646,962**
Net block				
At 30 September 2018	**12,308,500**	**2,307,360**	**1,710,890**	**16,326,750**
At 30 September 2017	17,950,968	2,729,953	2,290,385	22,971,306

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2018

(Currency : Indian rupees)

4 Intangible assets

Particulars	Other Intangible Assets
	Software
Gross carrying value	
At 1 October 2016	1,802,887
Additions	-
At 30 September 2017	**1,802,887**
Accumulated depreciation / impairment	
At 1 October 2016	873,675
Charge for the year	687,369
At 30 September 2017	**1,561,044**
Net carrying value	
At 30 September 2017	**241,843**

Particulars	Other Intangible Assets
	Software
Gross carrying value	
At 1 October 2017	1,802,887
Additions	-
At 30 September 2018	**1,802,887**
Accumulated depreciation / impairment	
At 1 October 2017	1,561,044
Charge for the year	241,843
At 30 September 2018	**1,802,887**
Net carrying value	
At 30 September 2018	-
At 30 September 2017	241,843

Notes to the financial statements (continued)
as at 30 September 2018

(Currency : Indian rupees)

		30 September 2018	30 September 2017
5	**Trade receivables - Non - current (unsecured)**		
	Long-term trade receivables	12,328,620	14,527,734
	Of which		
	- considered good	12,328,620	14,527,734
	Impairment allowance	(70,585)	(1,842,774)
		12,258,035	12,684,960
6	**Other financial assets - Non - current**		
	Financial assets at amortised cost		
	Deposits	12,562,419	12,706,219
	Bank deposits with maturity of more than 12 months	-	320,547
		12,562,419	13,026,766
8	**Income tax assets (net)**		
	Advance payments of income tax	23,216,153	34,827,938
		23,216,153	34,827,938
9	**Other non-current assets**		
	Balances with statutory / government authorities [includes payments made under protest of Rs. 8,795,095 (2017: Rs.8,795,095)]	67,865,620	67,296,725
	Prepaid lease	563,394	918,557
		68,429,014	68,215,282

Balance with government authorities aggregating to Rs.59,070,515 (2017: Rs. 59,070,515) represents Karnataka VAT input credit taken on purchase of materials accumulated over the years. Management is currently evaluating various options to realise these balances in the form of refunds or by way of utilisation against its local sales. The management is confident about the recoverability of these balances upon the completion of assessments with VAT authorities, pending which no adjustments have been made in the financial statements.

10	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	114,991,996	48,812,558
		114,991,996	48,812,558
11	**Trade receivables - Current (unsecured)**		
	Trade receivables	234,667,725	169,791,045
	Receivables from related parties (Refer note 34)	16,701,047	642,979
		251,368,772	170,434,024
	Of which		
	- considered good	222,783,986	152,373,416
	- which have significant increase in credit risk	-	-
	- credit impaired	28,584,786	18,060,608
		251,368,772	170,434,024
	Impairment allowance	(29,086,111)	(23,194,426)
		222,282,661	147,239,598

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 related party receivables, refer note 33

iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days of credit period.

12	**Cash and cash equivalents**		
	Balances with banks		
	- On current accounts	48,850,567	25,470,502
	- Bank deposits with original maturity of less than 3 months	337,765,657	1,608,459
	Cheques / drafts on hand	44,514,650	-
		431,130,874	27,078,961

(Deposit includes fixed deposits with Banks Rs.7,597,442 (Current Rs. 7,597,442 and Non current Rs. Nil) (2017: Rs.8,604,313 (Current Rs.8,283,766 and Non current Rs. 320,547)) marked as lien for 3rd party on behalf of the Company.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)
for the year ended 30 September 2018

(Currency : Indian rupees)

7 Income tax disclosure

(a) Income Tax Expense

Particulars	For the year ended 30 September, 2018	For the year ended 30 September, 2017
Current Tax:		
Current Income Tax Charge	22,518,835	-
Deferred Tax		
In respect of current year origination of temporary differences	6,918,139	32,552,934
Total Tax Expense recognised in profit and loss account	**29,436,974**	**32,552,934**

(b) Income Tax on Other Comprehensive Income

Particulars	For the year ended 30 September, 2018	For the year ended 30 September, 2017
Remeasurements of defined benefit plans	506,679	-
Total Income tax charged to OCI	**506,679**	-

(c) Numerical Reconciliation between average effective tax rate and applicable tax rate :

Particulars	As at 30 September, 2018	As at 30 September, 2017
Applicable Tax rate- Normal rate	27.82%	30.90%
Applicable Tax rate- Special rate	23.30%	23.07%
Tax effect of expenses that are not deductible for tax purposes:- Normal rate-A		
Profit Before tax	102,653,424	(2,241,446)
Other Comprehensive items	1,821,276	303,410
Total	104,474,700	(1,938,036)
Tax at statutory income tax rate of 27.82% (30 September 2017 : 30.90%)-A	29,064,862	-
Total-A	29,064,862	-
Effect on opening deferred taxes of reduction in tax rate / MAT Rate	878,791	-
Total-B	29,943,652	-
Average effective tax rate (Tax expense divided by profit before tax)	28.66	
Income tax reported in statement of profit and loss	29,436,974	-
Income tax Expenses of Other Comprehensive Income	506,679	-
Total	29,943,653	

(d) Movement of Deferred Tax

Particulars	Balance Sheet		Profit & Loss	
	As at 30 September, 2018	As at 30 September, 2017	For the year ended 30 September, 2018	For the year ended 30 September, 2017
Deferred tax assets				
Deductible temporary difference, unused tax losses and unused tax credit for which deferred tax have been recognised are :				
Unabsorbed depreciation and carried forward losses	-	18,297,158	(18,297,158)	18,297,158
Deductible temporary difference		-	-	-
a) Provision for doubtful debts and advances	10,943,978	12,027,849	(1,083,871)	8,675,832
b) Expenditure debited to the statement of profit and loss but allowable for tax purposes in following years	6,274,285	6,522,801	(248,517)	2,426,860
c) Provision for Inventory	7,695,680	-	7,695,680	-
d) Depreciation as per books of accounts and Income tax	3,559,364	2,530,802	1,028,563	3,153,084
e) MAT Credit entitlement	3,987,163	-	3,987,163	-
Deferred tax assets (net)	**32,460,470**	39,378,610	(6,918,140)	32,552,934

(e) Reconciliation of deferred tax assets, net

Particulars	As at 30 September, 2018	As at 30 September, 2017
Opening Balance as on 1st October	39,378,610	6,825,676
Tax income/(expense) during the period recognised in profit or loss	(6,918,140)	32,552,934
Deferred tax assets (net)	**32,460,470**	39,378,610

(Currency : Indian rupees)

		30 September 2018	30 September 2017
13	**Other bank balances**		
	Bank deposits with original maturity of more than 3 months but less than 12 months	27,775,193	6,675,307
		27,775,193	6,675,307
14	**Other financial assets - Current**		
	Financial assets at amortised cost		
	Interest accrued on bank deposits	1,588,733	-
	Project excess cost		
	- considered good	190,330,012	139,268,198
	- considered doubtful	11,611,392	12,954,230
		201,941,404	152,222,428
	Impairment allowance	(11,611,392)	(12,954,230)
		190,330,012	139,268,198
	Others	-	579,091
		191,918,745	139,847,289
15	**Other current assets**		
	Advance to suppliers	2,552	86,484
	Prepaid expenses	311,504	745,818
	Balances with statutory / government authorities, net	933,109	6,069,838
	Loan to employees	100,000	-
		1,347,165	6,902,140

17 **Other equity**

Nature and purpose of reserve

a) Securities premium account represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
b) Retained earnings are the profits that the Company has earned till date.

18	**Long-term provisions**		
	Provision for employee benefits		
	- Leave wages	4,259,641	4,603,389
	- Medical benefits (Refer note 34)	535,325	817,928
	- Silver jubilee and star awards	2,391,151	2,958,824
		7,186,117	8,380,141
19	**Loans - Current (unsecured)**		
	Loan from Related party - Siemens limited (Note a)	-	150,000,000
		-	150,000,000

a Loan is repayable on demand and carries interest of 7.29% to 7.63% p.a

20	**Other financial liabilities - Current**		
	Financial liabilities at amortised cost		
	Interest accrued but not due	-	108,185
	Others	5,539,902	10,054,478
		5,539,902	10,162,663
21	**Short-term provisions**		
a)	***Provision for employee benefits***		
	- Leave wages	386,476	359,868
	- Gratuity (Refer note 34)	5,479,878	6,152,249
	- Silver jubilee and star awards	90,000	120,000
		5,956,354	6,632,117
b)	***Others***		
	- Warranty (Refer notes 31)	1,899,444	1,413,116
	- Loss order (Refer note 31)	807,912	987,229
	- Other matters (Refer note 31)	6,500,000	1,500,000
		9,207,356	3,900,345
		15,163,710	10,532,462
22	**Other current liabilities**		
	Advances from customers	1,891,912	2,112,695
	Billing in excess / advance billings	592,944,635	115,153,318
	Accrued salaries and benefits	1,208,213	49,137
	Other liabilities		
	- Withholding and other taxes payable	27,543,459	1,817,660
	- Other project related provisions	4,508,428	16,609,453
		628,096,647	135,742,263

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)
as at 30 September 2018

(Currency : Indian rupees)

		30 September 2018	30 September 2017
16	**Share capital**		
	Authorised		
	15,000,000 Equity Shares of Rs 10 each (2017: 15,000,000 Equity shares of Rs 10 each)	150,000,000	150,000,000
		150,000,000	150,000,000
	Issued		
	64,898 Equity Shares of Rs 10 each (2017: 64,898 Equity shares of Rs 10 each)	648,980	648,980
		648,980	648,980
	Subscribed and fully paid-up		
	64,898 Equity Shares of Rs 10 each fully paid-up (2017: 64,898 Equity shares of Rs 10 each fully paid-up)	648,980	648,980
		648,980	648,980

a) **Shares held by holding company and subsidiary of holding company:**
64,897 Equity shares of Rs.10/- each, fully paid-up, are held by the Holding Company, Siemens Limited; (2017 : 64,897 Equity shares were held by the Holding Company, Siemens Limited)

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

	2018		2017	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	64,898	648,980	64,898	648,980
Shares issued / subscribed during the year	-	-	-	-
Shares outstanding at the end of the year	64,898	648,980	64,898	648,980

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

Name of shareholder	2018		2017	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Siemens Limited	64,898	100%	64,898	100%

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.

d) **Terms / rights attached to equity shares**
The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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.

(Currency : Indian rupees)

		30 September 2018 (Refer note 41)	30 September 2017 (Refer note 41)
23	**Revenue from operations**		
	Revenue from operations		
	Revenue from projects	759,777,437	576,371,564
	Sale of services	46,404,623	24,167,117
		806,182,060	600,538,681
	Other operating revenue		
	Liabilities written back	-	8,296,422
		-	8,296,422
		806,182,060	608,835,103
24	**Other income**		
	Interest income	4,909,939	539,923
		4,909,939	539,923
25	**Project bought outs and other direct costs**		
	Project bought outs	506,111,818	345,061,597
		506,111,818	345,061,597
26	**Employee benefits expense**		
	Salaries, wages and bonus, net	75,361,348	87,420,026
	Contribution to provident and other funds	6,090,181	5,808,518
	Staff welfare expenses	4,976,823	5,155,187
		86,428,352	98,383,731
27	**Finance costs**		
	Interest - Others	4,609,840	17,854,581
		4,609,840	17,854,581
28	**Other expenses**		
	Exchange loss / (gains), net	276,389	2,765,218
	Travel and conveyance	24,998,651	24,323,450
	Software license fees and other information technology related costs	5,202,233	3,843,356
	Rates and taxes	7,544,073	5,322
	Communications	5,057,430	5,902,054
	Power and fuel	3,948,816	2,567,944
	Insurance	3,960,400	4,907,256
	Rent	10,279,834	9,430,714
	Repairs		
	- on building	1,215,788	14,933
	- on machinery	7,440	30,892
	- others	3,720,975	5,900,917
	Legal and professional [includes auditors' remuneration (Refer note 30)]	18,338,336	16,873,989
	Other Subcontracting cost	12,267,790	7,244,672
	Office supplies, printing and stationery	1,522,089	4,671,964
	Bank guarantee commission / bank charges	81,884	91,360
	Bad debts	-	95,917
	Provision for doubtful debts and advances, net	1,417,682	11,041,424
	Miscellaneous expenses	1,642,524	4,305,145
		101,482,334	104,016,527

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2018

(Currency : Indian rupees)

	30 September 2018	30 September 2017
29 Commitments and contingent liabilities		
(a) Contingent liabilities (to the extent not provided for)		
Liability on account of non-submission of C Forms	1,220,675	1,646,547
Liability on account of VAT input disallowance	7,832,353	7,832,353
	9,053,028	9,478,900

(i) Matters wherein management has concluded the Company's liability to be probable(if any) have accordingly been provided for in the books.

(ii) Matters wherein management has concluded for Company's liability to be possible have accordingly been disclosed as contingent liability. In respect of above contingent liabilities, the future cash outflow are determinable only on receipt if judgements pending at various forums/ authorities

30 Auditors' remuneration (for audit services exclusive of service tax / GST)	30 September 2018	30 September 2017
- Audit fees	784,665	780,300
- Tax audit fees	350,000	350,000
	1,134,665	1,130,300

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2018

(Currency : Indian rupees)

31 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 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 pending assessments in respect of taxes, duties and other levies, the outflow of which would depend on the cessation of the respective events.

The movements in the above provisions are summarised below:

	Warranty		Loss orders		Other matters	
	30 September 2018	30 September 2017	**30 September 2018**	30 September 2017	**30 September 2018**	30 September 2017
Balance as at 1 October 2017	**1,413,116**	-	**987,229**	475,047	**1,500,000**	1,500,000
Provisions :						
- Created	**486,328**	1,413,116		621,239	**5,000,000**	
- Utilised	-		**(179,318)**	(109,057)	-	-
- Reversed	-				-	-
Balance as at 30 September 2018	**1,899,444**	1,413,116	**807,911**	987,229	**6,500,000**	1,500,000
- Current	**1,899,444**	1,413,116	**807,912**	987,229	**6,500,000**	1,500,000
- Non-current					-	-

32 Disclosure pursuant to Indian Accounting Standard - 11 'Construction Contracts' :

		30 September 2018	**30 September 2017**
(i)	Contract Revenue recognised for the year ended 30 September	**759,777,437**	576,371,564
(ii)	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress as at 30 September	**2,335,856,286**	2,306,771,136
(iii)	Amount of advances received	**1,891,912**	2,112,695
(iv)	Amount of retentions	**39,132,978**	47,744,188
(v)	Amounts due from customers	**201,941,404**	152,222,428
(vi)	Amounts due to customers	**592,944,635**	115,153,318

Siemens Rail Automation Private Ltd.

Notes to the financial statements (Continued)

for the year ended 30 September 2018

(Currency : Indian rupees)

33 Related party transactions (Continued)

33.1 Parties where control exists

Siemens Ltd. (w.e.f. October 1, 2014)	Holding company	India
Siemens AG (w.e.f. May 2, 2013)	Ultimate Holding Company	Germany

33.2 Other related parties where transactions have taken place during the year

Fellow Subsidiaries	Name	Country
	Siemens Rail Automation Pty Ltd,	Australia
	Siemens Ltd.	Australia
	Siemens Industry Software (India) Pvt. Ltd.	India
	Siemens Technology and Services Pvt. Ltd.	India
	Siemens Factoring Pvt. Ltd.	India
	Siemens Pte. Ltd.	Singapore
	Siemens Rail Automation Holdings Ltd.	United Kingdom
	Siemens Industry, Inc.	United States of America
	Siemens Mobility, Inc	United States of America

33.3 Related party transactions

Description	2018		2017	
	Holding Company and Ultimate Holding Company	Fellow Subsidiaries	Holding Company and Ultimate Holding Company	Fellow Subsidiaries
Revenue (net of taxes) - Sale of Materials				
- Siemens Ltd., Mumbai	58,394,976	-	12,737,647	-
- Siemens Industry, Inc.	-	922,804	-	10,175,052
Purchase of goods and services				
- Siemens Rail Automation Pty Ltd, Australia	-	-	-	175,989
- Siemens Rail Automation Holdings Ltd., UK	-	2,409,345	-	1,503,829
- Siemens Ltd., Mumbai	35,836,495	-	61,778,915	-
- Siemens Pte Ltd, Singapore	-	-		223,701
- Siemens AG, Germany	7,137,535	-	4,125,636	-
- Siemens Technology and Services Pvt Ltd	-	3,670,181	-	3,020,977
- Other	-	476,628	-	-
Interest expenses				
- Siemens Industry Software (India) Pvt. Ltd.	-	-	-	1,601,753
- Siemens Ltd., Mumbai	4,557,015	-	16,229,588	-
Inter corporate deposit taken				
- Siemens Ltd., Mumbai	25,000,000	-	301,000,000	-
Inter corporate deposit repaid				
- Siemens Industries Software Pvt Ltd	-	-	-	252,000,000
- Siemens Ltd., Mumbai	175,000,000	-	202,000,000	-
Outstanding Balances				
Receivables				
- Siemens Ltd., Mumbai	13,585,995	-	-	-
- Siemens Factoring Pvt. Ltd.	-	2,247,558	-	-
- Siemens Mobility, Inc	-	521,214	-	-
- Siemens Industry, Inc.	-	346,280	-	-
- Siemens Industrial Turbomachinery Ltd.	-	-	-	642,979
Payables				
- Siemens Rail Automation Pty Ltd, Australia	-	413,498	-	1,402,026
- Siemens Rail Automation Holdings Ltd., UK	-	1,730,143	-	214,267
- Siemens Technology Services Pvt Ltd		427,933	-	145,536
- Siemens AG	2,373,421	-	4,550,805	
- Siemens Pte Ltd, Singapore	-	-	-	7,707
- Siemens Ltd., Mumbai	1,880,466	-	1,160,461	-
- Siemens Ltd., Australia	-	113,301	-	-
Inter corporate deposits Payable				
- Siemens Ltd., Mumbai	-	-	150,000,000	-

No payments are made to key managerial personnel

Siemens Rail Automation Private Limited

Notes to the financial statements *(Continued)*

for the year ended 30 September 2018

(Currency : Indian rupees)

34 Disclosure pursuant to Accounting Standard - IND AS 19 'Employee Benefits' :

(i) Defined Contribution Plans

Amount of Rs.3,566,448 (2017: Rs.3,960,196) is recognised as an expense and included in "employee benefits expense" (Refer note 26) in the statement of profit and loss.

(ii) Defined Benefit Plans

a) Amounts for the current period are as follows :

	Particulars	Gratuity		Medical	
		Sept 2018	Sept 2017	**Sept 2018**	Sept 2017
I	**Change in defined benefit obligation**				
	Liability at the beginning of the year	**6,580,405**	6,046,021	**817,928**	836,557
	Expenses recognised in profit and loss Account				
	- Interest cost	**465,389**	413,861	**59,218**	58,558
	- Current service cost	**1,525,860**	1,461,051	**221,661**	210,027
	Actuarial (gain) / loss				
	i Change in financial assumptions	**(1,227,736)**	(244,644)	**(218,281)**	(48,291)
	ii Experience variance	**(61,056)**	(37,056)	**(345,201)**	(238,923)
	Benefits paid	**(1,374,828)**	(1,058,828)		
	Liability at the end of the year	**5,908,034**	6,580,405	**535,325**	817,928
II	**Fair value of plan assets**				
	Fair value of plan assets at the beginning of the year	**428,156**	379,856	-	-
	Expenses recognised in profit and loss Account				
	- Expected return on plan assets	**30,998**	26,590	-	-
	Recognised in Other Comprehensive Income				
	- Acturial gain / (loss) on plan assets	**(30,998)**	21,710	-	-
	Fair value of plan assets at the end of the year	**428,156**	428,156	-	-
III	**Actual return on plan assets**				
	Expected return on plan assets	**30,998**	26,590	-	-
	Actuarial gain / (loss) on plan assets	**(30,998)**	21,710	-	-
	Actual return on plan assets	-	48,300	-	-
IV	**Amount recognised in the balance sheet**				
	Defined benefit obligation at the end of the year	**5,908,034**	6,580,405	**535,325**	817,928
	Fair value of plan assets at the end of the year	**428,156**	428,156	-	-
	(Surplus)/Deficit	**5,479,878**	6,152,249	**535,325**	817,928
	Current portion of the above	**5,479,878**	6,152,249	-	-
	Non Current portion of the above	-	-	**535,325**	817,928
V.a	**Expenses recognised in the statement of profit and loss**				
	Net Interest Expense	**434,391**	387,271	**59,218**	58,558
	Current service cost	**1,525,860**	1,461,051	**221,661**	210,027
	Expense recognised in statement of profit and loss	**1,960,251**	1,848,322	**280,879**	268,585
V.b	**Included in other comprehensive income**				
	Expected return on plan assets excluding net interest	**30,998**	(21,710)	-	-
	Net actuarial (gain) / loss recognised	**(1,288,792)**	(281,700)	**(563,482)**	
	Acturial (Gain) or Loss recognised in OCI	**(1,257,794)**	(303,410)	**(563,482)**	-

Siemens Rail Automation Private Ltd.

Notes to the financial statements (Continued)

for the year ended 30 September 2018

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34 Disclosure pursuant to Accounting Standard - IND AS 19 'Employee Benefits' : *(Continued)* :

		Gratuity		Medical	
		Sept 2018	Sept 2017	**Sept 2018**	Sept 2017
VII	**Actuarial Assumptions**				
	Discount Rate	**8.51%**	7.24%	**8.51%**	7.24%
	Attrition rate:				
	upto 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%	**3.50%**	8.00%
VIII	**Sensitivity**				
	Change in Liability for 0.5% decrease in discount rate	**448,280**	7,104,900	**75,878.80**	922,503
	Change in Liability for 0.5% increase in discount rate	**(403,944)**	6,109,547	**(65,236.20)**	727,425
	Change in Liability for 0.5% decrease in salary/ medical inflation rate	**(407,060)**	6,110,696	**(61,589.20)**	736,118
	Change in Liability for 0.5% increase in salary/ medical inflation rate	**447,789**	7,098,519	**71,636.80**	912,343
IX	**Maturity Profile of Defined Benefit Obligation (Undiscounted amount)**				
	Year 1	**338,953**	304,761	-	-
	Year 2	**291,991**	294,098	-	-
	Year 3	**291,487**	255,568	-	-
	Year 4	**259,163**	261,313	-	-
	Year 5	**250,704**	242,275	-	-
	Years 6 to 10	**1,609,562**	1,846,485	-	**272,677**
X	**Weighted Average Duration of Defined Benefit Obligation**				
	Duration (Years)	**16.04**	15.23		

b) The plan assets of the Company is administered by Life Insurance Corporation of India (LIC). 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 Rs. 338,953 (2017: Rs. 304,761) to gratuity fund in 2018-19.

c) 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.

(iii) General descriptions of significant defined plans

I Gratuity Plan

Gratuity is payable to all eligible employees of the Group 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.

II Medical

Post retirement medical benefit is paid to the retired employees 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 celing limit as per the grades.

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

	2018		2017	
Particulars (Unquoted)	**Amount**	**%**	**Amount**	**%**
Equity Instruments	-	-	-	-
Debt Instruments	**428,156**	100%	**428,156**	100%
Total Plan Assets	**428,156**	100%	**428,156**	100%

35 Earnings per share:

	30 September 2018	30 September 2017
Weighted average number of equity shares outstanding during the year	**64,898**	64,898
Profit after tax	**73,216,449**	30,311,488
Basic and diluted earnings per share	**1,128.18**	467.06

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

The management has determined that there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company as at September 30, 2018 and September 30, 2017. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.

37 Share-based payment transactions

Under Siemens profit sharing (SPS) shares of ultimate Holding Company are granted to the eligible employees on achievements of targets by Holding company.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

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38 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 when managing capital is 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 management and the Board of Directors monitors the return on capital.

39 Financial Instruments

A) Accounting Classifications and Fair Values

i) Category-wise classification for applicable financial assets:

		Carrying value / Fair value	
Particulars	Notes	**30 September 2018**	30 September 2017
Measured at amortised cost:			
(a) Trade Receivables	5 & 11	**234,540,696**	159,924,558
(b) Cash and cash equivalents and other bank balances	12 & 13	**458,906,067**	33,754,268
(c) Other financial assets	6 & 14	**204,481,164**	152,874,055
Total		**897,927,927**	346,552,881

ii) Category-wise classification for applicable financial liabilities:

Particulars	Notes	**30 September 2018**	30 September 2017
Measured at amortised cost:			
(a) Trade payables		**295,976,796**	124,693,484
(b) Loans	19	**-**	150,000,000
(c) Other liabilities	20	**5,539,902**	10,162,663
Total		**301,516,698**	284,856,147

The carrying amounts of financial instruments such as cash and cash equivalents, other bank balances, trade receivables, trade payables and other current financial assets and liabilities are considered to be same as their fair values due to their short term nature.

Siemens Rail Automation Private Limited

Notes to the financial statements (Continued)

as at 30 September 2018

(Currency : Indian rupees)

40 Financial Risk Management

A 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.

Trade 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	30 September 2018	30 September 2017
Balance at the beginning of the year	**(37,991,430)**	(27,883,656)
Loss allowance based on ECL	**(2,776,658)**	(10,107,774)
Balance at the year end	**(40,768,088)**	(37,991,430)

B 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
As at 30 September 2018				
Trade Payables		295,976,796	295,976,796	-
Other financial liabilities	20	5,539,902	5,539,902	-
		301,516,698	**301,516,698**	-
As at 30 September 2017				
Trade Payables		124,693,484	124,693,484	-
Other financial liabilities	20	10,162,663	10,162,663	-
		134,856,147	134,856,147	-

(Currency : Indian rupees)

41 Revenue from operations

The revenue from operations for the year ended 30 September 2017 (upto period ended 30 June 2017) is inclusive of excise duty recovered and corresponding excise duty expense has been disclosed separately. The Government of India introduced Goods and Service Tax ('GST') with effect from 1 July 2017 which partly replaced excise duty and accordingly revenue from operations is disclosed net of GST. Corresponding excise duty expense has been disclosed separately.

The accompanying notes are an integral part of the financials statements.
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number:- 324982E / E300003
Chartered Accountants

per Aruna Kumaraswamy
Partner
Membership No: 219350

Place : Mumbai
Date: 5 November 2018

For and on behalf of the Board of Directors of
Siemens Rail Automation Private Limited

Tilak Raj Seth
Director
DIN : 07027068

Ritesh Khandelwal
Director
DIN : 07877939

Place : Gurgaon
Date: 5 November 2018