Annual Report 2010

Answers for India.

SIEMENS

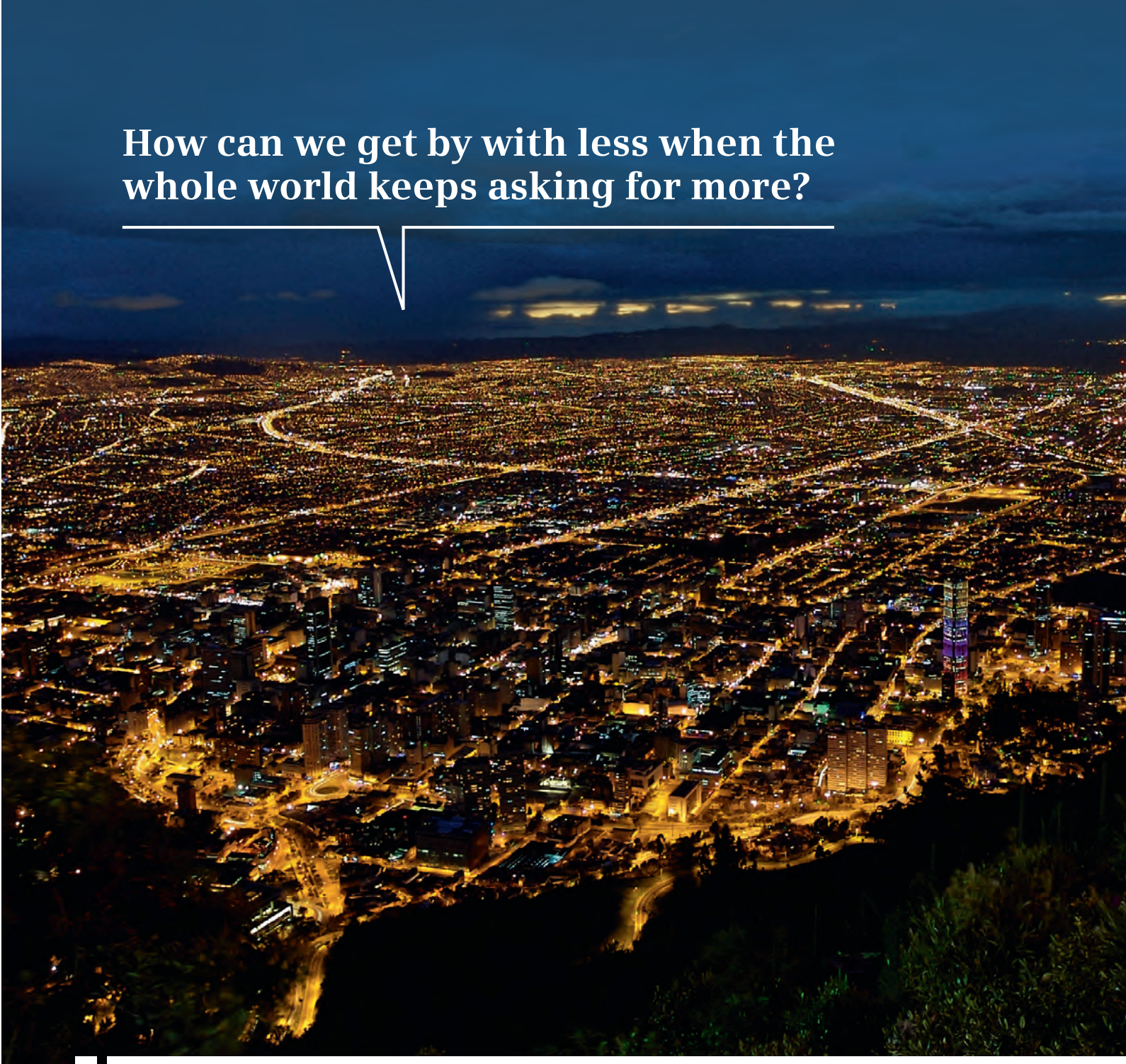
Siemens high-speed rail transforms economies at 350 kilometers an hour. And we can bring it to all parts of the world.

Building a growing economy takes infrastructure that can keep pace – and go beyond. Energy-efficient Siemens trains already run through hot Spanish summers and cold Russian winters. They cross through the industrial hearts of Germany and China. In fact, in every corner of the globe, Siemens has answers to keep economies moving: from hardworking commuter rail to the fastest series production trains on Earth. Because wherever there are tough mobility questions, we're answering them.

Answers for mobility.

SIEMENS

How can we get by with less when the whole world keeps asking for more?



Getting more and more energy from fewer and fewer resources is our never-ending mission.

In addition to excellent availability and utmost reliability, efficiency is a key requirement when it comes to supplying energy for the world's steadily growing megacities. Basically, it's all about making best use of all resources. We apply this principle across the entire energy conversion chain to take efficiency to totally new levels. Our new 800 kV transformer, for example, makes possible the efficient transmission of electric energy in the gigawatt range over distances of 850 miles and more. And our new generation of gas turbines makes combined cycle power plants deliver a record-breaking efficiency of more than 60 per cent.

Answers for energy.

SIEMENS

Contents

Financial Highlights **3**

Chairman's Statement **4**

Board of Directors **6**

Siemens Ltd.

Notice 7

Directors' Report 13

Annexure I - Conservation of Energy, etc. 17

Annexure II - Management's Discussion and Analysis 20

Annexure III - Corporate Governance Report 24

Annexure IV - General Shareholder Information 36

Sustainability @ Siemens Ltd. 43

Corporate Social Responsibility 45

Auditors' Report 49

Financial Statements 52

Siemens Group

Auditors' Report 97

Financial Statements 98

Financial Highlights - Siemens Limited

₹ in Million

	2009-10	2008-09	2007-08	2006-07	2005-06
Orders received	124303	87964	87722	95720	82025
Income, Profit and Dividend					
Total Income (including exceptional income)	94776	89508	85361	79479	46853
Profit Before Depreciation, Interest and Tax	13707	15155	9596	9236	5521
Depreciation	1015	778	637	492	465
Interest	105	59	41	2	1
Profit Before Tax	12587	14319	8918	8742	5055
Tax	4315	3870	2984	2776	1454
Profit After Tax	8272	10449	5934	5966	3601
Dividend - %	250%	250%	150%	240%	190%
Dividend - ₹ Per Share	5.00	5.00	3.00	4.80	3.80
Share Capital, Assets and Book Value					
Share Capital	674	674	674	337	337
Reserves & Surplus	34104	28492	20017	15572	10534
Net Worth (Shareholders' Fund) ^	34778	29166	20691	15909	10871
Loans	2	6	11	15	20
Total Capital Employed	34780	29172	20702	15924	10891
Capital Represented by					
Fixed Assets	9805	7352	6441	5570	4163
Investments	3885	4770	5236	4676	4640
Net Current Assets & Other Assets	21090	17050	9023	5678	2089
Total Assets	34780	29172	20700	15924	10892
Book Value - ₹	103.15	86.50	61.37	94.37	64.49
Returns					
on Total Income (PBT) - %	13.28	16.00	10.45	11.00	10.79
On Capital Employed (PBIT) - %	42.33	54.62	49.43	61.09	54.96
On Shareholders Fund(PAT) - %	23.79	35.83	28.68	37.50	33.12
Per Share (PAT) - ₹	24.53	30.99	17.78	35.39	21.36

^ From 2005 - 06 ₹ 2 per share (Upto 2003-04 Face value was ₹ 10 per share)

^ Bonus shares issued in the year 2007-2008

Chairman's Statement

Dear Shareholders,

At the beginning of fiscal 2010, the global economic scenario was bleak with both, growth and demand being volatile. However, as the year progressed, the economy picked up steam, and confidence in the market also witnessed an upward trend. While Indian businesses were firmly on track and created new opportunities, the global economy found itself trying to stabilize and achieve a sound footing.

Against this backdrop, Siemens Ltd. was able to achieve growth in volumes and results for the fiscal year. The success we achieved during fiscal 2010, confirms that we are on the right track. We have been able to create value for our customers and forge partnerships for mutual growth and prosperity. Our customers have placed their confidence in our products, services and solutions, for which we are thankful to them.

The trend that we see very clearly is that sustainable business is the new mantra and within our organisation as well as with our customers, partners and suppliers. Hence, our focus for the near future will be on sustainable and capital-efficient growth.

Performance Highlights

Post the recession, fiscal 2010 has been quite a landmark year for us as we have not only outperformed the domestic market, but also laid out concrete plans to strengthen the implementation of growth strategies for the future.

India has been identified as one of the high potential markets by Siemens globally and concrete plans have been laid out to leverage this potential. While we will continue to provide top notch technology products for the classical high end markets, we will also leverage local strengths and manufacture base level products firstly for India's domestic markets and other emerging markets.

Keeping in mind the increasing demand for Green Technology in the future, Siemens will also continue to innovate and expand its environmental portfolio. These key focus areas coupled with the economic recovery, strongly contributed towards our success and also had an impact on the financial results of FY 2010. Fiscal 2010 turned out to be exceptional in terms of performance, order bookings and earnings growth. All our three sectors posted impressive results despite stiff competition and pricing pressure.

For the financial year ended September 30, 2010, Profit from Operations increased by 26% to ₹1,192 crores, as compared to the previous year. Sales rose by 11% to ₹9,315 crores for the year ended September 30, 2010, as compared to ₹8,389 crores in the previous year.

Siemens Ltd. also received New Orders valued at ₹12,430 crores which was a growth of 41% despite tough market conditions in the 12 months ended September 30, 2010, as compared to ₹8,796 crores in the previous year.

For the year ended September 30, 2010, the Company's Profit before Tax stood at ₹1,258 crores, as compared to ₹1,432 crores in the previous year, registering a fall of 12%. The Profit after Tax reduced by 21% and stood at ₹827 crores as compared to ₹1,045 crores in the previous year. Please note that, our profits are strictly not comparable to last year's financials as in the last year there was one time increase in financing & investment income arising from the sale of our erstwhile subsidiaries Siemens Information Systems Ltd. and Siemens Information Processing Services Pvt. Ltd. On excluding this one-time impact from last year's profits, our comparable performance has been very impressive. The unexecuted order value as of September 30, 2010 stood at ₹13,583 crores - a rise of 32% as compared to ₹10,292 crores in the previous year.

The Board of Directors has recommended a dividend of ₹5/- for every equity share of ₹2/- for the financial year ended September 2010. During the previous fiscal too, the Company had paid a dividend of ₹5/- for every equity share of ₹2/-.

Performance Analysis

The Industry Sector launched several innovative products across its divisions, including the conveyor 'Vario Belt' for airport Baggage handling projects by the Mobility Division.

The Energy Sector enhanced our local footprint with the commencement of operations at the Renewable Energy office in Vadodara. In addition to this, the Sector also announced the setting-up of a new factory in Goa, to manufacture Medium Voltage products. This factory will also be amongst the few truly green factories in India. The Sector also received an important order from Ezdan International Housing Project, Qatar. Scheduled to be commissioned by January 2011, the scope of work for this project includes designing, engineering, installation and commissioning of substations and associated electrical network.

The Healthcare Sector too started reaping benefits from its internal restructuring. These benefits include order volume growth which is remarkably higher than the rate of growth being witnessed in the market. The Sector also initiated refurbishing of CT scanners at its facility in Goa, making it the first and only Siemens factory in Asia for refurbished systems.

At this juncture, let me also share some interesting developments from our subsidiary companies: Flender Ltd., Siemens Building Technologies Pvt. Ltd., and Vista Security Technics Pvt. Ltd. have been merged with Siemens Ltd. and are now part of the Industry Sector. Siemens Rolling Stock Pvt. Ltd., another subsidiary which was set up with the objective of catering to the rolling stock business in India, is also in the process of merging with the Company.

People Excellence

Our employees continue to be our core strength and we continue to focus on developing their capabilities even further. In addition to the ongoing programs, the Company has also initiated various development initiatives to enhance the existing skill sets of high potential employees. These initiatives include trainings organized by prestigious institutes such as the Indian Institute of Management, Ahmedabad and the Siemens Core Learning Program, which delivers global learning programs developed and customized to suit the Siemens Job requirements. Executive Coaching programs too were made available to key potential employees so as to groom them for future positions. Our focus remains to retain and attracting the right talent.

The Road ahead - Outlook for Siemens

The Government's efforts in taming inflation have brought positive results for the country and for Siemens. FY 2010 was an excellent year with respect to the financial performance, with all our sectors having performed better than expected.

Over the last 5 years, our sales have doubled and orders have increased by over 50%. We expect the pace of global economic recovery to help the Indian economy grow at a higher rate. We are also well positioned to leverage domestic growth opportunities and aim to be amongst the best employers.

We will also continue to develop competencies required to cater to local & global markets. As mentioned before, for the next year we will continue to deliver top notch technology solutions for high-end markets, develop base level products for mid and low end segments and continue to expand our environmental portfolio.

Last but not the least, we are confident to keep leadership positions in all our key markets to ensure profitable growth.

Conclusion

A year after what many define as the global economy's worst crisis of confidence, there seems to be growing evidence that the steps we took in order to tide over the economic crisis are paying off.

Global production and trade have bounced back and financial markets have also recovered. Brazil, Russia, India and China (BRIC countries) are expected to grow at three times the pace of their industrialized counterparts during the next few years. This presents us with huge opportunities and we are well-prepared to leverage them.

We are optimistic about FY 2011 with respect to the potential of growth markets and the business environment. With greater flexibility to develop and manufacture base level products for our own markets and the option of exploring opportunities to export them to similar emerging markets, we have to strengthen the local talent at Siemens.

In conclusion, I would like to heartily thank the Board, the management and especially our dedicated employees for their consistent support and commitment to Siemens Ltd; as well as our esteemed customers for their confidence and loyalty.

Deepak Parekh
Chairman

December, 2010

Board of Directors

Non-executive Directors

Deepak S. Parekh
Chairman

Darius C. Shroff
Director

Yezdi H. Malegam
Director

Narendra J. Jhaveri
Director

Keki Dadiseth
Director

Pradip V. Nayak
Director

Joe Kaeser
Director

Wolfgang Dehen
Director

Dr. Otmar Schmitt
Alternate Director
for Mr. J. Kaeser

Stephan Schneider
Alternate Director
for Mr. W. Dehen

Whole-time Directors and Corporate Management

Dr. Armin Bruck
Managing Director
and Chief Executive
Officer

Sunil D. Mathur
Executive Director
and Chief Financial
Officer

Vijay V. Paranjape
Whole-time
Director

Company Secretary

Ajai Jain
Vice President (Legal) & Company Secretary

Committees of Directors

Audit Commitee

Yezdi H. Malegam (Chairman)
Deepak S. Parekh
Keki Dadiseth
Joe Kaeser / Dr. Otmar Schmitt

Investors Grievance Committee

Darius C. Shroff (Chairman)
Pradip V. Nayak
Dr. Armin Bruck

Remuneration Committee

Narendra J. Jhaveri (Chairman)
Darius C. Shroff
Deepak S. Parekh
Pradip V. Nayak

Corporate Governance Committee

Keki Dadiseth (Chairman)
Deepak S. Parekh
Yezdi H. Malegam
Darius C. Shroff
Joe Kaeser / Dr. Otmar Schmitt
Dr. Armin Bruck

Investment Committee

Deepak S. Parekh (Chairman)
Yezdi H. Malegam
Pradip V. Nayak
Joe Kaeser / Dr. Otmar Schmitt
Sunil D. Mathur

Notice

NOTICE is hereby given that the 53rd Annual General Meeting of the Members of the Company will be held at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannathrao Bhonsle Marg, Nariman Point, Mumbai - 400 021 on Friday, 28th January, 2011, at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 30th September, 2010, Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Keki Dadiseth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pradip V. Nayak, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Darius C. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint Messrs S.R. Batliboi & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of the 53rd Annual General Meeting upto the conclusion of the next i.e. 54th Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following Resolutions:

7. **Revision in remuneration of Dr. Armin Bruck, Managing Director**

   As an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the Company hereby accords its approval to the revision in remuneration payable to Dr. Armin Bruck, Managing Director with effect from 1st January, 2011, as set out under Serial No. 1 of the Explanatory Statement annexed to this Notice."

8. **Revision in remuneration of Mr. Sunil Mathur, Executive Director**

   As an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the Company hereby accords its approval to the revision in remuneration payable to Mr. Sunil Mathur, Executive Director with effect from 1st January, 2011 as set out under Serial No. 1 of the Explanatory Statement annexed to this Notice."

9. **Re-appointment of Mr. Vijay V. Paranjape as a Whole-time Director and payment of remuneration**

   a. **Re-appointment as a Whole-time Director and payment of remuneration**

      As an Ordinary Resolution:

      "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Mr. Vijay V. Paranjape, Whole-time Director of the Company for a further period of one year with effect from 1st October, 2010, on the existing terms and conditions including remuneration."

   b. **Revision in remuneration**

      As an Ordinary Resolution:

      "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, the Company hereby accords its approval to the revision in remuneration payable to

Mr. Vijay V. Paranjape, Whole-time Director with effect from 1st January, 2011 as set out under Serial No. 1 of the Explanatory Statement annexed to this Notice."

By Order of the Board of Directors

For **Siemens Ltd.**

Ajai Jain
Vice President (Legal) &
Company Secretary

Registered Office:
130, Pandurang Budhkar Marg
Worli, Mumbai - 400 018

Mumbai
Wednesday, 24th November, 2010

Notes:

a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Proxies, in order to be effective, must be received by the Company, duly filled, stamped and signed, at its Registered Office not less than 48 hours before the Meeting.

b. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses in the Notice is annexed hereto.

c. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the forthcoming 53rd Annual General Meeting.

d. Members / Proxies / Representatives should bring the enclosed Attendance Slip, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.

e. Profile of the Directors seeking re-appointment, as required in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are annexed to this Notice.

f. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 20th January, 2011 to Friday, 28th January, 2011, both days inclusive, for the purpose of payment of Dividend, if declared.

g. The Dividend, as recommended by the Board of Directors, if declared at the 53rd Annual General Meeting, will be paid on or after Friday, 28th January, 2011, to those Members who hold shares in physical form and whose name appears on the Company's Register of Members as holders of Equity Shares on Friday, 28th January, 2011.

   In respect of shares held in electronic form, to the Beneficial Owners of the shares as at the close of business hours on Wednesday, 19th January, 2011, as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

h. Members holding shares in electronic form may please note that their bank details, as furnished by their respective Depository Participants to the Registrar and Share Transfer Agent – TSR Darashaw Ltd., will be mandatorily printed on their dividend warrants as advised by the Securities and Exchange Board of India. Further, instructions, if any, given by them in respect of shares held in physical form will not be automatically applicable to the dividend payable on shares held in electronic form. Such Members are, therefore, requested to give instructions regarding bank accounts in which they wish to receive dividend, to their respective Depository Participants directly. The Company or its Registrar and Share Transfer Agent will not act on any direct request from such Members for change / deletion of such bank details.

i. Unclaimed / Unpaid Dividend:

   Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.