

※ The new Siemens is helping shape the future of the country with new ideas, together with its competent workforce and satisfied customers. ※

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SIEMENS

Annual Report 2002
India

Siemens is a global network of innovations. 400,000 employees from 190 countries make this network lively through new ideas and information sharing. With this immense bank of knowledge and vast experience in India, Siemens is able to serve India in innovative ways, helping build a modern infrastructure through Energy, Industry, Information and Communication, Transportation, Lighting and Healthcare businesses.

In the last 10 years, we grew six times in size. The economy did not support us but to achieve this growth we built up a new portfolio, a new organization, a new work philosophy and a new culture. In other words, we built a brand new Siemens group in India with a truly unique portfolio for India. This new Siemens is currently shaping the future of the country with new ideas, together with its competent workforce and satisfied customers.

With the focus of our Principals on India and a new portfolio together with motivated employees, Siemens in India is well set to provide value added solutions for helping create today, the India of tomorrow.

Siemens

New Ideas - Shaping the Future together

New Ideas



Contents

Chairman's Statement	8
Board of Directors, Committees etc.	12
Siemens Ltd.	
– Directors' Report	15
– Particulars of Employees u/s 217(2A)	18
– Conservation of Energy, etc. u/s 217(1)(e)	19
– Management's Discussion and Analysis	20
– Corporate Governance Report	32
– General Shareholder Information	42
– Auditors' Report	49
– Financial Statement	52
Subsidiary Company	
– Siemens Information Systems Ltd. (SISL)	79
Siemens Group (Siemens Ltd. and SISL)	
– Auditors' Report	101
– Financial Statements	102
Your Nearest Siemens Partners	119

Highlights

Siemens Ltd.

	1997-98	1998-99	1999-00	2000-01	2001-02
○ Orders Received	8383	12740	12071	10836	11547
○ Sales	9959	10506	11157	11572	12905
○ Profit before Tax	-466	381	946	964	1304
As % of Sales	-5%	4%	9%	8%	10%
○ Profit After Tax	-560	351	840	687	865
As % of Sales	-6%	3%	8%	6%	7%
* Net Worth per Share	63.55	68.50	79.89	95.46	114.58
* Earning per share	-19.73	12.37	24.11	19.49	26.10
○ Dividend	–	–	224	133	182
Dividend %	–	–	65%	40%	55%
Debt/Equity Ratio	1.3:1	0.52:1	0.15:1	0.01:1	0.02:1
○ Investment in Fixed Assets	342	317	86	119	117
No.of Employess	5228	4604	4342	4167	3896
No.of Shareholders	44012	46434	50796	49188	43791
○ Rupees in Millions					
* Rupees					



innovation



At Siemens, new ideas are a way of life; an inbred culture, innovating not just products but the way we work, think, communicate and live.

New Ideas

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He who walks in another's tracks leaves no footprints.

Joan L Brannon

commitment



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Anticipation itself can transform possibility into reality.

Samuel Smiles

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Shaping the Future



A sense of purpose is a must for meaningful existence. Over 4,00,000 people across Siemens worldwide are motivated to think beyond today; to shape a better tomorrow.



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trust
trust

Together

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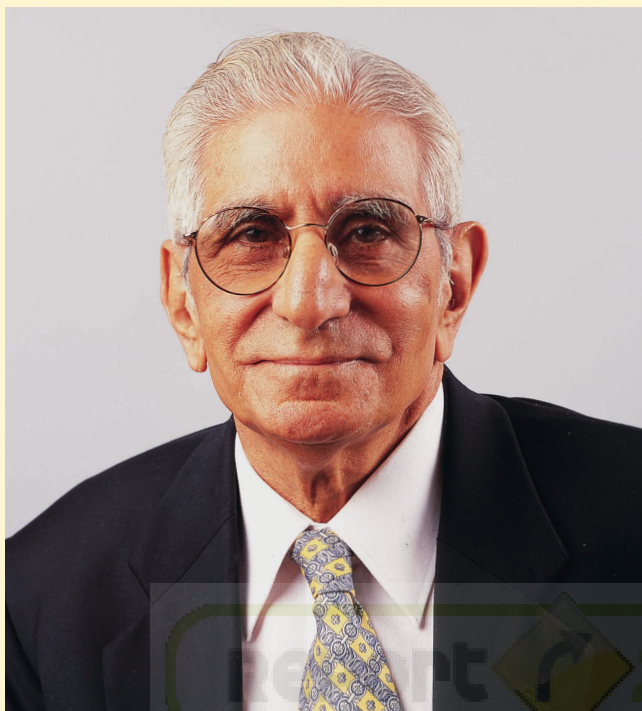
To the world you are just one person but to one person you could mean the world.

- Anon

Trust is everything, without partnership there is nothing. In India over 8 decades Siemens has been building relationships with employees, channel partners, associates, shareholders and most important the society.



Chairman's Statement



Our fiscal year was not at all a good year for the Indian economy; it was a nightmarish year for the world economy, but it was a glorious year for our own Company. Our profits before tax rose by 35% this year over that of last year. Our earnings per share, partly due to our Buy-back Scheme and largely due to our own achievements, rose from Rs.19.50 to Rs.26.10 this year. In celebration and appreciation of which the Board of Directors are pleased to recommend a dividend of 55% as against 40% last year.

Shareholders will be even more delighted to know that there has been an all round improvement in the performance of the Company, and a number of records have been achieved, an achievement rendered all the more praiseworthy by a year of overall recession for the 5th year in succession. For the first time in six years, all the business divisions are in the black; and it is for the first time in 19 years that the profit before tax is in excess of 10% of the Sales Turnover! Looking at absolute numbers, you will see that New orders intake has improved 7% to Rs.11,547 million and Sales Turnover has improved by 12% to Rs.12,905 million. In consequence, the Profit before Tax has jumped by 35% over the previous year, whereas the Profit after Tax also increased by 26% to Rs.865 million, and in sharp contrast

to our position 3 years ago, we are now a cash surplus Company with relatively little borrowings.

The consistent and effective implementation of our 4-Point Program over the last years, across all business areas, culminated in the superior performance posted by your company. Our policy to take only profitable orders combined with our strategy to penetrate markets with innovative offerings, helped to improve both the top-line and bottom-line. But what helped the most were internal improvements that entailed optimizing all processes across the entire customer-to-customer value chain.

This all-round achievement was inspite of the investment famine, which has plagued the Indian economy since 1996/97. Truly it has been said that what the Indian economy now needs is not just a Cabinet Minister for Disinvestment; it needs a Cabinet Minister for Investment itself. It is true that the last six months of our fiscal year did see an appreciable improvement in the rate of growth of Industrial Production, but significantly this was not due to an investment boom but due to a better utilisation of the excess capacities installed in Indian Industry. Year in and year out, our investment levels, most sadly in the infrastructure area, continue to decline with fearful consequences for the future.

Matters are not improved by the fact that even when an improvement does take place, major impediments immediately arise to stall its further growth. Thus the acceleration in the index of industrial production now threatens to be stymied by the fall in agricultural incomes; and at the policy level, the gallop which Privatisation took in our country to the great enthusiasm of all investors both in India and abroad, has also now come to be stymied.

It is in this atmosphere that we shall have to continue to operate, and it reinforces the theory of Creative Pessimism which we expounded last year - that all in Siemens, from the top to the very bottom, will have to rely not on any improvement in the external environment, but on improvements wrought from within. It would be excellent if the overall investment climate in India improved with its enormously beneficial impact on our Company, since our Company is best fitted to deal with the opportunities thrown up by the investments, both in Industry and the Infrastructure; but this is a hope on which we cannot build our schemes of profitability. We have to repeat once again to rely on ourselves.