

Annual Report 2007
India

Bringing the Indian dreams to life.
For over 5 decades.

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SIEMENS

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Siemens Ltd.

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Financial Highlights - Siemens Ltd.

	2006-07	2005-06	2004-05	2003-04	2002-03
* Orders received	95720	82025	41233	30142	16754
* Sales	77268	45103	27485	17900	14245
* Profit before tax	8742	5055	3631	2299	1968
As % of sales	11%	11%	13%	13%	14%
* Profit after tax	5965	3601	2548	1514	1394
As % of sales	8%	8%	9%	8%	10%
** Net worth per share [^]	94.37	64.48	47.12	182.92	148.18
** Earning per share	35.39	21.36	15.72	45.68	42.06
* Dividend	809	641	481	298	249
Dividend %	240%	190%	145%	90%	75%
Debt/equity ratio	-	-	-	-	0.01: 1
* Investment in fixed assets	2574	843	277	314	243
No. of employees	6505	5971	4777	4094	3811
No. of shareholders	100135	79118	31315	31842	39197

* Rs. In millions

** Rupees

[^] From 21st June, 2006 face value is Rs.2 per share (Upto 2003-04 Face value was Rs.10 per share)



Chairman's Statement

Dear Shareholders,

As India celebrates its 60th year of Independence, our nation is exhibiting a new spirit of optimism and enterprise across all areas of its economy, on the back of an unprecedented 'economic awakening'. This transformation has been the result of an ongoing programme of liberalization over the last decade, and a greater integration with the world economy. A combination of factors such as strong macroeconomic fundamentals, a rich resource of intellectual manpower and the outsourcing boom have interacted positively with each other and transformed India into a globally competitive force.

Perhaps the most heartening aspect of this impressive growth has been its sustainability. India, which is Asia's third-largest economy, has averaged 8.6% growth a year for the past four years. Our nation recorded an average GDP growth rate of 7.6% during the Tenth Plan (2002-07). This is the highest we have achieved in any Plan period and it reflects that a significant acceleration in growth has taken place. Our stock market too, crossed the \$1 trillion mark in market capitalization this year. When the BSE Sensex recently crossed the 20,000 mark, it signified a psychological benchmark for our nation – previously used to negative numbers in poverty line and low human development index. And it also reaffirmed the long-term profit growth rates of Indian corporates. With both the manufacturing and services sectors showing dynamism – global majors, including our parent company in Germany, have rightly placed our nation at the top of their priority list.

Here at Siemens, we celebrated an important landmark in the history of our company – namely our 50th year of incorporation. Siemens Ltd. was also ranked at number 4 by BusinessWeek in its list of Asia's 50 best performing companies. This study has been conducted by the magazine on the top-performing companies in Asia based on parameters such as robust revenue growth, profitability as well as shareholder returns.

The year was filled with many successes and many changes. It is with a great sense of achievement and pride that I share with you some of my key observations.

Performance Highlights

During the year under review, our company has grown rapidly and profitably, as evidenced by a strong financial performance. For the financial year ended September 2007, Sales Turnover increased by 71% and rose to Rs.77,268 million (Rs.7,727 crore), as compared to Rs.45,103 million (Rs.4,510 crore) in the corresponding period of the previous year. Our company has turned in an impressive operational performance with Profit Before Tax standing at Rs.8,742 million (Rs.874 crore), a healthy rise of 73% over the previous year. Our Profit After Tax recorded a value of Rs 5,965 million, an increase of 66%. While New Orders grew by 23% over the last year, the Unexecuted Order Value position as of September 2007 grew by 25% and stood at Rs.94,074 million. For the year ended September 2007, our exports turnover contributed to 32% of our total turnover. In fact, our exports turnover has grown by

more than 6 times in the last 2 years. It is important to note that our base businesses grew strongly, indicating the consistency in our year-on-year growth.

In consideration of the good results, we are recommending a dividend of 240%. During the previous fiscal, the company had recommended a total dividend of 190%. And as the time is ripe, you, our esteemed shareholders, would be very happy to know that we have also recommended a bonus share in the ratio of 1:1, with one share awarded for every share held.

Our company recorded a strong revenue growth during 2006-07 driven by a collective effort from all our businesses. Our revenues from Power and Industry were the major growth drivers contributing 44% and 27% respectively. We've had a long list of outstanding successes throughout the year. To name just a few, our Power Transmission and Distribution (PTD) division won the largest ever contract in PTD worldwide for development of the power networks in Qatar. The Industrial Solutions and Services division, with its broad-based portfolio consolidated its healthy presence in key business segments and also expanded into newer territories. In Healthcare, India's first Dual Source CT was installed at the Breach Candy Hospital, Mumbai. Our Transportation business saw the delivery of the first prototype rail rake to Mumbai Rail Vikas Corporation. This is the first of the 157 new-generation, energy-saving trains that will ply on the Mumbai suburban railway service, for which Siemens has executed all the electrical equipment. In the software arena, Siemens Information Systems Ltd, our IT arm, implemented a SAP-based, e-governance portal for the Municipal Corporation of Greater Mumbai.

Growth Drivers for Siemens

The outstanding financial performance was largely driven by a strong surge in the economy, which recorded a peak 9.4% growth during FY '06-'07, the fastest in 18 years. This growth, in turn, triggered a significant thrust for both development and upgradation of the infrastructure. There was significant capacity addition in core sectors such as power, manufacturing and services. As power is high on the Government's priority list, the growth environment remained positive for the sector. Cement and steel production remained buoyant as well, on account of the rise in construction and real estate activities across the country. The demand side continued to be robust from the transport, healthcare and information technology verticals too. These market dynamics had a positive impact on our operations and served as key growth contributors to our business divisions.

Leveraging Market Opportunities

Siemens, through its portfolio of technology solutions, was able to optimally tap into these market opportunities.

Our first level strategy was to ensure that our base businesses grew healthily. Here, we went into newer market segments and penetrated deeper into the B&C cities directly and through partners. Secondly, we participated in Mega Projects. While the base business supported our normal

growth, we went for mega projects very selectively, both in the domestic and export markets. These projects will inevitably take care of the turnover for the next 3-4 years.

We continued to strengthen our portfolio through strategic acquisitions – like iMetrex Technologies – to become the leader in the building technologies segment. At the same time, we launched new products and technologies that were very successful. We also bought the balance stake of 26% in SITS, a service company for industrial turbines.

These exciting developments will enable Siemens to benefit from collaborative initiatives, whilst the co-operative family of businesses under our Siemens One initiative, should also see new opportunities arising from the resulting synergies. At the heart of these developments, however, is the determination to provide - for our customers - a wider range of products and convenient channels through which they access our products and services.

We systematically focused on increasing the local value added structure and increased our factory capacities to support growth. To support the demand situation, we made substantial investments amounting to nearly Rs.4.5 billion (450 crores) last year in setting up new factories, upgrading our existing manufacturing facilities, modernization of our infrastructure and M&A activities.

As part of our organizational restructuring, the business of Siemens Public Communication Networks Ltd., which was a 100% subsidiary of Siemens Ltd., was sold to Nokia Siemens Networks, following the global decision to move the networks business into a new joint venture. The Enterprise Communication business (COM/EN) has been moved to a separate entity, known as Siemens Enterprise Communications Private Limited. This is now a 100% subsidiary of our parent company, Siemens AG. Similarly, the business of our Siemens VDO Automotive division has been moved into a separate entity which is now known as Siemens VDO Automotive Components Private Ltd. This was following a global decision to sell the business to Continental AG, a leading automotive player.

All our businesses continue to prosper. They have established a distinctive character, and continue to provide an exceptional combination of value, convenience and service. And I am confident that by moving forward with the market, we will build further on our successes over the coming years.

People Excellence

The commitment and motivation already evident from Siemens' own leaders and employees during 2006-07 ensured that our company saw continued progress. Our employees are the most critical resource that determines our success. Recognizing the need to identify and retain top talent and hone their business skills, we laid a special emphasis on training for managers in areas such as leadership and team building. At the same time, through several training programs, we enhanced the skill levels of our workmen, staff and engineers across all our business groups and departments.

Interestingly, today, we have a fantastic employee mix in our company. While one-third of our employees are

under 30 years (our budding youngsters), one-third are between 30 and 40 years (our experienced managers), and the remaining one-third are above 40 years (our senior management & leadership team).

The Booming Economy: Growth Avenues

The Government has set a growth target of 9% for the Eleventh Plan (2007-2012). To sustain these growth levels over the long-term, infrastructure in critical areas such as power, roads, ports, airports and railways will have to see a major turnaround. However, the reality is that because of high growth, our infrastructure deficiencies have become more visible in the form of chronic power shortages - and congested transport services, with roads, ports and airports choked with traffic and goods.

In the power sector, India expects to add a capacity of 80,000 MW by 2012 and provide power for all. To attain this ambitious target, the Government had outlined a proposal for nine ultra mega power projects (each project having a capacity of 4,000 MW or more). Till date, only two of these UMPs have taken off the ground. In addition, there is an acute shortfall of power equipment and also skilled manpower. However, the Union Power Ministry is positive that the power sector's target of 80,000 MW could be reached in the 11th five-year plan. So far, orders have been placed for 56,000 MW, while the remaining is slated to be completed by March 2008.

As the thrust for capacity addition gains momentum, Siemens is ideally placed to support the Government in its ambitious plans of providing power to all. We are keeping a close watch on the pulse of this vital sector and expect to participate in development of the sector.

In the Industry arena, a high and sustained growth is envisaged in the production and consumption of cement during the next few years. And steel and cement companies, along with new players, are planning to invest over Rs.38,000 crore in three to five years in new projects to tap the boom in cement demand. In this milieu, Siemens Industrial Solutions & Services division, with its traditional strengths, is ideally positioned to tap in to the market opportunities for capacity addition requirements.

Air connectivity is a vital component to infrastructure development. In the domestic aviation sector, investments to the tune of 150 billion are expected over the next 10 years, which would transform it into a sunrise sector. It is proposed that airports in India, which currently number 81, are expected to increase to 108 airports in the next couple of years, and to 500 airports in the near future. Siemens, with its ongoing presence and expertise in both the Bangalore International Airport and also the Delhi International Airport, is keenly exploring potential opportunities for airport solutions that may crop up from this booming sector.

In order to maintain the high growth of the economy and also to boost trade, the domestic rail infrastructure is also being upgraded. The government has approved two rail freight corridors to be built at a cost of Rs.281.81 billion (\$7.15 billion) over the next five years. In addition, major Indian cities are also looking at the potential of Metro Rail as a means to supplement their suburban transport requirements. In this vibrant scenario, Siemens with its

portfolio of rail transport technologies is keenly studying the market to tap into these opportunities.

The Road Ahead: Challenges & Opportunities

While the economy has been experiencing a number of 'positives,' concerns remain over the impact of recent developments. In the international arena, global petroleum prices are almost nudging the \$100 per barrel mark. And the Indian rupee has appreciated 12.5% against the dollar in the past year. Owing to a combination of factors, the Indian economy grew slower at 8.9% in the second quarter (July-September 2007), substantially lower than the 10.2% growth in the same quarter last year. While there has been a moderation in the growth of the economy, investment continued to accelerate, ensuring that the growth momentum would be sustained. The economy is expected to be resilient and maintain its strong growth momentum, with a projected GDP growth of 8.9% for the coming fiscal.

India is sitting on a huge work-in-progress as a number of capacity expansion projects are under way in almost all the industries, particularly in petroleum refining, cement, steel and automobiles. At the same time, huge investments are lined up for building the infrastructure in areas such as petroleum exploration and production, power generation and electrical equipment, construction, heavy engineering and similar industries.

In order to execute these projects, the Government of India has scaled up its target for infrastructure spends to 9% of GDP by fiscal 2012. This target of investment outlined adds up to around \$500 billion over a five-year period. In addition, a host of new initiatives are being explored to attract more private investments, and policies are also being evolved to monitor and speed up public investment projects.

Conclusion

Going forward, we see a huge potential for growth in the booming Indian economy, especially in areas of infrastructure. We will continue to strengthen our focus in the domestic as well as the export market. The new worldwide President and CEO of Siemens AG, Mr. Peter Loescher visited India, twice within the first 100 days of his assuming office. During this time, he clearly amplified that Siemens India was a growth pillar in Asia, on par with China and has set a challenging goal of doubling the revenues in three years.

Even as we pursue our growth targets, we ensure that our hearts remain tuned ever so close to the ground realities, especially in the area of social responsibility. We continue to remain intensely committed to our CSR projects; be it the Tsunami Rehabilitation initiative, the St. Catherine's Home orphanage at Mumbai or the Seva Chakkara Ashrama in Chennai. We also have on our rolls 50 employees with 'special needs' at Siemens Information Processing Services Pvt. Ltd. And our experience so far has been great in this regard.

I am pleased to share with you an important top level Management change. Dr. Armin Bruck, who is currently a Whole-time Director on the Board of Siemens Ltd. since October 1st 2007, responsible for the Energy business has

been named as the successor to Mr. Juergen Schubert. He takes over as the next Managing Director with effect from January 1st 2008. To facilitate the smooth transition, Mr. Schubert will continue to support the Board till the end of January 2008.

Dr. Bruck, 44 has been with Siemens for over 20 years and has worked in various Business Groups in Germany and abroad. He has rich international experience, specially in Asia, which is a great advantage. I am sure that Dr. Bruck will leverage his incisive managerial skills to steer Siemens Ltd. into a steady and prosperous future. I would like to welcome him on the Board of Siemens Ltd. and congratulate him in taking up a new and larger role.

Mr. Schubert came to India in 1996 at a time when the Company was passing through a tough period. Within the first few weeks, he outlined a restructuring program and successfully brought the company back to profitability in a short span of two years. Due to his highly customer centric approach, he had an excellent understanding of the markets and its success drivers. As an ambassador for India's engineering capabilities, he drew up an investment led growth strategy with a strong focus on strengthening the local manufacturing base in India, to serve the domestic as well as export markets. Today, the Company is a Center of Competence for several products manufactured locally.

Dear Shareholders, Mr. Schubert's contribution to Siemens is immeasurable as he has etched an important era in the history of Siemens in India, bringing it to a glorious peak as never before. And, it is at this high point that he chooses to hand over the baton. We are immensely thankful to Mr. Schubert for his outstanding contribution over these years, which has brought the Company into the 'Champion's League', not only in the Siemens world, but also on independent standing in Asia. Today, Siemens is one of the most respected and valued companies in India with an excellent reputation and image.

As he moves onwards in life to pursue his personal goals and interests, let us thank him for his tremendous and valuable contribution. We will certainly miss his charismatic leadership and wish him the very best for the future.

I would like to take this opportunity to sincerely thank all my colleagues on the Board, the Siemens Management Team and specially all the Staff and Workers who have yet again turned out a fantastic year. Because of this, you, as our investors, stand to benefit. Together with our employees, I am confident that we, at Siemens, can attain success in all our ventures and reach the impressive growth targets that we have set for ourselves.

I look forward to your continued support at every step of this journey.

Thank you.

Mumbai,
20thDecember 2007

Deepak S. Parekh
Chairman

Board of Directors



D. C. Shroff

N. J. Jhaveri

Deepak S. Parekh

J. Schubert

K. Wucherer

Joe Kaeser

K. Dadiseth

Y. H. Malegam

Pradip V. Nayak

V. V. Paranjape

V.B.Parulekar

P. de Royer

Armin Bruck

K. R. Upili

Profile of Directors (as on 20th December, 2007)

Non-executive Directors

Mr. Deepak S. Parekh

Chairman

B. Com, FCA (England & Wales)

Date of Birth: 18.10.1944

Date of Appointment: 07.11.2003

- Bharat Bijlee Ltd.
- Borax Morarji Ltd.
- Castrol India Ltd.
- Exide Industries Ltd.
- Glaxo SmithKline Pharmaceuticals Ltd.
- HDFC Asset Management Co. Ltd.
- HDFC General Insurance Co. Ltd.
- HDFC Standard Life Insurance Co. Ltd.
- Housing Development Finance Corpn. Ltd.
- Hindustan Oil Exploration Company Ltd.
- Hindustan Unilever Ltd.
(formerly Hindustan Lever Ltd.)
- Infrastructure Development Finance Co. Ltd.
- Lafarge India Pvt. Ltd.
- Mahindra & Mahindra Ltd.
- The Indian Hotels Co. Ltd.
- Zodiac Clothing Company Ltd.

Mr. Darius C. Shroff

Director

BA (Hons.), LL.B., Solicitor

Date of Birth: 08.08.1944

Date of Appointment: 20.02.1997

- Avi-Oil India Pvt. Ltd.
- Bayer Polychem (India) Ltd.
- Bayer MaterialScience Pvt. Ltd.
- CMP Pvt. Ltd.
- GMM Pfaudler Ltd.
- Ingersoll-Rand (India) Ltd.
- Kulkarni Power Tools Ltd.
- Lubrizol India Pvt. Ltd.
- Professional Oral Care Products Pvt. Ltd.
- SKF India Ltd.
- Swiss Re Services India Pvt. Ltd.
- Unifrax India Ltd.
- UTV Software Communications Ltd.
- Warner Bros. Pictures India Pvt. Ltd.

Mr. Yezdi H. Malegam

Director

CA

Date of Birth: 24.09.1933

Date of Appointment: 01.04.1998

- ABC Bearings Ltd.
- Bharatiya Reserve Bank – Note Mudran Pvt. Ltd.
- The Clearing Corporation of India Ltd.
- FirstSource Solutions Ltd.
- Hindustan Construction Co. Ltd.
- National Stock Exchange of India Ltd.
- National Securities Clearing Corporation Ltd.
- Nicholas Piramal India Ltd.
- Tata Coffee Ltd.
- Tata Tea Ltd.

Prof. Dr. Klaus Wucherer

Special Director (Nominee of Siemens AG, Germany)

Prof. Dr.-Ing., Dr.-Ing.E.h.

Date of Birth: 09.07.1944

Date of Appointment: 01.10.2000

Mr. Stephan Schneider

Alternate Director for Prof. Dr. K. Wucherer

Certificate of Business Administration

Date of Birth: 22.03.1958

Date of Appointment: 23.07.2007

Mr. Narendra J. Jhaveri

Director

B. Com., Masters from London School of Economics

Date of Birth: 09.08.1935

Date of Appointment: 09.11.2000

- Afcons Infrastructure Ltd.
- Edelweiss Capital Ltd.
- Gujarat State Petronet Ltd.
- Hindalco Industries Ltd.
- Indian Aluminium Co. Ltd.
- Juniper Hotels Pvt. Ltd.
- Kier Afcons (India) Pvt. Ltd.
- Manipal Health System Pvt. Ltd.
- Phoenix ARC Pvt. Ltd.
- Pidilite Industries Ltd.
- Siemens Information Systems Ltd.
- Siemens Medical Solutions Diagnostics Ltd.
(formerly Bayer Diagnostics India Ltd.)
- SKF India Ltd.
- Ultra Tech Cement Ltd.
- Usha Martin Ltd.
- Voltas Ltd.

Mr. Keki Dadiseth

Director

B. Com., FCA (England & Wales)

Date of Birth: 20.12.1945

Date of Appointment: 27.01.2006

- Britannia Industries Ltd.
- ICICI Prudential Life Insurance Company Ltd.
- ICICI Prudential Trust Ltd.
- Indian Hotels Company Ltd.
- Nicholas Piramal India Ltd.
- Omnicom India Marketing Advisory Services Pvt. Ltd.
- Times Global Broadcasting Co. Ltd.

Mr. Pradip V. Nayak

Director

Degree in Economics & Politics

Read Law at Gray's Inn, London

Date of Birth: 06.09.1943

Date of Appointment: 27.01.2006

- ABN Amro Trustee (India) Pvt. Ltd.
- GlaxoSmithkline Pharmaceuticals Ltd.
- Siemens Medical Solutions Diagnostics Ltd.
(formerly Bayer Diagnostics India Ltd.)
- Vibrac Animal Health India Pvt. Ltd.

Mr. Joe Kaeser

Director

MBA

Date of Birth: 23.06.1957

Date of Appointment: 01.10.2006

Dr. Otmar Schmitt

Alternate Director for Mr. J. Kaeser

PhD in National Economics

Date of Birth: 10.09.1951

Date of Appointment: 15.12.2000

- Siemens Corporate Finance Pvt. Ltd.

Whole-time Directors**Mr. Juergen Schubert**

Managing Director and Director (up to 31.12.2007)

Dip Ing.

Date of Birth: 07.05.1947

Year of Joining: 1974

Date of Appointment: 01.10.1996

- Siemens Information Processing Services Pvt. Ltd.
- Siemens Information Systems Ltd.

Mr. Patrick de Royer

Executive Director

MBA

Date of Birth: 25.10.1951

Year of Joining: 1978

Date of Appointment: 01.01. 2001

- Flender Ltd.
- Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)
- Siemens Corporate Finance Pvt. Ltd.
- Siemens Information Processing Services Pvt. Ltd.
- Siemens Information Systems Ltd.

Mr. Kumbakonam R. Upili

Whole-time Director

B.Com, Diploma in Business Management

Date of Birth: 20.03.1947

Year of Joining: 1964

Date of Appointment: 27.01.2006

- Siemens Corporate Finance Pvt. Ltd.

Mr. Vijay V. Paranjape

Whole-time Director

B.E.

Date of Birth: 25.07.1948

Year of Joining: 1971

Date of Appointment: 01.02.2007

- Flender Ltd.

Mr. Vilas B. Parulekar

Whole-time Director

B.E.

Date of Birth: 25.07.1949

Year of Joining: 1971

Date of Appointment: 01.02.2007

Dr. Armin Bruck

Whole-time Director (from 01.10.2007 to 31.12.2007)

Managing Director (from 01.01.2008)

PhD in Operations Research

Business Degree in Economics and Informatics

Date of Birth: 06.02.1963

Year of Joining: 1987

Date of Appointment: 01.10.2007

- Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)
- Siemens Information Processing Services Pvt. Ltd.
- Siemens Information Systems Ltd.

Company Secretary**Mr. Ashok Jangid**

Vice President and Company Secretary

B.Com, LL.B, FCS

Date of Birth: 21.09.1960

Year of Joining: 1982

Date of Appointment: 14.12.1996

- Siemens Enterprise Communications Pvt. Ltd.
- Siemens Hearing Instruments Pvt. Ltd.
- Siemens Nixdorf Information Systems Pvt. Ltd.
- Winergy Drive Systems India Pvt. Ltd.

Note: The information is given under the following heads:

Name, Position, Qualifications, Date of Birth, Year of Joining Siemens (for Whole-time Directors and Company Secretary), Date of Appointment as Director / Company Secretary and Other Directorships in India (including Alternate Directorships)

Committees and Organisation Structure

Committees as on 1st December, 2007

Committees of Directors

Audit Committee

Y. H. Malegam (Chairman)
J. Kaeser / Dr. O. Schmitt
Deepak S. Parekh
K. Dadiseth
Ashok Jangid (Secretary)

Investors Grievance Committee

D. C. Shroff (Chairman)
J. Schubert
Pradip V. Nayak
Ashok Jangid (Secretary)

Remuneration Committee

N. J. Jhaveri (Chairman)
D. C. Shroff
Deepak S. Parekh
Pradip V. Nayak
Ashok Jangid (Secretary)

Corporate Governance Committee

K. Dadiseth (Chairman)
Deepak S. Parekh
Y. H. Malegam
D. C. Shroff
J. Kaeser / Dr. O. Schmitt
J. Schubert
Ashok Jangid (Secretary)

Organisation Structure as on 1st December, 2007

Corporate Management

Managing Director

J. Schubert 1

Executive Director

P. de Royer 2

Business Segments

Industry

Industrial Solutions & Services

N. Sivasubramanian 4
S. Krishnan 2

Automation & Drives 4

V. V. Paranjape 4
R. M. Gala 2

Power

Power Generation 6

R. Sachdeva** 6
T. T. Joseph 2

Power Transmission & Distribution 6

A. K. Dixit 6
A. V. Kamath 2

Corporate Resources

Corporate Communications

K. Ghatge

Corporate Strategic Purchase & Logistics

A. S. Shikarwar

Liasion Office - Colombo, Sri Lanka

S. Rajiv

Government Relations 1

NN

Corporate Accounts 2

P. Joglekar

Corporate Planning

R. Dalvi

Corporate Secretariat

Ashok Jangid

Siemens One and Key Account Management 1

S. Ramakrishna

Corporate Taxation 2

D. Nageswar Rao

top* Projects

R. Dalvi

Regional Compliance Office

S. Banerjee

Intellectual Property

Ekkehard Ruyter (1)

Corporate Finance 2

P. Bhambani

Location In-charge

Head Office

S. D. Tare

Ahmedabad

A. Mehta

Kolkata

S. K. Datta

Bangalore

K. Nadkarni (3)

Kharghar

S. Krishnan

Vadodara Offices+Works

N. Dewaji

Chennai

G. V. R. Rao

Cochin

NN

Pune

C. J. Kaul

Nagpur

R. Likhitkar

Coimbatore

K. Arul Prakash

Hyderabad

T. Srikant

Notes: Bold numbers indicate reporting line to Corporate Management Members

(1) Mr. E. Ruyter is SISL employee reports to Mr. Laud, MD, SISL and is responsible for IPD functions for Siemens Group of Companies in India.

(2) Mr. Sant is also Export Control Officer.

(3) Mr. Nadkarni is SISL employee.

** Coordination

Committees of Management

Investment Committee

Deepak S. Parekh
Y. H. Malegam
Pradip V. Nayak
J. Kaeser / Dr. O. Schmitt
P. de Royer
Ashok Jangid (Secretary)

Share Transfer Committee

J. Schubert (Chairman)
P. de Royer
Ashok Jangid

Finance Committee

P. de Royer (Chairman)
J. Schubert
Ashok Jangid

Delegation of Powers Committee

J. Schubert (Chairman)
P. de Royer
K. R. Upili
Ashok Jangid

Company Secretary

Ashok Jangid
Vice President and
Company Secretary

Directors on Board

K. R. Upili 3

V. V. Paranjape 4

V. B. Parulekar 5

Armin Bruck 6

Medical

Medical Solutions 1

D. Raghavan 1
K. N. Prabhu 2

Transportation

Transportation Systems 5

V. B. Parulekar
M. K. Vig 2

Real Estate

Siemens Real Estate 6

S. D. Tare 6
N. Lobo 2

Corporate Legal 2
F. N. Katgara

Internal Audit 2
A. Chopra

Performance Controlling 2
V. D. Kale

Chief Information Officer 2
Nishith Sharan

Import/Export Admin 2
P. Sant (2)

Corporate Security 2
S. D. Tare

Human Resource 3
K.R. Upili

Occupational Safety & Environment 3
J. Rao

Medicare & Occupational Health 3
S. Sivaramakrishnan

International Delegation Centre 3
S. S. Jaswal

Project Management @ Siemens 5
D. Khandekar

Delhi (Ring Road) 5
Munish Vasudeva

Delhi (Gurgaon) 5
R. Sachdeva

Chandigarh 5
R. Handa

Lucknow 5
N N

Jaipur 5
A. K. Sinha

Kalwa Works 4
G. D'Silva

Nashik Works 4
S. Pate

Aurangabad Works 4
D. S. Kulkarni

Goa Works 4
H. Usgaonkar

Kalwa Works -Trafos 4
G. Bhatia

Hyderabad Works 4
D. R. K. Reddy

Siemens Companies in India

(As on September 30, 2007)

The Siemens Group in India has a very diverse and unique portfolio. It is an integrated technology company present in three sectors: Industry, Energy and Healthcare, Leveraging innovative products, technologies and solutions, Siemens plays a key role in India's quest for developing a modern infrastructure.

Siemens as a Group in India comprises of 17* companies, 18 manufacturing plants and a wide network of Sales and Service offices across the country, providing direct employment to over 18,000 people. The Group's businesses are represented by various companies as given below:

Company	Equity stake	Brief Description
Siemens Ltd. (SL)	Siemens - AG 55.18% Others - 44.82%	<ul style="list-style-type: none"> ❖ Portfolio consists of products, systems, solutions and services in Power Generation, Power Transmission and Distribution, Automation & Drives, Industrial Solutions and Services, Building Technologies, Transportation Systems and Medical Solutions ❖ Factories – Five at Kalwa, Thane; Two at Aurangabad; One each at Goa, Bangalore, Nashik, Vadodara, Manesar, Pune and Hyderabad ❖ 6,505 employees ❖ HQ at Mumbai
Siemens Information Systems Ltd. (SISL)	Siemens Ltd. - 100%	<ul style="list-style-type: none"> ❖ Systems integrator and total solutions provider, provides world-class software products & solutions with its extensive domain expertise and technology specialization, to a global clientele in the areas of Healthcare, Telecommunications, Manufacturing, Automotives, Utilities & Government, Media, Airports and Financial services ❖ 6 development centers ❖ 5,183 employees ❖ HQ at Mumbai
Siemens Information Processing Services Pvt. Ltd. (SIPS)	Siemens Ltd. - 51% SISL - 49%	<ul style="list-style-type: none"> ❖ Provides back office and customer contact services to Siemens companies operating in the US and UK, with the necessary technology and process competence. ❖ 2,616 employees ❖ HQ at Bangalore
Siemens Industrial Turbomachinery Services Pvt. Ltd. (SITS)	Siemens Ltd. - 100%	<ul style="list-style-type: none"> ❖ Specializes in the service, repair and overhaul of Small Gas Turbines and Rotating Equipment ❖ A well-established Service Center at Bangalore ❖ 33 employees ❖ HQ at Bangalore
Siemens Building Technologies Pvt. Ltd. (SBTPL)	Siemens Ltd. - 76.98% Others - 23.02%	<ul style="list-style-type: none"> ❖ Offers solutions for Building Automation, Heating & Ventilation, Fire Detection, Security systems & Access Control ❖ One factory at Puducherry and Development Centre in Chennai ❖ 614 employees ❖ HQ at Chennai
Flender Ltd. (Flender)	Siemens Ltd. - 50% Flender AG - 50% (A Siemens AG company)	<ul style="list-style-type: none"> ❖ Manufacturer of Industrial Gear Boxes ❖ One factory at Kharagpur, West Bengal ❖ 325 employees ❖ HQ at Kolkata
Osram India Pvt. Ltd. (Osram)	Osram GmbH - 100% (A Siemens AG company)	<ul style="list-style-type: none"> ❖ Product portfolio includes Incandescent, Halogen, Compact Fluorescent Lamps, High Intensity Discharge Lamps, LEDs, LED Systems, Electronics & Controls, Luminaries, Automotive Lamps, Display/Optic Lamps, ❖ One factory at Sonapat, Haryana ❖ 824 employees ❖ HQ at Gurgaon

Company	Equity stake	Brief Description
Winergy Drive Systems India Pvt. Ltd. (WDSIL)	Winergy AG - 100% (A Siemens AG company)	<ul style="list-style-type: none"> ❖ Provider of Drive Systems (gear units, couplings, generators and inverters) for Wind Turbines ❖ 120 employees ❖ Factory at Chennai ❖ HQ at Chennai
Siemens Hearing Instruments Pvt. Ltd. (SHIL)	Siemens Audiologische Technik GmbH - 100% (A Siemens AG company)	<ul style="list-style-type: none"> ❖ Offers wide range of Hearing Aids from invisible Completely In-The Canal (CTC) to In-The Ear (ITE, ITC), Behind the Ear (BTE) and Pocket Hearing Devices ❖ 42 employees ❖ HQ at Bangalore
Siemens Medical Solutions Diagnostics Ltd. (SMSDL)	Siemens Diagnostics Holding II B.V., - 68.73% Others - 31%	<ul style="list-style-type: none"> ❖ Offers a broad spectrum of Immunoassay, Chemistry, Hematology, Molecular, Urinalysis and Blood Gas Testing Systems for clinical laboratories ❖ Listed on the Bombay and Vadodara Stock Exchange ❖ 201 employees ❖ Factory at Vadodara ❖ HQ at Vadodara
Siemens Power Engineering Pvt. Ltd. (SPEL)	Siemens AG - 100%	<ul style="list-style-type: none"> ❖ Undertakes Total Power Plant Engineering activities from concept to commissioning. Supports Siemens AG's Power Generation (PG) business process worldwide ❖ 503 employees ❖ HQ at Gurgaon
Siemens Enterprise Communications Pvt. Ltd. (SECPL)**	Siemens AG - 100%	<ul style="list-style-type: none"> ❖ Provides a comprehensive portfolio of secure IP communication solutions and services for diverse enterprise customers ranging from Industry, Call Centers, Healthcare, IT, Hospitality, Telecom, PSUs, Banks & Financial Institutions and other Corporates ❖ 346 employees ❖ HQ in Mumbai
Siemens Corporate Finance Pvt. Ltd. (SCF)	Siemens AG - 100%	<ul style="list-style-type: none"> ❖ Partners with Corporate Finance, Siemens AG, Munich to provide value added services in the areas of Investor Relations, Venture Capital, Shareholder Controlling, Taxes, Financial Reporting, SPIRIDON and Corporate Finance Consulting and M&A activities ❖ 34 employees ❖ HQ at Mumbai
Siemens VAI Metals Technologies Pvt. Ltd. (SVAI)	Voest Alpine Industrieanlagenbau GmbH - 100% (A Siemens AG company)	<ul style="list-style-type: none"> ❖ Provides a comprehensive range of supplies and services for all related technological processes and Integrated Automation Solutions for the entire life-cycle of metallurgical plants ❖ 176 employees ❖ HQ at Kolkata
UGS India Pvt. Ltd. (UGS)	Siemens AG - 100%	<ul style="list-style-type: none"> ❖ UGS is a leading global provider of product lifecycle management (PLM) software and services ❖ PDM/CPC Competency Center in Bangalore, Product Development Center in Pune ❖ 758 employees ❖ HQ at Gurgaon

* Includes Bangalore International Airport Ltd. (BIAL) and Torrent Power Services Pvt. Ltd. (TPSPL), in which Siemens AG holds stake, are companies incorporated to execute projects in Airport and Power sectors respectively.

* As a part of global alignment, from August 1, 2007, the Com EN Division was transferred into Siemens Enterprise Communications Pvt. Ltd. (SECPL).

environment friendly

innovative solutions

customer focus

enduring relationships

customer needs

competitive edge

strong commitments

We put our customers' needs at the center of our actions.

Customer focus is what keeps us going. It reflects in everything we do. From product innovation to the creation of comprehensive infrastructure solutions, we strive to meet the current as well as future needs and expectations of our customers.

They inspire us to aim higher and reach further with enduring products that also protect the environment. We help them find answers to their most critical challenges while giving them a competitive edge in their respective businesses.

accountability

consistent growth

commitment

financial transparency

sustained profitability

business core

strong ethics

We see finance growing on the pillars of balance and equilibrium.

Financial transparency is the foundation on which we have created value for our shareholders. Understanding clearly that the results of our business affects the lives of many, clearly drawn processes govern each and every action of ours, each and every move of ours in order to deliver the highest performance with the highest ethics.

A continuous, substance-based dialogue with all our stakeholders is something the company takes very seriously and acts with due diligence. Our consistent growth and profitability mirrors this commitment.

continuous dialogue

employee focus

entrepreneurship

work-life balance

developing leaders

securing futures

prosperity

Our employees' excellence is the basis of our success.

A balanced work-life is what keeps the motivation of our strongest asset- our employees. Their outstanding performance enables us to meet and even exceed our customers' and investors' expectations.

Encouraging the spirit of entrepreneurship, each individual takes complete ownership of the tasks assigned. They are provided with the right training and tools to meet the demands of a growing world. We understand that our success depends on the success of our employees and the company extends itself to meet the expectations of employees in a manner which is fair and transparent.

corporate conscience

nourishing hopes

gennext technology

shaping tomorrow

creating value

moulding destiny

We build committed relationships with our communities.

Our success is measured not by the profits we make, but, by the value we are able to create for our shareholders as well as the society we live in.

The citizens of the future will demand many more challenges from us. Our focus remains to meet those demands while underlining our strong commitment to the society. Siemens develops today, landmark technologies the world will need tomorrow.

Directors' Report

Dear Members,

The Directors have pleasure in presenting the 50th Annual Report of your Company and the Audited Accounts for the year ended on 30th September, 2007.

1. Financial Performance

(Rs. in million)

	2006-07	2005-06	Growth %
Gross Profit before Interest, Depreciation and Exceptional Income	8,453.17	5,497.59	53.76
Less: Interest	2.12	0.72	
Depreciation	492.28	442.12	
Profit before Tax and Exceptional Income	7,958.77	5,054.75	57.45
Add : Exceptional Income			
Profit on sale of COM EN Division	524.20	-	
Profit on sale of long term investment (Equity Shares in Siemens Public Communication Networks Pvt. Ltd.)	259.25	-	
Profit before Tax and after Exceptional Income	8,742.22	5,054.75	72.95
Less: Tax	2,660.45	1,493.99	
Deferred Tax	3.37	(126.29)	
Fringe Benefit Tax	113.00	85.98	
Net Profit after Tax	5,965.40	3,601.07	65.66
Add: Profit and Loss Account balance as on 1 st October, 2004, on account of amalgamation of erstwhile Siemens VDO Automotive Ltd. (SVDO)	-	(2.43)	
Profit after tax for the period 1 st October, 2004, to 30 th September, 2005, on account of amalgamation of erstwhile SVDO	-	57.57	
Amount available for appropriation	5,965.40	3,656.22	63.16
Appropriations:			
General Reserve	5,018.70	2,925.77	
Proposed Dividend	809.18	640.60	
Dividend Distribution Tax	137.52	89.85	

2. Operations

The Company has recorded a strong growth during the Financial Year ended on 30th September, 2007. Turnover increased sharply by 71% and stood at Rs.77,268 million as compared to Rs.45,103 million in the previous year 2005-06. While all the businesses contributed to the growth, the key drivers were Power, Automation & Drives and Industrial Solutions and Services businesses.

New Orders received by the Company during the Financial Year ended on 30th September, 2007, were valued at Rs.101,070 million as compared to Rs.82,025 million during 2005-06, registering a rise of 23%. The major contributor and volume driver was the Power business.

The Profit after Tax increased by 66% to Rs.5,965 million from Rs.3,601million during 2005-06. While all the businesses contributed to the growth, Power, Automation & Drives and Industrial Solutions & Services businesses were the key drivers.

3. Dividend

Considering the excellent performance during the Financial Year ended on 30th September, 2007 and to appropriately reward the Members while conserving the resources to meet the future financial requirements, the Board of Directors recommends a Dividend of Rs.4.80 per Equity Share of Rs.2 each (240%). This Dividend is subject to the approval of the Members at the 50th Annual General Meeting to be held on 31st January, 2008. The Dividend will entail an outflow of Rs.809,184,480 on the Paid-up Equity Share Capital of Rs.337,160,200.

Last year, the Company paid a Dividend of Rs.3.80 per Equity Share of Rs.2 each (190%).

4. Issue of Bonus Shares

In order to commemorate 50 years of incorporation of the Company, as well as the excellent performance and

growth of the Company, the Board of Directors is pleased to recommend issue of Bonus Shares in the ratio of 1:1 (i.e. one new Bonus Share for every existing Equity Share), subject to all statutory and regulatory approvals including the approval of the Members at the 50th Annual General Meeting to be held on 31st January, 2008.

5. Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of the Directors' Report as **Annexure II**.

6. Divestments, Hive-offs and Acquisitions

a. Divestment of 100% stake in Siemens Public Communication Networks Pvt. Ltd. (SPCNL)

On 27th April, 2007, the Company sold its 100% equity stake comprising of 12,425,000 Equity Shares of Rs.10 each in SPCNL, to Nokia Siemens Networks Pvt. Ltd. for a consideration of Rs.1,898 million. Hence, SPCNL ceased to be a subsidiary of the Company with effect from 27th April, 2007.

b. Siemens Building Technologies Pvt. Ltd. (SBTPL)

i. Acquisition of equity stake

On 25th May, 2007, the Company acquired 76.98% equity stake in SBTPL, Chennai (formerly known as iMetrex Technologies Pvt. Ltd.), thus making it a subsidiary. The stake comprising of 2,581,140 Equity Shares of Rs.10 each was acquired from the Promoters of SBTPL for a consideration of Rs.1,866 million.

ii. Sale / transfer of Siemens Building Technologies Division (SBT Division)

Pursuant to the approval granted by the Members by way of Postal Ballot on 20th September, 2007, the SBT Division of the Company, engaged in the Building Technologies business, was sold / transferred, as a 'going concern' on a slump sale basis, to SBTPL with effect from 1st October, 2007, for a consideration of Rs.275 million. The consideration for the said sale / transfer has been received in the form of 380,887 Equity Shares of Rs.10 each of SBTPL. Consequently, on 16th October, 2007, the equity stake of the Company in SBTPL increased from 76.98% to 79.32%.

c. Sale / transfer of Communications Enterprise Networks Division (COM EN Division)

Pursuant to the approval granted by the Members

by way of Postal Ballot on 26th March, 2007, the COM EN Division of the Company, engaged in the Enterprise Networks business, was sold / transferred, as a 'going concern' on a slump sale basis, to Siemens Enterprise Communications Pvt. Ltd., Mumbai, a 100% subsidiary of the parent company, Siemens AG, Germany, with effect from 1st August, 2007, for a consideration of Rs.609 million.

d. Acquisition of balance 26% equity stake in Siemens Industrial Turbomachinery Services Pvt. Ltd. (SITS)

On 1st April, 2005, the Company acquired 51% equity stake in SITS, making it a subsidiary. On 28th September, 2006, the Company acquired an additional 23% equity stake in SITS. On 7th September, 2007, the Company acquired the balance 26% equity stake in SITS from Pimac Engineers Pvt. Ltd., New Delhi, comprising of 23,660 Equity Shares of Rs.100 each for a consideration of Rs.33.48 million. With this acquisition, SITS has become a 100% subsidiary of the Company with effect from 7th September, 2007.

e. Sale / transfer of Siemens VDO Automotive Division (SVDO Division)

Pursuant to the approval granted by the Members by way of Postal Ballot on 20th September 2007, the SVDO Division of the Company, engaged in the Automotive Components business, was sold / transferred as a 'going concern' on a slump sale basis to Siemens VDO Automotive Components Pvt. Ltd., a 100% subsidiary of the parent company, Siemens AG, Germany, with effect from 1st December, 2007, for a consideration of Rs.1,700 million.

7. Subsidiary companies

a. Siemens Information Systems Ltd., Mumbai (SISL) - a 100% subsidiary

The Company holds 100% equity stake in SISL, a systems integrator and total solutions provider, having extensive domain expertise and technology specialization. For the year ended on 30th September, 2007, SISL has posted a good performance with a total income of Rs.10,434 million (2005-06 : Rs.8,731 million) and a Net Profit of Rs.1,521 million (2005-06 : Rs.1,356 million). For the year ended on 30th September, 2007, SISL declared an Interim Dividend of 520% (2005-06 : 1,260%).

b. Siemens Information Processing Services Pvt. Ltd., Bangalore (SIPS) - a 100% subsidiary

The Company holds 51% equity stake in SIPS. The balance 49% is held by SISL, a 100% subsidiary of the Company. Thus, SIPS is a 100% subsidiary of the Company. SIPS provides back office and

Directors' Report (continued)

customer contract services primarily to Siemens companies in the US and UK, with the necessary technology and process competence. During the year ended on 30th September, 2007, SIPS has posted a total income of Rs.1,059 million (2005-06 : Rs.867 million) and a Net Profit of Rs.173 million (2005-06 : Rs.101 million). No dividend was declared by SIPS for year ended on 30th September, 2007 (2005-06 : 300%).

c. Siemens Industrial Turbomachinery Services Pvt. Ltd., Bangalore (SITS) - a 100% subsidiary

During the year under review, the Company increased its stake in SITS from 74% to 100%. SITS specialises in the service, repair and overhaul of small gas turbines and rotating equipment. For the year ended on 30th September, 2007, SITS has posted a total income of Rs.515 million (2005-06 : 142 million) and a Net Profit of Rs.45 million (2005-06 : Rs.8 million). SITS declared an Interim Dividend of 13.50% for year ended on 30th September, 2007 (2005-06 : 37%).

It is proposed to merge SITS with the Company during the current financial year, subject to receipt of all statutory and regulatory approvals in this regard.

d. Siemens Nixdorf Information Systems Pvt. Ltd., Mumbai (SNISL) - a 100% subsidiary

SNISL is a 100% subsidiary of SISL and, being a subsidiary of a subsidiary, SNISL is considered as a subsidiary of the Company. SNISL has ceased its commercial activities since 2000-01 and it is proposed to wind it up as soon as possible, subject to all statutory and regulatory approvals. SNISL is in the process of obtaining the requisite approvals for this purpose.

e. Siemens Building Technologies Pvt. Ltd., Chennai (SBTPL) - a 79.32% subsidiary

On 25th May, 2007, the Company acquired 76.98% equity stake in SBTPL. Subsequently, the equity stake was increased to 79.32% as explained above. SBTPL is engaged in the Building Technologies business providing a range of products and services comprising of building automation systems, fire safety solutions, security solutions, etc. Consequent to SBTPL becoming a subsidiary of the Company, the accounts of SBTPL for the period from 25th May, 2007 to 30th September, 2007 form part of the Consolidated Accounts. During this period, SBTPL recorded a total income of Rs.362.71 million and a Net Loss of Rs.7.01 million.

The following companies, being subsidiaries of SBTPL, are considered as subsidiaries of the Company with effect from 25th May, 2007:

i. Vista Security Technics Pvt. Ltd., Chennai (VSTL)

VSTL, a 100% subsidiary of SBTPL, is engaged in the distribution of safety security products. VSTL has posted a total income of Rs.72.78 million and a Net Profit of Rs.4.79 million for the period from 25th May, 2007 to 30th September, 2007.

ii. iMetrex Technologies Pte Ltd., Singapore (ITPL)

ITPL, a 100% subsidiary of SBTPL, is engaged in the distribution of safety security products. ITPL posted a total income of Rs.113.15 million and a Net Loss of Rs.1.64 million for the period from 25th May, 2007 to 30th September, 2007.

iii. Avenues Hong Kong Ltd., Hongkong (AHKL)

AHKL, a 100% subsidiary of SBTPL, is engaged in the distribution of safety security products. AHKL posted a total income of Rs.182.27 million and a Net Profit of Rs.70.37 million for the period from 25th May, 2007 to 30th September, 2007.

iv. iMetrex Technologies Ltd., Ireland (ITL) and its subsidiaries:

ITL, a 99.76% subsidiary of SBTPL, is engaged in the manufacture, research and development and distribution of safety security products. ITL has the following subsidiary companies:

Europlex Technologies Ltd., Ireland
Europlex Manufacturing Ltd., Ireland
Europlex Research Ltd., Ireland
Europlex Technologies UK Ltd., U.K

ITL has posted a consolidated total income of Rs.69.12 million and a Net Loss of Rs.53.57 million for the period from 25th May, 2007 to 30th September, 2007.

During the period under review, the SBT Group consisting of SBTPL, VSTL, ITPL, AHKL and ITL posted a consolidated (excluding intra-group balances / transactions and resulting Unrealised profits in full) turnover of Rs.646.49 million and a Net Loss of Rs.0.35 million for the period from 25th May, 2007 to 30th September, 2007.

All the above subsidiary companies are non-material non listed subsidiary companies as defined under Clause 49 of the Listing Agreement entered into with the Stock Exchanges (Listing Agreement).

On an application made by the Company pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Government of India, Ministry of Corporate

Affairs, New Delhi, (MCA) vide its letter No.47/394/2007-CL-III dated 26th September, 2007, exempted the Company from annexing to this Report, the Annual Reports of the above subsidiary companies for the year ended on 30th September, 2007. Pursuant to the said letter from MCA, a gist of the financial performance of the subsidiary companies is disclosed in this Annual Report. However, if any Member of the Company or subsidiary companies so desires, the Company will make available copies of Annual Accounts of the above subsidiary companies and related information free of cost. The Annual Accounts of the said subsidiaries are also available for inspection by any investor at the Registered Office of the Company and of the subsidiary companies concerned between 10 a.m. and 12 noon on any working day of the Company and of the respective subsidiary companies, up to the date of the 50th Annual General Meeting to be held on 31st January, 2008.

8. Foreign exchange earnings and expenditure

Details concerning foreign exchange earnings and expenditure have been given under Note No. 25(iii) of the Notes to the Accounts.

9. Conservation of energy and technology absorption

Additional information in terms of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forms part of the Directors' Report as **Annexure I**.

10. Consolidation of Accounts

The Audited Consolidated Accounts and Cash Flow Statement, comprising of Siemens Ltd. and its subsidiary and associate companies, appear in this Report in the section 'Siemens Group'. The Auditors' Report on the Consolidated Accounts is also attached. The Consolidated Accounts have been prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard.

11. Fixed Deposits

The Company discontinued its Fixed Deposit Scheme in March, 1997. No deposits remained unclaimed as on 30th September, 2007.

12. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend and matured fixed deposits and interest thereon, if any,

lying with the Company as unpaid or unclaimed for a period of seven years from the date they became due for payment, is required to be transferred to the IEPF established by the Central Government. Accordingly, a sum of Rs.218,106 was transferred during the year ended on 30th September, 2007, to the IEPF in respect of matured fixed deposits and interest thereon lying with the Company as unclaimed.

Dividend declared by the Company for the Financial Year 1999-00, is due for transfer to the IEPF on 20th January, 2008. An amount of Rs.119,300 was transferred during the year, to the IEPF, being the unclaimed / unpaid application money in respect of 1999 Rights Issue.

13. Employees

Your Directors place on record their deep appreciation for exemplary contribution of the employees at all levels. Their dedicated efforts and enthusiasm has been integral to your Company's impressive growth. Our industrial relations continue to be cordial.

During the year under review, one employee opted for voluntary retirement. The total number of permanent employees of the Company as on 30th September, 2007, was 6,505 (as on 30th September, 2006 : 5,971) - an increase of 9%.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Shareholders of the Company, excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary at the Registered Office of the Company, and the same will be sent by post.

14. Corporate Governance

We adhere to the principles of Corporate Governance mandated by the Securities and Exchange Board of India and have implemented all the prescribed stipulations. As required by Clause 49 VI of the Listing Agreement, a detailed report on Corporate Governance forms part of the Directors' Report as **Annexure III**. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the Corporate Governance Report. The Managing Director's declaration regarding compliance with the Business Conduct Guidelines (Code of Conduct) is attached to the Corporate Governance Report.

Directors' Report (continued)

15. General Shareholder Information

General Shareholder Information forms part of the Directors' Report as **Annexure IV**.

16. Health and Safety

In keeping with the Corporate Safety, Health & Environment Policy of Siemens Ltd, various safety & environmental initiatives are implemented through the concept of '*Education, Engineering & Enforcement*'. Management's commitment towards Environment Protection is visible with the achievement of ISO-14001 certification for our factories at Kalwa, Nashik & Aurangabad. These factories have successfully initiated and implemented various safety and environmental projects on energy conservation, water conservation, effective ventilation etc. Work place safety has been improved by introducing new machineries, tools and improvement in infrastructure.

Results of safety initiatives are visible through reduced number of reportable accidents at all production units by 34%.

In the year 2006-07, total 1,700 employees were imparted safety training through 84 training programmes.

This year we initiated a system of Safety Tool Box Talk (10 minutes safety discussion at workplace) and successfully covered our contract employees through 1,200 safety tool box talks.

17. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. appropriate accounting policies have been selected and applied consistently, and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September, 2007, and of the profit of the Company for the year ended on 30th September, 2007;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a going concern basis.

18. Directors

Mr. Vijay V. Paranjape was appointed as a Whole-time Director of the Company with effect from 1st February, 2007 to 30th September, 2008. The terms and conditions of his appointment, including his remuneration, are subject to approval of the Members.

Mr. Vilas B. Parulekar was appointed as a Whole-time Director of the Company with effect from 1st February, 2007 to 30th September, 2009. The terms and conditions of his appointment, including his remuneration, are subject to approval of the Members.

Mr. Stephan Schneider was appointed as an Alternate Director for Prof. Dr. K. Wucherer with effect from 23rd July, 2007.

Mr. Juergen Schubert, Managing Director since 1st October, 1996, was re-appointed for one more year with effect from 1st October, 2007. The terms and conditions of his re-appointment, including his remuneration, are subject to approval of the Members. However, Mr. Schubert has resigned as the Managing Director and Director of the Company with effect from 1st January, 2008.

The Board places on record its appreciation for the services rendered by Mr. Schubert during his tenure of over 11 years with the Company.

Dr. Armin Bruck, who was appointed as a Whole-time Director of the Company for five years with effect from 1st October, 2007, has been appointed as the Managing Director of the Company with effect from 1st January, 2008 to 30th September, 2012. The terms and conditions of his appointment as a Whole-time Director and the Managing Director, including his remuneration, are subject to approval of the Members.

Mr. K. R. Upili, Whole-time Director since 27th January, 2006, has been re-appointed as a Whole-time Director of the Company for upto six months with effect from 27th January, 2008. The terms and conditions of his re-appointment, including his remuneration, are subject to approval of the Members.

At the 50th Annual General Meeting to be held on 31st January, 2008, Mr. Narendra Jhaveri, Mr. Keki Dadiseth and Mr. Pradip Nayak retire by rotation and, being eligible, offer themselves for re-appointment.

The above appointments and re-appointments (other than appointment of Mr. Schneider as an Alternate Director) form part of the Notice of the 50th Annual General Meeting to be held on 31st January, 2008, and the respective Resolutions are recommended for your approval.

Profiles of these Directors, as required by Clause 49 of the Listing Agreement, are given in the Notice of the 50th Annual General Meeting to be held on 31st January, 2008.

19. Auditors

BSR & Co., Chartered Accountants, retire as the Statutory Auditors of the Company at the conclusion of the 50th Annual General Meeting to be held on 31st January, 2008 and offer themselves for re-appointment. A Certificate from them has been received to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

20. Cost Auditors

The Central Government's Cost Audit Order dated 17th March, 1993, requires audit of Cost Accounting records of the Company for the product "Electric Motors", for every financial year. M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, have been conducting this audit since 1972.

21. Acknowledgments

The Board of Directors wishes to express its sincere appreciation for the excellent support and co-operation extended by Siemens AG, Germany - the parent company, shareholders, customers, suppliers, bankers and all other business associates.

On behalf of the Board of Directors

Siemens Ltd.



Deepak S. Parekh
Chairman

Mumbai
Thursday, 20th December, 2007

Annexure I to the Directors' Report

Conservation of Energy, etc. u/s 217(1)(e)

Additional information in terms of Section 217(1)(e) of the Companies Act, 1956, dealing with Conservation of Energy, Research & Development and Technology Absorption & Innovation.

A. Conservation of Energy

1. Measures undertaken (implemented)

- Provision of translucent sheets on the roof of the 3 bays of factory shed.
- Provision of roof top ventilators to increase the air circulation and reduce the ambient temperature of the factory with zero energy consumption.
- Installation of grease dispenser in assembly of motors & generators.
- Installation of fumes extraction system for TCS die casting machine.
- Substitution of high wattage fans by low wattage fans on shop-floor.
- Installation of energy efficient lamps for outdoor and indoor lighting.
- Use of electronic chokes for tube lights.
- Use of solar water heater for pantries.
- Replacement of 2000w water coolers by 300w water coolers on shop floor.
- Cardboard packing introduced in place of wood.
- Deployment of low power high performance controllers.

2. Measures proposed to be implemented

- Bay lighting: Mercury vapour lamps of 200w of same illumination as that of existing 400w lamps are under trial (6x) since September 2006. Implementation planned after successful trials.
- Upgradation of 80kw impregnation curing oven on 'Thysistor Drive' principle planned to save energy.
- Replacing old AC units with energy efficient AC units.
- Provision of translucent sheets in the roof of the balance 3 bays of factory shed.
- Pre-heating the windings of windmill generators by DC current through windings instead of an oven.

- Replacement of 400w MV lamps with 200w MV lamps in Plastic shop.
- Replace sodium vapour lamps with energy efficient lamps, install timers for lights and fans in canteen, cycle stands.
- Use of metal halide lamps for high bay and street light fittings.

3. Impact of measures undertaken

- Optimisation of energy consumption.
- Savings in energy and fuel cost.
- Environment protection.

B. Research and Development (R&D)

1. Specific areas in which R&D was carried out:

- 4-in-1 appliance protector.
- SMPS for traction convertors and diesel locomotives.
- Expansion of electrical testing facilities. UL approval of R&D laboratory.
- Development of multi-monitor human machine interfaces.
- Successful deployment of the world's most powerful compact controller with lowest power consumption to carry out power plant controls with greater functionality and reliability.
- Innovation of field interface modules to meet increasingly diversified needs of signal processing, conditioning and protection.
- Development of PROFIBUS compatible turbine speed measurement device for enhanced accuracies and faster response times of turbine controls within stringent operating limits.
- Development of FAMS (Far Away Mounted Station) for remote data exchange. This substantially reduces cumbersome field cabling and ensures seamless and reliable communication.
- Data transfer from remote locations to central control centers via GSM networks. This enables faster interconnectivity of remote locations at reduced cost.

2. Benefits derived as a result of the above:

- New product introduction.
- Faster development of products and optimization of products.
- Competitive enhancement of product spectrum with increased safety, reliability and functionality.
- Wider customer base.

3. Further Plan of Action:

- Prototype of SMPS for traction convertors and diesel locomotives were tested in Siemens AG, Germany and is approved for its global use.
- Establishment of high current testing facility and expansion of R&D manpower.
- Incorporating latest PROFINET / Ethernet concepts in the control systems.
- Development of compact, integrated control systems and excitation systems for small TG sets (<50mw).

4. Expenditure on R&D:

- a. Capital : Rs.8.25 million
- b. Revenue : Rs.45.21 million
- Total : Rs.53.46 million

Total R&D expenditure as a percentage of total turnover : 0.07% (2005-06 : 0.46%)

C. Technology Absorption & Innovation**1. Efforts undertaken:**

- Indigenization of 1.65mw water jacket cooled wind mill generator.
- Upgradation of plastic injection moulding process.
- Local assembly for 3VT8 composite MCCBs.
- Development of test facilities for micro-processor based releases of ACBs.
- Usage of latest IT and embedded hardware platforms.
- New technology for manufacture of steam turbine upto 35mw has been fully absorbed. For steam turbine upto 45mw, a joint manufacture programme has been adopted.

2. Benefits derived from the above:

- Indigenous manufacturing of generators.
- Quality and productivity improvement.
- Local manufacturing of MCCBs.
- Better technology at economical price.
- Increased market coverage.
- Retention of existing customers.
- Total automation solutions with a single system.
- Reduction in cost and delivery cycle.

3. Imported Technology:

Technology imported	Year of Import	Whether the technology has been fully absorbed
Mechanical construction and fabrication processes for such machines	2006-07	Partly – Under implementation
Closed loop control system	2006-07	Yes
Knowledge of Assembly	2006-07	Yes
Test bench for micro-processor based releases of ACBs	2006-07	Yes
Product design and testing	2006-07	Yes
Automation (including controller) hardware, gateways interfacing equipment and watch-dog modules, in industrial turbines, Rotors for C-160 turbines mostly for the range of 35 – 45mw	2006-07	Partly – Under implementation

On behalf of the Board of Directors

Siemens Ltd.



Deepak S. Parekh
Chairman

Mumbai
Thursday, 20th December, 2007

Annexure II to the Directors' Report Management's Discussions and Analysis*



Highlights

- Robust economic growth of over 9%
- Favorable growth in the target segments such as Power, Industry including Transportation & Healthcare
- Currency fluctuation gains

General Performance Review

For the second consecutive year, the Indian economy has been on an upswing and has posted an impressive growth rate of 9.4% during 2006-07, the strongest in 18 years. The trend continued in the first quarter of the current year (April - June 07) with a GDP growth of 9.3%. Moreover, in April 2007, the Indian economy touched a trillion dollar mark, making it only the 12th nation to reach this milestone. The growth rate has been spurred by the industrial and services sectors, which have logged a 10.9% and 11% rise in 2006-07 respectively. Some of the key propellers of GDP growth for 2006-07 have been manufacturing (which grew by 12.5%), trade, hotels, transport, communications (which grew by 13%) and construction (which grew by 10.7%). However, growth in agriculture lagged behind at only 2.7% in 2006-07.

In accordance with the Government's plans, India's infrastructure has been growing at a healthy pace to support the GDP growth rate. The six core-infrastructure industries – namely Crude Petroleum, Petroleum Refinery Products, Coal, Electricity, Cement and Finished steel (carbon) – accounted for a combined weight of 26.68 % in the index of industrial production (IIP), and registered a growth of 8.6% in 2006-07 as against 6.2% during 2005-06. In the Energy sector, the capacity

addition in Power Generation did not keep pace with the planned increase. Several ultra mega power projects proposed by the Government did not take off as planned. On the other end of the spectrum, the Government's initiatives in Power Transmission and Distribution have yielded results and the sector grew at around 12% per annum. In Transportation, the Government continued its thrust on strengthening the Railways that resulted in an impressive performance of the sector. In the Airports sector, the Indian Government continued to take proactive initiatives such as modernization and up-gradation of existing airports.

Siemens was able to optimally tap into the diverse opportunities provided by the infrastructure segment. The Power Generation (PG) Division showed a healthy growth despite industry challenges, while the Power Transmission and Distribution (PTD) division posted an exemplary performance with huge export order wins. The business volume of the power segment alone grew by 32%. The Transportation Systems Division reinforced its leading position by leveraging the growth opportunities presented by the Railways.

The Industry segment grew at an impressive rate of 10.9%. The

cumulative growth for the period April-August 2007 was 9.8% over the corresponding period of the previous year. This strong growth momentum continues to be dominated by the buoyant manufacturing sector. The capital and consumer goods sector sustained a good performance in 2006-07. Riding on the back of robust performances from sectors such as automobile, coal, cement, mining and metals, the business volume for the combined Industry segment of Siemens grew at an impressive 44%.

The Healthcare market in India continued to be an optimistic market with annual grow rate of 15%. While many corporate hospital groups continued their expansion plans by launching new projects, the Government continued to expand the healthcare facilities in second tier cities. This drove the overall market growth. Siemens Medical Solutions gained market share in most of the healthcare segments and strengthened its overall leadership position in the market.

The optimistic growth in the Telecom sector continued during the last fiscal driven primarily by the SME segment. The continued modernization of India's public telecommunication infrastructure had a positive impact on the enterprise communications market. In this favourable market scenario, the

Siemens



Highlights

- Forayed into newer market segments & penetrated into B & C cities
- Strengthened the portfolio through strategic acquisitions
- Focused on increasing the local value added structure & factory capacities to support growth
- Participated in select mega projects, both domestic & export to feed the pipeline
- Increased the export business to more than 30% of the total business

Siemens

General Performance Review

Enterprise Communications business of Siemens showed strong performance across the spectrum and retained its leading market position.

The Indian Software and Services industry continued to register a stupendous performance during 2006-07. This performance was driven by increased consumer spending globally, while in the domestic market, the booming economy and good corporate earnings drove the growth. Industry majors were able to win key contracts from new clients and also get increased work from existing ones. The sector also witnessed major M&A activities across geographies as leading players leveraged their core competencies. In this environment, Siemens Information Systems Ltd. (SISL) and Siemens Information Processing Services Pvt. Ltd. (SIPS) revenues grew satisfactorily.

To sum up, owing to a reasonably good performance of the Indian economy, combined with a low inflation rate, vibrant capital markets and a continued integration with the global markets – India is on a new growth trajectory. There is a huge wave of confidence in the country. Powered by this unprecedented performance of the Indian economy, Siemens recorded a robust growth during the last fiscal.

Amongst the leading accomplishments, the company won the single largest contract in PTD worldwide - for development of the Power Networks in Qatar. Siemens also commenced production and witnessed its first roll out at its new transformer factory at Kalwa, near Mumbai.

Further reviews on each of Siemens' businesses are given separately in the following pages.





Little Tina's big dream is to set a world record in
110m hurdles.

We make sure she gets a good start.

Industry | Energy | Healthcare | Transportation | Building & Infrastructure | Communication | Software

Tina relies on regular practice and her daily glass of milk. And the dairy from where it comes relies on Siemens' innovative technology and integrated solutions for industries. So, while Tina nurtures her dream of becoming a world champion, we help her with quality milk. Everyday.

For at Siemens, we know the power of dreams, however big or small.

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Highlights

- Retained leadership position in most market Segments

- Forayed into new market segments

Key orders

- Single largest order from Dresser Rand for Large Drive products worth Rs.240 million

- Order received from Jaiprakash Associates for supply of LV switchboards worth Rs.215 million.

- Repeat orders from Suzlon and Vestas for wind mill generators worth Rs.1018 million.

Automation and Drives (A&D) Division

In 2006-07, the market for Automation and Drives grew healthily by 19% due to sustained investments towards capacity building and expansions in Cement, Chemicals & Pharmaceuticals, Food & Beverages, Automotive and Textiles industries. Continued investments in commercial complexes and malls, residential buildings spurred requirement for electricals in buildings. Enhanced awareness and incentives for green power generation resulted in a greater demand for our wind generators and other associated electricals. Despite the surge in demand, prices were under pressure, primarily due to substantial increase in the key raw material costs and aggressive strategies adopted by new players to get a share of the market.

The Automation and Drives business is our key base business that brings in a steady revenue stream. It is characterized by a large base of customers who are spread across the country, including the remote interiors. The Automation & Drives (A&D) business volume grew substantially over the last year. It further consolidated its leadership position by retaining the 1st or 2nd position in most of its market segments. For 2006-07, Order value rose by 15% and Turnover increased by 36% while its Profits rose by 9%.

The Division received its single largest order worth Rs.240 million from Dresser Rand for Large Drive products. Another prestigious order received was from M/s. Jaiprakash Associates for supply of LV switchboards worth Rs.215 million. A&D also received a major order from Chettinad Cement (Rs.72 million) for Drive Systems and LV switchboards, in addition to repeat orders from Suzlon and Vestas for wind mill generators (Rs.1018 million). A&D won breakthrough orders for Gas chromatographs from the Jamnagar refinery of Reliance Industries (Rs.91 million) and McNally Bharat for drive systems (Rs.24 million). Additionally, it also received an order from Larsen & Toubro for the complete automation package for 35x hydraulic presses for exporting to Romania. During this fiscal, the division received a breakthrough order of a 1.25 MW motor for agitator application from Lanxess ABS Ltd. It expanded its MCB product range and also introduced the unique 4-in-1 appliance protector and the IGBT technology based traction convertors.

In 2006-07, A&D ventured into a number of new market segments viz. process instruments and process analytics, wireless modules and electronic assembly machines. An 'A&D mall' was also set up for the

Channel partners of A&D products. A&D won several awards in the period, including the prestigious 'Frost & Sullivan Excellence Award for Product Leadership in the Indian PLC, HMI Market' and the 'Frost & Sullivan Excellence Award for Brand Leadership in the Indian HMI & DC Market'. The traction motors factory went on stream and a new generation of traction convertors based on the IGBT technology was introduced.

Outlook: The market is expected to grow at a similar rate like last year. A&D aims to further improve its leadership position with the introduction of new generation LV & MV motors, products & systems for intelligent motor control centres & machine safety, as well as software solutions for the power distribution, automobile and machine tool industry. A&D will further enhance its focus on chemicals and pharmaceuticals, water and the cement industry.

Siemens induction generators for windmills have a high acceptability in the market





Highlights

- Leadership position in Metal & Power sectors

Key orders

- Breakthrough orders in Oil & Gas
- McNally Bharat for RINL's new Sinter Plant in Vizag (Rs.870 million)
- Order from Morgan Construction Company for Rs.750 mn for the complete electrics and automation for the JSW and JSL plant
- Vedanta Alumina Ltd. a repeat large order for their aluminum smelter plant in Jharsuguda worth Rs.813 million

Industrial Solutions & Services (I&S) Division

The buoyant economy and GDP growth in 2006-07 spurred investments in several industry segments, specially steel and cement due to heightened building construction activities and expansion of airports. Supported by the Government's thrust on infrastructure development, other sectors like automobiles, oil and gas and mining too were the key growth drivers. Fuelled by these investments, the overall I&S market grew by a healthy 40%.

Beating the market trend, the I&S business grew exponentially and registered a robust performance. Sales grew by a healthy 79% and Profits rose by 63%, while Order Value increased substantially by 96%, creating a healthy backlog for the coming year. I&S maintained its leadership position in Metals & Power solutions and established its presence in the Baggage Handling systems. In addition to bagging breakthrough orders in the Oil & Gas and Water sectors, the division further expanded its presence into newer territories.

During this fiscal, I&S bagged a number of significant orders including the single largest technology order in the Eastern region from McNally Bharat for RINL's new Sinter Plant in Vizag

(Rs.870 million). The division also bagged a major breakthrough order in the long products segment in India from Morgan Construction Company for the complete electric and automation for the JSW and JSL plant (Rs.750 million). While customers like Vedanta Alumina Ltd. reposed their faith by placing another large order worth (Rs.813 million) for their aluminum smelter plant in Jharsuguda, the division also ventured into a new segment by bagging an order for airport fuel handling system from Indian Oil Tanking. It was also successful in bagging an export order from Zambia for a mine power system as well as an order from an Indian OEM for Iran to supply the electrics for rolling mills and processing lines.

During the year, I&S successfully commissioned projects for SAIL - RSP, Uttam Galva Steel Ltd, Thyssen Krupp Industries Pvt. Ltd. at Gulf Cement, Vasavdatta Cement, SAIL-Salem Steel and Hindustan Zinc. The Division also successfully introduced state-of-the-art SCADA systems for conventional Switchyards, while the On-Call-Logistics and Maintenance (OLM) group of I&S introduced condition monitoring and energy optimization to analyse the condition of the existing machines and suggest corrective measures if any.

Industry

Outlook: With the Indian economy poised to sustain its growth, the market scenario for I&S is expected to remain optimistic. The strong local demand for goods and services will continue to attract large investments in basic industries and infrastructure. The modernization of Airports and Seaports coupled with investments in the Oil & Gas and Mining sector will continue to translate into a good business potential for the division. Further, due to enforcement of stricter environmental laws both in the Industries and Municipal sector, the Division also foresees a good growth opportunity in the water sector. I&S is well positioned to take advantage of the market opportunities with its leadership and domain expertise in Metal, Power solutions and Airport modernization segments. Besides strengthening the quality and safety initiatives, the Division plans to expand its network by opening new offices at Vizag, Hyderabad and Ahmedabad.

Siemens received breakthrough orders in the Oil & Gas sector.



Sumeet wants to design the most futuristic office in the country.

We are sure he will.

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Sumeet aspires to create an ultra modern office, with utmost safety, security and comfort. Siemens' integrated building management systems provide Sumeet with the best suited solutions, leaving him free to pursue his dreams. Undeterred.

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Highlights

- Acquired 77% stake in iMetrex Technologies
- From 1st Oct, 2007 the business moved out into a separate legal entity – Siemens Building Technologies Pvt. Ltd.
- Key Orders**
- Rs. 400 mn order from Reliance Retail for installing Integrated Loss Prevention Solutions at their retail outlets across India
- Rs. 300 mn order from IBM for Integrated Security & Safety Solutions
- Rs.38 mn order from HPCL for installing Integrated Building Management Solution (IBMS) at their Data Centre in Hyderabad.

Siemens Building Technologies (SBT) Division

The booming Indian economy and significant investments in the Retail, IT, ITES, Infrastructure, Hospitality and Manufacturing segments have been demand drivers for growth in the Building Technologies business, which grew by approximately 28%. With the need for corporates to ensure continuity of business, data security, comfort and energy optimization, the need for safety, security and automation solutions is rising continually.

With the acquisition of iMetrex Technologies, Siemens has gained a strategic business advantage in the building technologies sector. In the last fiscal, the SBT business grew faster than the markets and registered 20% growth in Order value and 35% growth in Sales turnover. During this period, SBT retained its leadership position in the traditional market base comprising of the IT/ITES, Pharmaceuticals, Hospitality and Healthcare segments. It was successful in consolidating its position in emerging markets like Retail as well as High technology Manufacturing plants and also made strategic inroads in the Airports sector and the niche Defence segment.

During the last fiscal, SBT won a landmark order from Reliance Retail for installing Integrated Loss Prevention

Solutions at their retail outlets across India. The division also bagged other major orders such as a pan-India order from IBM for Integrated Security & Safety Solutions and an order from NPCIL to install the Enterprise Access Control Solution at their multiple nuclear installations across the country. Customers like ISRO-SHAR also consolidated the long-term business relationship by further placing orders on SBT for Security and Safety Solutions. SBT also won an order from HPCL for installing Integrated Building Management Solution (IBMS) at their Data Centre in Hyderabad. The highlight of the year for SBT was the award for 'Marketing Initiatives in IBMS' conferred by Frost & Sullivan in recognition of their success in the business technologies arena.

In 2006-07, SBT successfully implemented enterprise-wide IP-based access control solution for Citigroup across India. The deployment was done over their existing IT network infrastructure and involved a national server and back-up server to ensure 'Continuity of Business'. SBT also successfully developed and introduced 'EuroNet.Net' - an Integrated Security Management software platform that provides a unique IT driven approach for managing enterprise security, safety

and automation. In addition, a Global platform for Intrusion alarm systems (SigNET) was also introduced during this period.

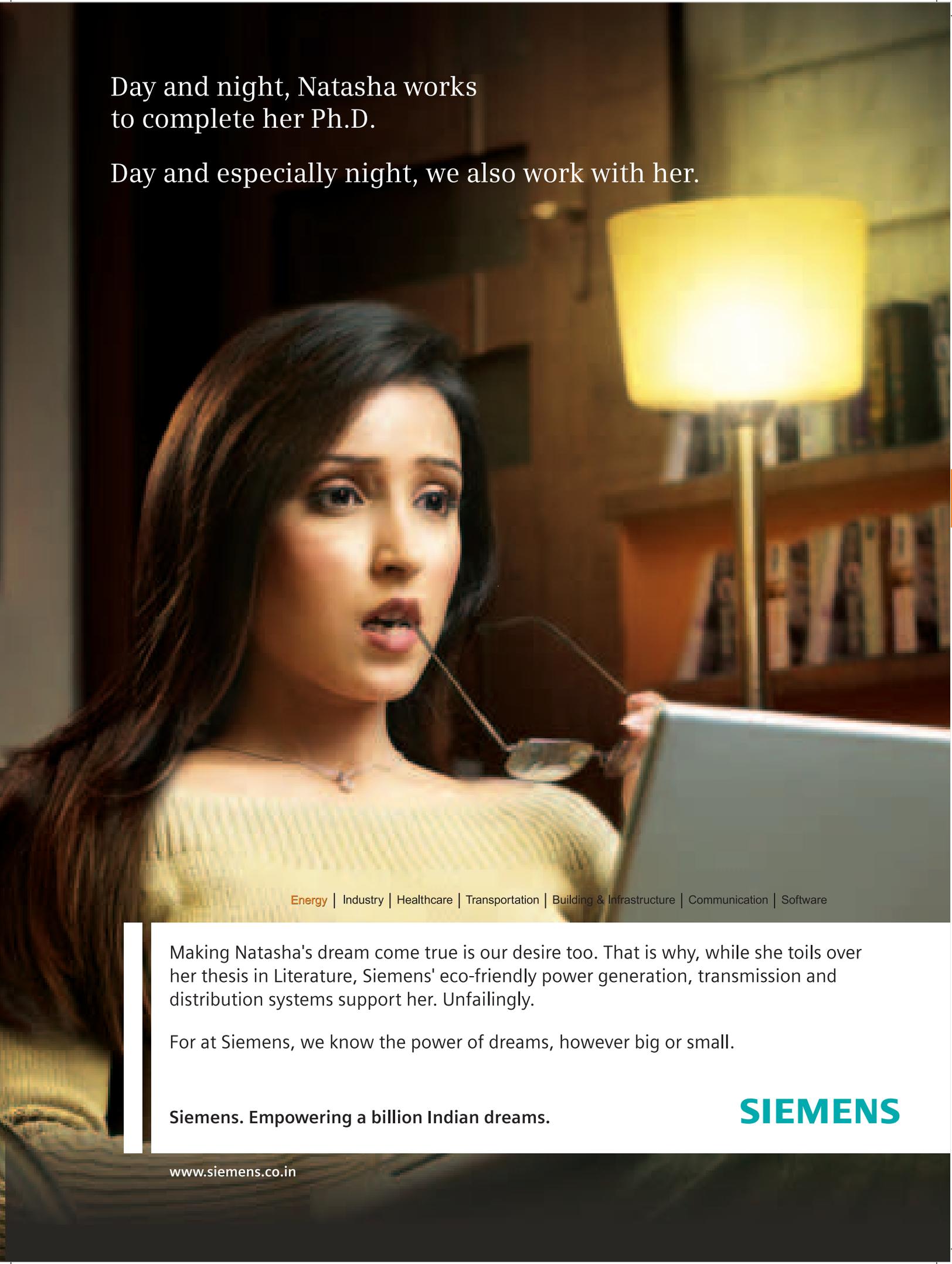
Outlook: The boom in the retail segment as well as investments in various infrastructure projects like Power plants, Ports, Airports and SEZs will lead to increased demand for Building Technologies Solutions. From the current fiscal, SBT will operate as a separate legal entity by the name Siemens Building Technologies Pvt. Ltd. - a subsidiary of Siemens Ltd. The combined customer base of iMetrex and SBT together with the strong product portfolio will help the business to optimally cater to the existing market needs. The division plans to improve the export sales with the launch of SigNET - a global platform for the intrusion alarm industry.

Siemens offers Integrated Security & Safety Solutions for buildings.



Day and night, Natasha works
to complete her Ph.D.

Day and especially night, we also work with her.



Energy | Industry | Healthcare | Transportation | Building & Infrastructure | Communication | Software

Making Natasha's dream come true is our desire too. That is why, while she toils over her thesis in Literature, Siemens' eco-friendly power generation, transmission and distribution systems support her. Unfailingly.

For at Siemens, we know the power of dreams, however big or small.

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Highlights

- Baroda Turbine factory commenced production in Jan'07
- Completed 100% acquisition of SITS

Key Orders

- Order from Bhushan Steel & Strips worth Rs.290mn for 12MW and 20MW STG sets
- First industrial GT order in India from Maruti Suzuki for 3x12.9MW worth Rs.227 mn
- Biggest order worth Rs. 178 mn in the Pulp & Paper industry from BILT Power Ltd for a 30MW STG set

Power Generation (PG) Division

Power Generation is a key focus area on the Government's agenda with the announcement of several initiatives to accelerate capacity addition. The overall power generation grew by around 8%, during the last fiscal. Capacity addition in the 10th plan period (2002-07) was less than 23GW against the planned target of 41GW, representing a meagre 54% of the plan. Consequently, industries continued to opt for captive power, which saw a substantial growth.

Despite a challenging market, the Power Generation (PG) Division witnessed a healthy performance in 2006-07. Sales increased by 44%, Order value rose by 23% after adjusting the large order of Rs. 8.7 billion received from Torrent in the previous year. With the new industrial turbine factory commencing its production in January 2007, Siemens edged-up to become the leading supplier of industrial turbines. In the automation sector, thanks to hi-tech innovative solutions, Siemens increased its market share against fierce competition and achieved its highest ever order value, besides maintaining a double digit profitable growth. The service business also witnessed significant improvement.

During 2006-07, PG won several orders for Industrial turbines. Some of the major ones included an order from Bhushan Steel & Strips for 12MW

and 20MW STG sets (Rs.290 million), the biggest order in the Pulp & Paper industry from BILT Power Ltd for a 30MW STG set (Rs.178 million) and a repeat order from Gujarat Anjan Cement Ltd for a 35MW STG (Rs.135 million). The group also bagged its first industrial GT order in India from Maruti Suzuki for 3x12.9MW (Rs.227 million). The Automation group bagged many major orders. These include an order from Power Machines for supply of instrumentation for the 3x660MW NTPC Sipat project (Rs.187 million) and another from Neyveli Lignite Corporation for the renovation and modernization of Distributed Control Systems (Rs.172 million). On the export front, PG received orders for automation systems and industrial turbines from Taiwan and Thailand respectively. Further, PG received landmark service orders such as a 7-year O&M contract from Torrent Power for the 1100MW Sugan CCPP (Rs.578 million) and another 12-year long-term maintenance contract (Rs.1270 million).

PG successfully commissioned several projects including the 100 MW STG set for INDAL-2, a 30MW STG set for Aryan Coal and the first overseas order for 14MW STG set for Alexandria Carbon in Egypt. The automation group also commissioned the 2x200MW GSECL-Ukai Power plant in addition to several

Energy

other industrial power plants. The division introduced highly efficient industrial steam turbines in the 3-8MW market range as well as powerful remote monitoring stations.

Outlook: The Government's ambitious plan of adding 78GW in the 11th plan, and a healthy growth expected in the industrial sectors will provide huge opportunities across the power segment. Further, the Government's initiative of developing Ultra Mega Power Plants and emphasis on high-efficiency, environment friendly power plants will promote high-end technologies. PG intends to increase its market share and profitability through technology and innovations. While a major emphasis is being placed on the introduction of newer technologies and investing in capacity expansion of its factories, the division is also strengthening its service business. The field service engineers are being imparted advanced training in Germany and undergo global certification, with a view to create a base of highly qualified Indian manpower that can provide world-class service to the customers at competitive rates.

The new industrial Turbine Factory at Baroda, Gujarat.





Highlights

- Bagged the largest ever contract in PTD worldwide worth Rs. 36 billion for the development of Phase VII of the Electrical Grid in Qatar
- First transformer rolled out from the new transformer factory at Kalwa. Initial investment of \$50 mn for setting up factory

Key Orders

- Order worth Rs.1720 mn from PGCIL for 2,500MW HVDC terminal stations for the Ballia Bhiwadi line
- Order worth Rs.1300 mn for Electrification work for Andaman & Nicobar Islands

Power Transmission & Distribution (PTD) Division

The strong growth in the infrastructure and industry sectors resulted in a vibrant year for the Transmission and Distribution (T&D) sector, which grew at about 12%. The Government's ongoing reforms in the sector, like the move to set up a National Grid, targeting an inter-regional capacity for evacuation of power of 37,000MW by 2012, was a progressive step supporting private participation. The Accelerated Power Development and Reform Program (APDRP), introduced to bring down transmission losses, is being modified to ensure that loss reduction targets are met. Further, the Government is vigorously implementing the program for electrification of rural households in India.

During 2005-06, our Power Transmission and Distribution Division (PTD) registered a remarkable performance. It's Sales rose impressively by 153% as compared to the previous year. It's Order value increased by 34%, while Profit Before Tax (PBT) increased four folds. The factories produced record output in panels, making it the second largest factory for medium voltage products outside Germany. Besides a significant increase in the turnkey project business, Siemens witnessed a substantial growth in the

High Voltage turnkey segment in the domestic as well as exports market.

The Division bagged the largest ever contract in PTD worldwide worth Rs.36 billion for the development of Phase VII of the Electrical Grid in Qatar. In another breakthrough, the division received an order from Qatar Petroleum (Rs.1,890 million). Other significant orders include orders from PGCIL for 2,500MW HVDC terminal stations for the Ballia Bhiwadi line (Rs.1,720 million) and for Electrification work for Andaman & Nicobar Islands (Rs. 1,300 million). PTD also bagged orders from Reliance Industries Ltd. for Air-insulated switchgears and Gas-insulated switchgears (Rs.660 million) among several others.

PTD successfully completed and commissioned several projects including three HV substations and one HV substation extension at West Bay Area, Qatar and India's first 765kV substation of the SIPAT power transmission project. During the fiscal, the division achieved a major landmark by rolling out the first Transformer from its new Transformer factory at Kalwa. It unveiled a world-class facility for control and relay panel testing at the PTD Kalwa factory and also introduced new

products like the Ring Main Units for the distribution sector in the domestic market.

Outlook: *The Government plans to increase the inter region capacity of the National Grid to 37,000 MW by 2012, build reliability in the National & State Grids and implement measures to improve the distribution sector by targeting losses, which will ensure growth of the T&D market in India. Moreover, declaration of SEZs and overall industrial sector growth will further fuel the market growth. In order to meet the market demand, PTD has planned substantial investments in several areas such as expansion of the product portfolio and up-gradation of the switchboard factory. The division also looks forward to capitalize on its global competencies to introduce newer technologies in demand in the domestic T&D market.*

The new state-of-the-art Transformer Factory at Kalwa.



Vishal's desire of launching a global retail chain
grew with every passing day.

We just kept pace with it.

Communication | Energy | Industry | Healthcare | Transportation | Building & Infrastructure | Software

Vishal dreams to be in the big league. Our advanced Enterprise Communication solutions ensure that he is totally networked with his stakeholders from anywhere, at all times. So while Vishal plans his next move, we take care of his communication needs.

For at Siemens, we never underestimate the power of dreams, however big or small.

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Highlights

- From 1st, Aug 07, Com EN is a separate legal entity, known as Siemens Enterprise Communications Pvt. Ltd., a 100% subsidiary of Siemens AG
- Business retained its no.1 market position
- **Key Orders**
ASCON order worth Rs.118 mn for HiPath 4000 - 21 systems & accessories, HiPath Manager upgrade and MCU
- Order for product expansion of HiPath 4000 in the Defense Sector worth Rs.28 mn

Siemens Enterprise Communications Pvt. Ltd. (SECPL)

The enterprise communications market grew at approximately 16% with the SME segment registering the highest growth. The continued modernization of India's public telecommunication infrastructure had a positive influence on the enterprise communications market. More reliable and more economical bandwidth was made available to Indian enterprises nationwide. In order to improve their operational efficiencies and cost control measures, enterprises continued to invest in upgrading their existing telecom & enterprise infrastructure.

As part of global alignment, from August 1st 2007, Com EN Division's business activities were transferred into a 100% Siemens AG subsidiary - Siemens Enterprise Communications Pvt. Ltd (SECPL). As such, only 10 months of the results of Com EN are reflected in the books of Siemens Ltd, therefore the results are not strictly comparable. Combined orders for direct and local business for the 12 months period increased by 29% and Sales increased by 17%. Last year, the group was appointed as the regional HQ for Asia Pacific region.

The Division achieved record sales for its HiPath 3000/4000 range and consolidated its dominance in the high

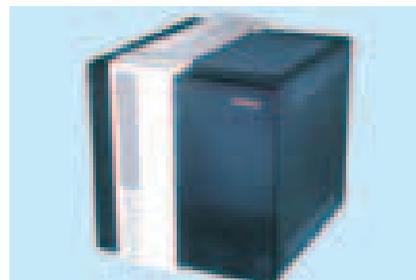
and mid-end voice market segments. It also broadened its portfolio with the HiPath 1100 series and gained significant market share in the SOHO/SME segment. While doing so, the division also participated strongly in the emerging non-metro low-end segment dominated by low cost/low tech local manufacturers. As such, the last year saw the division bag several major orders such as ASCON (Rs.118 million) and Headquarters 5 Signal Group (Rs.28 million) in the defense sector, ICICI Bank (Rs.22 million), Reserve Bank Of India (Rs.15 million) in the banking sector, South Western Railway (Rs.19 million), North Central Railway (Rs.11 million) in the Transportation sector and Infosys Technologies (Rs.21 million) in the IT sector. It's Call Center solution portfolio was received very well with multiple project wins in both domestic and international Call Center markets.

Some major projects commissioned were for renowned customers like RBI for Video Conferencing network and Sastra University for campus wide WLAN deployment. In the last fiscal the division launched Open stage TDM/SIP Phone Family, HD Video Conferencing Solutions, HiPath 8000-IP solution for large enterprises and Standalone Wireless Access Point to complete their WLAN portfolio.

Communications

Outlook: With the heightened building and construction activities in public and private infrastructure and commercial complexes across country, there will be a growing demand for enterprise communication solutions. At the same time, the market is also strongly characterized by a need for modernization and replacement. SECPL, being a leader in the segment, is well positioned to address the growing market demand directly and through its nationwide indirect sales channel. Furthermore, SECPL will continue to introduce a number of highly innovative enterprise communication solutions in the areas of Unified Communication, IP converged platforms, IP Soft Switches, Hosted and distributed Call Centers solutions and high definition video communications infrastructure, amongst other products. Additionally, it plans to continue penetrating into the mid to low-end segment with its highly affordable HiPath 1100 family of digital PBX/IKTS systems for the SOHO and SME segments.

HiPath 4000 - the IP Solution for large and medium enterprises.



Mrs. Patel wants to share the joy of turning 90, with her great grand daughter.

We know she will.



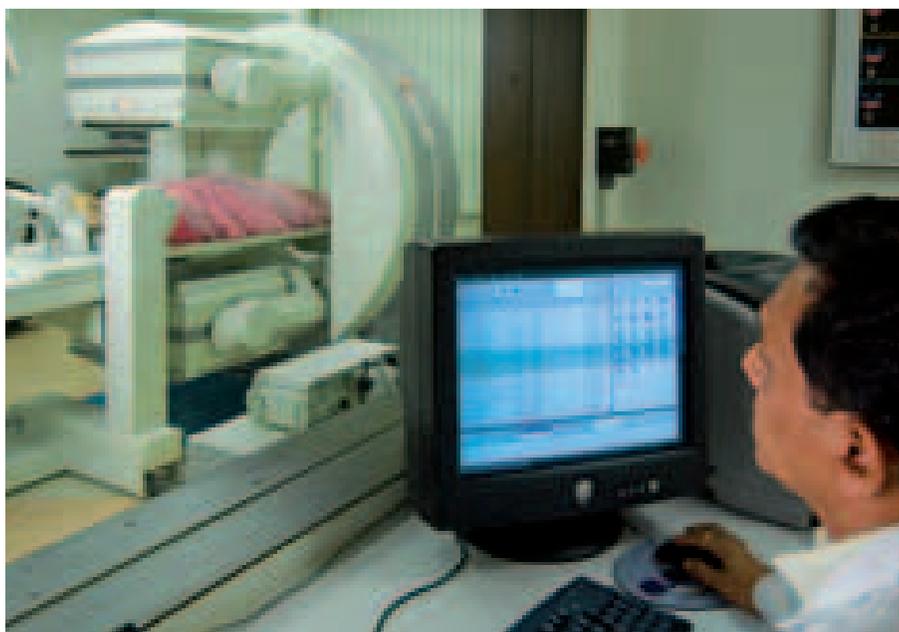
Healthcare | Energy | Industry | Transportation | Building & Infrastructure | Communication | Software

Mrs. Patel eagerly awaits a grand celebration of her 90th birthday. We desire the same. It's Siemens Healthcare solutions that her doctors rely on. Accurate and timely diagnosis helps keep her heart young and her dreams alive.

For at Siemens, we know the power of dreams, however big or small.

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Highlights

- Captured higher market share by introducing new products and technologies
- Installed India's first Dual Source CT at Breach Candy Hospital Mumbai
- Order from the Government of Tamil Nadu of around Rs.300 mn, for supplying six 1.5 Tesla MRI systems, the single largest order for MRI systems in India

Medical Solutions Division

During 2006-07, the healthcare market grew at a rate of over 15%. Both, the private and government sectors invested significantly in modernisation and expansion. The major hospital groups such as Apollo Hospitals, Fortis Healthcare, Care Hospitals, Wockhardt Hospitals, Columbia Asia and Manipal Group invested in new technologies and launched new projects. Several new corporate players made a foray into this attractive market to set-up healthcare chains whereas government and corporate hospitals and diagnostic centers in tier 2 cities also invested in modernization.

Spurred by the positive momentum, the Medical (Med) Division recorded an increase of 27% in their Turnover, while orders grew by 35% with segments such as Cardiology and Oncology driving the growth. The key segments such as Magnetic Resonance, Oncology Care Systems (OCS), Angiography, Fluoroscopy & Radiographic Solutions (AXA) and Special Products (SP) grew faster than the market. In the area of Magnetic Resonance imaging, Siemens strengthened its leadership position with more than 50% market share.

Med received a major order from the Government of Tamil Nadu of around Rs.300 million, for supplying six 1.5 Tesla MRI systems, the single largest

order for MRI systems in India, which have in the meanwhile been installed. India's first Dual Source CT was installed at Breach Candy Hospital Mumbai, whereas four mobile diagnostic clinics were successfully commissioned. With this, Siemens completed commissioning of 19 mobile clinics in order to take healthcare to rural population.

Amongst several major orders won by Med, some key orders include an order for four Flat Detector Cathlabs and South India's first Somatom Definition from Care Hospitals Group, Hyderabad, an order for the First Hi-Definition PET/CT in India from NPIL, Mumbai, a multimodality order from Govt. of Maharashtra for two Cathlabs, three Emotion 6 Slice CT units and one Linear Accelerator and another order from PGIMER, Chandigarh for Magnetom Trio 3 Tesla MRI with Tim.

Some of the new innovations/products launched by Med included new C-arm prototype developed using value engineering at our Goa Works factory for the low end segment, Radiographic system for RHD-China, 30 KW HF prototype for HF generator range and some components for Siemens AG.

Healthcare

Outlook: The strong growth in the healthcare market is expected to continue in the mid-term with Cardiology and Oncology segments driving the market. In addition to the investments by existing corporate healthcare players, new entrants are expected to step up on investments. Further, the Government of India is in the process of setting up 6 AIIMS-like institutes and 13 Post Graduate Institutes (PGI) in the country. The second-tier non-metro cities are also expected to witness a huge growth. This will drive demand for Medical equipment and solutions. As such, Siemens is optimistic in participating in this growth market and plans to introduce newer technologies and products specifically for the emerging markets.

The World's first Dual Source CT - SOMATON Definition.



Living on the city's outskirts isn't going to stop Irfan from getting his B-school degree.

We make sure he gets there.

Transportation | Energy | Industry | Healthcare | Building & Infrastructure | Communication | Software

Irfan needs to travel a long distance everyday. Siemens' energy efficient rail technology helps him commute safely, quickly and comfortably. Leaving him free to chase his dream. Undeterred.

For at Siemens, we know the power of dreams, however big or small.

Siemens. Empowering a billion Indian dreams.

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Highlights

- First prototype of the Mumbai suburban rake was handed over to MRVC; now running on the tracks
 - Traction motor and invertors factory went on stream
- Key Orders**
- Rs.2,000 mn Prototype for IGBT based diesel locomotives
 - Repeat order of Rs.1,663 mn for Line 3 of the Delhi Metro

Transportation Systems (TS) Division

Indian Railways is in a major make-over mode having consolidated its financial position and is now flush with funds. It's increased emphasis on safety up-gradation and freight movement has opened up several opportunities for the private sector. The introduction of new technologies like the three-phase traction gathered momentum during the last year and was the main growth driver. The opening up of the skies has propelled the Railways to initiate competitive measures to augment the passenger traffic, which saw a 10% rise. With the segregation of the freight and passenger traffic, Railways have kick-started initiatives for providing additional infrastructure and capacity.

During 2006-2007, the Transportation Systems (TS) Division strengthened its leading position in the Transportation sector with New Orders jumping by 246% and revenues going up by 40%. The key factor for this success has been the introduction of state-of-the-art technology, designed and adapted specifically for Indian conditions and produced locally. Also, the emphasis on strengthening the service network with dedicated personnel has given the division an unparalleled edge.

Some important projects won by TS during the year include the Rs.2,000 million project for IGBT based diesel

locomotives and a repeat order of Rs.1,663 million for Line 3 of the Delhi Metro. Reaffirming its faith in Siemens, the Indian Railways has further placed orders worth Rs.336 million for Loco inverters. Apart from these, TS also entered into a Maintenance Contract for SC Railway Coach inverters for Rs.116 million.

A milestone achievement was the commercial roll-out of the first new train for Mumbai's suburban rail network. Siemens has designed the key features for this train to provide relief to the commuters of Mumbai. These include ventilation systems that provide fresh air, audio-visual passenger information system, low noise and less vibrations etc. In addition to providing comforts to the passengers these trains are environment friendly and will have more capacity. Siemens has delivered, installed and commissioned all the electrical equipment and supported Integral Coach Factory (ICF). The state-of-the-art microprocessor based traction equipment by Siemens will result in energy savings of up to 30% for the Railways. Another successful introduction on Indian Railways was of a new electronic interlocking system from Siemens after due approval from RDSO, which is already in operation at 12 stations. This will enable

Transportation

Indian Railways to improve safety of operations.

***Outlook:** By the end of the 11th plan period, freight and passenger traffic is expected to increase by 50% and 35% respectively. To support this growth, massive capital investments are being stepped up by the railways. In addition, Indian Railways has already initiated upgradation of the fixed infrastructure to boost capacity with measures such as enhancing the length of the network, enhanced rate of electrification and modern signaling on the existing network. This will boost the business opportunities. Siemens also plans to set up of new facilities locally to exploit the growth opportunities.*

The new train for Mumbai Suburban Rail Network launched in November 2007.





Highlights

- Globally sold to Continental AG
- Focus now on electronic components for cars and commercial vehicles
- Setting up a new state-of-the-art electronic factory at Bangalore
- Successful in bagging good contracts in the commercial vehicle segment

Siemens VDO Automotive (SV) Division

The twin macroeconomic parameters of GDP growth and a rise in the personal disposable incomes had a positive impact across all segments of the automotive industry. During the fiscal, these segments showed double-digit growth – with 2-wheelers recording 11%, commercial vehicles 33% as well as passenger cars and utility vehicles recording 18% growth.

For FY07, the division was successful in garnering business, especially in the passenger car segment. A key development during the year was the award of another diesel engine management system contract by a local OEM. However, sales were impacted by the negative trends in the SV's market share in the 2-wheeler segment, resulting in an overall reduction in sales over the previous year.

During the year, SV started the supply of immobilisers and transponders to Maruti Suzuki and T-MAP and SIMAF sensors to Tata Motors. Supplies of general purpose actuators through a Tier-1 supplier to Tata Motors were also initiated. As a step towards preparation for growth, additional production lines were set up for supply of electronic instrument clusters at Bangalore. Production lines for supply of Knock sensors and active CAM sensors are

under implementation at the Manesar plant.

As part of a strategic re-orientation, the division is in a transition phase as it moves from mechanical to electronic products. Supporting this move, a new state-of-the-art electronic plant is presently under construction in Bangalore. In addition to electronic manufacturing, the new location will house a growing team of application development engineers, working both for the local market as well as supporting global development programmers.

As announced earlier, following the global decision to sell the automotive business, the business of SV will eventually move to Continental AG.

Transportation

Outlook: With a booming economy and rising disposable income, coupled with the Government's thrust on the automotive sector, the industry is expected to remain buoyant. For SV, the year ahead will see the start of revenues from businesses won during FY06 and FY07, particularly from orders such as Maruti Suzuki and Tata Motors. New production lines for electronic instrument clusters to Mahindra and TVS will complement revenues from existing contracts. The future business strategy will be decided by Continental AG.

SIMAF & T-MAP sensors supplied to Tata Motors.





A meeting in Chennai, AGM at Bangalore and
a movie date with his daughter in Mumbai.

We make sure Aryan has time for everything.

[Software](#) | [Power](#) | [Industry](#) | [Healthcare](#) | [Transportation](#) | [Building & Infrastructure](#) | [Communication](#)

Aryan needs to be in more than one place on the same day. And yet, he wishes to fulfill his daughter's dreams. Our software solutions help him manage his day efficiently. At airports, in offices, in fact everywhere. So that he keeps the promise made to his daughter.

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SISL - India, plays a very strategic role in the newly formed Siemens Information Solutions and Services Division of Siemens AG.

Group Companies of Siemens Ltd.

Siemens Information Systems Limited (SISL)

An increased demand for innovative strategies led to a steady growth in the IT and related business services spend during FY 07. In the domestic market, the increased earnings in the corporate sector gave a fillip to the IT sector investments, which grew by 21% driven by BFSI, Manufacturing and Telecom. The Government emphasis shifted from a hardware-led approach to a solutions approach. Besides investments in organic growth, M&A activities reached an unprecedented scale. However, the appreciating rupee remained a key concern as it impacted the profitability of most India-based IT companies.

2007 was a landmark year with SISL joining the league of select India-based IT services by crossing Rs.10 billion revenue mark and its workforce crossed 5,000. Turnover grew by a steady 19% with exports constituting 77%. However, order value declined by 26% on account of a one-time correction due to a change in the booking policy in the software development frame contracts. This dip was also on account of a temporary impact of delayed orders in the telecom business due to the sale of the COM business globally as well as the BenQ insolvency. Consequently, margins were under pressure.

In 2006, SISL's business was aligned and bundled with Siemens Information Solutions & Services (SIS), a division

of Siemens AG. In the new structure, SISL is the global headquarters for Transports & Airports and Application Management Services.

In the domestic market, SISL consolidated its leadership position in the Media, Airport & SAP verticals with a Rs.150 million order from Sun TV, Rs. 200 million order from Delhi International Airport, Rs.114 million order from Bhilai Steel Plant and Rs.105 million contract from Samsung. In collaboration with SV, SISL also won a project from Ashok Leyland for their telematics venture. Its export business performed well with a Rs.800 million contract from SIS-UK for the Ministry of Transport, UK and Rs.350 million order from BBC. Other orders were from clients such as Heathrow Airport, British Airport Authority, New York Times and The Oklahaman.

Some major projects commissioned by SISL in the last fiscal include the e-governance project for MCGM and the ESOA project for Bennett, Coleman & Co Ltd. In addition, SISL also launched Operate & Maintain Services, DTH billing system and the 6th SAP Training Center in Mumbai. SISL won key recognition and was awarded by SAP, Deloitte and ESC for its valuable contribution to the industry. They secured the 15th position in Nasscom's list of 'Top 20 IT Export Software & Services' from India in 2006-07.

Outlook: Nasscom has projected that global IT/ITES Services spending will rise by 6% rise to USD 528 billion. It is estimated that less than 10% of the

addressable market for globally sourced IT-ITES has been captured by India, thus leaving significant headroom for growth in the IT services industry. Further, the domestic market is slated for a healthy growth with a significant upside potential in e-governance and high growth sectors like retail and healthcare. This presents SISL with enhanced opportunities to consolidate its position in the domains of Media, SAP and Airports. Besides, playing a key role in SIS business expansion in Asia Pacific, SISL will also focus on business of own responsibility (BOOR) through Verticalisation.

Siemens Information Processing Services Pvt. Ltd. (SIPS)

The Indian IT software and services industry continued its outstanding performance in 2006-07, recording 30% growth in business as well as headcount. The sector's momentum was catalyzed by new contracts and renewals, increased traction in a broader range of services, expansion of its geographic footprint, increased mergers and acquisitions (both domestic and cross-border) and heightened interest among private equity investors to drive newer growth opportunities. While the US and UK continue to be dominant markets for IT exports, Indian IT firms were seen exploring new geographies.

Siemens Information Processing Services Pvt. Ltd. (SIPS), a Siemens Ltd. subsidiary, is engaged in the business of providing back office and customer contact services to Siemens operating companies in USA and third parties. In the last fiscal, SIPS recorded a satisfactory performance with Orders and Sales growing at 21%. This was largely driven by projects from the UK and US offices of Siemens.

The partnership with Siemens Energy Services PLC, UK for Utility services was strengthened from 40 seats to 150 seats. Another significant order was from Siemens Canada for providing Accounts Payable and Cash Management services. These were the first orders received by SIPS in Accounts Payable and Cash Management Services category from Canada.

Outlook: Going forward, with India emerging as one of the most preferred outsourcing destinations, the ITES-BPO (including the domestic and exports segments) is expected to grow at around 25%. With increased focus on companies looking for cost effective services, SIPS expects to participate in new opportunities by focusing on existing products and verticals and extending its geographical domain in Europe and Asia Pacific Regions. Further, SIPS has been identified by GSS (Global Shared Services) as a strategic partner, which will enable it to foray into new areas such as HR, Procurement and Logistics. SIPS is also working with Siemens IT Solutions and Services (SIS) as a part of Global Transaction operation, which is expected to open-up additional avenue for growth.

Siemens Industrial Turbomachinery Services Private Limited. (SITS)

India's robust economic growth has been the major driver for increased energy consumption in the country. The last fiscal, has witnessed substantial investments in the power sector, especially in the Power Generation and Oil & Gas segment.

Siemens Industrial Turbomachinery Services Private Limited (SITS) is the OEM service provider for Siemens Gas Turbines. SITS continued to benefit from Siemens' increasing market share in the Small Gas Turbines segment. For the year 2006-07, its Order value increased by 33%, while Sales jumped by 272% and profits rose substantially. In September 2007, Siemens Ltd. completed the acquisition of Siemens Industrial Turbomachinery Services Pvt. Ltd (SITS) by buying the remaining 24% stake. Thus SITS has now become a 100% subsidiary of Siemens Ltd., effective September 7th, 2007.

Among the several major orders won by SITS, the single largest order was from L&T for E&C of 9 nos. SGT 400 with associated compressors supplied by Siemens. Another major order was from Maruti Udyog for E&C of one SGT 400 supplied by Siemens. Both these orders accounted for approximately half of the new order intake in SITS. ONGC remains a key customer of SITS.



The new remote service initiative introduced to maximise business opportunities.

In addition, major service initiatives comprised of competence enhancement and investment in field service tools with a view to maximize business opportunities and retain the existing service fleet. The company bagged export orders worth Rs. 10 million that involved support services and deputations in projects managed in UK.

Outlook: With huge investments planned in the Power sector, the market for SITS is expected to accelerate in the coming years. Large offshore gas finds and the establishment of a national gas grid will result in an increased demand for gas turbines and compressors. In addition, due to the renewed emphasis on captive power generation, fresh opportunities for Small Gas Turbines will continue to emerge and contribute significantly towards the growth of business. The addition in the installed fleet will improve the service business segment of SITS. To gear up for the growth, SITS will make investments for improvement in office infrastructure, plant machinery and workshop capacity utilization.

Corporate Function Review

Siemens Real Estate (SRE)

The robust growth of Siemens India operations led to increased business opportunities for Siemens Real Estate (SRE) Division. SRE witnessed significant growth in its business and executed several key projects like the new Transformer factory in Kalwa. Several offices and Manufacturing

facilities were built / expanded and modernized to meet the requirement of growing space demand. Various key initiatives were taken for process improvements and better monitoring & control. Another important project undertaken by SRE included the Location Concept 2008. This involved an in-depth study conducted across Siemens locations to gauge future space requirements keeping in mind the growth momentum and will be used as reference point for future plans across the country.

Internal Control Systems

The Internal Control Systems of Siemens Ltd. is responsible for the financial reporting, assets, adherence to management policies, international agreements and conventions wherever applicable, as well as to promote ethical conduct within the organisation. The company has appointed an Audit Committee that regularly reviews the internal control systems with the management, external and internal auditors.

The company has an independent Internal Audit department for conducting internal audits and financial reporting of the individual divisions, corporate functions as well as its group and subsidiary companies in India. The audit program is approved by the management and the individual audits are planned and covered systematically within the framework of an Audit Charter set by the Audit Committee, the Corporate Management and the parent

company. This department directly reports to the Executive Director.

The Internal Audit department conducts risk-based process, operational audits and Information Security audits with the help of the Regional Audit pool to ensure compliance with internal guidelines/ procedures as well as the international agreements and conventions that are applicable to the company. The department also identifies areas of improvement and risk exposures.

The audit reports having recommendations and suggestions along with the implementation responsibilities and time plans are reviewed by the Corporate Management. In addition, follow-up audits are conducted after a reasonable period of time for monitoring the implementation of the recommendation/ suggestions.

The Corporate Compliance with renewed emphasis towards the compliance requirements and the renewed Compliance Remediation program will become a focused part of this year's scope. It also constitutes the foundation of the Business Conduct Guidelines, which have been adopted for the employees.

Quality

In order to sustain global levels of excellence, Siemens has been actively implementing quality enhancement program across all its divisions. These initiatives form an integral component of the annual Strategic Planning process and cover Customer, Process and Employee perspectives.

Various Quality initiatives across divisions were taken up in line with the Strategic Plan. Training Programs were conducted in Quality Management Systems, Problem Solving techniques, Cost of Quality and 5 S to cover various employees right from Apprentice Workmen, Trainee Engineers to Senior Managers and also Customers on request, along with the concerned division. This has increased Quality awareness and use of relevant tools

and approaches for different needs and situations.

Assessments of SQMS (Siemens Quality Management System) were conducted to capture good practices and identify gaps in the business processes. Product Life Cycle Management (PLM) was implemented for SDF and Socket and Switches in Switchgear and 1.2 MW generators in WMOT.

For the coming financial year focus will be on building and strengthening Quality Networks in divisions to ensure nodes in all the entities like GGs, Regions, Functions and Factories so as to make Quality Movement sustainable. There will be partnering with divisions in identification and implementation of various improvement initiatives using available skill sets.

During the fiscal year 2006-07, the 'Kalpana' Suggestion Scheme received 3614 suggestions (150% higher than last year), registered benefits of Rs.110 million (over 350% higher than last year) and awards worth Rs.6.04 million were declared. The awards are given only after implementation. The Kalpana processes as well as the administrative tool viz the Kalpana software, is enhanced continually.

Safety and Environment

At Siemens, Safety, Health & Environment Protection is of utmost importance and is considered as a fundamental responsibility. In fact,

Safety & Environmental aspects have been accorded the highest levels of priority and are integrated with Planning, Design, Procurement, Fabrication, Construction and Installation & Commissioning of facilities. Safety & Environment requirements are now made part of tender document to consider issues in planning and budgeting project cost.

For creating a safe work environment, the OSE training was imparted to employees including contract employees. A total of 1700 employees were trained in 84 training programs conducted from October 2006 to September 2007. Some of the other training topics covered were Behavioral Based Safety, Fire Fighting (Hands On), Special Safety induction training for new employees, Emergency Preparedness and Construction Safety, among others. The project in-charges of I&S division from all over India were imparted safety training along with demonstration of Fall Protection System. As a new initiative, safety tool-box training was imparted to contract employees, which focused on preventive safety measures at the workplace.

This year, 17 employees were nominated to attend Advanced Diploma for Industrial Safety, which is approved by the Maharashtra State Board of Technical Education. Siemens has also provided facilities for conducting daily classes for this course.



Demonstration of the new firefighting device - Fogtec, at Kalwa works.

In line with its three-pronged strategy of Education, Engineering and Enforcement, the company implemented comprehensive Safety Management System for Construction Projects. Also, Kalwa, Nashik and Aurangabad Works have undertaken various environmental management programs for water and energy conservation. This year, the Aurangabad Works -Switchgear Factory has successfully implemented Environment Management System and has been accredited with ISO-14001 Certification.

As part of the "Preventive Crisis Management" routine emergency evacuation drills were conducted at Siemens factories and offices to evaluate the response of employees and existing infrastructure in handling an emergency.

The Kalwa Works is now geared up with an advanced fire fighting device called Fogtec, which consists of a vehicle mounted with fire fighting equipment. This vehicle can be used for fighting fire in shop floor due to its smaller size.

The safety performance of all production Units of Siemens India has shown a significant improvement with 20% reduction in man-days lost due to accidents and 49% reduction in accident cost compared to previous year.

Human Resource initiatives

Rising to the challenges posed by the growing business, Siemens Human Resource (HR) Division launched several focused initiatives to attract, retain and develop the talent flow in the Organization.

During the year, about 1400 new employees joined Siemens Ltd. with about 195 Graduate Trainee Engineers joining the company on the same day. In a bid to involve employees in bridging the talent gap cost-effectively, an employee referral scheme has been launched, which is already giving good results.

To align training & development needs of employees with the business



Training is an ongoing process at Siemens.

demands, HR introduced various new training programs and redesigned some of the existing ones. The comprehensive induction program for new joinees and mentoring program for young engineers were revamped and institutionalized to ensure their seamless integration into the organization. The program for Business Managers was re-designed with focus on enhancing functional skills vis-à-vis general management skills. For the middle level management, a new programme called Leadership Enhancement through Effective People Management program (LEEP) was launched to enhance their leadership and coaching skills.

In partnership with a premier business school, a special programme was designed for the top management with focus on 'Leadership Strategy and Managing Transformational Change'. Several behavioral skills programmes were also conducted for the employees. Overall, the average training man-days for the year 2006-07 ranged from 5 to 20 days.

A significant highlight of the year was the launch of a variable pay performance scheme for the employees centered on the function and contribution of the employees. This exercise was aimed at reinforcing the high performance culture across the organization.

The Company also initiated a host of welfare measures to ensure up-front employee wellness. For prevention and early detection of disease, a free periodic medical check-up was arranged. For greater awareness of health risk factors, more than 55 Programs were conducted, covering all locations and target audiences, including families, for certain programs. This was followed up with routine diagnostic treatment and medical support.

Extending the principle of total support by the organization, a Life cover scheme has also been launched to insure all employees uniformly for Rs 5,00,000 for life.

Amidst all the pressures and demands of the growing business, Industrial Relations continued to remain cordial and supportive.

Outlook for Siemens Ltd.

The Indian economy is expected to be on an upswing during the year 2007-08 with GDP growth forecasts estimated to be around 9% for a third consecutive year. The Government is keen that the growth rates are sustained which will drive domestic demand and enhance the purchasing power, as well as per capita income. As the India growth story continues to attract global players, investments are expected to flow in diverse sectors which will generate employment opportunities.

The Government has projected raising investment in Infrastructure from 5% of GDP to 9%, which translates to around \$500 billion by 2012. Proactive strategies have been outlined to maintain an encouraging atmosphere and motivate investors for such investment volumes. Since capacity addition in power is critical to propel this growth momentum, a significant investment is envisaged to be channeled towards the Power Sector. Around 78GW of capacity is slated to be added over the next five years. Of the proposed nine ultra mega power plants (UMPP), two have already been handed over to project developers, and measures are being outlined to speed up work on the awarding of the remaining plants. In this favourable market environment, Siemens Power segment is in a competitive position to leverage the market opportunities and contribute to the power demands in India. The group will also continue to expand the capacities in its factories and introduce newer technologies as required by the market.

In the Transportation segment, the Government has proposed huge investments and spelt out specific initiatives to boost the overall capacity of the rail network. Siemens Transportation Division intends to further consolidate its market position by optimally tapping into these growth prospects.

In the Industry segment, sectors such as coal, cement, oil and gas, engineering and metals are expected to record improved performances on the back of a booming economy and rising demand

for their offerings. With an increase in natural gas supplies, the Oil And Gas sector in India is also poised for healthy growth. As construction-related activity continues incessantly, the Cement sector is expected to maintain its growth momentum. The Airports sector is slated to witness a host of greenfield projects as well as modernization through public and private sector participation. Companies in the hospitality segment – driven by surging business travel and healthy tourist arrivals – are projecting strong growth trends and additions in capacity. On the basis of this good run, the industry businesses of Siemens - Industrial Solutions and Services division (I&S), Automation & Drives (A&D) as well as Building Technologies (SBT) are well placed to strengthen their value proposition and anticipate a robust order inflow.

In the Healthcare market, demand from a growing affluent middle class for quality healthcare and also the emergence of a strong health tourism segment has attracted the attention of leading private healthcare chains (both national and international), who in turn are planning big investments in India. These investments, estimated to total Rs. 5,385 crore by 2010, add to the almost Rs. 9,000 crore already announced in the sector. The medical fraternity is demanding cutting edge technology as a key differentiator, to cash-in on a first mover's advantage. On the basis of this momentum, the Medical Solutions Division of Siemens with its technological edge is expected to translate these market opportunities into tangible benefits.

In the arena of Software development, India continues to remain the destination of choice for offshore outsourcing, driven by its strong execution skills, greater scalability and ability to maintain margins. Buoyed by this vibrant business scenario, Siemens Information Systems Ltd. (SISL) and Siemens Information Processing Services Pvt. Ltd. (SIPS) expect to capitalize on the global opportunities in software development.

To sum up, India expects to attract robust investments across the industries

and maintain buoyant industrial expansion. In addition, the Government will continue to take proactive measures that will maintain a favourable business environment. Thus, India is truly poised to tap its latent potential of being a leading economical force. Riding on this strong growth in the country, Siemens, with its established credentials, will continue to leverage these opportunities. The company will also focus on high growth areas such as Airports, Oil & Gas and Water, besides foraying into newer market segments and newer geographical areas. In order to meet the growth demand, Siemens will also expand its manufacturing capacities by up-grading existing factories or setting Greenfield plants. Recognized as a key potential market for growth by Siemens AG, Siemens in India will also contribute into the global value chain, especially in the areas of Manufacturing, R&D and software.

Note: This report contains forward-looking statements based on beliefs of Siemens' management. The words 'anticipate,' 'believe,' 'estimate,' 'forecast,' 'expect,' 'intend,' 'plan,' 'should,' and 'project' are used to identify forward-looking statements. Such statements reflect the company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different, including amongst others changes in the general economic and business conditions, changes in the currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services, and changes in business strategy. Actual results may vary materially from those projected here. Siemens does not intend to assume any obligation to update these forward-looking statements.

Deepak S. Parekh
Chairman

Mumbai,
20th December 2007

Annexure III to the Directors' Report

Corporate Governance Report

(As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

I. Siemens Corporate Governance, Values & Vision and Compliance

Corporate Governance

Corporate Governance forms the basis of all our decision-making and monitoring processes. Our actions are aligned with clearly defined ethical principles. Responsible Corporate Governance supports our long term value creation and strengthens the trust of shareholders, customers, employees, business partners, politics and the public in our Company.

Our Values and Vision: a guide to our business conduct

Our stakeholders – customers, shareholders, employees, suppliers and the societies in which we operate – expect the highest performance and the highest ethical standards. Meeting these requirements is the ultimate determinant of our success.

A New Balance

Reaching this goal requires a new balance in which values, business operations and the pursuit of our vision co-exist harmoniously. After closely examining our history and culture, we distilled our essence into three core values: Responsible, Excellent, and Innovative.

These values supersede our former 'principles' and must be lived interdependently. For each value, we have derived clear principles that guide our decision-making and conduct. They must be embedded in everything we do at Siemens.

Our values drive our vision which shows how the highest performance and ethical standards can deliver profitable growth. With the support of everyone at Siemens, it will enable us to become a role model for outstanding business conduct.

i. Responsible: Committed to ethical and responsible actions

At Siemens, we are determined to meet - and wherever possible, exceed - all legal and ethical requirements. Our responsibility is to conduct all businesses according to the preferably professional and ethical standards and practices: there must be no tolerance for non-compliant behavior.

The principles related to 'Responsible' serve as the compass by which we navigate our way through our business decisions. We must also encourage business partners, suppliers and other stakeholders to adopt a similar standard of ethical behavior.

Our principles:

- We obey the law
- We respect the dignity of all people
- We foster health and safety
- We conduct business in a truthful and transparent manner
- We are fair in our relationships with competitors and stakeholders
- We honor commitments
- We respect property
- We strive for the protection of the environment
- We are committed to good corporate citizenship
- We are fully engaged and empowered to achieve the best results

ii. Excellent: Achieving high performance and excellent results

We at Siemens set ourselves ambitious targets - derived from our vision and verified by benchmarks - and give our all to achieve them. We stand beside our customers in the search for perfect quality, coming up with solutions that exceed expectations.

Excellence demands we define a path of continuous improvement, constantly challenging existing processes. It also requires us to embrace change so that we are in the right place when new opportunities open up. Excellence also means attracting the best talent in the marketplace and giving them the skills and opportunities they need to become high-achievers. We are committed to living a high-performance culture.

Corporate Governance Report (continued)

Our principles:

- We set ourselves best-in-class goals and achieve them
- We are passionate
- We are willing to go the extra mile
- We are disciplined and act fast and decisively
- We always strive for improvements and perfect quality
- We deeply understand our customers' needs and challenges
- We systematically develop our personal skills and leverage our full potential
- We interact in an efficient and pragmatic way
- We embrace change to ensure we are competitive in the future

iii. Innovative: Being innovative to create sustainable value

Innovation is a cornerstone of Siemens' success. We closely align R&D activities with business strategy, hold key patents and have a strong position in both established and emerging technologies. Our goal is to be a trendsetter in all of our businesses.

We unlock the energy and creativity of our employees, embracing the new and different. We are also ingenious and we embrace this quality in all its varied meanings - original, inventive and resourceful.

We are entrepreneurs whose innovations are successful on a global scale. We measure the success of our innovations by our customers' success. We constantly renew our portfolio to provide answers to societies' most vital challenges, enabling us to create sustainable value.

Our principles:

- We create innovations that give our customers a unique competitive edge
- We act as entrepreneurs
- We are creative and open to new ideas
- We are ingenious and visionary
- We are trendsetters
- We constantly challenge the status quo

Vision: our aspirations for the future

Our vision puts into practice our belief that the highest performance and highest ethical standards can drive our profitable growth while addressing stakeholders' requirements.

Sustainable Success

Our vision is derived from our values and was developed by our senior leadership team with the active involvement of all groups and many regions. To achieve the highest performance with the highest ethics, we have to integrate our vision and our values into daily business decision-making in our specific environment.

Over the long term, the greatest success comes to those companies who succeed in meeting their stakeholders' requirements while staying true to the company's values and vision. This is how we ensure that highest performance and highest ethical behavior go hand-in-hand to create long-lasting success.

A World of proven talent

Delivering breakthrough innovations

Giving our customers a unique competitive edge

Enabling societies to master their most vital challenges

Creating sustainable value

Compliance - Zero tolerance for non-compliant behavior

We conduct our business responsibly and in compliance with the laws and regulations of all the countries where we do business. The Company does not tolerate illegal and unethical behavior. We have established binding company guidelines that require all our managers and employees worldwide to behave ethically and in conformity with the law. These guidelines are the basis of our work and the relationships of our employees with one another as well as with our customers and partners.

Compliance Program

Siemens' Compliance Program anchors ethical and legal behavior throughout the Company. It includes clear instructions to all employees to comply with all applicable laws. It also contains additional regulations regarding, for example, the processing of payments and proper dealings with business consultants. To implement the program, Siemens AG, Germany, has set up a worldwide compliance organization. (<http://w1.siemens.com/responsibility/en/compliance/index.htm>). The system that Siemens uses to verify adherence to the Compliance Program is based on four pillars.

Ombudsman - Handling of complaints regarding irregular business practices

The Attorney Mr. Hans-Otto Jordan of the Nuremberg law firm Dr. Beckstein & Partners has been retained by Siemens AG on a worldwide basis, to act as an external ombudsman and provide a protected communications channel. Employees and third parties can contact this neutral individual on a confidential and anonymous basis if they have noticed any improper business practices in the Company.

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 90491 Nuremberg, Germany
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Helpdesk

The Compliance Helpdesk "Tell us", offers Siemens employees or managers as well as the customers, suppliers and other Siemens business partners the opportunity to submit reports about violations of the Siemens Business Conduct Guidelines 24/7 all over the world – secure and confidential. In order to justify the trust placed in Siemens by customers, partners, shareholders and employees, the integrity and transparency of business processes is the top priority. For this, it is essential for Siemens to find out about any compliance breaches, particularly violations of the Siemens Business Conduct Guidelines. The "Tell us" function provides the opportunity for submitting reports worldwide, 24/7 either online (https://secure.ethicspoint.com/lrn/en/report_custom.asp) or by telephone, and in any of up to 150 languages. Siemens employees and managers as well as customers, suppliers and other Siemens business partners can contact the Compliance Helpdesk "Tell us". The Call Center and the Website facilities are operated by an external provider specializing in the secure and confidential handling of sensitive content. Incoming reports are not traced, neither is the sender automatically registered.

Especially important is the responsible use of the Helpdesk. The content of the report will be forwarded by the service provider to the Siemens Corporate Compliance Office for clarification. The decision about further proceeding is taken there. Confidentiality is guaranteed in any case.

With the "Tell us" function, the Compliance Helpdesk represents a sensible, global-level extension to the Ombudsman, and Siemens provides an additional point of contact with "Tell us".

II. Board of Directors (Board)

• Composition

The Board comprises of 14 experts (excluding Alternate Directors) drawn from diverse fields / professions. The Board has an optimum combination of Executive and Non-executive Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges (Listing Agreement) in this regard. The Chairman of the Board is a Non-executive and Independent Director. All Directors, except the Managing Director and Special Director, are liable to retire by rotation.

Particulars	Composition of the Board		Minimum Requirement as per Clause 49
	No. of Directors	% of Total Directors	
Non-executive Directors (therein Independent Directors)	8 (6)	57.14 (42.86)	50% (33.33%)
Whole-time Directors	6	42.86	-
Total	14	100	

Corporate Governance Report (continued)

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all companies in which he is a Director.

The composition of the Board as on date, the changes during the year under review, number of Meetings held and attended during the year and Directorship / Committee positions in other companies are as follows:

	Name	Category ⁽¹⁾	Attendance at Board Meetings held during FY 2006-07		Attendance at last AGM held on 18.01.07	Other Directorships in India ⁽²⁾	Other Committee positions in India ⁽³⁾	
			Held ⁽⁶⁾	Attended			Member	Chairman
1	Mr. Deepak S. Parekh (Chairman)	NED (I)	4	4	Yes	16	1	4
2	Mr. D. C. Shroff	NED (I)	4	4	Yes	14	4	2
3	Mr. Y. H. Malegam	NED (I)	4	4	Yes	10	3	3
4	Prof. Dr. K. Wucherer ^{(4) / (7)} (Nominee of Parent Company, Siemens AG, Germany)	NED	4	Nil	No	Nil	N.A.	N.A.
5	Mr. S. Schneider ⁽⁴⁾ (Alternate for Prof. Dr. K. Wucherer from 23.07.07)	NED	1	1	N.A.	Nil	N.A.	N.A.
6	Mr. N. J. Jhaveri	NED (I)	4	4	Yes	16	5	5
7	Mr. K. Dadiseth	NED (I)	4	4	Yes	7	1	Nil
8	Mr. P. V. Nayak	NED (I)	4	4	Yes	4	2	1
9	Mr. J. Kaeser ⁽⁴⁾	NED	4	Nil	No	Nil	N.A.	N.A.
10	Dr. O. Schmitt ⁽⁴⁾ (Alternate for Mr. J. Kaeser)	NED	4	4	Yes	1	Nil	Nil
11	Mr. J. Schubert (Managing Director)	WTD	4	4	Yes	2	1	Nil
12	Mr. P. de Royer (Executive Director)	WTD	4	4	Yes	5	Nil	1
13	Mr. K. R. Upli	WTD	4	4	Yes	1	Nil	Nil
14	Mr. V. V. Paranjape (from 01.02.07)	WTD	2	2	N.A.	1	Nil	Nil
15	Mr. V. B. Parulekar (from 01.02.07)	WTD	2	2	N.A.	Nil	Nil	Nil
16	Dr. A. Bruck (from 01.10.07)	WTD	N.A.	N.A.	N.A.	3	1	Nil
17	Mr. Harminder Singh ⁽⁵⁾ (upto 06.12.06)	WTD	1	Nil	N.A.	N.A.	N.A.	N.A.

Notes:

- (1) Category: WTD - Whole-time Director, NED – Non-executive Director, NED (I) – Non-executive Director and Independent.
- (2) Includes Alternate Directorships and Directorships in private companies.
- (3) Includes only Audit Committee and Investors Grievance Committee of public limited companies.
- (4) In the whole-time employment of our parent company, Siemens AG, Germany.
- (5) Passed away on 6th December, 2006.
- (6) Details provided from the date of appointment of the respective Directors.
- (7) Prof. Dr. K. Wucherer is a *Special Director* as per Article 110 of the Articles of Association of the Company and, as such, is not bound to retire by rotation or be included amongst the number of Directors liable to retire by rotation.

- **Board Meetings**

The Board Meeting dates are normally pre-determined. During the Financial Year 2006-07, the Board met four times as follows:

Date of the Meeting	Total number of Directors on the date of the Meeting	Number of Directors who attended the Meeting
23 rd November, 2006	12	10
18 th January, 2007	11	10
23 rd April, 2007	13	12
23 rd July, 2007	13	13

The gap between any two Meetings did not exceed four months.

Normally, four Board Meetings are held in a Financial Year. In addition to this, Board Meetings are convened to transact special businesses, as and when necessary.

Agenda papers containing all necessary information / documents, are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of Agenda Papers, the same are tabled at the Meeting or / and the presentations are made by the concerned managers to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings and their active participation is borne by the number of Meetings held during the year and attended by the Directors.

The information as specified in Annexure IA to Clause 49 of the Listing Agreement, is regularly made available to the Board, whenever applicable, for discussion and consideration.

III. Committees of Directors under the Corporate Governance Code

A. Mandatory Committees

i. Audit Committee of Directors (Audit Committee) - Since 15th December, 2000

Composition

The Audit Committee comprises of experts specialising in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The present composition of the Audit Committee is as follows:

Name	From	Position	Category
Mr. Y. H. Malegam	15.12.2000	Chairman	Non-executive and Independent Director
Mr. J. Kaeser / Dr. O. Schmitt (Alternate Director for Mr. J. Kaeser)	01.10.2006	Member	Non-executive Director
Mr. Deepak S. Parekh	22.11.2004	Member	Non-executive and Independent Director
Mr. Keki Dadiseth	01.02.2006	Member	Non-executive and Independent Director
Mr. Ashok Jangid	15.12.2000	Secretary	Vice President and Company Secretary

The Executive Director and the Heads of Accounts, Finance and Internal Audit Departments and the Statutory Auditors are permanent invitees to the Meetings. The Cost Auditors are also invited to attend the Audit Committee Meetings, as and when required.

Corporate Governance Report (continued)

Terms of reference

The powers and terms of reference of the Audit Committee are as mentioned in Clause 49 II C, D and E of the Listing Agreement and Section 292A of the Companies Act, 1956. The terms of reference are briefly described below:

- a. Oversight of the Company's financial reporting process and disclosure of financial information.
- b. Recommend the appointment, re-appointment and, if required, replacement or removal of Statutory Auditors, fixation of audit fees and approving payments for any other services.
- c. Review with management the annual and quarterly financial statements before submission to the Board.
- d. Review with management, performance of Statutory and Internal Auditors and adequacy of internal control systems.
- e. Review the adequacy of internal audit function.
- f. Discussions with Internal Auditors of any significant findings and follow-ups thereon.
- g. Review the findings of any internal investigations by the Internal Auditors.
- h. Discussion with Statutory Auditors before the audit commences, of the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- i. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- j. Review the functioning of the Whistle Blower mechanism.
- k. Review the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses;
 - The appointment, removal and remuneration of the Chief Internal Auditor; and
 - The financial statements, in particular, the investments made by unlisted subsidiary companies.

In addition to the above, the following disclosures are made to the Audit Committee, as and when applicable:

- Basis of related party transactions;
- Disclosure of Accounting Treatment; and
- Utilisation / application of proceeds from public issues, rights issues, preferential issues, etc., if any.

The Audit Committee is vested with the necessary powers, as defined in its Charter, to achieve its objectives.

Meetings and attendance during the year

The Audit Committee met four times during the Financial Year 2006-07 and the gap between any two Meetings did not exceed four months. The details of attendance of the Members and Secretary at these Meetings are as follows:

Name	Attendance at the Meeting held on			
	22.11.2006	17.01.2007	23.04.2007	23.07.2007
Mr. Y. H. Malegam	Yes	Yes	Yes	Yes
Dr. O. Schmitt (Alternate Director for Mr. J. Kaeser)	No	Yes	Yes	Yes
Mr. Deepak S. Parekh	No	Yes	Yes	Yes
Mr. Keki Dadiseth	Yes	Yes	Yes	Yes
Mr. Ashok Jangid	Yes	Yes	Yes	Yes

The Minutes of Audit Committee Meetings are noted at the Board Meetings.

The Chairman of the Audit Committee was present at the 49th Annual General Meeting held on 18th January, 2007.

ii. **Investors Grievance Committee of Directors (Investors Grievance Committee) – Since 15th December, 2000**
Composition

The Investors Grievance Committee has been constituted to attend to and redress the investors' grievances. The present composition of the Investors Grievance Committee is as follows:

Name	From	Position	Category
Mr. D. C. Shroff	15.12.2000	Chairman	Non-executive and Independent Director
Mr. J. Schubert	15.12.2000	Member	Managing Director
Mr. P. V. Nayak	01.02.2006	Member	Non-executive and Independent Director
Mr. Ashok Jangid	15.12.2000	Secretary	Vice President and Company Secretary

Terms of reference

- Review the existing "Investor Redressal System" and suggest measures for improvement.
- Receive the report of Registrar and Share Transfer Agent (RTA) on investors' grievances and follow up for necessary action taken for redressal thereof.
- Suggest improvements in investor relations.
- Consider and take on record the certificate from a practicing Company Secretary under Clause 47 of the Listing Agreement.
- Propose to the Board of Directors, the appointment / re-appointment of RTA, including the terms and conditions, remuneration, service charges / fees.
- Decide the frequency of audit of RTA and consider the Auditors' Report thereon.

Meetings and attendance during the year

The Investors Grievance Committee met on 23rd November, 2006 and all Members and the Secretary attended. The Minutes of Investors Grievance Committee Meetings are noted at the Board Meetings.

Mr. Ashok Jangid, Vice President and Company Secretary, has been nominated as the "Compliance Officer" with effect from 13th November, 2000, pursuant to the requirements of the Securities and Exchange Board of India (SEBI) Regulations and the Listing Agreement.

Details of Investor Complaints

The Corporate Secretariat Department of the Company and TSR Darashaw Ltd., RTA, attend to all grievances of the investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

Barring certain cases pending in Courts / Consumer Forums, relating to disputes over the title to Shares, in which either the Company has been made a party or necessary intimation thereof has been received by the Company, all the investor grievances / correspondences have been promptly attended to from the date of their receipt. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors.

The details of Complaints received, cleared / pending during the Financial Year 2006-07 is given below:

Nature of Complaints	Received	Cleared	Pending
Non-receipt of Share Certificates duly transferred	47	47	0
Non-receipt of dividend warrants	20	20	0
Letters from SEBI	6	6	0
Letters from Stock Exchanges	9	9	0
Correspondence construed as complaint	1	0	1
Total	83	82	1

Number of complaints received during the year as a percentage of total number of Members as on 30th September, 2007, is 0.08%.

Corporate Governance Report (continued)

B. Non-Mandatory Committees

Remuneration Committee of Directors (Remuneration Committee) – Since 15th December, 2000

Composition

The present composition of the Remuneration Committee and the changes therein since the last Annual Report, are as follows:

Name	Tenure		Position	Category
	From	To		
Mr. N. J. Jhaveri	15.12.2000	-	Chairman	Non-executive and Independent Director
Mr. D. C. Shroff	15.12.2000	-	Member	Non-executive and Independent Director
Mr. Deepak S. Parekh	01.10.2004	-	Member	Non-executive and Independent Director
Mr. Y. H. Malegam	22.11.2004	23.07.2007	Member	Non-executive and Independent Director
Mr. P. V. Nayak	23.07.2007	-	Member	Non-executive and Independent Director
Mr. Ashok Jangid	15.12.2000	-	Secretary	Vice President and Company Secretary

Terms of reference

- Determine the Company's policy on specific remuneration packages for Whole-time Directors / Executive Directors including pension rights and any compensation payment.
- Decide the actual Salary, Salary Grades, Overseas Allowance, Perquisites, Retirals and Increment of Whole-time Directors.
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company and / or Siemens AG) and evaluate the performance and determine the amount of incentive of the Whole-time Directors for that purpose.
- Decide the amount of Commission payable to the Whole-time Directors.
- Periodically review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines, etc.

Meetings and attendance during the year

During the year under review, the Remuneration Committee met on 23rd November, 2006, and on 10th August, 2007. All the Members and the Secretary attended.

The Chairman of the Remuneration Committee was present at the 49th Annual General Meeting held on 18th January, 2007.

The Minutes of the Remuneration Committee Meetings are noted at the Board Meetings.

Remuneration Policy

The remuneration policy of the Company is performance driven and is structured to motivate employees, recognize their merits and achievements and promote excellence in their performance.

1. For Whole-time Directors

The Board of Directors / the Remuneration Committee of Directors is authorised to decide the remuneration of the Whole-time Directors, subject to the approval of the Members and Central Government, if required. The remuneration structure comprises of Salary, Perquisites, Retirement Benefits, Performance Linked Incentive (PLI), Commission and Compensation under Stock Option Plan(s) of Siemens AG, Germany, parent company.

In addition to the above remuneration, Expatriate Directors are paid Overseas Allowance and certain other Perquisites as per the Rules of the Company. However, they are not entitled to the Company's Retirement Benefits.

PLI, Compensation under Stock Option Plan(s) of Siemens AG and Commission constitute the variable component of remuneration. Under the PLI, specific targets are set for each Whole-time Director at the beginning of each Financial Year. The targets are also linked to the Company's targets. PLI is paid to the Whole-time Directors on achievement of the said targets. Under Compensation under Stock Option Plan(s) of Siemens AG, the cash equivalent of the fair market value of the Options / Awards on the Exercise Date, multiplied by the number of Options / Awards, to which the Whole-time Directors are entitled, will be paid to them in cash by the Company.

Commission is determined on the basis of the Net Profits of the Company in a particular Financial Year, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956.

Remuneration paid / payable to the Whole-time Directors for the Financial Year 2006-07

(Amount in Rs.)

	Mr. Schubert	Mr. de Royer	Mr. Upili	Mr. Paranjape ⁽¹⁾	Mr. Parulekar ⁽¹⁾	Mr. Singh ⁽²⁾
Salary	5,940,000	4,260,000	3,180,000	2,192,000	2,192,000	547,200
Perquisites ⁽³⁾	2,699,352	2,857,908	4,226,864	2,110,831	2,653,880	1,762,642
Performance Linked Incentive	14,638,500	9,460,900	4,313,900	4,101,100	3,784,600	1,000,000
Compensation under Stock Option Plan(s) of Siemens AG	Nil	Nil	Nil	Nil	Nil	Nil
Commission ⁽⁴⁾	16,815,400	4,510,500	1,000,000	333,000	333,000	Nil
Total	40,093,252	21,089,308	12,720,764	8,736,931	8,963,480	3,309,842

Tenure						
From	01.10.1996	01.02.2006	27.01.2006	01.02.2007	01.02.2007	01.04.1998
To	31.12.2007	31.01.2011	27.07.2008	30.09.2008	30.09.2009	06.12.2006
Shares of Rs.2 each held as on 30.09.2007	Nil	Nil	465	2,100	2,500	N.A.

Notes :

- (1) Pro-rata payment for the part of the year from date of appointment i.e. 1st February, 2007 to 30th September, 2007.
- (2) Pro-rata payment from 1st October, 2006 to 6th December, 2006. Considering the untimely demise of Mr. Singh as well as his long association with the Company, the Board sanctioned a lumpsum gratuitous payment of Rs.6,000,000 to Mrs. Gurinder Pal, widow of Late Mr. Singh.
- (3) Perquisites includes Company's contribution to Provident and Superannuation Funds for Indian Directors and Overseas Allowance for Expatriate Directors viz. Mr. Schubert and Mr. de Royer.
- (4) Commission is subject to approval of Annual Accounts for the Financial Year 2006-07 by the Members at the 50th Annual General Meeting to be held on 31st January, 2008.

No severance fees are payable to the Directors on termination of employment. The Company does not have its own scheme for stock options either for the Directors or the employees. However, under the Compensation under Stock Option Plan(s) of Siemens AG, Germany, the Whole-time Directors and certain other Senior Managers of the Company are entitled to cash equivalent of the fair market value of Options / Awards, as explained above.

2. For Non-executive Directors

The Non-executive Directors are paid remuneration by way of Sitting Fees and Commission.

Sitting Fees

The Non-executive Directors are entitled to Sitting Fees for attending Board / Committee Meetings, as per the details given below:

Meetings	Sitting fees per Meeting
Board	Rs.20,000
Audit Committee	Rs.20,000
Investors Grievance Committee, Remuneration Committee, Corporate Governance Committee, Investment Committee and Special Committee	Rs.10,000

The aforesaid Sitting Fees are within the limits prescribed under the Companies Act, 1956.

Corporate Governance Report (continued)

Commission

In terms of the Members' approval given at the 47th Annual General Meeting held on 27th January, 2005, Commission is payable at a rate not exceeding 1% per annum of the Net Profits of the Company computed in the manner referred to in Section 309 of the Companies Act, 1956. The actual amount of Commission payable to each Non-executive Director is decided by the Board on the following criteria:

- Number of Board Meetings attended;
- Number of various Committee Meetings attended;
- Role and responsibility as Chairman / Member of the Board;
- Role and responsibility as Chairman / Member of the Committee;
- Overall contribution; and
- Role outside the Meetings.

The Non-executive Directors do not participate in the discussion and decision on this subject. As regards the Commission payable to the Chairman, the same is decided by the other Members of the Board.

Remuneration paid / payable to the Non-executive Directors for the Financial Year 2006-07

Name	Sitting Fees for Board / Committee Meetings attended (Rs.)	Commission ⁽¹⁾ (Rs.)	Total (Rs.)	Number of Shares of Rs.2 each held as on 30.09.07
Mr. Deepak S. Parekh	190,000	2,000,000	2,190,000	4,500
Mr. Y. H. Malegam	200,000	1,300,000	1,500,000	3,125
Mr. D. C. Shroff	110,000	1,100,000	1,210,000	4,500
Mr. N. J. Jhaveri	100,000	1,200,000	1,300,000	2,500
Mr. K. Dadiseth	170,000	1,000,000	1,170,000	Nil
Mr. P. V. Nayak	100,000	950,000	1,050,000	Nil
Mr. J. Kaeser ⁽⁴⁾	N.A.	N.A.	N.A.	Nil
Dr. O. Schmitt ⁽²⁾	150,000	1,000,000	1,150,000	Nil
Prof. Dr. K. Wucherer ⁽⁴⁾	N.A.	N.A.	N.A.	Nil
Mr. S. Schneider ⁽³⁾	Nil	200,000	200,000	Nil

Notes:

- (1) Subject to approval of Annual Accounts for the Financial Year 2006-07 by the Members at the 50th Annual General Meeting to be held on 31st January, 2008.
- (2) Appointed as an Alternate Director for Mr. J. Kaeser with effect from 1st October, 2006.
- (3) Appointed as an Alternate Director for Prof. Dr. K. Wucherer with effect from 23rd July, 2007.
- (4) Decided not to accept any Sitting Fees or Commission.

Mr. D. C. Shroff is a Senior Partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, who have a professional relationship with the Company. The professional fees of Rs.73,000 paid to M/s. Crawford Bayley & Co., during the Financial Year under review, is not considered material enough to impinge on the independence of Mr. Shroff.

None of the other Non-executive Directors has any other pecuniary interest in the Company, as disclosed to us.

C. Other Committees of Directors

i Corporate Governance Committee of Directors (Corporate Governance Committee) – Since 1st June, 2007 Composition

During the Financial Year 2006-07, the Board constituted a Corporate Governance Committee. The Committee has been formed, inter alia, to review and monitor the Company's Corporate Governance policies and practices,

including disclosure practices. The present composition of the Corporate Governance Committee is as follows:

Name	From	Position	Category
Mr. K. Dadiseth	01.06.2007	Chairman	Non-executive and Independent Director
Mr. Deepak S. Parekh	01.06.2007	Member	Non-executive and Independent Director
Mr. Y. H. Malegam	01.06.2007	Member	Non-executive and Independent Director
Mr. D. C. Shroff	23.07.2007	Member	Non-executive and Independent Director
Mr. Joe Kaeser / Dr. O. Schmitt (Alternate Director for Mr. J. Kaeser)	01.06.2007	Member	Non-executive Director
Mr. J. Schubert	01.06.2007	Member	Managing Director
Mr. Ashok Jangid	01.06.2007	Secretary	Vice President and Company Secretary

One Meeting of the Corporate Governance Committee was held on 23rd July, 2007.

The Minutes of the Meetings of the Corporate Governance Committee are noted at the Board Meetings of the Company.

Terms of Reference

To consider, review and decide the following:

- a. Matters relating to Corporate Governance as per the Listing Agreement and applicable Laws & Regulations.
 - b. Develop and recommend to the Board a set of corporate governance guidelines applicable to the Company, which would be in furtherance of the Company's philosophy on Governance and Corporate Principles (which have been adopted from its parent company, Siemens AG, Germany).
 - c. Compliance with the requirements of Sarbanes Oxley Act (SOA) as may be required from time to time as a subsidiary of Siemens AG.
 - d. Approval of the 'Guidelines on Corporate Disclosure Practices' & periodical review of practices.
 - e. Periodically review the compliance with the Code of Conduct for Prevention of Insider Trading.
 - f. Periodically review the compliance with the Business Conduct Guidelines (BCGs) and other Compliance Policies / Guidelines.
 - g. Discussion with the Compliance Officer on any significant findings and follow up on BCGs and other Policies / Guidelines.
 - h. Recommending Best Practices in the areas of Board Governance, Corporate Governance & disclosure policies considering the interest of the stakeholders.
 - i. Carrying out such other function as may be delegated by the Board from time to time.
- ii. **Investment Committee of Directors (Investment Committee) – Since 23rd July, 2007**

During the Financial Year 2006-07, the Board constituted an Investment Committee.

Composition

The present composition of the Committee is as follows:

Name	From	Position	Category
Mr. Deepak S. Parekh	23.07.2007	Member	Non-executive and Independent Director
Mr. Y. H. Malegam	23.07.2007	Member	Non-executive and Independent Director
Mr. P. V. Nayak	23.07.2007	Member	Non-executive and Independent Director
Mr. J. Kaeser / Dr. O. Schmitt (Alternate Director for Mr. J. Kaeser)	23.07.2007	Member	Non-executive Director
Mr. P. de Royer	23.07.2007	Member	Executive Director
Mr. Ashok Jangid	23.07.2007	Secretary	Vice President and Company Secretary

Corporate Governance Report (continued)

The Members of the Investment Committee will elect a Chairman from amongst themselves. No Meeting of the Investment Committee was held during the Financial Year 2006-07.

The Minutes of the Meetings of the Investment Committee are to be noted at the Board Meetings of the Company.

Terms of Reference

- Review guidelines for investing surplus funds of the Company.
- Review investment proposals and periodical monitoring of investments.
- Review proposals for mergers and acquisitions, valuations, etc.
- Authorise negotiation of the terms and conditions of the various facilities and signing necessary documents.
- Affix the Common Seal of the Company in accordance with the provisions of the Memorandum and Articles of Association, on documents relating to matters within the purview of the Committee.
- Review any specific investment proposal before submission to the Board of Directors, wherever required.
- Carry out such other function as may be prescribed by the Board.

D. Committees of Management (Constituted by the Board)

i Share Transfer Committee (STC) – Since 1st January, 2001

Composition

Name	From	Position	Designation
Mr. J. Schubert	01.01.2001	Chairman	Managing Director
Mr. P. de Royer	01.02.2006	Member	Executive Director
Mr. Ashok Jangid	01.01.2001	Member and Secretary	Vice President and Company Secretary

The STC notes and takes on record the transfer / transmission / transposition of shares and consolidation / splitting of folios, issue of share certificates in exchange for sub-divided, consolidated, defaced, etc., as approved by the Authorised Officers of the Company. The STC also notes the dealings in the Shares by the designated employees under Company's Code of Conduct for Prevention of Insider Trading. The STC Meetings are held as and when required, usually fortnightly. 24 Meetings of the STC were held during the Financial Year 2006-07.

The Minutes of the Meetings of the STC are noted at the Board Meetings of the Company.

ii Finance Committee (FC) - Since 1st January, 2001

Composition

Name	From	Position	Designation
Mr. P. de Royer	01.02.2006	Chairman	Executive Director
Mr. J. Schubert	01.01.2001	Member	Managing Director
Mr. Ashok Jangid	01.01.2001	Member and Secretary	Vice President and Company Secretary

The FC authorises opening / closing of bank accounts, availing of credit facilities, giving of loans, intercorporate deposits, guarantees, investment in mutual funds, etc. The FC Meetings are held as and when required. 6 Meetings of the FC were held during the Financial Year 2006-07.

The Minutes of the Meetings of the FC are noted at the Board Meetings of the Company.

iii Delegation of Powers Committee (DPC) - Since 1st January, 2001

Composition

Name	From	Position	Designation
Mr. J. Schubert	01.01.2001	Chairman	Managing Director
Mr. P. de Royer	01.02.2006	Member	Executive Director
Mr. K. R. Upili	01.02.2006	Member	Whole-time Director
Mr. Ashok Jangid	01.01.2001	Member and Secretary	Vice President and Company Secretary

The DPC issues / revokes Powers of Attorney, fixes the procedures for signing authority, grants authority for various purposes to the employees, etc. The DPC Meetings are held as and when required. 9 Meetings of the DPC were held during the Financial Year 2006-07.

The Minutes of the Meetings of the DPC are noted at the Board Meetings of the Company.

IV. Subsidiary companies

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. Paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended on 30th September, 2007.

The Company monitors the performance of its subsidiaries, inter alia, by the following means:

- The Financial Statements, in particular the investments made by the unlisted subsidiary companies, are reviewed by the Company's Audit Committee as well as by the Board.
- The Minutes of Board Meetings of the subsidiaries are noted at the Board Meetings of the Company.
- Details of significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board, as and when applicable.

V. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification

As required by Clause 49 V of the Listing Agreement, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting is appearing on Page No.69 of this Report.

VI. Risk Management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

VII. Business Conduct Guidelines (BCGs)

BCGs are globally binding uniform rules of conduct that apply to every Siemens employee worldwide. Every two years, all managerial employees sign a pledge renewing their commitment to uphold the BCGs. Audits are conducted to ensure that the BCGs are being implemented properly.

Mr. Ashok Jangid, Vice President and Company Secretary, was the Regional Compliance Officer (RCO) in this regard with effect from 2nd August, 2004 upto 30th September, 2007. To comply with Z Circular No. 36/2007 issued on 3rd August, 2007, effective 1st October, 2007, the Board has appointed **Mr. Sthitibhusan Banerjee**, Executive Vice President as the new RCO. Mr. Banerjee is responsible for the implementation and monitoring of Siemens Compliance Programme, which includes BCGs, Rules and Guidelines in Siemens Ltd. and its subsidiary companies in India.

Further, the Company has adopted BCGs as the Code of Conduct for Directors, including Non-executive Directors, and Senior Management of the Company, as per the requirement of Clause 49 I D of the Listing Agreement. Senior Management means Division Heads, Division Commercial Heads, Corporate Department Heads and all employees in Grade MG 5 and above. The Company has received confirmations from all the Directors and Senior Management of the Company regarding compliance with the BCGs for the year ended on 30th September, 2007. A certificate from Mr. J. Schubert, Managing Director, to this effect, is appearing on Page No.69 of this Report. The BCGs can be viewed on the website of the Company www.siemens.co.in.

VIII. Role of the Company Secretary in Overall Governance Process

"The company secretary has a key role to play in ensuring that board procedures are both followed and regularly reviewed. The chairman and the board will look to the company secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject and on how those responsibilities should be discharged. All directors should have access to the advice and services of the company secretary and should recognize that the chairman is entitled to the strong and positive support of the company secretary in ensuring the effective functioning of the board."

Report of the Cadbury Committee on "The Financial Aspects of Corporate Governance"

At Siemens Ltd., all Directors of the Company have access to the advice and services of the Company Secretary in ensuring an effective functioning of the Board and Board Committees. The Company Secretary administers, attends and prepares minutes of the Board and Board Committees proceedings in accordance with the statutory requirements as well as corporate governance norms.

Corporate Governance Report (continued)

IX. Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers (the Whistleblower Policy)

The Company is committed to provide an open, honest and transparent working environment and seeks to eliminate fraudulent activities in its operations. To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to report unethical behavior and actual or suspected frauds, the Company has adopted the Whistleblower Policy with effect from 1st February, 2005.

The Whistleblower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities / unethical behavior.

Mr. Sthitibhusan Banerjee, Executive Vice President and RCO, has been nominated as the Compliance Officer under this Policy with effect from 1st October, 2007.

X. Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading with effect from 1st August, 2002. **Mr. Ashok Jangid**, Vice President and Company Secretary, is the Compliance Officer. This Code of Conduct is applicable to all Directors and such identified employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

XI. Disclosure Practices for Prevention of Insider Trading

As required by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a Policy for Corporate Disclosure Practices for Prevention of Insider Trading with effect from 1st August, 2002. **Mr. Ashok Jangid**, Vice President and Company Secretary, is the Compliance Officer. This Policy is applicable to all the Directors and employees of the Company.

XII. General Body Meetings

- a. Details of venue, date and time of the last three Annual General Meetings (AGM) held:

Financial Year	AGM No.	Venue	Day and Date	Time
2005-06	49 th	Yashwantrao Pratishthan Auditorium Y. B. Chavan Centre General Jagannath Bhosale Marg Nariman Point, Mumbai - 400 021	Thursday, 18 th January, 2007	3.30 p.m.
2004-05	48 th		Friday 27 th January, 2006	3.30 p.m.
2003-04	47 th		Thursday 27 th January, 2005	3.00 p.m.

- b. Special Resolutions passed at the last three AGMs:

- i. At the 49th AGM held on 18th January, 2007 - Approving change in place of keeping Register and Index of Members, etc.
- ii. At the 48th AGM held on 27th January, 2006 - Approving Amendment to the Articles of Association of the Company to provide that a Director need not hold qualification shares.
- iii. At the 47th AGM held on 27th January, 2005 -
 - (a) Approving payment of Commission to Non-executive Directors.
 - (b) Approving change in place of keeping the Register & Index of Members, etc.

- c. Passing of Resolutions by Postal Ballot:

Pursuant to Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the following Ordinary Resolutions were passed by the Members by way of Postal Ballot during the Financial Year 2006-07:

Sale & transfer of the Company's Undertakings comprising of:

	'Communications Enterprise Networks Division' (COM EN Division) to 'Siemens Enterprise Communications Pvt. Ltd.' (SECPL)	'Siemens VDO Automotive Division' (SVDO Division) to 'Siemens VDO Automotive Components Pvt. Ltd.' (SVDOL)	'Siemens Building Technologies Division' (SBT Division) to 'Siemens Building Technologies Pvt. Ltd.' (SBTPL) (formerly known as iMetrex Technologies Pvt. Ltd.)
Name of Scrutinizer	Mr. P. N. Parikh of M/s. Parikh Parekh & Associates, Practicing Company Secretaries		
Date of Report of Scrutinizer	26 th March, 2007	18 th September, 2007	
Date of Declaration of Results / Date of Approval of Members	26 th March, 2007	20 th September, 2007	

Ordinary Resolutions passed for:

	Sale and transfer of COM EN Division to SECPL		Sale and transfer of SVDO Division to SVDOL		Sale and transfer of SBT Division to SBTPL	
	Number of Postal Ballots	Number of Votes	Number of Postal Ballots	Number of Votes	Number of Postal Ballots	Number of Votes
Valid Ballots / Votes	7,016	99,276,312	3,952	101,800,021	3,803	101,753,010
In favour	6,689	99,194,226	3,821	101,769,909	3,678	101,720,804
Percentage (%)	95.34	99.92	96.69	99.97	96.71	99.97
Against	327	82,086	131	30,112	125	32,206
Percentage (%)	4.66	0.08	3.31	0.03	3.29	0.03
Invalid Ballots/ Votes	782	2,599,208	690	204,584	840	251,505

Thus, all the aforesaid Resolutions have been passed by the overwhelming majority of Members who cast their vote. Resolutions, if required, shall be passed by Postal Ballot during the year ending on 30th September, 2008, as per the prescribed procedure.

XIII. Disclosures

- Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
- The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large.
- With regard to matters related to capital markets, the Company has complied with all requirements of the Listing Agreement as well as SEBI regulations and guidelines. No penalties were imposed or strictures passed against the Company by the Stock Exchanges, SEBI or any other statutory authority during the last three years in this regard.
- Disclosures have also been received from the senior managerial personnel relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, none of these transactions have potential conflict with the interests of the Company at large.
- The Company has adopted a Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers and has established the necessary mechanism in line with Clause 7 of Annexure I D to Clause 49 of the Listing Agreement. No personnel have been denied access to the Audit Committee.

Corporate Governance Report (continued)

XIV. Means of communication

- a. The Quarterly / Annual Financial Results of the Company are published in The Times of India, a leading national English newspaper.

In addition, the same are published in the Maharashtra Times, a local language (Marathi) newspaper.

- b. The following are also promptly displayed on the Company's website www.siemens.co.in :
- Financial Results, Shareholding Pattern, Annual Report and the Presentations, as and when made, to the media and analysts in the 'Investor Relations' Section.
 - Official press releases in the 'Press' Section.
 - Letters / intimation to Stock Exchanges in the 'Notices for Corporate Development' Section under the 'Investor Relations' Section.
- c. Information about the Financial Results, Shareholding Pattern, full Annual Report and other specified details are electronically filed on the SEBI's EDIFAR website www.sebiedifar.nic.in as required under the Listing Agreement.
- d. The Management's Discussion and Analysis forms part of the Directors' Report as **Annexure II**.

XV. General Shareholder information

'General Shareholder Information' forms part of the Directors' Report as **Annexure IV**.

XVI. Status of compliance with non-mandatory requirements

1. The Company has constituted a Remuneration Committee of Directors comprising of Non-executive and Independent Directors. The details of the Committee have been mentioned earlier in this Report.
2. The Company has adopted a Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistleblowers. The details with regard to functioning of the Policy have been mentioned earlier in this Report.
3. The Company is in the regime of unqualified financial statements.

On behalf of the Board of Directors

Siemens Ltd.



Deepak S. Parekh
Chairman

Mumbai
Thursday, 20th December, 2007

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Business Conduct Guidelines (Code of Conduct)

In accordance with Clause 49 I D of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Business Conduct Guidelines (Code of Conduct), as applicable to them, for the Financial Year ended on 30th September, 2007.

Siemens Ltd.



J. Schubert
Managing Director

Mumbai
Thursday, 22nd November, 2007

Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) under Clause 49 of the Listing Agreement

To the Board of Directors of Siemens Ltd.,

Dear Sirs,

- a) We have reviewed the financial statements and the cash flow of Siemens Limited ('the Company') for the year ended 30 September 2007 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit committee :
 - i) Significant changes in the internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed suitably in the notes to the financial statements;
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly



P. de Royer
Executive Director / CFO



J. Schubert
Managing Director / CEO

Place: Mumbai
Date: 22 November 2007

Corporate Governance Report (continued)

Certificate of Compliance

To the Members of Siemens Limited

We have examined the compliance of conditions of corporate governance by Siemens Limited ("the Company") for the year ended on 30 September 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BSR & Co.
Chartered Accountants

Mumbai
20 December 2007

Akeel Master
Partner
Membership No: 046768

Annexure IV to the Directors' Report

General Shareholder Information

(As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. 50th Annual General Meeting

Day, date and time	Thursday, 31 st January, 2008 at 3.00 p.m.
Venue	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400 021

Agenda

Ordinary Business:

1. Adoption of audited Annual Accounts, Reports of the Directors and Auditors.
2. Declaration of a Dividend.
3. Re-appointment of Mr. Narendra J. Jhaveri on retirement by rotation.
4. Re-appointment of Mr. Keki B. Dadiseth on retirement by rotation.
5. Re-appointment of Mr. Pradip V. Nayak on retirement by rotation.
6. Re-appointment of Statutory Auditors.

Special Business:

7. Amendment of Clause V of the Memorandum of Association.
8. Amendment of Article 3 of the Articles of Association.
9. Issue of Bonus Shares.
10. Appointment of Mr. Vijay V. Paranjape as a Director of the Company.
11. Appointment of Mr. Vijay V. Paranjape as a Whole-time Director and payment of remuneration to him.
12. Appointment of Mr. Vilas B. Parulekar as a Director of the Company.
13. Appointment of Mr. Vilas B. Parulekar as a Whole-time Director and payment of remuneration to him.
14. Re-appointment of Mr. Juergen Schubert as the Managing Director and payment of remuneration to him.
15. Appointment of Dr. Armin Bruck as a Director of the Company.
16. Appointment of Dr. Armin Bruck as a Whole-time Director and as the Managing Director and payment of remuneration to him.
17. Increase in remuneration of Mr. Patrick de Royer, Executive Director.
18. Re-appointment of Mr. K. R. Upli as a Whole-time Director and payment of remuneration to him.
19. Appointment of Ms. Mukta Paranjape, daughter of Mr. Vijay V. Paranjape, Whole-time Director, to an office or place of profit.

2. Financial Calendar

The Company follows the period of 1st October to 30th September, as the Financial Year.

For the Financial Year 2007-08, Financial Results will be announced as per the following tentative schedule:

1 st quarter ending 31 st December, 2007	Last week of January, 2008
2 nd quarter ending 31 st March, 2008	Fourth week of April, 2008
3 rd quarter ending 30 th June, 2008	Last week of July, 2008
Year ending 30 th September, 2008	Last week of November, 2008

General Shareholder Information (continued)

3. Book Closure

The Company's Register of Members and Share Transfer Books will remain closed from Wednesday, 16th January, 2008, to Thursday, 31st January, 2008 (both days inclusive) for the payment of Dividend, if declared at the 50th Annual General Meeting to be held on 31st January, 2008.

4. Dividend

The Board of Directors has recommended a Dividend of Rs.4.80 (240%) per Equity Share of Rs.2 each. Upon approval by the Members at the 50th Annual General Meeting to be held on 31st January, 2008, the said Dividend will be paid at par on Monday, 25th February, 2008 in the following manner:

- i. **In case of Shares held in physical form:** To Members whose names appear on the Company's Register of Members on Thursday, 31st January, 2008.
- ii. **In respect of Shares held in dematerialised form (electronic form):** To the beneficial owners of the Shares as at the close of business hours on Tuesday, 15th January, 2008, as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

5. Listing on Stock Exchanges

The Equity Shares of the Company are listed on the following premier Stock Exchanges of India having nation-wide trading terminals:

Bombay Stock Exchange Ltd. (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Ltd. (NSE)
Exchange Plaza, Plot No. C/1
G Block, Bandra - Kurla Complex,
Bandra (E), Mumbai - 400 051

The Company has paid the listing fees for the year 2007-08 to the aforesaid Stock Exchanges.

With effect from 27th June, 2006, the Company's shares form part of '**S&P CNX Nifty Index**' of NSE. CNX Nifty represents the Shares of 50 elite companies in the Country from across 21 sectors of the economy. BSE has permitted trading of the Company's Shares in the '**A Group**'. The Company's Shares are also available for trading in the Futures & Options segment. The market lot for trading in the Company's Shares in this segment is 188.

6. Stock Code / Symbol

BSE	500550
NSE	SIEMENS EQ
Reuters	SIEM.BO / SIEM.NS
Bloomberg	SIEM:IN / NSIEM:IN

7. International Securities Identification Number (ISIN)

New ISIN **INE003A01024** has been created for the Company's Shares in dematerialized form consequent to the Sub-division of Equity Shares of the Company.

The annual custodial fees for the Financial Year 2007-08 have been paid to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

8. Corporate Identity Number (CIN)

Our CIN, allotted by the Ministry of Corporate Affairs, Government of India is **L28920MH1957PLC010839**, and our Company Registration Number is 10839. The Company is Registered at Mumbai in the State of Maharashtra, India.

9. Market Price Data

- (1) The market price and volume of the Company's Shares traded on BSE and NSE during each month of the last Financial Year from 1st October, 2006 to 30th September, 2007 are as follows:

Face Value of Share : Rs. 2 each

	BSE			NSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
October 2006	1,255.00	1,035.00	1,821,532	1,255.00	1,033.50	7,420,710
November 2006	1,408.00	1,115.00	7,524,181	1,407.00	1,115.00	28,462,615
December 2006	1,213.00	1,000.00	6,797,944	1,212.00	1,000.00	21,201,983
January 2007	1,245.55	1,032.00	4,813,504	1,245.00	1,000.00	16,342,773
February 2007	1,225.00	1,050.00	2,796,744	1,226.00	1,032.55	11,735,704
March 2007	1,147.90	968.00	2,012,317	1,150.00	967.05	6,956,701
April 2007	1,194.90	1,020.00	3,095,423	1,195.00	1,021.50	10,456,142
May 2007	1,317.00	1,179.00	2,369,161	1,314.80	1,124.00	7,776,828
June 2007	1,420.80	1,245.00	1,544,358	1,420.00	1,244.35	5,192,351
July 2007	1,485.00	1,236.00	2,089,525	1,494.75	1,237.00	7,739,376
August 2007	1,296.80	1,115.20	1,313,396	1,300.00	1,110.00	5,111,033
September 2007	1,404.00	1,239.00	681,559	1,400.00	1,238.00	3,239,880

(2) Market Capitalisation

The market capitalisation of the Company's Shares registered a rise of 26% during the Financial Year 2006-07. The market capitalisation as on 30th September, 2007 and 30th September, 2006 are given hereunder:

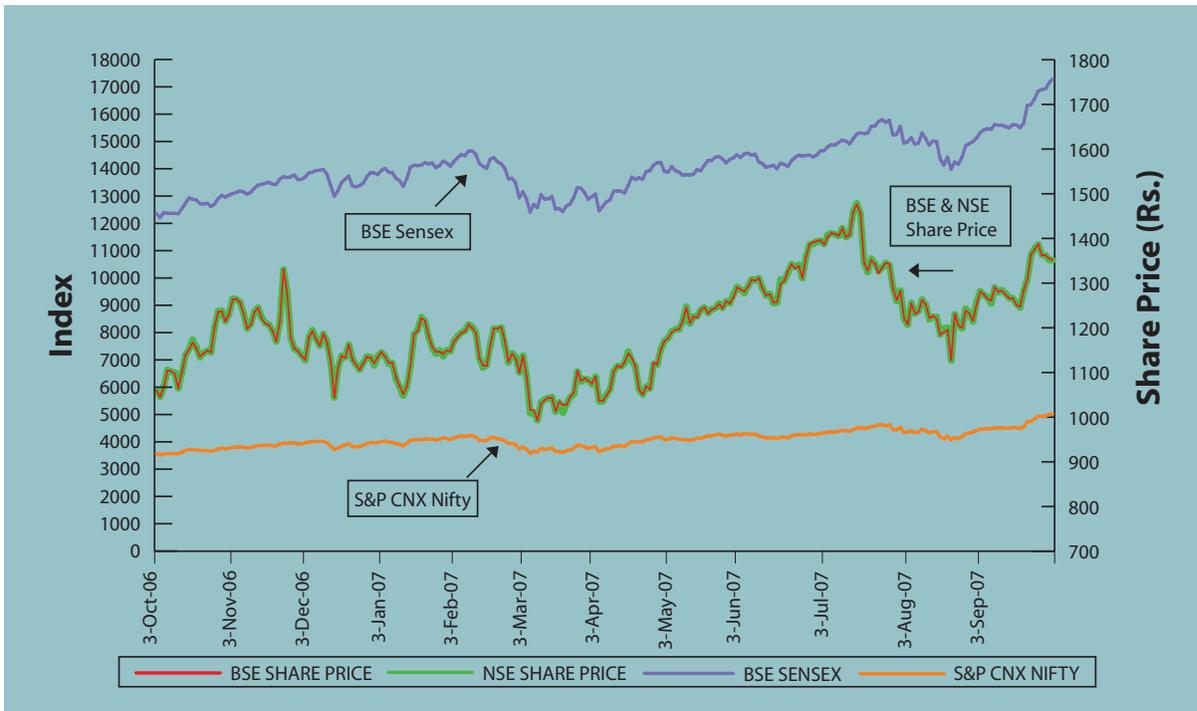
(Rs. in million)

Market Capitalisation	BSE	NSE
As on 30 th September, 2007	227,920	227,777
As on 30 th September, 2006	180,811	180,979
% Growth	26%	26%

General Shareholder Information (continued)

(3) BSE & NSE Share Price

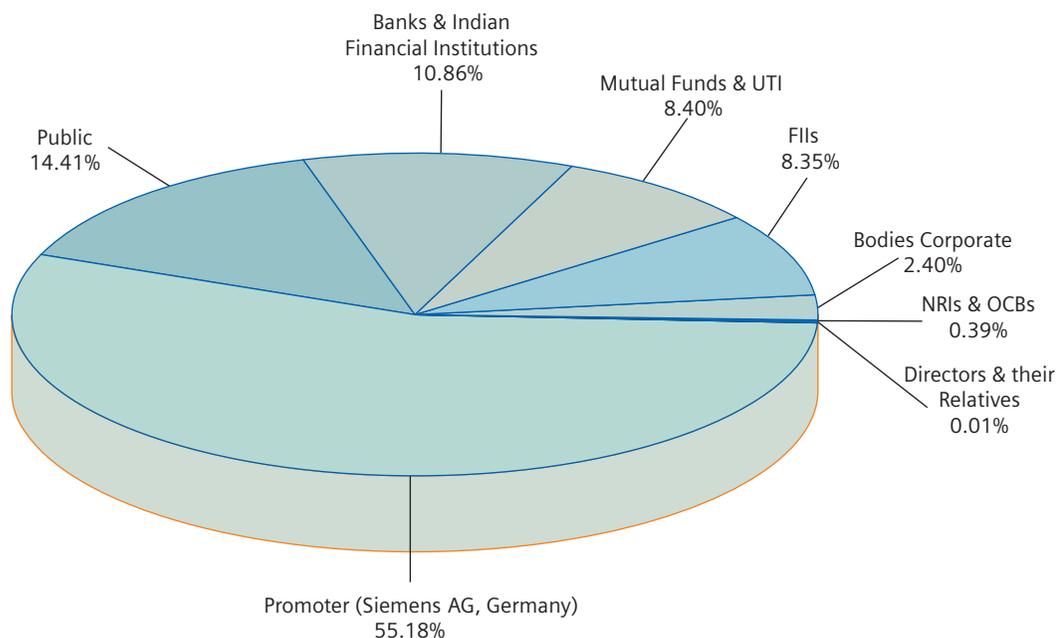
Company's Share price movement during the Financial Year 2006-07 on BSE and NSE vis-à-vis respective indices:



10. Distribution of Shareholding as on 30th September, 2007

Number of Shares held (Face Value of Rs.2 each)	Shareholders		Shares	
	Number	% of total	Number	% of total
1 - 500	89,550	89.43	5,986,734	3.55
501 - 1,000	4,762	4.76	3,602,000	2.14
1,001 - 2,000	3,468	3.46	5,070,184	3.01
2,001 - 3,000	911	0.91	2,267,324	1.34
3,001 - 4,000	436	0.44	1,542,682	0.91
4,001 - 5,000	223	0.22	1,022,748	0.61
5,001 - 10,000	392	0.39	2,714,167	1.61
10,001 & above	393	0.39	146,374,261	86.83
Total	100,135	100.00	168,580,100	100.00

11. Shareholders' Profile as on 30th September, 2007



Category of Shareholder	As on 30 th September, 2007	
	Number of Shares of Rs.2 each	% of total
Promoter (Siemens AG, Germany)	93,020,545	55.18
Public	24,286,292	14.41
Banks & Indian Financial Institutions	18,300,033	10.86
Mutual Funds & UTI	14,166,119	8.40
Foreign Institutional Investors (FIIs)	14,070,162	8.35
Bodies Corporate	4,047,079	2.40
Non-Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs)	670,180	0.39
Directors & their Relatives	19,690	0.01
Total	168,580,100	100.00
Number of Shareholders as on 30th September	2007	2006
	100,135	79,118

General Shareholder Information (continued)

12. Top Ten Shareholders of the Company as on 30th September, 2007

Sr. No.	Name of the Shareholder	Category	Number of Shares of Rs.2 each	% of total Paid-up Share Capital*
1	Siemens AG, Germany	Promoter	93,020,545	55.18
2	Life Insurance Corporation of India	Financial Institution	13,076,194	7.76
3	Bharat Bijlee Limited	Corporate Body	1,412,580	0.84
4	General Insurance Corporation of India	Financial Institution	1,206,415	0.72
5	Azim Hasham Premji	Resident Individual	1,136,509	0.67
6	Reliance Capital Trustee Company Limited A/C Reliance Vision Fund	Mutual Fund	1,075,000	0.64
7	Oppenheimer Funds Inc. A/C Oppenheimer Developing Markets Fund	Foreign Institutional Investor	973,000	0.58
8	Daily Active Emerging Markets Securitie Slending Common Trust Fund	Foreign Institutional Investor	901,444	0.53
9	HDFC Trustee Company Limited- HDFC Equity Fund	Mutual Fund	860,140	0.51
10	Templeton Mutual Fund A/C Franklin Indiabluechip Fund	Mutual Fund	832,729	0.49
Total			114,494,556	67.92

* Total Paid-up Share Capital is Rs.337,160,200 comprising of 168,580,100 Equity Shares of Rs.2 each.

13. Dematerialisation of Shares

As per the directions of SEBI, Equity Shares of the Company can be traded by all the investors only in dematerialised form since 29th November, 1999.

The details of Equity Shares dematerialised and those held in physical form as on 30th September, 2007 are given hereunder:

Particulars of Shares	Shares of Rs.2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	161,166,377	95.60*	73,101	73.00*
CDSL	2,960,735	1.76	15,770	15.75
Sub-total	164,127,112	97.36*	88,871	88.75*
Physical form	4,452,988	2.64	11,264	11.25
Total	168,580,100	100	100,135	100

* Including 55.18% holding of Siemens AG, Germany.

Considering the advantages of dealing in securities in dematerialised / electronic form, Members still holding Shares in physical form are requested to dematerialise their Shares at the earliest. For further information / clarification / assistance in this regard, please contact TSR Darashaw Ltd., Registrar and Share Transfer Agent.

14. Liquidity

The Company's Shares are actively traded on BSE and NSE. The average daily number of Shares traded and the average daily value of Shares traded on BSE and NSE during the Financial Year 2006-07 are given below:

	BSE	NSE
Average daily number of Shares traded	148,269	530,791
Average daily value of Shares traded (Rs. in million)	178.28	638.31

15. Registrar and Share Transfer Agent

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent viz. TSR Darashaw Ltd. (TSRDL) (formerly known as Tata Share Registry Ltd.).

TSR Darashaw Ltd.

6-10, Haji Moosa Patrawala Industrial Estate

20, Dr. E. Moses Road

Mahalaxmi, Mumbai - 400 011

Time: 10 a.m. to 3.30 p.m. (Monday to Friday)

Phone: +91 (022) 6656 8484 Fax: +91 (022) 6656 8494

Email: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

16. Share Transfer System

Transfers of Shares in physical form are effected and Share Certificates are despatched within an average period of 20 - 23 days from the date of receipt of request, provided the relevant documents are complete in all respects.

With a view to expedite the process of share transfers, certain Officers of the Company have been severally authorised to approve the valid applications for transfer, which have been duly processed and scrutinized by the Registrar and Share Transfer Agent. The said Officers of the Company attend to the share transfer activities at least once in every fortnight. The Share Transfer Committee meets periodically to note and record the transfers approved by the Authorised Officers.

Details of share transfers in physical form during the Financial Year 2006-07:

Particulars of share transfers	Number of transfers	Number of Equity Shares
Lodged	590	158,087
Processed	404	118,200

General Shareholder Information (continued)

17. Plant Locations

Location	Address
Maharashtra	
Aurangabad Works	E-76, Waluj, MIDC Area, Aurangabad – 431 136
Nashik Works	Plot No. C-1, Additional Industrial Area, MIDC, Ambad, Nashik - 422 010
Kalwa Works	Post Box No.85, Thane - Belapur Road, Thane - 400 601
Transformer Works Kalwa	Post Box No.85, Thane - Belapur Road, Thane - 400 601
Goa	
Goa Works	L-6, Verna Industrial Area, Panjim-Margao Highway, Verna - 403 722
Gujarat	
Vadodara Works	Maneja Village, Opp. Makarpura Railway Station, Vadodara - 390 013
Andhra Pradesh	
Hyderabad Works	Plot - No. 89 & 90, IDA, Gandhinagar, Post Balanagar, Hyderabad - 500 037

18. Corporate Secretariat Department

Name and contact details of Company Secretary:

Mr. Ashok Jangid
Vice President and Company Secretary
Siemens Ltd.
130, Pandurang Budhkar Marg
Worli, Mumbai - 400 018
Phone: +91 (022) 2498 7507 Fax : +91 (022) 2498 7043

19. Investor Relations Team

The Investor Relations Team of the Corporate Secretariat Department is located at the Registered Office. For the convenience of our investors, transfer requests, etc. are accepted at the Registered Office also.

Contact Person: Mr. Ketan Thaker ; E-mail: Corporate-Secretariat.in@siemens.com

Phone: +91 (022) 2498 7547 Fax: +91 (022) 2498 7043

Time: 10 a.m. to 12 noon and 2 p.m. to 4 p.m. on all working days of the Company. (Saturday and Sunday closed).

20. Registered and Corporate Office address

Siemens Ltd.
130, Pandurang Budhkar Marg
Worli, Mumbai - 400 018, India
Phone: +91 (022) 2498 7000 Fax: +91 (022) 2498 7500

21. Website

Comprehensive information about the Company, Products, Services and Solutions, Press Releases & Investor Information, can be viewed at Company's website www.siemens.co.in. The 'Investor Relations' Section serves to inform the Investors, by providing key and timely information like Financial Results, Notices for Corporate Development, Distribution of Shareholding, Annual Report, Board of Directors and the Committees of the Board, Presentations made to Analysts, etc.

22. Additional Information

i. Development of Share Capital (Equity & Preference)

(Rs. in million)

Year	Authorised Capital (Rs.)	Paid-up Capital (Rs.)	Ratio	Remarks
1957	10	3.00	-	
1961	10	4.00	-	
1962	10	5.00	-	
1966	30	12.00	-	
1971	30	24.00	-	Share Value of Rs.1,000 per share sub-divided into Rs.10 each. FIRST PUBLIC ISSUE AT PAR. Issued 600,000 Shares to Siemens AG and 600,000 to Public.
1975	48	48.00	1 for 1	1 st Bonus Issue Allotted on 3.9.1975
1977	72	72.00	1 for 2	2 nd Bonus Issue Allotted on 25.8.1977
1982	120	108.00	1 for 2	3 rd Bonus Issue Allotted on 16.6.1982
1987	250	135.00	1 for 4	4 th Bonus Issue Allotted on 5.6.1987
1987	250	207.68	1 for 2	1 st Rights Issue of 7,438,800 Shares of Rs.10 each at Rs.30 premium aggregating to Rs.298 million. Allotted on 1.10.1987 (5% to Employees).
1993	500	283.97	1 for 3	2 nd Rights Issue of 7,629,000 Shares of Rs.10 each at Rs.125 premium aggregating to Rs.1,030 million. Allotted on 2.8.1993 (5% to Employees).

Note: Until August 1997, the Company had issued Equity Shares only.

1997	Equity : 500 Preference : 1,500	283.97 500.00		Preference Shares issued to HDFC, I. SEC & Deutsche Bank on Private Placement basis.
1998	Equity : 500 Preference : 1,500	283.97 1,070.00		Redemption of Preference Shares of Rs.100 million and new issue of Rs.670 million.
1999	Equity : 500 Preference : 1,500	354.94 -	1 for 4	3 rd Rights Issue of 7,099,250 Shares of Rs.10 each at Rs.190 premium aggregating to Rs.1,420 million. Allotted on 26.11.1999. Redemption of entire Preference Shares.
2001	Equity : 500 Preference : 1,500	354.94 -		Buyback of Shares commenced on 25.06.2001. Buyback amount Rs.805 million. Maximum price Rs.250 per Share.
2002	Equity : 500 Preference : 1,500	331.38 -		Buyback Closed on : 25.06.2002 No. of Equity Shares bought back: 2,355,794 Average price: Rs.197.49 per Share Consequent increase in Siemens AG's holding from 51% to 54.63%.
2006	Equity : 500 Preference : 1,500	337.16 -		Pursuant to the Scheme of Amalgamation of Siemens VDO Automotive Ltd. (SVDO) with Siemens Ltd. (SL), 1 Share of Rs.10 each of SL was issued for every 12 Shares held of SVDO on 21.02.2006, Record Date. Total number of Shares issued : 577,617. Consequent increase in Siemens AG's holding from 54.63% to 55.18%. Every Equity Share of Rs.10 each was sub-divided into 5 Equity Shares of Rs.2 each pursuant to Shareholders' approval with effect from 21.06.2006.

General Shareholder Information (continued)

ii. Dividend History during the last five years

Financial Year	Dividend		Remarks
	Rate %	Payout (Rs.'000)	
2001-02			
Interim Dividend	30	99,415	
Final Dividend	25	82,846	
Total Dividend	55	182,261	
2002-03			
Interim Dividend	35	115,984	
Final Dividend	40	132,554	Includes 10% Special Dividend
Total Dividend	75	248,538	
2003-04			
Interim Dividend	40	132,554	
Final Dividend	50	165,692	Includes 20% Special Dividend
Total Dividend	90	298,246	
2004-05			
Interim Dividend	45	149,123	
Final Dividend	100	331,384	Includes 55% Special Dividend
Total Dividend	145	480,507	
2005-06			
Dividend	190	640,604	

iii. Electronic Clearing Service (ECS facility)

Under ECS facility, Members get an option to receive the dividend directly to their bank account rather than receiving the same through Dividend Warrants. Members holding Shares in physical form who would like to avail this facility, are requested to send the ECS mandate to the Company's Registrar and Share Transfer Agent. Members holding Shares in dematerialised form are requested to give the ECS mandate to their respective Depository Participants directly.

The ECS mandate Form can be obtained from the Company's Registrar and Share Transfer Agent or downloaded from the Company's website www.siemens.co.in under the Section 'Investor Relations'.

iv. Nomination Facility

Pursuant to the provisions of Section 109A of the Companies Act, 1956, Members are entitled to make nominations in respect of Shares held by them. Members holding Shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B to the Company's Registrar and Share Transfer Agent. Members holding Shares in dematerialised form are requested to give the nomination request to their respective Depository Participants directly.

Form No.2B can be obtained from the Company's Registrar and Share Transfer Agent or downloaded from the Company's website www.siemens.co.in under the Section 'Investor Relations'.

v. 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) established by the Central Government.

The status of Dividend remaining unclaimed / unpaid is given hereunder:

Unclaimed / Unpaid dividend	Status	Whether it can be claimed	Can be claimed from
Up to and including the Financial Year 1994-95	Transferred to General Revenue Account of the Central Government	Yes	The Registrar of Companies, Central Government Office Building, A Wing, 2 nd Floor, CBD Belapur, Navi Mumbai - 400 614, Maharashtra. Application to be made in Form II prescribed by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.
For the Financial Year 1995-96	Transferred to IEPF of the Central Government in November, 2003	No	Not applicable
For the Financial Years 1996-97, 1997-98 and 1998-99	No Dividend was declared by the Company.		
For the Financial Years 1999-00 and thereafter	Lying in respective Unpaid Dividend Accounts	Yes	TSR Darashaw Ltd., Registrar and Share Transfer Agent.

The due dates for transfer to IEPF of the dividend remaining unclaimed / unpaid since 1999-2000 are provided hereunder:

Financial Year	Unclaimed / unpaid dividend (amount in Rs.) (as on 30th September, 2007)	Due date for transfer to IEPF
1999-2000	1,351,712	20 th January, 2008
2000-2001	798,672	22 nd February, 2009
2001-2002		
Interim Dividend	574,318	29 th May, 2009
Final Dividend	429,400	26 th February, 2010

General Shareholder Information (continued)

Financial Year	Unclaimed / unpaid dividend (amount in Rs.) (as on 30th September, 2007)	Due date for transfer to IEPF
2002-2003		
Interim Dividend	499,647	26 th August, 2010
Final Dividend	517,169	26 th February, 2011
2003-2004		
Interim Dividend	516,760	28 th May, 2011
Final Dividend	625,530	3 rd March, 2012
2004-2005		
Interim Dividend	579,299	31 st May, 2012
Final Dividend	1,222,800	3 rd March, 2013
2005-2006		
Interim Dividend#	107,652	28 th January, 2013
Final Dividend	2,741,768	22 nd February, 2014

Declared by the erstwhile Siemens VDO Automotive Ltd. (Since merged with the Company).

Members are requested to get in touch with TSR Darashaw Ltd. / Investor Relations Team of the Company for encashing the unclaimed dividend, if any, standing to the credit of their account.

After transfer of the said amounts to the IEPF, no claims in this respect shall lie against the IEPF or the Company nor shall any payment be made in respect of such claims.

vi. Changes in bank account details, address, etc.

Members holding Shares in physical form are requested to promptly notify TSR Darashaw Ltd., Registrar and Share Transfer Agent, the changes in their address, bank account details and nominations. Members holding Shares in dematerialised form are requested to send their instructions regarding change of address, bank account details, nominations, etc. directly to their respective Depository Participants.

vii. Secretarial Audit for reconciliation of Capital

As stipulated by Securities and Exchange Board of India, a qualified practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors. The audit, inter alia, confirms that the total Listed and Paid-up Capital of the Company is in agreement with the aggregate of the total number of Shares in dematerialised form (held with NSDL and CDSL) and total number of Shares in physical form.

viii. Other Corporate Information

Bankers

- Citibank N. A.
- Deutsche Bank AG
- HDFC Bank Ltd.
- The Hongkong and Shanghai Banking Corporation Ltd.
- Standard Chartered Bank
- State Bank of India
- Calyon Bank
- BNP Paribas

Statutory Auditors

BSR & Co.

Cost Auditors

R. Nanabhoy & Co.

Solicitors

- Crawford Bayley & Co
- Mulla & Mulla & Craigie, Blunt & Caroe
- Negandhi Shah & Himayatullah

On behalf of the Board of Directors

Siemens Ltd.



Deepak S. Parekh
Chairman

Mumbai
Thursday, 20th December, 2007

Note: The information given hereinabove is as of date, unless otherwise stated.

Corporate Social Responsibility

As a company with a strong sense of values and commitment, Siemens believes that profitability must go hand in hand with a sense of responsibility towards employees, stakeholders and the society. It is not only one of the core principle values followed by Siemens, but it is also an integral part of the company's business philosophy. During the last fiscal, Siemens supported various social causes with active participation from employees.

St. Catherine's Home, Mumbai

Siemens has been associated with St. Catherine's Home, a primary school and orphanage for street children, at



Making a big splash at Water Kingdom!

Bandra, Mumbai for over five years. The objective is to provide a normal childhood to 240 vulnerable children resident at St. Catherine's. So far, Siemens has adopted three batches of 115 children and contributes towards their boarding and educational expenses on a yearly basis. As part of these efforts, the company has undertaken refurbishment work and up gradation of infrastructure. This year, enthusiastic employee volunteers painted the auditorium at St. Catherine's Home. In order to ensure well-being of the children, the company organized a Health Check up and Dental camp. An in-house exhibition and sale of the drawings of the children was organized to

encourage their artistic skills. Like every year, to take care of the children's recreational and emotional needs, the company organized a summer camp to Lonavala and picnic to Water Kingdom for the children wherein the employees actively participated. Another important initiative supported by Siemens is 'Happy Feet', wherein dance is combined with counseling and life skills education. Happy Feet provides children with opportunities to channelize their troubled energies into constructive and aesthetic expressions and addresses their psychosocial concerns in an interactive and interpretive manner.

Tsunami Rehabilitation

Realizing the need for Long-term rehabilitation for the Tsunami victims, Siemens along with the German Business Community joined hands with Srinivasan Services Trust, a reputed NGO and adopted 4 villages in the worst affected regions of Nagapattinam and Kanyakumari districts. The rehabilitation plan covers five areas, namely Healthcare, Housing, Education, providing livelihood opportunities and Rural Development.

After two years of initiating this program, all the activities are well under way. In all the four villages, the construction of the medical and social



Rebuilding hopes: Health checkup at the medical centre for the Tsunami affected

centers is complete. Each center has a fulltime doctor, a nurse and an attendant with around 75-100 patients visiting every day. The medical centers conduct anemia camps and women are made aware about issues like nutrition, child-care, etc. through regular training sessions conducted at the social center. Also camps monitoring nutrition and health of the children are conducted regularly. So far, 80,822 patients have been treated. The housing project is complete and all the 139 houses have been handed over to the beneficiaries. These houses have been specially designed to suit coastal climatic conditions and are located at a safe distance from the coastline. In the area of education, the refurbishment of schools and construction of toilets and additional classrooms is complete in all the villages and programs like adult literacy, computer training and coaching for weak learners are in progress. About 918 adults can now read and write. With a view of providing livelihood opportunities, the women are trained for making various decorative and utility items like candles, soap, etc and unemployed youth members are trained for computer operations, office administration, automobile repairs etc. Over 1100 women and the youngsters have already started earning income in the range of Rs.800/- to Rs.3,500/- every month. The Rural development program focuses on maintaining cleanliness in the villages and activities like setting up kitchen gardens, soak pits and compost yards etc. So far 2900 kitchen yards, 140 soak pits, 1433 individual compost pits have been set up.

The long-term goal of the project is to lift 80 % of the people in the adopted villages above the poverty line in 5-6 years.

Turtle Walk

Apart from the social issues, Siemens is deeply committed to sound environmental practices and creating a better world. On March 2, 2007, 28 volunteers from Siemens, Chennai participated in the 'Turtle Walk'- an initiative aimed towards creating awareness on protection of the Oliver



Protecting rare wonders of the nature- The 'Turtle Walk' program

Ridley turtles, one of the endangered species. The walk was aimed at educating the fishing community and the general public living near the Neelankarai beach on the need to protect turtles and turtle nests.

Seva Chakkara Ashrama, Chennai

To support more vulnerable children across India, Siemens has partnered with Seva Chakkara Orphanage, a registered NGO in Chennai, which houses 84 boys and girls from different backgrounds such as street



Employees painting the girls dormitory at Seva Chakkara Ashrama, Chennai

children, children of single parent, etc. Led by the Siemens Information Processing Services Ltd. (SIPS), the objective of this initiative is to provide a normal childhood to the children. The Orphanage also runs a school (Tamil medium) from nursery to class IV and Siemens has adopted 15 children by taking over their education and boarding expenses for the next 5 years. Further, Siemens will also provide infrastructure support such as painting of the building, refurbishment of the classrooms, washrooms, kitchen renovations, setting up a medical unit, etc. Even though the association with Seva Chakkara is just few weeks old, the response from employees has been very encouraging. Employee volunteers have already started visiting the Ashrama to spend quality time with the children. Recently, they painted the girls dormitory and also spent a holiday with the children on the beach. As part of an educative program, a drawing and painting competition was organized in August 07. More than 25 employees volunteered to encourage children to participate in the competition.

Equal employment opportunity for the Differently Aabled

Siemens, on a proactive basis, has undertaken an initiative of providing equal opportunities for the differently abled persons. Siemens Information Processing Services Pvt. Ltd. (SIPS), a subsidiary of Siemens Ltd., in co-ordination with Ability Foundation, an NGO, invites candidates who are physically challenged. The applicants go through an online assessment test that helps evaluate the Candidate's Aptitude and skills. The selected candidates are employed on basis of merit and treated on par with other employees at the work place. The



Siemens encourages differently abled employees to fulfill their potential with out any discrimination

company ensures that the employees are provided with suitable physical infrastructure and conducive working environment. SIPS presently employs 45 personnel who are differently abled, graduated from different streams like commerce, science and engineering – and are hired for processes like Transaction, Finance and Accounting.

St Mary's orphanage, Bangalore

In an endeavor to extend CSR initiatives to other locations, Siemens has identified a project in Bangalore - St. Mary's Orphanage. This Orphanage, a registered NGO, is a home to about 190 boys coming from disturbed family backgrounds. Siemens' proposal is to start a girl's home and support the orphanage for the next 10 years. Siemens Information Systems Ltd. (SISL) will lead the project.

Awards and Recognition

During 2006-07, Siemens was conferred with a series of awards and recognitions from range of industry observers, business consultancies and media organisations. These felicitations reaffirm the faith and confidence that Siemens has earned over the years both for its consistent business performance and for its industry leadership qualities.

Siemens ranked number 4 by BusinessWeek



In Asia's BusinessWeek 50 study conducted first time in India, Siemens was ranked 4th among the top performing companies in Asia. The study, published in the issue dated September 17, 2007, was based on the parameters such as average return on capital and sales growth. Siemens ranked 1st amongst the 12 Indian companies that made it to the coveted list.

Siemens amongst 8 Indian companies included in S&P list of world Challengers

A total of eight companies from India have made it to credit rating agency Standard & Poors' list of challengers to leading global blue-chip companies. This list includes cement maker ACC,

Hotel Leela Venture, Jain Irrigation, Lakshmi Machine Works, Marico, Siemens Ltd, besides Tata Group's Titan Industries and Indian Hotels. The list identifies mid-size publicly traded firms that exhibit the strongest growth characteristics. As a testimony to the impressive growth performance recorded by India Inc., a total of eight Indian companies have been included in its annual 'Global Challengers List' of 300 firms, while only four Chinese

firms were included in the list. The 2007 list includes companies from 37 countries.

Siemens bags Business Standard Star MNC Award

In testimony of our organization's growing stature in the market, Siemens Ltd. bagged the Star MNC Award from Business Standard, one of the most respected business dailies in India. The *Business Standard Awards* are held annually and recognize companies for their outstanding performances in various categories. Siemens was credited for its robust growth backed by impressive results. The company's strong and diverse product portfolio - coupled with the capability to integrate this portfolio to

leverage market opportunities has made even the Analysts feel bullish about Siemens' outlook.

Siemens ranked 8th in ET500

Siemens was ranked eighth among the top 500 companies in India by The Economic Times (ET). The newspaper, in its annual survey of the top 500 corporations in India, has ranked Siemens along with other renowned Indian companies like Tata Consultancy Services, Infosys Technologies, Wipro, Bharti Airtel, Suzlon Energy and Hindustan Lever.

The ET500 ranking considers eight parameters, which include market capitalization (m-cap), absolute change in m-cap over the past one year, sales, absolute change in sales over the past year, net profit, absolute change in net profit over the past year, price to earnings (P/E) multiple and return on net worth (RoNW). The average m-cap has been considered for January 1-15, '07, while sales and profit numbers are for the 12 months ended September '06. The P/E multiple as on January 15, '07 has been considered for companies. This methodology enables one to look at a company not only from the point of view of size, but also in terms of performance.

Siemens ranked 29th in list of India's 500 most valuable private sector companies

Siemens has been ranked 29th in the list of India's 500 most valuable private sector companies by Business Today, a leading financial magazine. The deciding metric in the ranking of the BT top 500 companies is their average market capitalisation on the Bombay Stock Exchange (BSE) for the

first half of the current financial year that is, the period between April 1 and September 30, 2007. Therefore, companies are ranked in order of their average market capitalisation during that period. Companies were also ranked on sales and net profit for the sake of comparison. Variables such as total assets, return on total assets (ROTA), sales, net profits and return on capital employed (ROCE) have been also taken into account along with the average market capitalisation.

Siemens wins a prestigious award from IGCC

Siemens was conferred the Indo-German of Chamber Commerce (IGCC) award for its substantial contribution to the development of Indo German trade and co-operation. The company with the highest total turnover of exports between India and Germany in a financial year is given the award. The award was presented to Mr J Schubert, MD, Siemens Ltd. by Prof. Dr. J. Heizmann, Member of Board of Volkswagen AG, at a ceremony held on September 26, 2007 at Hilton Towers, Mumbai.



Dr. J. Heizmann presenting award to Mr. J. Schubert, MD, Siemens Ltd.

Siemens wins 3 awards from Frost & Sullivan

Frost & Sullivan – an independent global consultancy company – has conferred the 'Marketing Strategy Leadership of the year for IBMS' to Siemens Building Technologies (SBT), in recognition of Siemens' competency in promoting and delivering Integrated Building Management Systems (IBMS) in India. In another industry recognition, Siemens' Automation & Drives (A&D) was also chosen for 2 awards – as the winner of the 'Frost & Sullivan Excellence Award for Product Leadership in the Indian PLC, HMI Market' and 'Frost & Sullivan Excellence Award for Brand Leadership in the Indian HMI & DC Drives Market.' The Frost & Sullivan Best Practices awards identify exemplary achievements within a multitude of industries and functional disciplines. The analysis on best practices that they conduct identifies companies, products and processes that have achieved world-class performances. This research is an invaluable source to companies for new ideas to improve strategies and processes, which ultimately drive corporate growth.

SISL selected for second consecutive year for the Deloitte Technology Fast 50 India and Deloitte Technology Fast 500 Asia Pacific

For the second consecutive year, Siemens Information System Limited (SISL) has been selected for awards in

the category of Deloitte Technology Fast 50 India 2006 and Deloitte Technology Fast 500 Asia Pacific 2006. These prestigious awards by a global consulting firm Deloitte; reinforces SISL's rapid growth, both within India and in the Asia Pacific region. Deloitte Technology Fast 50 India Program recognizes the fastest growing technology companies in India, based on their percentage revenue growth over the last three financial years. These awards objectively rank the technology, media and telecommunications industries and were created to recognize the effort and dedication of the fastest growing 50 companies in India and 500 in Asia.

Siemens Ltd.
Fiftieth Annual Report
for the year ended 30 September 2007

Auditors' Report to the Members of Siemens Limited

We have audited the attached balance sheet of Siemens Limited ('the Company') as at 30 September 2007, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (ii) 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;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (v) On the basis of the written representations received from the directors of the Company, as at 30 September 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 30 September 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act; and
- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said 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:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at 30 September 2007; and
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **BSR & Co.**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
22 November 2007

Annexure to the Auditors' Report

Referred to in our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Based on the programme, management did not carry out any physical verification for the year ended 30 September 2007.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are of specialized technical specification that are required by Company's customers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Act.
- (vi) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 58A, section 58AA or other relevant provisions of the Act and the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1) (d) of the Act in respect of electrical motors and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 30 September 2007 for a period of more than six months from the date they became payable.
- There were no dues on account of cess under section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- According to the information and explanations given to us, the following dues of Sales tax, Service tax, Excise duty and Customs duty have not been deposited by the Company on account of disputes.

Name of the statute	Nature of the dues	Amount (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 and Service Tax	Duty and penalty	10,003	1989/90 to 1999/00, 2000/01, 2002/03, 2004/05, 2005/06	Commissioner (Appeals)
		16,449	1980/81, 1994/95, 1995/96, 1996/97 to 1998/99, 2001/02 to 2003/04	Customs, Excise, Service Tax Appellate Tribunal
State and Central Sales Tax Acts, Work Contract Tax Acts, Entry Tax	Tax, interest and penalty	55,410	1967/68, 1968/69, 1970/71, 1973/74, 1979/80, 1980/81, 1982/83, 1983/84, 1984/85, 1986/87, 1987/88, 1988/89, 1992/93 to 2006/07,	Assistant Commissioner
		70,586	1974/75 to 1977/78, 1986/87, 1987/88, 1989/90, 1991/92, 1992/93, 1993/94, 1995/96, 1996/97, 1998/99 to 2004/05	Deputy Commissioner
		11,409	1989/90, 1990/91, 1994/95 to 1998/99	Sales Tax Tribunal
		54,068	1993/94 to 96/97, 2000/01 to 2003/04, 2005/06, 2006/07	High Court
Customs Act, 1962	Duty	120,000	1998/99	High Court

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance

sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act.
- (xxix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **BSR & Co.**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
22 November 2007

Balance sheet
as at 30 September 2007
(Currency : Indian rupees thousands)

	Schedule	2007	2006
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	6	337,160	337,160
Reserves and surplus	7	15,571,636	10,533,695
		<u>15,908,796</u>	<u>10,870,855</u>
Loan funds			
Unsecured loans	8	15,323	20,032
		<u>15,924,119</u>	<u>10,890,887</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	9	8,701,239	6,472,935
Accumulated depreciation		(4,063,785)	(3,851,751)
Net Block		<u>4,637,454</u>	<u>2,621,184</u>
Capital work-in-progress		932,931	1,541,629
		<u>5,570,385</u>	<u>4,162,813</u>
Investments	10	4,675,878	4,639,729
Deferred tax asset, net	11	273,251	276,619
Current assets, loans and advances			
Interest accrued on investments		-	3,597
Inventories	12	7,490,509	4,842,246
Sundry debtors	13	23,810,524	11,097,716
Cash and bank balances	14	4,636,219	9,394,447
Loans and advances	15	4,754,188	4,164,082
		<u>40,691,440</u>	<u>29,502,088</u>
Current liabilities and provisions			
Current liabilities	16	(30,003,464)	(24,275,052)
Provisions	17	(5,283,371)	(3,415,310)
		<u>(35,286,835)</u>	<u>(27,690,362)</u>
Net current assets		<u>5,404,605</u>	<u>1,811,726</u>
		<u>15,924,119</u>	<u>10,890,887</u>
Significant accounting policies	1 - 5		
Schedules to the financial statements	24 - 36		

The schedules referred to above form an integral part of the balance sheet.
As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
22 November 2007

For Siemens Ltd.

Deepak S. Parekh
J. Schubert
P. de Royer
Y. H. Malegam

Ashok Jangid

Mumbai
22 November 2007

Chairman
Managing Director
Executive Director
Director & Chairman
of Audit Committee
Vice President and
Company Secretary

Profit and loss account for the year ended 30 September 2007 (Currency : Indian rupees thousands)

	Schedule	2007	2006
INCOME			
Sales and services (gross)		80,014,157	47,484,996
Excise duty		(3,236,119)	(2,789,880)
Sales and services (net)		76,778,038	44,695,116
Commission income		490,018	408,356
		<u>77,268,056</u>	<u>45,103,472</u>
Interest income, net	18	443,055	366,650
Other operating income, net	19	392,092	293,480
Other income	20	593,166	1,089,175
		<u>78,696,369</u>	<u>46,852,777</u>
EXPENDITURE			
Cost of sales and services	21	62,667,020	34,639,116
Personnel costs, net	22	4,044,781	2,828,783
Depreciation/ amortisation (other than on leased assets)	9	492,279	442,120
Other costs, net	23	3,533,521	3,888,009
		<u>70,737,601</u>	<u>41,798,028</u>
Profit before tax before exceptional income		<u>7,958,768</u>	<u>5,054,749</u>
Exceptional income:			
- Profit on sale of EN division		524,196	-
- Profit on sale of long term investment (equity shares in SPCNL)		259,253	-
Profit before tax after exceptional income		<u>8,742,217</u>	<u>5,054,749</u>
Consists of:			
- Discontinuing operations	4	159,760	58,257
- Discontinued operations	5	116,409	146,375
- Continuing operations		8,466,048	4,850,117
		<u>8,742,217</u>	<u>5,054,749</u>
Current tax		(2,660,447)	(1,493,988)
Fringe benefit tax		(113,000)	(85,975)
Deferred tax (expense)/benefit		(3,368)	126,285
Profit after tax		<u>5,965,402</u>	<u>3,601,071</u>
Consists of:			
- Discontinuing operations	4	105,458	38,648
- Discontinued operations	5	76,842	97,105
- Continuing operations		5,783,102	3,465,318
		<u>5,965,402</u>	<u>3,601,071</u>
Profit after tax for the period 1 October 2004 to 30 September 2005 on account of amalgamation of erstwhile SVDO	3	-	57,574
Profit and loss account balance as at 1 October 2004 on account of amalgamation of erstwhile SVDO	3	-	(2,429)
Amount available for appropriation		<u>5,965,402</u>	<u>3,656,216</u>
Appropriations:			
Proposed dividend		809,184	640,604
Tax on Proposed dividend (includes tax on interim dividend)		137,521	89,845
Transfer to general reserve		5,018,697	2,925,767
		<u>5,965,402</u>	<u>3,656,216</u>
Earnings per share ('EPS')			
(Equity share of face value Rs 2 each)			
- Basic and diluted	33	35.39	21.36
Significant accounting policies	1 - 5		
Schedules to the financial statements	24 - 36		
The schedules referred to above form an integral part of the profit & loss account. As per our report attached			

For BSR & Co.

Chartered Accountants

Akeel MasterPartner
Membership No: 046768Mumbai
22 November 2007**For Siemens Ltd.**Deepak S. Parekh
J. Schubert
P. de Royer
Y. H. Malegam

Ashok Jangid

Mumbai
22 November 2007Chairman
Managing Director
Executive Director
Director & Chairman
of Audit Committee
Vice President and
Company Secretary

Cash flow statement

for the year ended 30 September 2007

(Currency : Indian rupees thousands)

	Schedule	2007	2006
Cash flow from operating activities			
Profit before tax after exceptional income		8,742,217	5,054,749
Profit before tax for the period 1 October 2004 to 30 September 2005 on account of amalgamation of erstwhile SVDO	3	-	66,331
		8,742,217	5,121,080
Adjustments for:			
Interest expense		2,118	13,710
Bad debts		1,860	3,602
Provision for doubtful debts/advances, net		81,229	92,546
Depreciation and amortisation		492,279	465,309
Profit on sale of fixed assets, net		(136,660)	(34,293)
Profit on sale of long term investment (equity shares in Siemens Public Communications Network Private Limited)		(259,253)	-
Profit on sale of COM division	5	(524,196)	-
Unrealised exchange gain, net		(1,811,156)	(482,346)
Interest and dividend accrued		(1,038,339)	(1,432,503)
Operating profit before working capital changes		5,550,099	3,747,105
Increase in inventories		(2,720,275)	(1,426,425)
Increase in sundry debtors and other receivables		(11,798,726)	(4,941,061)
Increase in sundry creditors and other current liabilities		5,899,289	11,479,343
Increase in Provisions		1,783,971	567,311
Net change in working capital		(6,835,741)	5,679,168
Cash generated from operations		(1,285,642)	9,426,273
Direct taxes paid, net		(2,675,116)	(1,719,927)
Net cash provided by operating activities		(3,960,758)	7,706,346
<i>of which discontinuing operations</i>	4	(62,332)	63,524
<i>of which discontinued operations</i>	5	143,406	289,152
Cash flow from investing activities			
Purchase of fixed assets		(1,964,989)	(1,880,879)
Proceeds from sale of fixed assets		184,761	44,756
Purchase of investments			
- In subsidiary companies (total consideration is in cash or cash equivalent)		(1,899,531)	(44,850)
- In associate (total consideration is in cash or cash equivalent)		-	(677,580)
- In mutual funds		(2,339,279)	(1,663,411)
Sale of investments			
- In subsidiary company (total consideration is in cash or cash equivalent)		1,898,775	-
- In mutual funds		2,493,139	1,048,797
- In government securities		70,000	-
Acquisition of Switchgear Manufacturing Division	2	-	(250,000)
Dividend received			
- From subsidiary companies		513,888	1,014,797
- From mutual funds		79,278	50,333
Interest received		437,406	357,855
Inter corporate deposits (placed) / refunded		(100,000)	(805,000)
Sale of EN division (total consideration is in cash or cash equivalent)	5	609,171	-
Net cash used in investing activities		(17,381)	(2,805,182)
<i>of which discontinuing operations</i>	4	(459,428)	(14,202)
<i>of which discontinued operations</i>	5	(9,570)	(5,027)
Cash flow from financing activities			
Interest paid		(2,118)	(14,631)
Dividend paid (including tax thereon)		(728,722)	(377,094)
Decrease in long term borrowings		(4,709)	(7,751)
Net cash used in financing activities		(735,549)	(399,476)
<i>of which discontinuing operations</i>	4	-	-
<i>of which discontinued operations</i>	5	-	-
Net increase in cash and cash equivalents		(4,713,688)	4,501,688
Cash and cash equivalents at beginning of the year		9,394,447	4,855,139
Cash and cash equivalents acquired on amalgamation	3	-	(4,321)
Cash and cash equivalents acquired on acquisition of SMD	2	-	4,603
Effect of exchange (loss)/gain on cash and cash equivalents		(44,540)	37,338
Cash and cash equivalents at the end of the year	14	4,636,219	9,394,447

Note: Cash and cash equivalents at the end of the period include current account balances with banks of Rs 9,857 (2006: Rs 8,130) which are restricted in use.

For BSR & Co.

Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Mumbai

22 November 2007

For Siemens Ltd.

Deepak S. Parekh

J. Schubert

P. de Royer

Y. H. Malegam

Ashok Jangid

Mumbai

22 November 2007

Chairman

Managing Director

Executive Director

Director & Chairman

of Audit Committee

Vice President and

Company Secretary

Schedules to the financial statements for the year ended 30 September 2007 (Currency : Indian rupees thousands)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, (except for revaluation of certain land and building pertaining to erstwhile Siemens VDO Automotive Limited ('SVDO')), on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and relevant provisions of Companies Act, 1956 ('the Act') to the extent applicable.

1.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of 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.

1.3 Fixed assets and depreciation

Fixed assets are stated at acquisition cost less accumulated depreciation except for certain land and buildings pertaining to erstwhile SVDO. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Depreciation is provided on the straight-line method ('SLM'). The depreciation rates prescribed in Schedule XIV to the Act are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of useful life/remaining life.

The key fixed asset blocks and related annual depreciation rates, which in management's opinion reflect the estimated useful economic lives of the fixed assets, are:

Asset	Rate
Freehold land	-
Factory buildings	3.34%
Other buildings	2-2.5%
Leasehold land and buildings	Over the lease period
Plant and machinery	10-25%
Furniture and fittings	20%
Office equipment	33 1/3%
Assets at project sites	Over the life of the project
Special machine tools	10%
Vehicles	25%

Where depreciable assets are revalued, depreciation is provided on the revalued amount and the additional depreciation on accretion to assets on revaluation is transferred from revaluation reserve to profit and loss account.

Assets costing less than Rs 5,000 are fully charged to the profit and loss account in the year of acquisition.

Items of fixed assets 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. Any expected loss is recognised in the profit and loss account through an accelerated depreciation charge.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets before the balance sheet date.

1.4 Intangible assets

Intangible assets comprise goodwill, customer contracts and technical know-how. 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:

Asset	Useful life
Goodwill	60 months
Customer contracts	18 months
Technical know-how	60 – 96 months

Schedules to the financial statements (*continued*) for the year ended 30 September 2007 (Currency : Indian rupees thousands)

1.5 Impairment of 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 a group of assets. 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 profit and loss account. 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.

1.6 Investments

Long-term investments are carried at cost. Provision for diminution is made to recognize a decline, other than temporary in value of long-term investments and is determined separately for each individual investment. Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

1.7 Inventories

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

Raw materials are valued at the lower of cost and net realisable value. Cost is determined on the basis of the weighted average method.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Excise duty is included in the value of finished goods inventory.

Custom duty on goods where title has passed to the Company is included in the value of inventory. Stores and spares are charged to the profit and loss account in the year of purchase.

1.8 Revenue recognition

Revenue from sale of products is recognised on transfer of all significant risk and rewards of ownership of the products on to the customers, which is generally on despatch of goods. Sales are stated exclusive of sales tax and net of trade and quantity discount.

Service income is recognised as per the terms of the contract with the customer when the related services are performed.

Income from fixed price construction contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred to date to the total estimated contract costs. Provision for expected loss is recognized immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

Commission income is recognised when proof of shipment is received from the supplier.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on the time proportion basis.

Export incentives receivable are accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.

1.9 Leases

In respect of assets given on lease prior to 1 April 2001, lease rentals comprising the principal recovery of the net investment in the fixed asset and interest are credited to the profit and loss account with a corresponding depreciation charge for the related asset. The difference between the principal recovery and the depreciation charge is debited/credited to the profit and loss account through a lease equalisation charge/credit such that only the interest component, arrived at by applying an implicit internal rate of return ('IRR'), is recognised as income.

Lease rentals on assets taken on lease prior to 1 April 2001 are charged to the profit and loss account. Lease payments under an operating lease, on or after 1 April 2001 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 is recognised in the period in which the employee renders the related service.

(b) Post-employment benefits

- (i) **Defined Contribution Plans:** The Company's approved superannuation scheme and employee state insurance scheme are defined contribution plans. The Company's contribution paid/payable under the schemes is recognised as expense in the profit and loss account during the period in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund to a Trust administered by the Company. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.
- (ii) **Defined Benefit Plans:** The Company's gratuity, leave wages, pension, silver jubilee and medical benefits schemes are defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, 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.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

Long term compensated absences are provided for based on actuarial valuation.

1.11 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 profit and loss account of the year, except that exchange difference related to acquisition of fixed assets from a country outside India are adjusted in the carrying amount of the related fixed assets.

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 profit and loss account.

The premium or the discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculation purpose is amortized as expense or income over the life of the contract.

Gain or loss on forward exchange contracts relating to firm commitments or highly probable forecast transactions is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate and recorded in the profit and loss account.

1.12 Research and development

Expenditure on research phase is recognized as an expense when it is incurred. Expenditure on development phase is recognized as an intangible asset if it is likely to generate probable future economic benefits.

1.13 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period) computed in accordance with the relevant provisions of the Income tax Act, 1961. 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 recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.14 Fringe benefit tax

Provision for fringe benefit tax (FBT) has been recognized on the basis of harmonious contextual interpretation of the provisions of Income Tax Act, 1961.

1.15 Earning per share

Basic and diluted earnings per share is 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.

Schedules to the financial statements (*continued*) for the year ended 30 September 2007 (Currency : Indian rupees thousands)

1.16 Provisions for contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Disclosures for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or 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.

2 Acquisition of Switchgear Manufacturing Division (SMD) of the Elpro International Limited

The Board of Directors of the Company at its meeting held on 27 January 2006 had approved the acquisition/purchase of assets and liabilities of SMD of Elpro International Limited, with effect from 3 May 2006, for a purchase consideration of Rs 250 million. Accordingly, the assets and liabilities of the SMD were transferred to the Company effective 3 May 2006 at fair values and had been recorded for under the 'Purchase method' as prescribed by Accounting Standard - 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. The operations of SMD include manufacturing of Switchgears and form part of the Power segment of the Company.

Goodwill arising on amalgamation amounting to Rs 130.9 million represents excess of purchase consideration paid over the fair value of the assets and liabilities acquired.

3 Amalgamation of Siemens VDO Automotive Ltd. ('SVDO') with the Company

In accordance with the Scheme of amalgamation ('the scheme') of the erstwhile Siemens VDO Automotive Limited ('SVDO') with the Company as sanctioned by the Honorable High Court of Bombay and Karnataka on 12 August 2005 and 5 December 2005 respectively, all the assets and liabilities of the erstwhile SVDO had been transferred to and vested in the Company effective 1 October 2004. Accordingly, the scheme had been given effect to in the financial statements for the year ended 30 September 2006.

The operations of SVDO include providing precision and control automotive information systems and services related to the same.

The amalgamation has been recorded for under the 'pooling of interests' method as prescribed by Accounting Standard - 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, all assets, liabilities and reserves of the erstwhile SVDO at 1 October 2004 have been taken over at their respective book values.

The net profit for erstwhile SVDO for the year ended 30 September 2005 comprised of:-

Particulars	(Rs in thousands)
Sales and services (net)	1,169,661
Other income	9,778
Total revenue	1,179,439
Cost of sales and services	783,894
Personnel costs	140,862
Depreciation and amortisations	26,794
Interest expenses	14,301
Other costs	147,257
Profit before tax	66,331
Current tax	7,307
Fringe benefit tax	1,450
Deferred tax	-
Net profit after tax	57,574

Pursuant to the amalgamation of SVDO with the Company, 577,617 equity shares of Rs 10 each fully paid-up (represents 2,888,085 equity shares of Rs 2 each fully paid-up after sub-division) of the Company were issued and allotted to the shareholders of erstwhile SVDO on 14 March 2006.

The net surplus of Rs 55.6 million (net of interim dividend Rs. 7.9 million) being the difference between the issued share capital of erstwhile SVDO and the aggregate face value of shares issued by the Company to the shareholders of erstwhile SVDO has been transferred to the Amalgamation Reserve Account.

4 Discontinuing operations

The Board of Directors of the Company at its meeting held on 23 April 2007, approved a detailed formal plan for discontinuing its business activity pertaining to "Building Technologies ('SBT') and "Automotive ('SVDO') segments of the Company and holding them for sale. Further, the shareholders', pursuant to the provisions of section 293 (1)(a) and section 192A of the Act, approved the sale and transfer of:

- a. SVDO division to the Siemens VDO Automotive Components Pvt. Limited, a 100% subsidiary of the parent Company, Siemens AG for a total consideration of Rs. 1,700 million arrived on the basis of independent valuation.
- b. SBT division to the company's subsidiary Siemens Building Technology Pvt. Limited. (formerly iMetrex Technologies Pvt. Ltd.) at an income tax written down value of fixed assets and book value of other net assets, consideration of which to be received in the form of fully paid equity shares of Siemens Building Technology Pvt. Limited (formerly iMetrex Technologies Pvt. Ltd.), at a mutually agreed price.

The business activities of SBT and SVDO are expected to be disposed off during the financial year 2008.

Assets, liabilities as at 30 September 2007 and revenue and expenses for the year ended 30 September 2007 contained following amounts relating to discontinuing operations pertaining to SBT and SVDO: -

	SBT		SVDO	
	2007	2006	2007	2006
Revenue	984,319	742,004	1,203,437	1,240,285
Expenditure	(891,116)	(701,214)	(1,136,880)	(1,222,818)
Profit before tax	93,203	40,790	66,557	17,467
Profit after tax	61,523	27,060	43,934	11,588
Total assets	450,568	337,966	755,379	412,971
Total liabilities	(161,559)	(216,914)	(244,009)	(179,183)

Profit after tax attributable to discontinuing operations of the Company has been calculated using the statutory tax rates for the respective years.

5 Discontinued operations

The Board of Directors of the Company at its meeting held on 23 November 2006, approved a detailed formal plan for the discontinuance of its business activities pertaining to enterprise networks and services ('EN') which form part of the 'Information and Communication' division of the Company. During the current year, the shareholders pursuant to the provisions of section 293(1)(a) and section 192A of the Act approved the sale and transfer of EN division to 'Siemens Enterprise Communications Private Limited' a 100% subsidiary of the parent company, Siemens AG. Accordingly, the management entered into a business transfer agreement with SECPL to transfer the business of EN division on a slump sale basis as a going concern for a total consideration of Rs 609.18 million with effect from 1 August 2007. The Company recognised a pre-tax profit of Rs 524 million on account of sale of the EN business. The income tax expense on the profit on sale of EN business is Rs 115 million.

The assets, liabilities transferred to SECPL as at 1 August 2007 and revenue and expenses for the period ended up to 31 July 2007 in the profit and loss account contains following amounts relating to discontinued operations pertaining to 'EN':

	For the period ended 31 July 2007	For the year ended 30 September 2006
Revenue	1,441,880	1,381,448
Expenditure	(1,325,471)	(1,235,073)
Profit before tax	116,409	146,375
Profit after tax	76,842	97,105
	As at 1 August 2007	As at 30 September 2006
Total assets	450,859	343,657
Total liabilities	(365,884)	(277,412)

Profit after tax attributable to discontinued operation of the Company has been calculated using the statutory tax rates for the respective years.

Schedules to the financial statements (*continued*)
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	2007	2006
6 Share capital		
Authorised		
250,000,000 Equity Shares of Rs 2 each (2006: 250,000,000 Equity shares of Rs 2 each)	500,000	500,000
150,000,000 (2006: 150,000,000) Preference shares of Rs 10 each	1,500,000	1,500,000
	<u>2,000,000</u>	<u>2,000,000</u>
Issued		
169,444,365 Equity Shares of Rs 2 each (2006: 169,444,365 Equity shares of Rs 2 each)	338,889	338,889
Subscribed and fully paid-up		
168,580,100 Equity Shares of Rs 2 each fully paid-up (2006: 168,580,100 Equity shares of Rs 2 each fully paid-up)	337,160	337,160
	<u>337,160</u>	<u>337,160</u>
Of the above:		
93,020,545 Equity Shares of Rs 2 each fully paid-up (2006: 93,020,545 Equity shares of Rs 2 each fully paid-up) are held by the Holding company, Siemens AG, Germany;		
55,500,000 Equity Shares of Rs 2 each fully paid-up (2006: 55,500,000 Equity shares of Rs 2 each fully paid-up) were allotted as fully paid-up bonus shares by capitalisation of the General Reserve;		
750,000 Equity Shares of Rs 2 each (2006: 750,000 Equity shares of Rs 2 each) were allotted as fully paid-up for consideration received other than in cash; and,		
Pursuant to amalgamation, 2,888,085 Equity shares of Rs 2 each fully paid-up (2006: 2,888,085 Equity shares of Rs 2 each fully paid-up) were issued as fully paid-up to the shareholders of the erstwhile Siemens VDO Automotive Ltd. for consideration other than cash.		
7 Reserves and surplus		
Capital reserve		
- Balance brought forward	688	688
Amalgamation Reserve		
- Balance brought forward	55,635	-
- Addition on amalgamation of erstwhile SVDO	3	55,635
	<u>55,635</u>	<u>55,635</u>
Securities premium account		
- Balance brought forward	1,857,655	1,827,331
- Addition on amalgamation of erstwhile SVDO	3	30,324
	<u>1,857,655</u>	<u>1,857,655</u>
Revaluation reserve		
- Balance brought forward	15,728	-
- Addition on amalgamation of erstwhile SVDO	3	11,210
- Movement during the year 1 October 2004 to 30 September 2005	-	(373)
- Additional depreciation on building due to revaluation transferred from profit and loss account	(846)	4,891
	<u>14,882</u>	<u>15,728</u>
General reserve		
- Balance brought forward	8,603,989	5,648,222
- Addition on amalgamation of erstwhile SVDO	3	30,000
- Transfer from profit and loss account	5,018,697	2,925,767
- Addition on account of employee benefits	32	-
	<u>13,642,776</u>	<u>8,603,989</u>
	<u>15,571,636</u>	<u>10,533,695</u>
8 Unsecured loans		
Interest free loans under		
- Sales tax deferral scheme	15,323	20,032
	<u>15,323</u>	<u>20,032</u>
The loan under the sales tax deferral scheme is payable upto 2011		
- Amounts payable within one year	4,709	4,709

9 Fixed assets

	Intangible assets			Tangible assets						Total	Previous year
	Goodwill	Technical Knowhow	Customer Contracts	Land	Buildings	Plant and Machinery	Furniture, Fittings & Office Equipment	Vehicles	Equipment given on lease		
Gross block											
At 1 October 2006	239,558	150,575	72,080	287,676	1,612,444	2,960,439	1,126,108	21,055	3,000	6,472,935	5,225,924
Additions on amalgamation of erstwhile SVDO (Refer Schedule 3)	-	-	-	-	-	-	-	-	-	-	346,707
Additions on purchase of SMD (Refer note 2)	-	-	-	-	-	-	-	-	-	-	103,912
Additions	-	-	-	204,553	839,534	1,323,519	201,788	4,293	-	2,573,687	842,959
Deductions/ adjustments	-	-	(72,080)	(3,034)	(11,996)	(183,397)	(71,828)	(3,048)	-	(345,383)	(46,567)
At 30 September 2007	239,558	150,575	-	489,195	2,439,982	4,100,561	1,256,068	22,300	3,000	8,701,239	6,472,935
Accumulated depreciation											
At 1 October 2006	69,263	43,595	72,080	32,751	447,598	2,212,040	954,241	17,183	3,000	3,851,751	3,255,784
Additions on amalgamation of erstwhile SVDO (Refer Schedule 3)	-	-	-	-	-	-	-	-	-	-	154,739
Additions on purchase of SMD (Refer note 2)	-	-	-	-	-	-	-	-	-	-	11,651
Charge for the year	47,393	33,084	-	2,578	46,390	268,802	93,746	1,132	-	493,125	465,682
Deductions/ adjustments	-	-	(72,080)	-	(2,741)	(149,588)	(54,506)	(2,176)	-	(281,091)	(36,105)
At 30 September 2007	116,656	76,679	-	35,329	491,247	2,331,254	993,481	16,139	3,000	4,063,785	3,851,751
Net block											
At 30 September 2007	122,902	73,896	-	453,866	1,948,735	1,769,307	262,587	6,161	-	4,637,454	2,621,184
At 30 September 2006	170,295	106,980	-	254,925	1,164,846	744,125	171,867	8,146	-	2,621,184	

Notes:-

Included in the gross block of land at 30 September 2007 is freehold land of Rs 220,980 (2006: Rs 16,447) and buildings includes Rs 169,331 (2006: Rs 174,907) representing 806 shares of Rs 50 each and 15 shares of Rs 100 each (2006: 806 shares of Rs 50 each and 15 shares of Rs 100 each) in various co-operative housing societies.

Buildings with a value of Rs 13,860 (2006: Rs 19,136) and plant & machinery with a value of Rs Nil (2006: 4,120) are held for sale at 30 September 2007. Further, fixed assets of discontinuing operations are also held for disposal (Refer Schedule 4).

Depreciation provided has been disclosed as under:

	2007	2006
Charge for the year	493,125	465,682
Depreciation for the period 1 October 2004 to 30 September 2005 on assets taken over from erstwhile SVDO (Refer Schedule 3)	-	(26,794)
Depreciation on leased assets	-	(1,286)
Transfer to Revaluation reserve	(846)	4,518
As per profit and loss account	492,279	442,120

Schedules to the financial statements (*continued*)
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	2007	2006
10 Investments		
Non-Trade, long term		
In government securities (unquoted)		
National Savings Certificates	5	5
Nil (2006: 7,000) Rural Electrification Corporation Limited		
54EC Bonds Rs 10,000 each	-	70,000
	<u>5</u>	<u>70,005</u>
Investment in subsidiary companies (unquoted)		
6,815,000 (2006: 6,815,000) Equity Shares of Rs 10 each fully paid-up in Siemens Information Systems Ltd (100% holding; 2006: 100% holding)	851,000	851,000
Nil (2006: 12,425,000) Equity Shares of Rs 100 each fully paid-up in Siemens Public Communication Networks Pvt Ltd (Nil holding; 2006: 100% holding)	-	1,639,522
2,123,800 (2006: 2,123,800) Equity Shares of Rs 10 each fully paid-up in Siemens Information Processing Services Pvt Ltd (51% holding; 2006: 51% holding)	111,000	111,000
2,581,140 (2006: Nil) Equity Shares of Rs 10 each fully paid-up in Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.) (76.9% holding; 2006: Nil)	1,866,031	-
91,000 (2006:67,340) Equity Shares of Rs 100 each fully paid-up in Siemens Industrial Turbomachinery Services Private Ltd (100% holding; 2006: 74% holding)	181,740	148,240
	<u>3,009,771</u>	<u>2,749,762</u>
Investment in other companies (unquoted)		
2,160,000 (2006: 2,160,000) Equity Shares of Rs 10 each fully paid-up in Flender Ltd. (50% holding; 2006: 50%)	677,580	677,580
	<u>677,580</u>	<u>677,580</u>
Current Investments, at lower of cost or fair value		
Investment in other companies		
(Quoted)		
10,485 (2006: 10,485) Equity Shares of Re 1 each fully paid up in PRICOL Limited	8	8
10,000 (2006:10,000) Equity Shares of Rs 10 each fully paid up in Scooters India Limited	100	100
	<u>108</u>	<u>108</u>
(Unquoted)		
1 equity share of Rs 10 each fully paid up in International Shock Absorbers Limited	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
In Mutual Funds (unquoted)		
Nil (2006: 28,645,182) units of HSBC Cash Fund-Institutional Plus -Daily Dividend	-	286,612
Nil (2006:26,780,533) units of HDFC Cash Management Fund-Daily Dividend	-	284,848
30,664,366 (2006: 28,676,959) units of Prudential Liquid Super Institutional Premium - Daily Dividend	306,659	286,770
306,036 (2006: 284,016) units of Standard Chartered Liquidity Manager - Plus - Daily Dividend	306,101	284,044
27,090,563 (2006: Nil) Birla Cash Plus -Institutional Premium - Daily Dividend Reinvestment	271,434	-
10,323,617 (2006: Nil) Sundaram BNP Paribas Money Fund - Super Institutional - Daily Dividend Reinvestment	104,220	-
	<u>988,414</u>	<u>1,142,274</u>
	<u>4,675,878</u>	<u>4,639,729</u>
- Aggregate book value of unquoted investment	4,675,770	4,639,621
- Aggregate book value of quoted investments	108	108
- Aggregate market value of quoted investments	611	656

10 Investments (Continued)

The following investments were acquired and sold during the year:-

(A) Name of the mutual fund	Purchased during the year *		Sold during the year	
	Quantity	Value	Quantity	Value
HSBC Cash Fund-Institutional Plus -Daily Dividend	515,591	5,159	29,160,773	291,771
HDFC Cash Management Fund-Daily Dividend	48,341,927	514,185	75,122,460	799,033
Prudential Liquid Super Institutional Premium - Daily Dividend	52,087,407	520,889	50,100,000	501,000
Standard Chartered Liquidity Manager - Plus - Daily Dividend	418,944	419,057	396,924	397,000
Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Daily Dividend Reinvestment	10,232,791	102,335	10,232,791	102,335
Birla Cash Plus -Institutional Premium - Daily Dividend Reinvestment	27,090,563	271,434	-	-
Sundaram BNP Paribas Money Fund Super Institutional Daily Dividend Reinvestment	49,497,942	506,220	39,174,325	402,000
	188,185,165	2,339,279	204,187,273	2,493,139

*Purchases include dividend reinvested

(B) Name of company	Purchased during the year		Sold during the year	
	Quantity	Value	Quantity	Value
Equity Shares of Rs 100 each fully paid-up in Siemens Industrial Turbomachinery Services Private Ltd	23,660	33,500	-	-
Equity Shares of Rs 10 each fully paid-up in Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)	2,581,140	1,866,031	-	-
Equity Shares of Rs 100 each fully paid-up in in Siemens Public Communication Networks Pvt Ltd	-	-	12,425,000	1,639,522
	2,604,800	1,899,531	12,425,000	1,639,522

11 Deferred tax asset

Arising on account of timing differences in :

Provision for doubtful debts and advances	262,722	235,026
Other provisions (amounts allowable on payment basis under the Income Tax Act, 1961)	245,531	221,506
	508,253	456,532

Deferred tax liability

Arising on account of timing differences in :

- Depreciation	235,002	179,913
	273,251	276,619

Deferred tax asset (net)**12 Inventories**

Raw materials	1,118,464	966,723
Work-in-progress		
- factory related	405,710	394,332
- project related	4,769,255	2,445,513
Finished goods	1,197,080	1,035,678
	7,490,509	4,842,246

Schedules to the financial statements (*continued*)
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	2007	2006
13 Sundry debtors		
Debts outstanding		
- over six months	5,500,386	3,758,726
- other debts	18,907,658	7,904,401
	<u>24,408,044</u>	<u>11,663,127</u>
Of which		
- considered good	23,810,524	11,097,716
- considered doubtful	597,520	565,411
	<u>24,408,044</u>	<u>11,663,127</u>
Provision for doubtful debts	(597,520)	(565,411)
	<u>23,810,524</u>	<u>11,097,716</u>
Sundry debtors are unsecured and include:		
- Retentions on project related work-in-progress	9,253,239	3,091,520
Included in debtors are debts due from companies under the same management :		
- Siemens Public Communication Networks Pvt. Ltd.	-	7,313
- Siemenes Information Systems Ltd.	63,558	90,608
- Siemens Information Processing Services Pvt Ltd	6,578	8,967
- Siemens Power Engineering Pvt. Ltd.	4,101	3,916
- Powerplant Performance Improvement Ltd.	-	14,746
- Siemens Industrial Turbomachinery Services Pvt.Ltd	733	84
- Siemens Hearing Instruments Pvt. Ltd.	1,824	1,612
- Flender Limited	4,816	-
- Siemens Enterprise Communications Pvt. Ltd.	36,789	-
- Winergy Drive Systems India (P) Ltd	-	227
- Siemens Corporate Finance Pvt Ltd	11,007	11,094
- Bangalore International Airport Ltd	410,854	127,469
- VAI Automation Ltd	-	4
14 Cash and bank balances		
Cash in hand	31,636	37,008
Cheques in hand	685,571	343,844
Balances with scheduled banks		
- on current account	666,567	1,533,831
- on deposit account	2,886,100	6,502,200
Balances with other banks	366,345	977,564
	<u>4,636,219</u>	<u>9,394,447</u>
Bank balances with other banks in current account includes :		
- Citibank, Colombo	1,622	2,105
- Citibank, Dhaka	587	2,372
- Deutsche Bank, Colombo	88	-
- Standard Chartered Bank, Dhaka	1,141	1,382
- Standard Chartered Bank, Nepal	27	28
- Standard Chartered Bank, Doha	110,115	550,098
- The Hongkong & Shanghai Banking Corporation Ltd.,Colombo	-	688
- The Hongkong & Shanghai Banking Corporation Ltd.,Dhaka	24,778	17,112
- The HongKong and Shanghai Banking Corporation, Doha	227,987	403,779
	<u>366,345</u>	<u>977,564</u>

14 Cash and bank balances (Continued)

	2007	2006
Maximum amount outstanding at any time during the year :		
- Citibank, Colombo	2,105	2,299
- Citibank, Dhaka	2,445	16,454
- Deutsche Bank, Colombo	3,029	-
- Standard Chartered Bank, Colombo	-	81
- Standard Chartered Bank, Dhaka	1,382	4,244
- Standard Chartered Bank, Nepal	29	298
- Standard Chartered Bank, Doha	1,464,851	7,829,570
- The Hongkong & Shanghai Banking Corporation Ltd., Colombo	562	11,875
- The Hongkong & Shanghai Banking Corporation Ltd., Dhaka	32,493	47,424
- The Hongkong and Shanghai Banking Corporation, Doha	3,845,927	739,333

15 Loans and advances (Unsecured)

Advances recoverable in cash or in kind or for value to be received

- considered good	3,102,302	2,735,719
- considered doubtful	144,532	132,825

Provision for doubtful advances

3,246,834	2,868,544
(144,532)	(132,825)
3,102,302	2,735,719

Advance payments of income tax

[net of provision for tax Rs 6,557,025 (2006: Rs 5,547,554)]

160,818	259,149
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Balances with customs, port trusts etc.

380,467	166,380
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Inter corporate deposits

1,090,000	990,000
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Interest accrued on inter corporate deposits

20,601	12,834
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4,754,188	4,164,082
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Loans and advances includes :

(a) Amounts due from directors of the Company

(Maximum amount outstanding during the year 211 ; 2006: Rs 314)

-	211
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(b) Inter-corporate deposits given to companies under the same management :

- Osram India Pvt Ltd. 270,000 275,000- Winergy Drive Systems India Pvt. Ltd. 320,000 140,000

- Subsidiary companies:

- Siemens Building Technologies Pvt. Ltd.

(formerly iMetrex Technologies Pvt. Ltd.) (from 25 May 2007) 500,000 -- Siemens Public Communication Network Pvt. Ltd. (upto 27 April 2007) - 575,000

1,090,000	990,000
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Maximum amount outstanding at any time during the year :

- Osram India Pvt Ltd. 345,300 280,000- Winergy Drive Systems India Pvt. Ltd. 320,000 140,000

- Subsidiary companies:

- Siemens Building Technologies Pvt. Ltd.

(formerly iMetrex Technologies Pvt. Ltd.) (from 25 May 2007) 500,000 -- Siemens Public Communication Network Pvt. Ltd. (upto 27 April 2007) 875,000 1,800,000

Schedules to the financial statements (*continued*)
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	2007	2006
16 Current liabilities		
Sundry creditors		
- payable to small scale industrial undertakings	451,113	46,189
- payable to subsidiaries	77,958	27,467
- other sundry creditors	20,985,685	16,850,464
Advances from customers	8,478,851	7,342,802
Investor Education and Protection Fund*	9,857	8,130
	30,003,464	24,275,052

*Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date.
(Appropriate amounts shall be credited to Investor Education and Protection Fund)

- Unclaimed dividend	9,857	7,409
- Unclaimed matured deposits	-	721
Advances from customers include progress payment and advances received for project related work	7,790,594	6,405,903

The names of the small scale industrial undertakings to whom the Company is indebted for a period of more than 30 days as at 30 September 2007 :

A.N. Instruments	Mita Fasteners Pvt Ltd
Aanchalia Industries	Mobile Telecommunication Ltd
Aggarwal Engineering Works	Modern Rly Equipment &
Ajay Industries	Moktali Electro Devices
Altop Industries Ltd.	Multi Fastners Pvt. Ltd.
Altos Electronics	Nana Udyog
Antifriction Bearings India	Naraiuran Controls
Aquameas Instruments Pvt. Ltd.	Nasik Wood Packers Pvt. Ltd.
Arc Weld Engineers	National Pattern Works
Arth Auto Technology Pvt. Ltd.	Neelam Corpn.
Astra Metal Systems Pvt. Ltd.	New Field Industrial Equipment Pvt Ltd
B.E.C Conduits Pvt Ltd	Nexo Industries Ltd.
Bangalore Metallurgicals Pvt. Ltd.	Nikhil Engineering
Bartakke Electrofab Pvt Ltd	Nootan Engineering Industries
Bartech Data Systems	Nutan Timber Corpn.
Bemcee	Om Enterprises
Bengal Technocrats Pvt. Ltd.	Packsale Industries
Bhagwat Wire Industries	Pam Synthetics
Blue Chip Controls Pvt Ltd	Paramount Seals & Packings
Bombay Transport & Electrical	Paras Agro Plast Pvt Ltd
Boost Electronics	Park Fabricators
Brights Industries	Parshwa Udyog
Brisk Instrumentation	Perfect Auto Products
Bry-Air (Asia) Pvt. Ltd.	Pipe Supports India Pvt. Ltd.
Buchade Metalcraft Pvt. Ltd.	Polaris Cables & Wires Pvt. Ltd.
Bumper India Pvt. Ltd.	Polycom Associates
Bunts Incorporation	Polytech Engineers
Bunts Tools Co.	Pragati Electricals Pvt. Ltd.
Buntsons Engineering & Rubber Pvt.	Pragati Switchgears
Cabcon India Pvt. Ltd.	Prakash Timbers
Cables & Plastics Industries	Prashant Castech
Calcutta Electro Engineering Works	Precise Engineers
Cedicom Electronics	Precision Engineering Equipment
Chashmita Engineers Pvt. Ltd.	Precision Forging & Stamping
Chino-Laxsons (India) Ltd.	Precision Spring Works

16 Current liabilities (Continued)

The names of the small scale industrial undertakings to whom the Company is indebted for a period of more than 30 days as at 30 September 2007 :

Cji Porcelain Pvt. Ltd.	Precision Wires India Ltd.
Comet Industries	Profab Enginners Pvt. Ltd.
Commercial Packers	Pune Techtrol Pvt Ltd
Converge Transprint Systems	Quality Food Services
Craftsman Automation Pvt. Ltd.	R.N.Plastics
D.N. Engineers	Ragwanand Engineering
Dalal Plastics Corpn.	Rama Industries
Danke Switchgears	Ramkrishna Electricals Pvt. Ltd.
Devi Polymers Pvt Ltd	Ready Systems
Dharia Switchgear & Controls Pvt Ltd	Reliable Moulders
Dol Electric Co. Pvt. Ltd.	Rohini Industrial Electricals Ltd.
D'square Instruments	Rohit Springforms Pvt. Ltd.
Dynalog (India) Ltd.	Rolliflex Industries
Electrical Controls & Systems	S.K.Industries
Electrofab Innovations India	Sabar Industries
Electronic Switches (I) Pvt. Ltd.	Saisidha Enterprises
Electronic Instrumentation & Contro	Salasar Copper
Elektro Anlagen Pvt. Ltd.	Sameer Linkages Pvt. Ltd.
Elins Switch Boards Pvt. Ltd.	Sangir Plastics Private Limited
Ellora Gases Pvt. Ltd.	Sarman Engg P. Ltd.
Enpro Industries Pvt. Ltd.	Saroja Printers
Envirocare Labs Pvt Ltd	Sasi Enterprises
Epi Electricals Pvt. Ltd.	Scientific Mes-Technik Pvt. Ltd.
Excel Machines & Tools Pvt Ltd	Scope T & M Pvt. Ltd.
F.M. Instrumentation	SCR Electronics
Fab-Well-Engineers	Seavel Rubber Products Pvt Ltd
FGB Manufacturing Co.	Semikron Electronics Pvt Ltd.
Finecast Industries	Senor Metals Pvt Ltd
Finishvel Engineering	Shakti Wire Products
Flowtech Instruments Service	Shalaka Enterprises
Forbes Marshall Arca Limited	Shankar Brazing Works
Forbes Marshall Ltd	Sharp Batteries & Allied Inds. Ltd.
Gaviranga Enterprises	Sharp Technology
General Engineering	Shenoy Engg Pvt. Ltd.
GG Valves Private Limited	Shilpa Engineering
Ghaziabad Ispat Udyog Ltd.	Shilpa Industries
Gilbert & Maxwell Transformer(P) Ltd	Shining Engineers & Founders Pvt.
Glassfibre & Allied Industries	Shiv Shakti Industries
Globe Scott Motors Pvt. Ltd.	Shivanjali Electricals Pvt. Ltd.
Govik Electricals Pvt. Ltd.	Shrameya Engineers Pvt Ltd
Gujarat Technocastings Pvt Ltd	Shree Laxmi Industries
Gyro Laboratories Private Limited	Shree Surya Coating
Hardcastle Petrofer Pvt. Ltd.	Shubhneel Industries
Hardik Founders & Engineers Pvt Ltd	Simran Technocrats (I) Pvt. Ltd.
Hare Krishna Engg. & Fabricators	Sivananda Electronics
HDFC Bank a/c Inspros Engineers Pvt Ltd	Size Control Gauges & Tools
Heat Gen Services	Skantech Laser Machines Pvt. Ltd.
Henkel Chembond Surface	Solar Biotronic Laboratories Pvt Ltd
Huma Engineers	Sophisticated Tool Aids & Machine
Ideal Engineering Works	Span Hi-Tech Pvt Ltd
Ikon Moulders	Spectrum Industries

Schedules to the financial statements (*continued*)
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16 Current liabilities (*Continued*)

The names of the small scale industrial undertakings to whom the Company is indebted for a period of more than 30 days as at 30 September 2007 :

Impakt Packaging	SPM Engineers
Indian Metals & Alloys Mfg.Co.	Sri Venkateshwara Gear Wheels
Indira Printing & Packaging	Stallion Enterprises
Indo Electricals	Steam Equipments Pvt. Ltd.
Indo Industries	Steel Fab Engineers
Inox Air Products Ltd.	Steel Strong Valves Pvt. Ltd.
Intech Auto Stores & Conveyors Pvt Ltd	Steel Tech Engineers
Intek Tapes Pvt. Ltd.	Steelsmith Continental
International Industrial Springs	STI Industries
Intra Vidyut Ltd.	Sunbeam Appliances
Iresco Electricals Pvt. Ltd.	Swastik Metcast Pvt. Ltd.
Jai Balaji & Co	Switron Devices
Jay Wood Industry	T.C. Communication Pvt. Ltd.
Kana Electromechs	Tapac Industries
Kay Sons Electricals Pvt. Ltd.	TCR Advanced Engineering Pvt. Ltd.
Kennees Engg. & Fabricators	Tejonidhi Udyog
Kimo Electronic Pvt. Ltd.	Teknocrat's Control Systems (I)
Kiran X-Ray Screens Ltd.	Tool X Systems
Kirpekar Engineering Pvt Ltd	Toolex Engineers Pvt. Ltd.
Kiyosh Electronic	U.S. Enterprise
Kulco New Engg Works	Udit Packaging Pvt. Ltd.
Kulkarni Auto Components Pvt Ltd	Ujwal Industries
Lakshmi Machine Works Limited	UL Automation & Systems Pvt. Ltd.
Lift Controls Pvt. Ltd.	Unitech Fabricators & Eng. Pvt. Ltd
Lumino Industries	Unitech Transformers Pvt. Ltd.
M S Engineering Company	United Engineering Industries
M.H.Valves Pvt. Ltd.	United Industrial Components
Mabel Engineering Pvt Ltd	Unity Engineers
Madhav Capacitors Pvt. Ltd.	V.B.M Enterprises
Maharashtra Electronic Industries	V Max Engineers
Maharashtra Foundry	Vacuum Plant & Instruments Manuf Co
Malti Prints	Varsha Cables Pvt. Ltd.
Mascasts	VCB Electronics Pvt Ltd
Masibus Automation	Vedant Enterprises
Mathure Metal Works Pvt. Ltd.	Vikas Engineering Associate
Mayur Industries	Vinarc Engineers
Mazda Ltd.	Vinayak Transmission Products
MBH Pumps (Gujarat) Pvt. Ltd.	Vinod High Tech Pvt. Ltd.
Metal Craft Engg & Spring Ind	Vintech Industries Pvt Ltd
Metal Gems	Volco Industries
Metcon Coatings & Chemicals (India)	Wellpack Enterprises
Met-Lok Hydro Pneumatics Pvt Ltd	Woodward Governor India Pvt Ltd
Mhatre Engineering Pvt. Ltd.	Yamuna Gases & Chemicals Ltd.
Micro Time	Yashika Industries
Milind Electricals Pvt. Ltd.	

The above information regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of the information available with the Company.

	2007	2006
17 Provisions		
Pension	166,549	154,881
Leave wages	114,497	30,820
Medical benefits	42,699	44,721
Personnel related	662,414	473,455
Warranty	763,202	588,512
Loss order	148,570	20,428
Liquidated damages	1,865,550	906,798
Other risk	512,133	410,604
Proposed dividend	809,184	640,604
Tax on proposed dividend	137,521	89,845
Others	61,052	54,642
	<u>5,283,371</u>	<u>3,415,310</u>
18 Interest income, net		
Interest income (includes tax deducted at source Rs 97,014 ; 2006 : Rs 95,499)	445,173	367,373
Interest expense	(2,118)	(723)
	<u>443,055</u>	<u>366,650</u>
19 Other operating income, net		
Lease rentals	-	1,800
Depreciation (Refer Schedule 9)	-	(1,286)
Lease income, net	-	514
Export incentives	78,484	53,683
Profit on sale of fixed assets, net	136,660	36,995
Miscellaneous income	14,418	24,045
Recoveries from subsidiary companies, associates and third parties	162,530	202,288
	<u>392,092</u>	<u>317,525</u>
20 Other income		
Dividend from subsidiary companies	513,888	1,014,797
Dividend from mutual fund investments	79,278	50,333
	<u>593,166</u>	<u>1,065,130</u>
21 Cost of sales and services		
Raw materials consumed	13,602,316	9,543,307
Traded goods	11,325,776	11,027,567
Spares and stores consumed	605,958	227,828
Project bought outs	37,647,248	13,924,439
Change in inventories	(2,568,533)	(1,024,079)
Other costs	2,054,255	940,054
	<u>62,667,020</u>	<u>34,639,116</u>
Included in other costs, excise duty on finished goods	26,328	1,714
22 Personnel costs, net		
Salaries, wages and bonus, net	3,434,091	2,287,036
Contribution to provident and other funds	278,242	236,980
Staff welfare	332,448	304,767
	<u>4,044,781</u>	<u>2,828,783</u>

Schedules to the financial statements (*continued*)
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	2007	2006
23 Other costs, net		
Travel and conveyance	840,113	729,199
External software services and data processing	516,169	436,232
Communications	394,194	270,322
Power and fuel	260,229	207,435
Rates and taxes	321,798	189,597
Repairs		
- on building	90,549	86,892
- on machinery	53,891	39,247
- others	104,407	98,932
Rent	151,457	178,375
Research and development expenditure	45,205	175,975
Advertising and publicity	215,813	166,078
Packing and forwarding	238,009	176,294
Legal and professional	202,370	136,713
Exchange (gains)/ losses, net	(1,085,170)	(141,180)
Office supplies, printing and stationery	72,878	56,442
Lease rentals	47,385	58,849
Insurance	144,887	122,051
Bank guarantee commission/ bank charges	66,298	52,692
Donation	1,136	6,077
Commission to directors	22,539	11,285
Directors' fees	1,020	960
Bad debts	1,860	3,602
Provision for doubtful debts and advances, net	81,229	92,546
Miscellaneous expenses *	745,255	733,394
	<u>3,533,521</u>	<u>3,888,009</u>
* Includes prior period expenses of Nil (2006: Rs 68,871)		
24 Commitments and contingent liabilities		
a Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	732,478	334,625
Future lease commitments in respect of operating leases		
- within one year	6,638	6,624
- later than one year and not later than five years	25,002	11,275
Export commitments	2,460,709	2,169,547
	<u>2,494,227</u>	<u>2,193,471</u>
b Contingent liabilities		
Bills discounted	72,133	121,387
Taxation matters (excluding interest)		
- In respect of certain completed assessments where matters are under appeal by the Company	321,738	321,738
- In respect of appeals decided in favour of the Company, but disputed further by income tax authorities	106,166	106,166
Excise/sales tax liabilities (net of tax), under dispute	216,128	211,905
Customs liabilities (net of tax), under dispute	120,000	120,000
Corporate and other guarantees	10,249	12,495
	<u>846,414</u>	<u>873,681</u>

	2007	2006
25 Supplementary statutory information		
(i) <i>Managerial remuneration</i>		
Personnel and other costs include managerial remuneration for Directors as set out below:		
Salaries	19,339	8,379
Perquisites	12,309	9,595
Commission	22,539	11,285
Performance linked incentive	33,557	11,250
Entitlement to stock linked compensation plan	-	12,222
Contribution to provident fund	1,097	410
Contribution to superannuation fund	1,217	512
	90,058	53,653

Certain whole time Directors are covered under the Company's gratuity scheme along with the other employees of the Company. The gratuity liability is determined for all employees by a independent actuarial valuation. The specific amount of gratuity for such whole time Directors cannot be ascertained separately and accordingly the same has not been included above.

Computation of commission to the Managing Director and other Directors:

Profit after tax as per the Profit and Loss Account	5,965,402	3,658,645
Add:		
Managing and other director's remuneration and commission	90,058	53,653
Depreciation charged in the accounts (Refer Schedule 9)	492,279	465,682
Profit on sale of fixed assets, net (as per Section 349 of the Act)	1,933	1,950
Provision for doubtful debts and advances, net	81,229	92,546
Provision for current, fringe benefit and deferred tax	2,776,815	1,453,678
Provision for wealth tax	11,019	(1,470)
Less:		
Profit on sale of investment	(259,253)	-
Profit on sale of fixed assets	(146,453)	(36,995)
Depreciation as computed under Section 350 of the Act (see note below)	(492,279)	(465,682)
Net profit as per Section 349 of the Act	8,520,750	5,222,007
Commission to managing and whole-time Directors subject to ceiling of 10% of the net profits as calculated above, provided at	13,789	8,005
Commission to other Directors subject to ceiling of 1% of the net profits as calculated above, provided at	8,750	3,280
	22,539	11,285

The Company depreciates its fixed assets based on estimated useful lives which are lower or equal to the implicit estimated useful lives prescribed by Schedule XIV of the Act. Thus, the depreciation charged in the books is higher than that prescribed as the minimum by the Act. Hence, this higher value has been considered as a deduction for the computation of managerial remuneration above.

(ii) <i>Auditors' remuneration</i>		
- Audit fee	5,700	6,700
- Tax audit fee	3,000	3,000
- Other services	4,831	2,744
- Reimbursement of expenses	650	550
	14,181	12,994

Schedules to the financial statements (*continued*)
for the year ended 30 September 2007
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	2007	2006
(iii) <i>Earnings and expenditure in foreign exchange (on accrual basis)</i>		
(a) Earnings in foreign currency		
- Exports of goods		
Direct on FOB basis	2,009,506	2,114,919
Under IDA/IBRD/ADB credits	358,049	172,534
- Project Business	23,557,395	6,692,344
- Commission	488,355	407,478
- Service charges and others	300,843	1,173,731
(b) Expenditure in foreign currency (on accrual basis)		
- Travelling	117,615	107,010
- Installation charges	12,750	846
- Expenditure on contracts at foreign sites	3,381,034	1,608,850
- Commission	403,440	302,980
- Service charges	4,226,536	2,035,451
- Others	293,940	140,714
(c) Value of imports calculated on CIF basis		
- Raw material	3,340,255	2,614,040
- Components, spare parts and traded goods	14,492,090	11,144,065
- Capital goods	225,947	681,528
(iv) <i>Net dividend remitted in foreign exchange</i>		
Final :		
Period to which the dividend relates	1.10.2005 to 30.09.2006	1.10.2004 to 30.09.2005
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	93,020,545	18,103,087
Amount remitted	353,478	181,031

26 Disclosure as per Clause 32 of the listing Agreement
Loans and advances in the nature of loans

	Amount at 30 September 2007	Maximum amount outstanding at any time during the year
<i>Subsidiary company</i>		
- Siemens Public Communication Network Limited	-	575,000
- Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)	500,000	500,000

27 Additional information pursuant to the provisions of paragraphs 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956:

(i) *Sales and Services*

Class of goods	2007		2006	
	Quantity	Value	Quantity	Value
Refer Note (a) and (d) below				
Switchgear items		7,785,623		6,045,066
Electric motors/ generators	100,147	3,150,839	70,171	2,581,880
Switchboards, control boards and miscellaneous accessories		4,327,094		3,323,405
X-ray equipment		343,027		303,642
Railway signalling equipment		3,467,424		2,482,836
Variable speed AC/DC drive systems, motor control, modules and programmable control systems		3,881,025		2,914,670
Protection systems		973,635		521,997
Data acquisition, logging and control systems		133,412		272,470
EPABX / EPAX / Intercom and key telephone systems		1,413,561		1,282,882
Medical electronic diagnostic equipment		4,808,058		3,790,022
Other engineering project goods		38,799,669		14,965,398
Maintenance, repairs and other services		962,426		942,174
Integrated building management systems		946,900		684,990
Industrial turbines		4,055,830		2,922,140
Rental Income		495,568		421,259
Automotive - Manufactured goods		1,030,163		1,197,537
Automotive - Traded goods		173,274		42,748
Transformer		30,510		-
		<u>76,778,038</u>		<u>44,695,116</u>
Commission income		490,018		408,356
		<u><u>77,268,056</u></u>		<u><u>45,103,472</u></u>

Schedules to the financial statements (*continued*)
for the year ended 30 September 2007
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27 Additional information pursuant to the provisions of paragraphs 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956 (*Continued*):

(ii) Raw materials, bought out components consumed during the year

Refer Note (e) below

	Unit	2007		2006	
		Quantity	Value	Quantity	Value
Copper flats, strips and profiles	MT	508	215,064	394	137,924
Enamelled copper wire	MT	723	298,160	656	238,557
Brass sheets and strips	MT	71	29,602	63	21,174
Aluminium ingots, profiles and castings	MT	465	64,272	231	30,770
Iron and steel castings and shafts	MT	4,106	259,618	4,021	237,233
Dynamo steel sheets, strips and laminations	MT	4,709	377,670	4,123	323,958
Hot rolled and cold rolled steel sheets, strips, housings etc.	MT	175	10,132	912	27,716
Cables and wires	Kms	3,363	90,009	2,873	61,813
Silver components	Kgs	9,007	299,011	11,823	264,317
Ball and roller bearings	Nos	1,004,320	252,218	853,179	250,520
Thyristors, diodes and transistors	Nos	97,074	189,072	130,137	92,438
X-ray tubes	Nos	11	160	337	10,899
Amphenol terminals	Nos	556,155	21,514	372,546	12,576
Vacuum tubes	Nos	33,492	373,050	24,697	319,457
Integrated circuits	Nos	6,740	2,078	42,562	1,516
Capacitors and condensers	Nos	63,923	31,283	106,071	27,904
Printed circuit boards	Nos	10,351	25,763	5,722	1,470
Turbine components	Pcs	192,948	686,409	214,805	202,123
Aluminium components			300,493		205,428
Steel components			1,040,339		572,603
Copper and copper alloy components			235,190		270,154
Insulation materials			304,419		208,053
Packing material			66,101		28,974
Others			8,430,689		5,995,730
			<u>13,602,316</u>		<u>9,543,307</u>

(iii) Imported and indigenous raw materials and components consumed

	2007		2006	
	Value	% of total consumption	Value	% of total consumption
Imported	4,849,581	36	2,557,222	27
Indigenous	8,752,735	64	6,986,085	73
	<u>13,602,316</u>	<u>100</u>	<u>9,543,307</u>	<u>100</u>

27 Additional information pursuant to the provisions of paragraphs 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956 (Continued):

(iv) Inventories

Finished goods

Refer Note (a) below

Class of goods	2007		2006	
	Quantity	Value	Quantity	Value
Switchgear items		328,452		247,768
Electric motors/ generators	3,414 Nos.	180,277	1,638 Nos.	61,548
Switchboards, control boards, etc.	87 Nos.	34,466	-	-
X-ray equipment		18,206		300
CT and other diagnostic equipment		88,657		115,284
Railway signalling equipment		91,200		106,581
Variable speed AC/DC drive systems, motor control modules and programmable control systems		196,114		233,271
Data acquisition, logging and control systems		-		2,202
Supply systems		29,519		33,255
Integrated Building Management System		39,759		43,404
Automotive components		49,608		41,890
Others		140,822		150,175
		<u>1,197,080</u>		<u>1,035,678</u>
Work-in-progress				
- factory related		405,710		394,332
- project related		4,769,255		2,445,513
		<u>6,372,045</u>		<u>3,875,523</u>

(v) Purchases

Refer Note (a) below

Class of goods	2007		2006	
		Value		Value
EPABX/EPAXI intercom and KTS		943,898		853,782
Medical electronic diagnostic equipment		3,287,874		2,998,904
Others		7,094,004		7,174,880
Towards projects execution		37,647,248		13,924,439
		<u>48,973,024</u>		<u>24,952,005</u>

Schedules to the financial statements (*continued*)
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27 Additional information pursuant to the provisions of paragraphs 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956 (*Continued*):

(vi) Capacities and Production

Refer Note (b) below

Class of goods manufactured	Unit	2007		2006	
		Annual installed capacity (refer note (c) below)	*Actual production	Annual installed capacity (refer note (c) below)	*Actual production
Switchgear items	Nos	12,873,393	7,836,255	10,980,850	10,656,981
Electric motors/generators	Nos	20,023	18,040	15,860	14,646
Switch boards, control boards and miscellaneous accessories	Nos (Boards)	8,000	2,436	8,000	1,804
X-ray equipment	Nos	1,283	1,060	1,283	1,115
Electromedical equipment	Nos	209	36	209	23
Rectifier cubicles and miscellaneous equipment	MW	65	-	65	-
Variable speed AC/DC drive systems, motor control modules and programmable control system	Nos	6,248	1,487	6,248	1,606
Data acquisition, logging and control systems	Nos	-	-	50	2
Electronic measurand converter	Nos	-	-	1,277	153
Static Converter for railways	Nos	610	190	610	220
Audio frequency track circuit	Nos	900	-	900	125
Interlocking relays	Nos	250,000	165,165	250,000	175,175
Auxillary inverter for AR locomotive	Nos	50	84	50	52
Traction converter for diesel locomotive	Nos	72	78	72	49
Electrical control cabinet	Nos	288	144	288	55
Circuit breakers above 1000 volts	Nos	1,000	1,258	1,000	629
Power Transformers	MVA	15,000	100	-	-
Single stage/ multi stage turbines	MW	69	38	48	42
Traction Converters for EMU	Nos	180	39	-	-
Auxillary Converters for EMU	Nos	180	30	-	-
High Frequency Power Supply	Nos	180	271	-	-

Licensed Capacity is not applicable in terms of the Government of India's notification No. S.O. 477(E) dated 25th July, 1991.

- For paragraph 3(ii) of Part II of Schedule VI to the Companies Act, 1956, the classes of goods dealt with by the Company are grouped under suitable product heads. In terms of note 3 to paragraph 3 of Part II of Schedule VI, disclosures by quantity are restricted to those items/articles which individually account for 10% or more of the total sales and services, purchases or closing stocks as applicable.
- For paragraph 4C, of Part II to Schedule VI to the Companies Act, 1956, the goods manufactured by the Company are grouped as per the classification of Industrial Licenses without giving the individual articles covered by each license.
- Installed capacities are as certified by the Managing Director and have not been verified by the Auditors, as this is a technical matter.
- Sales and services are inclusive of equipment supplied for project orders. Purchases, production and closing stock figures include equipment processed or to be supplied for project orders.
- Components and spare parts referred to in paragraph 4D(c) of Part II to Schedule VI are assumed to be those used in the manufacture of finished products and not those used for repairs and maintenance of plant and machinery

28 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 liquidated damages

Liquidated damages are provided based on contractual terms when the delivery/ commissioning dates of an individual project have exceeded or are likely to exceed the delivery/ commissioning dates as per the respective contracts. This expenditure is expected to be incurred over the respective contractual terms upto closure of the contract (including 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.

Personnel related provisions

Personnel related provisions primarily include provisions for variable performance pay. Variable performance pay is expected to be paid in the next financial year. Personnel related provisions do not include expected payouts relating to the pending wage settlement and non-statutory ex-gratia where negotiations are in process and the disclosure of these amounts could prejudicially affect the interests of the Company.

Other risk

The Company has made provisions for known contractual risks, litigation cases and 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:

	Warranties	Liquidated damages	Loss orders	Personnel related	Other risk
Balance as at 1 October 2006	588,512	906,798	20,428	473,455	410,604
Provisions :					
- Created	534,077	1,170,622	215,914	699,330	158,763
- Utilised	(119,517)	(26,485)	(37,320)	(424,795)	(1,777)
- reversed	(170,753)	(168,069)	(50,372)	(35,959)	(53,270)
Transferred on sale of EN division w.e.f 1 August 2007 (refer schedule 5)	(69,117)	(17,316)	(80)	(49,617)	(2,187)
Balance as at 30 September 2007	<u>763,202</u>	<u>1,865,550</u>	<u>148,570</u>	<u>662,414</u>	<u>512,133</u>

29 Disclosure pursuant to Accounting Standard - 7 'Construction Contract' (Revised) :

	2007	2006
29.1 Contract Revenue recognised for the year ended 30 September 2007	46,053,287	19,124,917
29.2 Aggregate amount of contract costs incurred for all contracts in progress as at 30 September 2007	73,130,583	37,009,309
29.3 Recognised profits (less recognised losses) upto 30 September 2007 for all contracts in progress as at 30 September 2007	10,419,915	4,037,996

Schedules to the financial statements (*continued*) for the year ended 30 September 2007 (Currency : Indian rupees thousands)

30 Related party transactions

30.1 Parties where control exists

Siemens AG	Holding company (holds 55.18% of the Equity Share capital as at 30 September 2007)
Siemens Information Systems Ltd. ("SISL")	Subsidiary company (100% of whose Equity Share capital is held by Siemens Ltd as at 30 September 2007)
Siemens Public Communication Networks Pvt. Ltd. ("SPCNL")	Subsidiary company (100% of whose Equity Share capital was held by Siemens Ltd upto 27 April 2007)
Siemens Information Processing Services Pvt. Ltd. ("SIPS")	Subsidiary company (51% of whose Equity Share capital is held by Siemens Ltd as at 30 September 2007 and the balance 49% is held by SISL)
Siemens Industrial Turbomachinery Services Pvt. Ltd.	Subsidiary company (100% of whose Equity Share capital is held by Siemens Ltd as at 30 September 2007)
Siemens Nixdorf Information Systems Pvt. Ltd. ("SNISL")	Step-down subsidiary company (100% of whose Equity Share capital is held by SISL as at 30 September 2007)
Siemens Building Technologies Pvt. Ltd. (formerly iMetrex Technologies Pvt. Ltd.)	Subsidiary company (76.9% of whose equity capital is held by Siemens Ltd as at 30 September 2007) (w.e.f. 25 May 2007)

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

Fellow Subsidiaries	Siemens Ltd.	Australia
	Siemens VDO Automotive Pty. Ltd.	Australia
	Siemens Aktiengesellschaft Österreich	Austria
	Siemens VAI Metals Technologies GmbH & Co	Austria
	VA Tech Elin Transformatoren	Austria
	Siemens Bangladesh Ltd.	Bangladesh
	Siemens Enterprise Communications N.V.	Belgium
	Siemens S.A.	Belgium
	Siemens VDO Automotive N.V.	Belgium
	Siemens Electro Electronica S.A.	Brazil
	Siemens Ltd.	Brazil
	Siemens VDO Automotive Ltd.	Brazil
	Beijing Siemens Cerberus Electronics Ltd	China
	MWB (Shanghai) Co Ltd.	China
	Siemens Circuit Protection Systems Ltd.	China
	Siemens Electrical Apparatus	China
	Siemens Electrical Drives Ltd.	China
	Siemens Factory Automation Engineering Ltd.	China
	Siemens International Trading (Shanghai) Co. Ltd.	China
	Siemens Ltd.	China
	Siemens Medium Voltage Switching Technologies (Wuxi) Ltd.	China
	Siemens Power Plant Automation Ltd.	China
	Siemens Shanghai Medical Equipment Ltd.	China
	Siemens Switchgear Co. Ltd.	China
	Siemens VDO Automotive Changchun Co Ltd.	China
	Siemens VDO Automotive Huizhou Co. Ltd.	China
	Siemens VDO Automotive WuHu Co Ltd.	China
	Zhenjiang Siemens Busbar Trunking Co. Ltd.	China
	Siemens S.A.	Columbia
	Koncar Power Transformers Ltd.	Croatia
	Siemens Automobilova System S.R.O	Czech Republic
	Siemens Elektromotory S.R.O	Czech Republic

30.2 Other related parties where transactions have taken place during the year (Continued)

Fellow Subsidiaries

Siemens Industrial Turbomachinery S.R.O.	Czech Republic
Siemens S.R.O	Czech Republic
Siemens VDO Automotive S.R.O.	Czech Republic
Siemens Electromotory S.R.O.	Czechoslovakia
Siemens Ltd.	Egypt
Siemens (Pty) Ltd.	Ethiopia
Siemens Osakeyhtiö	Finland
Flender-Graffenstaden S.A.S.	France
Siemens S.A.S.	France
Siemens Transmission & Distribution S.A.	France
Siemens VAI Metals Technologies S.A.S.	France
Siemens VDO Automotive S.A.S.	France
Flender Industriegetriebe GmbH & Co KG	Germany
LINCAS Export Services GmbH	Germany
Loher GmbH	Germany
Mdexx Magnetronic Devices GmbH & Co. KG	Germany
Mechanik Center Erlangen GmbH	Germany
Siemens Enterprise Communications GmbH & Co. KG	Germany
Siemens Real Estate GmbH & Co OHG	Germany
Siemens Saint-Denis	Germany
Siemens Servtronic GmbH Co.KG	Germany
Siemens VDO Automotive AG	Germany
Siemens VDO Trading GmbH	Germany
Sykatec GmbH & Co. KG	Germany
Trench Germany GmbH	Germany
Wallace & Tiernan GmbH	Germany
Weiss Spindeltechnologie GmbH	Germany
Eviop Tempo SA	Greece
Siemens A.E., Elektrotechnische Projekte und Erzeugnisse	Greenland
Siemens Ltd.	Hongkong
Epcos India Ltd.	India
Osram India Pvt. Ltd.	India
Powerplant Performance Improvement Ltd.	India
RBS Home Appliances Pvt. Ltd.	India
Siemens Corporate Finance Pvt. Ltd.	India
Siemens Enterprise Communications Pvt. Ltd.	India
Siemens Hearing Instruments Pvt. Ltd.	India
Siemens Power Engineering Pvt. Ltd.	India
Winergy Drive Systems India (P) Ltd	India
P.T. Siemens Indonesia	Indonesia
Siemens Sherkate Sahami	Iran
Siemens S.P.A.	Italy
PT Siemens Indonesia	Jakarta
Siemens-Asahi Medical Technologies Ltd.	Japan
Siemens TOO	Kazakhstan
Siemens Ltd.	Kenya
Siemens Automotive Systems Corporation	Korea
Siemens Ltd.	Korea
Siemens VDO Halla Ltd.	Korea
National & German Electrical & Electronic Services Co.	Kuwait
Siemens Electrical & Electronic Services K.S.C.	Kuwait
OSRAM Opto Semiconductors	Malaysia
Siemens Malaysia Sdn. Bhd.	Malaysia
Siemens VDO Components (Malaysia) Sdn. Bhd.	Malaysia
Siemens VDO Instruments Malaysia Sdn. Bhd.	Malaysia
Siemens S.A. de C.V.	Mexico
Siemens VDO S.A. de C.V.	Mexico
Siemens Industrial Turbomachinery BV	Netherlands

Schedules to the financial statements (*continued*)
for the year ended 30 September 2007
(Currency : Indian rupees thousands)

30.2 Other related parties where transactions have taken place during the year (Continued)

Fellow Subsidiaries	Siemens Nederland N.V.	Netherlands
	Siemens (N.Z.) Ltd.	New Zealand
	Siemens AS	Norway
	Siemens Pakistan Engineering	Pakistan
	Siemens Sp. Z.O.O.	Poland
	Siemens WLL	Qatar
	Siemens Limited	Saudi Arabia
	Arabia Electric Ltd.	Saudi-Arabia
	Epcos Pte Ltd.	Singapore
	Infineon Technologies Asia Pacific Pte Ltd.	Singapore
	Siemens Advanced Engineering	Singapore
	Siemens Business Services Pte. Ltd.	Singapore
	Siemens Energy Management & Information Systems Pte. Ltd.	Singapore
	Siemens Pte Ltd	Singapore
	Siemens d.o.o.	Slovenia
	Siemens Ltd.	South Africa
	Siemens Automotive Systems Corporation	South Korea
	Siemens Ltd.	South Korea
	Siemens VDO Automotive Ltd	South Korea
	Siemens S.A.	Spain
	Siemens VDO Automotive SA	Spain
	Siemens Industrial Turbomachinery AB	Sweden
	Siemens Building Technologies AG	Switzerland
	Siemens Schweiz AG	Switzerland
	Siemens Switzerland AG	Switzerland
	Siemens VDO Automotive AG	Switzerland
	Siemens Ltd.	Taiwan
	Siemens Ltd.	Thailand
	Siemens Sanayi Ve.Ticaret	Turkey
	Siemens LLC	UAE
	Siemens Enterprise Communications Limited	UK
	Siemens Industrial Turbomachinery Ltd.	UK
	Siemens Magnet Technology Ltd	UK
	Siemens PLC ASI Robicon	UK
	Siemens PLC SASC Durham	UK
	Siemens Power Generation	UK
	Siemens Protection Devices Limited Protection Products	UK
	Siemens VDO Trading Ltd.	UK
	Siemens Building Technologies Inc.	USA
	Siemens Demag Delaval Turbomachinery, Inc.	USA
	Siemens Energy & Automation, Inc.	USA
	Siemens Medical Solutions USA, Inc.	USA
	Siemens Power Generation, Inc.	USA
	Siemens Power Transmission & Distribution, Inc.	USA
	Siemens Transportation System Inc	USA
	Siemens VDO Automotive Corp.	USA
	Siemens S.A.	Venezuela
	Siemens Automation Systems Ltd.	Vietnam
	Siemens Ltd.	Vietnam
Associates	Flender Ltd.	India

30.3 Directors of the Company

Whole-time Directors Mr. J. Scubert
 Mr. P. de Royer
 Mr. K.R. Upli
 Mr. V. V. Paranjape (w.e.f 1 February 2007)
 Mr. V. B. Parulekar (w.e.f 1 February 2007)
 Mr. Harminder Singh (upto 6 December 2006)

Details of remuneration to Directors are disclosed at Schedule 25(i) to the financial statements.

30.4

Description	2007				2006			
	Holding Company	Subsidiaries	Fellow Subsidiaries	Associate	Holding Company	Subsidiaries	Fellow Subsidiaries	Associate
<i>Sales to and recoveries from related parties</i>	1,031,331	-	-	7,568	1,191,363	-	-	-
- Siemens Information Systems Ltd	-	476,642	-	-	-	333,869	-	-
- Siemens Energy & Automation, Inc	-	-	277,454	-	-	-	492,326	-
- Others	-	57,072	626,479	-	-	121,273	581,875	-
<i>Purchase / Other services from related parties</i>	11,470,268	196,260	5,923,994	11,503	9,660,366	282,335	3,315,711	-
<i>Interest Income from related parties</i>	-	-	-	-	-	-	-	-
- Siemens Public Communication Networks Ltd.	-	12,845	-	-	-	44,228	-	-
- Osram India Pvt Ltd	-	-	28,620	-	-	-	19,012	-
- Winergy Drive Systems India Pvt. Ltd.	-	-	29,290	-	-	-	-	-
- Siemens Building Technologies Pvt. Ltd	-	15,564	-	-	-	-	-	-
- Others	-	-	-	-	-	-	12,219	-
<i>Dividend paid for the year 2005 -06</i>	353,478	-	-	-	181,031	-	6,931	-
<i>Dividend received from related parties</i>	-	-	-	-	-	-	-	-
- Siemens Public Communication Networks Ltd.	-	124,250	-	-	-	124,250	-	-
- Siemens Information Systems Ltd	-	354,380	-	-	-	858,690	-	-
- Others	-	35,258	-	-	-	31,857	-	-
<i>Other Income</i>	-	995	-	-	-	-	-	-
<i>Purchase of Fixed assets/Capital WIP from related parties</i>	7,306	-	-	-	77,691	-	11,203	-
- Siemens Information Systems Ltd	-	53,758	-	-	-	-	-	-
- Others	-	361	-	-	-	-	-	-
<i>Outstanding Balances</i>								
Debtors	201,443	-	-	4,816	268,099	-	41,025	-
- Siemens Information Systems Ltd	-	63,558	-	-	-	100,119	-	-
- Siemens Enterprise Communication Pvt Ltd.	-	-	36,789	-	-	-	-	-
- Others	-	20,059	55,315	-	-	17,305	-	-
Creditors	2,666,386	77,958	69,789	3,285	5,674,997	27,467	51,913	-
Inter Corporate Deposits								
- Siemens Public Communication Networks Ltd.	-	-	-	-	-	575,000	-	-
- Osram India Pvt Ltd	-	-	270,000	-	-	-	275,000	-
- Winergy Drive Systems India Pvt Ltd	-	-	320,000	-	-	-	140,000	-
- Siemens Building Technologies Pvt. Ltd	-	500,000	-	-	-	-	-	-

Schedules to the financial statements (*continued*)
for the year ended 30 September 2007
(Currency : Indian rupees thousands)

31 (i) Information about business segments

	Revenue						Results	
	External sales		Inter segmental sales		Total		2007	2006
	2007	2006	2007	2006	2007	2006		
Automation and drives	13,410,663	10,663,033	3,144,816	1,546,673	16,555,479	12,209,706	1,146,706	1,052,173
Industrial solutions and services	9,237,928	5,130,975	291,052	189,784	9,528,980	5,320,759	955,645	584,579
Transport	3,467,424	2,482,834	-	-	3,467,424	2,482,834	226,098	206,094
Building technologies *	984,319	742,004	35,274	14,074	1,019,593	756,078	93,203	40,790
Power	41,779,906	18,903,972	1,228,249	878,089	43,008,155	19,782,061	3,883,669	1,227,870
Healthcare and other services	5,246,931	4,137,662	-	-	5,246,931	4,137,662	113,059	99,710
Real estate	495,568	421,259	-	-	495,568	421,259	325,297	247,911
Information and communications **	1,441,880	1,381,448	28,088	36,965	1,469,968	1,418,413	116,409	146,375
Automotive *	1,203,437	1,240,285	-	-	1,203,437	1,240,285	66,557	17,467
Eliminations	-	-	(4,727,479)	(2,665,585)	(4,727,479)	(2,665,585)	-	-
Total	77,268,056	45,103,472	-	-	77,268,056	45,103,472	6,926,643	3,622,969
Interest expenses							(2,118)	(723)
Interest income							445,173	367,373
Unallocable corporate items							1,372,519	1,065,130
Profit before tax							8,742,217	5,054,749
Income tax							(2,660,447)	(1,493,988)
Fringe benefit tax							(113,000)	(85,975)
Deferred tax							(3,368)	126,285
Profit after tax and before profit after tax of erstwhile SVDO							5,965,402	3,601,071
Profit after tax for the period 1 October 2004 to 30 September 2005 on account of amalgamation of erstwhile SVDO							-	57,574
Consolidated total	77,268,056	45,103,472	-	-	77,268,056	45,103,472	5,965,402	3,658,645

	Assets				Liabilities		Capital Expenditure		Non cash expenditure	
	Assets		Liabilities		Capital Expenditure		Depreciation		2007	2006
	2007	2006	2007	2006	2007	2006	2007	2006		
Automation and drives	5,680,341	4,243,711	3,684,981	2,656,263	280,218	279,712	141,312	93,016		
Industrial solutions and services	3,808,657	1,682,161	5,330,462	3,193,444	13,094	3,254	5,556	5,141		
Transport	1,186,599	980,608	2,368,247	2,228,464	2,587	720	5,482	5,366		
Building technologies *	450,568	337,966	161,559	216,914	2,639	489	957	513		
Power	23,125,350	11,999,063	14,882,454	10,643,041	539,946	1,507,764	142,801	74,834		
Healthcare and other services	1,273,064	1,290,318	1,514,051	1,118,341	16,566	11,304	29,244	36,859		
Real estate	1,685,494	1,027,412	222,069	119,751	730,497	104,354	96,486	81,775		
Information and communications **	-	343,657	-	277,412	9,707	5,808	5,396	5,099		
Automotive *	755,379	412,971	244,009	179,183	342,947	93,713	47,913	137,829		
Total	37,965,452	22,317,867	28,407,832	20,632,813	1,938,201	2,007,118	475,147	440,432		
Unallocable corporate items	13,245,502	16,263,382	6,894,326	7,077,581	26,788	9,645	17,978	25,250		
Consolidated total	51,210,954	38,581,249	35,302,158	27,710,394	1,964,989	2,016,763	493,125	465,682		

* Discontinuing operations (refer schedule 4)

** Discontinued operations (refer schedule 5)

31 (ii) Secondary segment information

	Revenue based on location of customers		Carrying amount of segment assets by location		Cost incurred to acquire segment assets during the year	
	2007	2006	2007	2006	2007	2006
Domestic	52,280,517	36,106,515	34,483,560	32,104,895	1,964,989	2,016,763
Exports	24,987,539	8,996,957	16,727,394	6,476,354	-	-
Total	77,268,056	45,103,472	51,210,954	38,581,249	1,964,989	2,016,763

31 (iii) Other disclosures :

- Inter-segment prices are normally negotiated amongst the segments with reference to the costs, market price and business risks.
- All profits/losses on inter segment transfers are eliminated at the Company level.

(iv) Segment information :

The primary and secondary reportable segments are business segments and geographical segments respectively.

Business Segments: The business of the Company is divided into nine segments. These segments are the basis for management control and hence, form the basis for reporting. The business of each segment comprises of :

- **Information & communication **** :- Convergence communications solutions for enterprises, communications, video conferencing, and call centers, networking, mobility, teleworking, multimedia customer relation management. Provide mobile handsets and accessories. -
- **Automation & drives** :- Provide the complete range of automation products & systems, from large and standard drives and motors, special purpose motors, process and motion control systems, industrial automation systems to low-voltage controls and distribution and electrical installation technology.
- **Industrial & solutions services** :- Undertakes turnkey projects in the industrial and infrastructure sectors over the entire life cycle including concept, engineering, procurement, supplies, installation, commissioning and after sales services.
- **Power** :- Provides automation solutions for a wide range of applications in power plants, focusing on a complete range of medium and high voltage switchgears, medium voltage switchboards, protection and control systems for sub-stations, power system control and energy management systems, meters and industrial turbines.
- **Transport** :- Provides solutions for rail automation, railway electrification, light and heavy rail, locomotives, trains, turnkey projects and integrated services.
- **Healthcare & other services** :- Provides diagnostic, therapeutic and life-saving products in computer tomography (CT), magnetic resonance imaging (MRI), ultrasonography, nuclear medicine, digital angiography, patient monitoring systems, digital radiography systems, radiology networking systems, lithotripsy and linear accelerators.
- **Building Technologies *** :- Executes projects for providing Integrated Building Management Systems including Building Automation Systems, Fire Alarm/Access Control/Security Systems.
- **Automotive *** :- Manufacturing and trading of dashboard instruments, tachographs and other allied equipments for the automobile industry.
- **Real estate** :- Provides comprehensive real estate management.

Geographical Segments: The business is organised in two geographic segments i.e. domestic and exports.

* Discontinuing operations (refer schedule 4)

** Discontinued operations (refer schedule 5)

Schedules to the financial statements (*continued*)
for the year ended 30 September 2007
(Currency : Indian rupees thousands)

32 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits' :

(i) Effective 1 October, 2006, the Company adopted accounting standard 15 (revised 2005) on "Employee Benefits" issued by ICAI. Pursuant to the adoption, the transitional obligations as required by the standard, the obligation has been recorded with the transfer of the said amount to the opening balance of reserves and surplus.

(ii) **Defined Contribution Plans**

Amount of Rs. 124 million is recognised as an expense and included in "Personnel costs" (Refer schedule 22) in the Profit and loss account.

(iii) **Defined benefit Plans**

		Gratuity	Pension Plan	Leave Wages	Silver Jubilee	Medical
I	Change in Benefit Obligation					
	Liability at the beginning of the year	407,269	145,901	25,309	51,490	42,149
	Interest Cost	31,578	10,213	1,772	3,604	2,950
	Current Service Cost	21,477	-	3,752	3,803	3,075
	Past Service Cost (Non Vested Benefit)	-	-	-	-	-
	Past Service Cost (Vested Benefit)	-	-	-	-	-
	Benefit Paid	(34,027)	(25,490)	(1,767)	(3,024)	(18,718)
	Actuarial (gain)/loss on obligations	15,831	35,925	1,325	5,180	13,243
	Liability at the end of the year	442,128	166,549	30,391	61,053	42,699
II	Fair value of Plan Assets					
	Fair Value of Plan Assets at the beginning of the year	392,049	-	-	-	-
	Expected Return on Plan Assets	28,642	-	-	-	-
	Contributions	77,677	25,490	1,767	3,024	18,718
	Benefit Paid	(34,027)	(25,490)	(1,767)	(3,024)	(18,718)
	Actuarial gain/(loss) on Plan Assets	7,071	-	-	-	-
	Fair Value of Plan Assets at the end of the year	471,412	-	-	-	-
	Total Actuarial Gain/(Loss) To Be Recognised	(8,760)	(35,925)	(1,325)	(5,180)	(13,243)
III	Actual Return on Plan Assets					
	Expected Return on Plan Assets	28,642	-	-	-	-
	Actuarial gain/(loss) on Plan Assets	7,071	-	-	-	-
	Actual Return on Plan Assets	35,713	-	-	-	-
IV	Amount Recognised in the Balance Sheet					
	Liability at the end of the year	442,128	166,549	30,391	61,053	42,699
	Fair Value of Plan Assets at the end of the year	471,412	-	-	-	-
	Difference	(29,284)	166,549	30,391	61,053	42,699
	Unrecognised Past Service Cost	-	-	-	-	-
	Amount Recognised in the Balance Sheet	(29,284)	166,549	30,391	61,053	42,699

32 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits' (Continued):

		Gratuity	Pension Plan	Leave Wages	Silver Jubilee	Medical
V	Expenses Recognised in the Income Statement					
	Current Service Cost	21,477	-	3,752	3,803	3,075
	Interest Cost	31,578	10,213	1,772	3,604	2,950
	Expected Return on Plan Assets	(28,642)	-	-	-	-
	Net Actuarial (Gain)/Loss To Be Recognised	8,760	35,925	1,325	5,180	13,243
	Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-	-	-	-
	Expense Recognised in P& L	33,173	46,138	6,849	12,587	19,268
VI	Balance Sheet Reconciliation					
	Opening Net Liability	15,220	145,901	25,309	51,490	42,149
	Expense as above	33,173	46,138	6,849	12,587	19,268
	Employers Contribution	77,677	25,490	1,767	3,024	18,718
	Amount Recognised in Balanc Sheet	(29,284)	166,549	30,391	61,053	42,699
VII	Acturial Assumptions : For the Year					
	Discount Rate Current	8.0%	8.0%	8.0%	8.0%	8.0%
	Rate of Return on Plan Assets Current	8.0%	-	-	-	-
	Salary Escalation Current	5.0%	5.0%	5.0%	5.0%	5.0%
VIII	Sensitivity					
	Pbo Roi -1%	-	-	-	-	46,916
	Pbo Roi +1%	-	-	-	-	38,964

(iv) General Descriptions of significant defined plans

I Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial.

II Leave Plan

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and resignation subject to maximum accumulation of 90 days.

III Silver Jubilee

Silver Jubilee benefit is payable to eligible employees on completion of 25 years of service. The benefit is payable at the rate of 1 to 1.5 month's salary for eligible employees on completion of 25 years of service.

IV Medical

Post-Retirement Medical Benefit is paid to eligible employees in case of survival upto the retirement age and after death, benefits are available to the employee's spouse.

The Company reimburses the employees for expenses incurred over and above the claim accepted by the insurance company.

Company pays 80% of difference between Liability incurred by employee and claim received from insurance company subject to ceiling based on the grade of employees.

(v) Broad category of plan assets relating Gratuity as a percentage of total plan assets

Particulars	Percentage
Government of India securities	21%
State Government securities	9%
Public sector unit bonds	25%
Special Discount scheme	46%
Total	100%

Schedules to the financial statements (*continued*) for the year ended 30 September 2007 (Currency : Indian rupees thousands)

- 33 The company uses forward contracts to mitigate its risks associated with foreign currency fluctuations having underlying transaction and relating to firm commitments or highly probable forecast transactions. The Company does not enter into any forward contract which is intended for trading or speculative purposes.

The details of forward contracts outstanding at the year end is as follows:-

Currency	Number of contracts	Buy		Number of contracts	Sell	
		Amount	Indian rupees equivalent		Amount	Indian rupees equivalent
US Dollar	113	79,073	3,150,664	96	231,245	9,213,957
Euro	167	255,267	14,426,415	55	16,324	922,551
Qatari Riyal	-	-	-	41	1,510,334	16,541,933
Japanese Yen	1	3,000	1,037	-	-	-
Pound Sterling	11	2,878	232,942	2	130	10,520

There are no foreign currency exposures having underlying transactions that are not hedged by a derivative instrument or otherwise as at 30 September 2007. The forward contracts have been converted in Indian rupees, at the spot rates, as at 30 September 2007 to facilitate reading purposes only.

34 Earnings per share:

	2007	2006
Profit after tax	5,965,402	3,601,071
Shares :-		
Weighted average number of Equity shares outstanding during the year	168,580,100	168,580,100
Earnings per share	35.39	21.36

35 Micro, Small and Medium Enterprises Development Act, 2006:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

36 Prior years comparatives

Pursuant to the purchase of SMD (Refer Schedule 2) and amalgamation of SVDO (Refer Schedule 3) in the financial statements for the year ended 30 September 2006, the figures of the current year are not strictly comparable to those of the previous year. Previous year's figures have been regrouped/ reclassified wherever necessary, to conform to current year's classification.

Balance Sheet Abstract and Company's General Business Profile**I. Registration Details**Registration No. State Code Balance Sheet Date
Date Month Year**II. Capital raised during the year (Amount in Rs. thousands)**Public Issue
Rights Issue
Bonus Issue
Private Placement
III. Position of mobilisation and deployment of funds (Amount in Rs. thousand)Total Liabilities
Total Assets
Sources of FundsPaid-up Capital
Reserves & Surplus
Secured Loans
Unsecured Loans
Application of FundsNet Fixed Assets
Investments
Net Current Assets
Miscellaneous Expenditure
Accumulated Loss
Deferred tax asset

Schedules to the financial statements (*continued*)
for the year ended 30 September 2007
(Currency : Indian rupees thousands)

Balance Sheet Abstract and Company's General Business Profile (*Contd.*)

IV. Performance of the Company (Amount in Rs. thousands)

<p>Turnover (including other income)</p> <p style="text-align: center;"><input type="text" value="79,479,818"/></p> <p>+/- Profit/Loss before Tax</p> <p style="text-align: center;"><input type="text" value="8,742,217"/></p> <p style="text-align: center;">+ <input type="text" value=""/></p> <p>Earning per share in Rs.</p> <p style="text-align: center;"><input type="text" value="35.39"/></p>	<p>Total Expenditure</p> <p style="text-align: center;"><input type="text" value="70,737,601"/></p> <p>+/- Profit/Loss after Tax</p> <p style="text-align: center;"><input type="text" value="5,965,402"/></p> <p style="text-align: center;">+ <input type="text" value=""/></p> <p>Dividend Rate %</p> <p style="text-align: center;"><input type="text" value="240%"/></p>
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(Please Tick appropriate box + for Profit, - for Loss)

V. **Generic Names of Three Principal Products/Services of the Company**
(As per monetary terms)

Item No. (ITC Code)	<input type="text" value="854800"/>
Product description	<input type="text" value="Electrical part of machinery or apparatus"/>
Item No. (ITC Code)	<input type="text" value="903289"/>
Product description	<input type="text" value="Electronic automatic regulators"/>
Item No. (ITC Code)	<input type="text" value="902210"/>
Product description	<input type="text" value="X-Ray apparatus"/>

The Earnings per share disclosed above has been computed in accordance with the Accounting Standard - 20, Earnings per Share, issued by the Institute of Chartered Accountants of India ('ICAI').

For Siemens Ltd.

Deepak S. Parekh
J. Schubert
P. de Royer
Y. H. Malegam

Ashok Jangid

Chairman
Managing Director
Executive Director
Director & Chairman
of Audit Committee
Vice President and
Company Secretary

Mumbai
22 November 2007

Statement Regarding Subsidiary Companies Pursuant to Section 212 (1) and (3) of The Companies Act, 1956 :

(Currency: Indian rupees in thousands)

Name of the Subsidiary	The net Aggregate of profits (losses) of the subsidiary company for it's financial year so far as they concern the members of Siemens Ltd.		The net Aggregate of profits (losses) of the subsidiary company for it's financial year so far as they concern the members of Siemens Ltd.	
	a) Dealt within the account of Siemens Limited for the year ended	b) Not dealt within the account of Siemens Limited for the year ended	a) Dealt within the account of Siemens Limited for the year ended	b) Not dealt within the account of Siemens Limited for the year ended
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Siemens Information Systems Ltd. [6,815,000 (2006: 6,815,000) equity shares of Rs 10 each fully paid-up, ie. 100% (2006:100%) of the paid up equity capital]	354,380	1,166,265	858,690	497,241
Siemens Public Communication Networks Pvt. Ltd. [Nil (2006: 12,425,000) equity shares of Rs 100 each fully paid-up, i.e. Nil (2006 : 100%) of the paid up equity capital] (Up to 27 April 2007)	-	113,059	124,250	82,681
Siemens Information Processing Services Pvt. Ltd. [2,123,800 (2006: 2,123,800) equity shares of Rs 10 each fully paid-up, ie. 51% (2006 : 51%) of the paid up equity capital]	31,857	56,481	31,857	19,822
Siemens Industrial Turbomachinery Services Pvt. Ltd. 91,000 [(2006: 67,340) equity shares of Rs 100 each fully paid-up, ie. 100% (2006 : 74%) of the paid up equity capital] (Additional acquisition of 26% on 29th September 2007)	1,229	43,980	-	5,577
Siemens Building Technologies Private Ltd. (formerly iMetrex Technologies Private Ltd) 2,581,140[2006:Nil) equity shares of Rs. 10 each fully paid-up,ie 77% (2006:Nil) of the paid up capital] (From 25 May 2007)	-	(271)	-	-

Siemens Group
Consolidated Financial Statements
for the year ended 30 September 2007
together with Auditors' Report

Disclosure pursuant to Central Government approval no. 47/394/2007-CL-III dated 26 September, 2007 under Section 212 (8) of The Companies Act, 1956 :

	Siemens Information Systems Ltd.		Siemens Nixdorf Information Systems Pvt. Ltd.		Siemens Public Communication Network Pvt. Ltd.		Siemens Industrial Turbomachinery Services Pvt. Ltd.		Siemens Information Processing Services Pvt. Ltd.	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
					Sold on 27 April 2007					
Particulars	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Capital	68,150	68,150	161,210	161,210	-	124,250	9,100	9,100	41,643	41,643
Reserves	3,120,427	2,014,390	328,536	328,536	-	882,298	184,601	141,691	233,513	131,526
Loans	-	-	-	-	-	594,484	-	-	374	543
Total Assets	3,188,577	2,082,540	489,746	489,746	-	1,601,032	193,701	150,791	275,530	173,712
Total liabilities	3,188,577	2,082,540	489,746	489,746	-	1,601,032	193,701	150,791	275,530	173,712
Details of investments: 2,040,514 equity shares of Rs.10 each fully paid-up in Siemens Information Processing services Pvt Ltd.	29,996	29,996	-	-	-	-	-	-	-	-
Investments in mutual funds	305,986	251,290	-	-	-	-	-	-	-	-
Turnover	10,236,422	8,605,270	-	-	4,669,232	6,190,034	508,817	136,946	1,010,424	832,873
Profit before Tax	1,598,815	1,687,215	(272)	96	234,059	368,324	69,842	13,168	179,964	104,382
Provision For Tax	290,698	330,226	-	-	131,000	190,000	28,000	4,200	10,311	2,880
Deferred Tax	(262,027)	(25,242)	-	-	(19,000)	(46,000)	(4,073)	967	(5,392)	(4,415)
Fringe Benefit Tax	49,500	26,300	-	-	9,000	17,393	706	464	1,833	4,585
Profit After Tax	1,520,644	1,355,931	(272)	96	113,059	206,931	45,209	7,537	173,212	101,332
Interim dividend	354,380	858,690	-	-	-	124,250	1,229	-	-	62,465
Dividend Distribution Tax	60,227	120,431	-	-	-	17,426	209	-	-	8,761

Disclosure pursuant to Central Government approval no. 47/394/2007-CL-III dated 26 September, 2007 under Section 212 (8) of the Companies Act, 1956 (Contd.)

	Siemens Building Technologies Pvt. Ltd. (Formerly iMetrex Technologies Pvt. Ltd.)	Vista Security Technics Pvt.Ltd.	iMetrex Technologies pte. Ltd. (Singapore)	Avenues Hongkong Ltd. (Hongkong)	iMetrex Technologies Ltd. (Ireland)	Europlex Technologies U.K Ltd. (UK)	Europlex Manufacturing Ltd. (Ireland)	Europlex Research Ltd. (Ireland)	Europlex Technologies Ltd. (Ireland)
	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007	Acquired on 25 May 2007
Particulars	2007	2007	2007	2007	2007	2007	2007	2007	2007
Capital	33,532	699	268	256	92,461	8	42,702	97	7
Reserves	278,100	69,025	16,453	369,146	208,524	(206,378)	(217,005)	4,724	(23,007)
Loans	788,471	-	-	-	-	-	-	-	-
Total Assets	1,100,103	69,724	16,721	369,402	300,985	(206,370)	(174,303)	4,821	(23,000)
Total liabilities	1,100,103	69,724	16,721	369,402	300,985	(206,370)	(174,303)	4,821	(23,000)
Details of investments	434,957	-	-	-	-	-	-	-	-
Turnover	362,705	72,492	113,147	167,810	69,229	27,549	43,612	-	35,568
Profit before Tax	(9,092)	5,496	(1,654)	70,373	(53,570)	(13,817)	(36,428)	-	(18,292)
Provision For Tax	-	950	(13)	-	-	-	-	-	-
Deferred Tax	(3,527)	(294)	-	-	-	-	-	-	-
Fringe Benefit Tax	1,444	47	-	-	-	-	-	-	-
Profit After Tax	(7,009)	4,793	(1,641)	70,373	(53,570)	(13,817)	(36,428)	-	(18,292)
Interim dividend	-	-	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-

The Currency & exchange rate used by the following companies

Company	Currency	Exchange Rate
iMetrex Technologies Pte Ltd - Singapore	SGD	26.91
Avenues Hongkong Ltd - Hongkong	HK\$	5.24
iMetrex Technologies Pvt Ltd - Ireland	Euro	55.70
Europlex Technologies U.K Ltd - UK	GBP	81.97
Europlex Manufacturing Ltd. - Ireland	Euro	55.70
Europlex Research Ltd. - Ireland	Euro	55.70
Europlex Technologies Ltd - Ireland	Euro	55.70

Auditors' Report to the Board of Directors of Siemens Limited

We have examined the attached consolidated balance sheet of Siemens Limited ('the Company') and its subsidiaries (collectively referred to as the 'Siemens Group'), as at 30 September 2007, and the consolidated profit and loss account and the consolidated cash flow statement for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs 259 million as at 30 September 2007, total revenue of Rs 350 million and net cash flows amounting to Rs 60 million for the period ended 30 September 2007. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We have relied upon the unaudited financial statements of Siemens Public Communications Network Limited ('SPCNL') whose financial statements reflect total assets (net) of total assets (net) of Rs 1,120 million as at 27 April 2007, total revenue of Rs 4,740 million and net cash flows amounting to Rs 642 million for the period ended 27 April 2007. These unaudited financial statements, as approved by the Board of Directors, have been furnished to us by the management, and our opinion, insofar as it relates to the amounts included in respect of SPCNL, is based solely on such approved financial statements.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and AS 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and associates as listed in Schedule 2 of Significant Accounting Policies included in the consolidated financial statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports / report of other auditors / Board of Directors as explained above, on individual audited financial statements of the Company and its aforesaid subsidiaries and associates, we are of the opinion that:

- (a) the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of the Siemens Group as at 30 September 2007;
- (b) the consolidated profit and loss account gives a true and fair view of the consolidated results of operations of the Siemens Group for the year then ended; and
- (c) the consolidated cash flow statement gives a true and fair view of the consolidated cash flows of the Siemens Group for the year then ended.

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
22 November 2007

Consolidated Balance Sheet as at 30 September 2007 (Currency : Indian rupees thousands)

	Schedule	2007	2006
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	8	337,160	337,160
Reserves and surplus	9	17,963,859	12,055,880
		<u>18,301,019</u>	<u>12,393,040</u>
Minority interest			
Equity	10	7,712	2,366
Non-equity	11	72,154	37,838
		<u>79,866</u>	<u>40,204</u>
Loan funds			
Secured loans	12	301,757	20,027
Unsecured loans	13	15,323	20,032
		<u>317,080</u>	<u>40,059</u>
		<u>18,697,965</u>	<u>12,473,303</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	14	14,103,887	11,275,913
Accumulated depreciation		(6,557,867)	(6,341,638)
Net Block		<u>7,546,020</u>	<u>4,934,275</u>
Capital work-in-progress		1,102,707	1,742,948
		<u>8,648,727</u>	<u>6,677,223</u>
Investments			
Deferred tax asset, net	15	1,943,113	2,137,696
Current assets, loans and advances	16	775,307	629,134
Interest accrued on investments		-	3,597
Inventories	17	7,898,273	5,429,238
Sundry debtors	18	25,628,133	15,097,814
Cash and bank balances	19	8,569,723	11,617,718
Loans and advances	20	5,414,870	4,628,776
		<u>47,510,999</u>	<u>36,777,143</u>
Current liabilities and provisions			
Current liabilities	21	(34,677,285)	(29,412,472)
Provisions	22	(5,502,896)	(4,335,421)
		<u>(40,180,181)</u>	<u>(33,747,893)</u>
Net current assets		<u>7,330,818</u>	<u>3,029,250</u>
		<u>18,697,965</u>	<u>12,473,303</u>

Significant accounting policies

1-7

Schedules to the consolidated financial statements

29-37

The schedules referred to above form an integral part of the balance sheet.

As per our report attached.

For BSR & Co.

Chartered Accountants

Akeel Master

Partner
Membership No: 046768

Mumbai
22 November 2007

For Siemens Group

Deepak S. Parekh
J. Schubert
P. de Royer
Y. H. Malegam

Ashok Jangid

Mumbai
22 November 2007

Chairman

Managing Director
Executive Director
Director & Chairman
of Audit Committee
Vice President and
Company Secretary

Consolidated Profit and Loss Account for the year ended 30 September 2007 (Currency: Indian rupees thousands)

	Schedule	2007	2006
INCOME			
Sales and services (gross)		96,542,025	62,681,934
Excise duty		(3,317,353)	(2,865,745)
Sales and services (net)		<u>93,224,672</u>	<u>59,816,189</u>
Commission income		561,386	506,417
		<u>93,786,058</u>	<u>60,322,606</u>
Interest income, net	23	542,188	388,961
Other operating income, net	24	388,680	398,179
Other income	25	95,675	62,500
		<u>94,812,601</u>	<u>61,172,246</u>
EXPENDITURE			
Cost of sales and services	26	66,214,498	38,440,643
Personnel costs, net	27	9,139,344	7,499,656
Depreciation/ amortisation (other than on leased assets)	14	1,403,424	1,259,758
Other costs, net	28	8,984,187	8,229,125
		<u>85,741,453</u>	<u>55,429,182</u>
Profit before tax before exceptional income		<u>9,071,148</u>	<u>5,743,064</u>
Exceptional income:			
- Profit on sale of EN division	7	524,196	-
- Profit on disposal of subsidiary	7	274,072	-
- Credit on prepayment of sales tax deferral loan		-	92,137
Profit before tax after exceptional income		<u>9,869,416</u>	<u>5,835,201</u>
Consists of:			
- Discontinuing operations	6	66,456	18,324
- Discontinued operations	7	396,547	582,378
- Continuing operations		9,406,413	5,234,499
		<u>9,869,416</u>	<u>5,835,201</u>
Current tax		(3,122,883)	(2,021,294)
Fringe benefit tax		(175,530)	(134,717)
Deferred tax benefit		290,987	200,975
Profit after tax		<u>6,861,990</u>	<u>3,880,165</u>
Share of profit in associate company		77,994	40,418
Minority interest		(11,449)	(3,693)
Net profit after tax		<u>6,928,535</u>	<u>3,916,890</u>
Consists of:			
- Discontinuing operations	6	43,867	12,095
- Discontinued operations	7	261,761	386,350
- Continuing operations		6,622,907	3,518,445
		<u>6,928,535</u>	<u>3,916,890</u>
Profit after tax for the period 1 October 2004 to 30 September 2005 on account of amalgamation of erstwhile SVDO	4	-	57,574
Profit and loss account balance as at 1 October 2004 on account of amalgamation of erstwhile SVDO	4	-	(2,429)
Amount available for appropriation		<u>6,928,535</u>	<u>3,972,035</u>
Appropriations:			
Proposed dividend		809,184	640,604
Tax on Proposed dividend (includes tax on interim dividend)		206,718	254,361
Transfer to general reserve		5,018,697	2,925,767
Balance carried forward		893,936	151,303
		<u>6,928,535</u>	<u>3,972,035</u>
Earnings per share ('EPS')			
(Equity share of face value Rs 2 each)			
- Basic and diluted	36	41.10	23.23
Significant accounting policies			
Schedules to the consolidated financial statements			
The schedules referred to above form an integral part of the profit & loss account.			
For BSR & Co.		For Siemens Group	
Chartered Accountants		Deepak S. Parekh	
		J. Schubert	
		P. de Royer	
		Y. H. Malegam	
		Ashok Jangid	
		Chairman	
		Managing Director	
		Executive Director	
		Director & Chairman	
		of Audit Committee	
		Vice President and	
		Company Secretary	

Akeel Master
Partner
Membership No: 046768

Mumbai
22 November 2007

Annual Report 2007

Mumbai
22 November 2007

Consolidated Cash Flow Statement for the year ended 30 September 2007 (Currency: Indian rupees thousands)

	Schedule	2007	2006
Cash flow from operating activities			
Profit before tax after exceptional income		9,869,416	5,835,201
Profit before tax for the period 1 October 2004 to 30 September 2005 on account of amalgamation of erstwhile SVDO	4	-	66,331
		<u>9,869,416</u>	<u>5,901,532</u>
Adjustments for:			
Interest expense		45,396	55,742
Depreciation and goodwill amortisation		1,298,720	1,238,968
Bad debts		28,596	32,077
Provision for doubtful debts/ advances, net		138,832	149,769
Profit on sale of fixed assets, net		(137,939)	(34,740)
Profit on disposal of subsidiary		(274,072)	-
Profit on sale of EN division	7	(524,196)	-
Unrealised exchange (gain)/loss, net		(2,091,153)	(431,754)
Interest and dividend accrued		(683,259)	(494,216)
Operating profit before working capital changes		<u>7,670,341</u>	<u>6,417,378</u>
Increase in inventories		(2,693,791)	(1,597,636)
Increase in sundry debtors and other receivables		(11,292,787)	(5,571,076)
Increase in sundry creditors and other liabilities		7,067,667	12,952,895
Increase in provisions		1,776,993	815,287
Net change in working capital		<u>(5,141,918)</u>	<u>6,599,470</u>
Cash generated from operations		<u>2,528,423</u>	<u>13,016,848</u>
Direct taxes paid, net		(3,304,598)	(2,649,835)
Net cash inflow from operating activities		<u>(776,175)</u>	<u>10,367,013</u>
<i>of which discontinuing operations</i>	6	4,580	79,813
<i>of which discontinued operations</i>	7	833,309	809,910
Cash flow from investing activities			
Purchase of fixed assets		(2,375,333)	(2,791,806)
Proceeds from sale of fixed assets		195,448	82,544
Purchase of stake in subsidiary companies (total consideration is in cash or cash equivalent)		(1,899,531)	(44,850)
Purchase of investments			
- In associate (total consideration is in cash or cash equivalent)		-	(677,580)
- In mutual funds		(2,555,817)	(2,125,587)
Sale of investments			
- In mutual funds		2,654,981	1,509,153
- In government securities		70,000	-
Sale of stake in subsidiary company (total consideration is in cash or cash equivalent)		1,898,775	-
Sale of EN division (total consideration is in cash or cash equivalent)		609,171	-
Interest received		684,523	486,585
Inter corporate deposits (placed)/ refunded		(525,000)	(230,000)
Acquisition of Switchgear Manufacturing Division ('SMD')	3	-	(250,000)
Net cash used in investing activities		<u>(1,242,783)</u>	<u>(4,041,541)</u>
<i>of which discontinuing operations</i>	6	(346,782)	(13,642)
<i>of which discontinued operations</i>	7	(30,007)	(127,543)

Consolidated Cash Flow Statement for the year ended 30 September 2007 (Currency: Indian rupees thousands)

	Schedule	2007	2006
Cash flow from financing activities			
Interest paid		(45,396)	(56,663)
Decrease in minority interest		33,500	44,850
Decrease in short term borrowings		(90,581)	(14,973)
Dividend paid (including tax thereon)		(810,659)	(541,858)
Decrease in long term borrowings		(4,709)	(907,751)
Net cash used in financing activities		<u>(917,845)</u>	<u>(1,476,395)</u>
<i>of which discontinuing operations</i>	6	-	-
<i>of which discontinued operations</i>	7	(27,675)	(469,979)
Net increase in cash and cash equivalents		(2,936,803)	4,849,077
Cash and cash equivalents at beginning of the year		11,617,718	6,746,094
Cash and cash equivalents on amalgamation	4	-	(4,321)
Cash and cash equivalents on sale of subsidiary		(236,602)	-
Cash and cash equivalents on acquisition of subsidiary		76,780	-
Cash and cash equivalents on acquisition of SMD	3	-	4,603
Effect of exchange gain on cash and cash equivalents		48,630	22,265
Cash and cash equivalents at the end of the year	19	<u>8,569,723</u>	<u>11,617,718</u>

Note: Cash and cash equivalents at the end of the period include current account balances with banks of Rs 9,857 (2006: Rs 8,130) which are restricted in use.

For BSR & Co.

Chartered Accountants

Akeel Master

Partner
Membership No: 046768

Mumbai
22 November 2007

For Siemens Group

Deepak S. Parekh
J. Schubert
P. de Royer
Y. H. Malegam

Ashok Jangid

Mumbai
22 November 2007

Chairman
Managing Director
Executive Director
Director & Chairman
of Audit Committee
Vice President and
Company Secretary

Schedules to Consolidated Financial Statements for the year ended 30 September 2007 (Currency: Indian rupees thousands)

1. Significant accounting policies

1.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention except for revaluation of certain land and building pertaining to erstwhile Siemens VDO Automotive Limited ('SVDO'), on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and relevant provisions of the Companies Act, 1956 to the extent applicable.

1.2 Principles of consolidation

The consolidated financial statements include the financial statements of Siemens Limited ('the Company'), the parent company and all its subsidiaries & associate (collectively referred to as 'Siemens Group' or 'the Group').

The consolidated financial statements have been prepared on the basis of AS 21 – Consolidated Financial Statements, AS 23 – Accounting for Investments in Associates in Consolidated Financials Statements, issued by the ICAI.

Subsidiaries

The excess of cost to the parent company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in such subsidiaries was made is recognised in the financial statements as goodwill. The parent company's portion of equity in such subsidiaries is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions.

The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating Intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from Intra-group transactions are also eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries. Goodwill arising on consolidation is amortised over its estimated useful life i.e. 5 years.

Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so.

Minority interest's share of net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

Investment in Associates

Investments in entities in which the parent company or any of its subsidiaries has significant influence but not a controlling interest, are reported according to the equity method i.e. the investment is initially recorded at cost, identifying any goodwill arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated profit and loss account includes the investor's share of the results of the operations of the investee.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its independent financial statements.

1.3 Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 Fixed assets and depreciation

Fixed assets are stated at acquisition cost less accumulated depreciation. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Accretion due to revaluation of land and building of SVDO carried out on 31 March 1986 was added to the cost of the fixed assets and credited to revaluation reserve.

Depreciation is provided on the straight-line method ('SLM'). The depreciation rates prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of useful life/remaining life.

The key fixed asset blocks and related annual depreciation rates, which in management opinion reflect the estimated useful economic lives of the fixed assets, are:

1.4 Fixed assets and depreciation (Continued)

Asset	Rate
Freehold land	-
Factory buildings	3.34%
Other buildings	2-5%
Leasehold land and buildings	Over the lease period
Plant and machinery	10-33 1/3%
Furniture and fittings	20%
Office equipment	33 1/3%
Assets at project sites	Over the life of the project
Special machine tools	10%
Vehicles	20-25%

Software initially purchased together with workplace computers and training related software are capitalized and depreciated at the rates applicable to workplace computers. Software purchased subsequently is charged directly to revenue.

Assets costing less than Rs 5,000 are fully charged to the profit and loss account in the year of acquisition.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are disclosed separately in the financial statements. Any expected loss is recognised in the profit and loss account through an accelerated depreciation charge.

Capital work-in-progress includes the cost of fixed assets that are not ready for use at the balance sheet date and advances paid to acquire fixed assets before the balance sheet date.

Intangible assets

Intangible assets comprises goodwill, customers contracts, software and technical know-how. These intangible assets are amortised on straight line basis based on the following useful lives, which in management's estimate represent the period during which economic benefits will be derived from their use:-

Intangible asset	Useful life
Goodwill	60 months
Customer contracts	18 months
Software	36 months
Technical know-how	60 – 96 months

1.5 Impairment of assets

The Group 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 Group estimates the recoverable amount of the asset or a group of assets. 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 profit and loss account. 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.

1.6 Investments

Long-term investments are carried at cost. Provision for diminution is made to recognize a decline, other than temporary in value of long term investments and is determined separately for each individual investment. Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

1.7 Inventories

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

Raw materials are valued at the lower of cost and net realisable value. Cost is determined on the basis of the weighted/annual average method.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value.

Excise duty is included in the value of finished goods inventory.

Stores and spares are charged to the profit and loss account over their estimated useful lives which range between 1-3 years.

1.8 Revenue recognition

Revenue from sale of products is recognised on transfer of all significant risk and rewards of ownership of the products on to the customers, which is generally on despatch of goods. Sales are stated exclusive of sales tax and net of trade and quantity discount.

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

Sales representing amounts due on takeover certificates and validation in respect of the various switching orders executed by Siemens Public Communication Networks Pvt. Ltd. ('SPCNL') for two of its customers are recognised in the period it is reasonably certain that ultimate collection of the same can be made from the respective customers. Sales to certain customers are recognised, based on the capacity added which is in accordance with the contract.

Service income is recognised as per the terms of the contract with the customer when the related services are performed.

Income from fixed price construction contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred to date to the total estimated contract costs. Provision for expected loss is recognized immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

Revenues under cost plus contracts are recognised as services are rendered on the basis of an agreed mark-up on costs incurred in accordance with arrangement entered.

Revenue on time based contracts is recognised periodically based on the time charged and rates agreed in accordance with customer contracts.

Revenue from fixed price software contracts is recognised using the percentage of completion method of accounting, under which the sales value of performance, including earnings thereon is determined by relating the actual man hours of work performed to date to the estimated total man hours for each contract. Revenue recognition is postponed in circumstances when significant uncertainty with respect to collectibility exists. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses first become probable based on current contract estimates.

Unbilled revenues represent costs incurred and revenue recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Billings in excess of revenue earned represent amounts billed to the customers in excess of revenues earned and are recognised in the periods in which they accrue.

Commission income is recognised when proof of shipment is received from the supplier and as per contracts/receipt of credit notes. In case of Transactions with group companies, commission income is recognised on receipt of intimation from group companies regarding due completion of services. Commission from sale of software license is recognised when the right to use the license is conferred.

Dividend income is recognised when the right to receive the dividend is established.

Maintenance revenue is considered on acceptance of the contract and is accrued over the period of the contract.

Interest income is recognised on the time proportion basis.

Export incentives receivable are accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.

1.9 Leases

In respect of assets given on lease prior to 1 April 2001, lease rentals comprising the principal recovery of the net investment in the fixed asset and interest are credited to the profit and loss account with a corresponding depreciation charge for the related asset. The difference between the principal recovery and the depreciation charge is debited/credited to the profit and loss account through a lease equalisation charge/credit such that only the interest component, arrived at by applying an implicit internal rate of return ('IRR'), is recognised as income.

Lease rentals on assets taken on lease prior to 1 April 2001 are charged to the profit and loss account.

Lease payments under an operating lease, on or after 1 April 2001 are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

Leases under which the Group assumes subsequently all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after 1 April 2001 are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

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 is recognised in the period in which the employee renders the related service.

(b) Post-Employment Benefits

- (i) Defined Contribution Plans: The Company's approved superannuation scheme, provident fund scheme and employee state insurance scheme are defined contribution plans. The Company's contribution paid/payable under the schemes is recognised as expense in the profit and loss account during the period in which the employee renders the related

service. The Company makes specified monthly contributions towards employee provident fund to a Trust administered by the Company. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

- (ii) **Defined Benefit Plans:** The Company's gratuity, leave wages, pension, silver jubilee and medical benefits schemes are defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, 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. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

Long term compensated absences are provided for based on actuarial valuation.

The Group has adopted revised Accounting Standard 15 "Employee Benefits" except for subsidiaries SISL, SPCNL and SIPS as the requirement of revised AS15 is not mandatory for the Group.

1.11 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 profit and loss account of the year, except that exchange difference related to acquisition of fixed assets from a country outside India are adjusted in the carrying amount of the related fixed assets.

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 profit and loss account except those related to acquisition of fixed assets from a country outside India are adjusted in the carrying amount of the related fixed assets.

The premium or the discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculation purpose is amortized as expense or income over the life of the contract.

Gain or loss on forward exchange contracts relating to firm commitments or highly probable forecast transactions is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate and recorded in the profit and loss account.

1.12 Research and development

Expenditure on research phase is recognised as an expense when it is incurred. Expenditure on development phase is recognised as an asset if it is likely to generate probable future economic benefits.

1.13 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period) and Fringe Benefit Tax computed in accordance with the relevant provision of the Income Tax Act, 1961.

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 in respect of timing differences which originate during the tax holiday period but reversed after the tax holiday period is recognized in the year in which the timing differences originate. For this purpose the timing differences, which originate first are considered to reverse first.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.14 Fringe benefit tax

Provision for fringe benefit tax (FBT) has been recognised on the basis of harmonious contextual interpretation of the provisions of Income Tax Act, 1961.

1.15 Earning per share

Basic and diluted earnings per share is 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.

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

1.16 Provisions for contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or 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.

2. Description of the Group

The Group's subsidiaries, step-down subsidiaries and associates are set out below:

Entity	Country of incorporation	% holding 2007	% holding 2006
Subsidiaries			
Siemens Information Systems Ltd ('SISL')	India	100%	100%
Siemens Public Communication Networks Pvt. Ltd. ('SPCNL') (disposal on 27 April 2007)	India	-	100%
Siemens Information Processing Systems Pvt. Ltd. ('SIPS') (the balance 49% is held by SISL)	India	51%	51%
Siemens Industrial Turbomachinery Services Pvt. Ltd. ('SITS') (Additional 26% equity acquired on 28 September 2007)	India	100%	74%
Siemens Building Technologies Private Ltd. ('SBTPL') (formerly known as "iMetrex technologies Pvt. Ltd.") (76.9% equity acquired on 25 May 2007)	India	76.9%	-
Step-down subsidiaries			
Siemens Nixdorf Information Systems Pvt Ltd ('SNISL') (100% equity is held by SISL)	India	100%	100%
Vista Security Technics Private Limited ('VSTPL') (100% equity is held by SBTPL)	India	100%	-
iMetrex Technologies Pte Limited ('iTPL') (100% equity is held by SBTPL)	Singapore	100%	-
Avenues (Hong Kong) Limited ('AHKL') (100% equity is held by SBTPL)	Hong Kong	100%	-
iMetrex Technologies Limited ('iTL') (99.76% equity is held by SBTPL)	Ireland	99.76%	-
Europlex Technologies Ltd. (100% equity is held by iTL)	Ireland	100%	-
Europlex Manufacturing Ltd. (100% equity is held by iTL)	Ireland	100%	-
Europlex Research Ltd. (100% equity is held by iTL)	Ireland	100%	-
Europlex Technologies UK Ltd. (100% equity is held by iTL)	UK	100%	-
Associate			
Flender Ltd.	India	50%	50%

3. Acquisition of Switchgear Manufacturing Division ('SMD') of the Elpro International Limited

The Board of Directors of the Company at its meeting held on 27 January 2006 had approved the acquisition/purchase of assets and liabilities of SMD of Elpro International Limited, with effect from 3 May 2006, for a purchase consideration of Rs 250 million. Accordingly, the assets and liabilities of the SMD were transferred to the Company effective 3 May 2006 at fair values and had been recorded for under the 'Purchase method' as prescribed by Accounting Standard - 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. The operations of SMD include manufacturing of Switchgears and form part of the Power segment of the Company.

Goodwill arising on amalgamation amounting to Rs 130.9 million represents excess of purchase consideration paid over the fair value of the assets and liabilities acquired.

4. Amalgamation of Siemens VDO Automotive Ltd. ('SVDO') with the Company

In accordance with the Scheme of amalgamation ('the scheme') of the erstwhile Siemens VDO Automotive Limited ('SVDO') with the Company as sanctioned by the Honorable High Court of Bombay and Karnataka on 12 August 2005 and 5 December 2005 respectively, all the assets and liabilities of the erstwhile SVDO had been transferred to and

vested in the Company effective 1 October 2004. Accordingly, the scheme had been given effect to in the financial statements for the year ended 30 September 2006.

The operations of SVDO include providing precision and control automotive information systems and services related to the same.

The amalgamation has been recorded for under the 'pooling of interests' method as prescribed by Accounting Standard - 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, all assets, liabilities and reserves of the erstwhile SVDO at 1 October 2004 have been taken over at their respective book values.

The net profit for erstwhile SVDO for the year ended 30 September 2005 comprised of:-

Particulars	<i>(Rs in thousands)</i> Amount
Sales and services (net)	1,169,661
Other income	9,778
Total revenue	1,179,439
Cost of sales and services	783,894
Personnel costs	140,862
Depreciation and amortizations	26,794
Interest expenses	14,301
Other costs	147,257
Profit before tax	66,331
Current tax	7,307
Fringe benefit tax	1,450
Deferred tax	-
Net profit after tax	57,574

Pursuant to the amalgamation of SVDO with the Company, 577,617 equity shares of Rs 10 each fully paid-up (represents 2,888,085 equity shares of Rs 2 each fully paid-up after sub-division) of the Company were issued and allotted to the shareholders of erstwhile SVDO on 14 March 2006.

The net surplus of Rs 55.6 million (net of interim dividend Rs. 7.9 million) being the difference between the issued share capital of erstwhile SVDO and the value of shares issued by the Company to the shareholders of erstwhile SVDO has been transferred to the Amalgamation Reserve Account.

5. Acquisition during the year

The effect of the acquisition of subsidiaries on the financial position of the Group at 30 September 2006 and the results for the year then ended are set out below:

	SITS	SBTPL
Purchase consideration	33,500	1,866,031
Capital Reserve arising on consolidation	16,862	-
Goodwill arising on consolidation	-	1,598,381
Impact on consolidation (excluding inter-company eliminations)		
Total assets	193,701	1,121,657
Total liabilities	193,701	1,121,657
Turnover	514,828	628,988*
Net profit after tax	44,347	(352)*

* figures for the period from 26th May 2007 to 30th September 2007

6. Discontinuing operations

The Board of Directors of the Company at its meeting held on 23 April 2007, approved a detailed formal plan for discontinuing its business activity pertaining to "Automotive ('SVDO') segments of the Company and holding them for sale. Further, the shareholders', pursuant to the provisions of section 293 (1)(a) and section 192A of the Act, approved the sale and transfer of:

SVDO division to the Siemens VDO Automotive Components Pvt. Limited, a 100% subsidiary of the parent Company, Siemens AG for a total consideration of Rs. 1,700 million arrived on the basis of independent valuation.

The business activity of SVDO is expected to be disposed off during the financial year 2008.

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

Assets, liabilities as at 30 September 2007 and revenue and expenses for the year ended 30 September 2007 contains following amounts relating to discontinuing operations pertaining to SVDO: -

	SVDO	
	2007	2006
Revenue	1,203,435	1,240,285
Expenditure	(1,136,979)	(1,221,961)
Profit before tax	66,456	18,324
Profit after tax	43,867	12,156
Total assets	755,130	409,913
Total liabilities	(244,097)	(178,036)

Profit after tax attributable to discontinuing operations of the Company has been calculated using the statutory tax rates for the respective years.

7. Discontinued operations

The Board of Directors at its meeting held on 23 November 2006, approved a detailed formal plan for the discontinuance of its business activities pertaining to 'Information and Communication' segment of the Group.

During the current year, the shareholders pursuant to the provisions of section 293(1)(a) and section 192A of the Act approved the sale and transfer of Enterprise Networks ('EN') division to 'Siemens Enterprise Communications Private Limited' a 100% subsidiary of the parent company, Siemens AG. Accordingly, the management entered into a business transfer agreement with SECPL to transfer the business of EN division on a slump sale basis as a going concern for a total consideration of Rs 609.18 million with effect from 1 August 2007. The Group recognised a pre-tax profit of Rs 524 million on account of sale of the EN business. The income tax expense on the profit on sale of EN business is Rs 115 million.

The assets, liabilities transferred to SECPL as at 1 August 2007 and revenue and expenses for the period ended up to 31 July 2007 in the profit and loss account contains following amounts relating to discontinued operations pertaining to 'EN':

	For the period ended 31 July 2007	For the year ended 30 September 2006
Revenue	1,388,863	1,357,809
Expenditure	(1,283,167)	(1,225,549)
Profit before tax	105,695	132,260
Profit after tax	69,770	87,741
	As at 31 July 2007	As at 30 September 2006
Total assets	450,859	341,474
Total liabilities	(365,884)	(276,594)

Further on 27 April 2007, the Group sold its 100% equity stake comprising of 12,425,000 Equity Shares of Rs.10 each in SPCNL, to Nokia Siemens Networks Pvt. Ltd. for a consideration of Rs.1,898 million. The Group recognised a pre-tax profit of Rs 274 million on account of sale of shares in SPCNL. The income tax expense on the profit on sale of shares is Rs 18 million.

The assets, liabilities and revenue and expenses for the period ended up to 27 April 2007 in the profit and loss account contains following amounts relating to discontinued operations pertaining to SPCNL:

	For the period ended 27 April 2007	For the year ended 30 September 2006
Revenue	4,738,140	6,258,380
Expenditure	(4,447,288)	(5,808,261)
Profit before tax	290,852	450,119
Profit after tax	191,991	298,609
	As at 27 April 2007	As at 30 September 2006
Total assets	4,281,852	4,785,505
Total liabilities	(3,162,245)	(2,464,478)

Profit after tax attributable to discontinued operations of the Company has been calculated using the statutory tax rates for the respective years.

	2007	2006
8 Share capital		
Authorised		
250,000,000 Equity Shares of Rs 2 each (2006: 250,000,000 Equity shares of Rs 2 each)	500,000	500,000
150,000,000 (2006: 150,000,000) Preference shares of Rs 10 each	1,500,000	1,500,000
	<u>2,000,000</u>	<u>2,000,000</u>
Issued		
169,444,365 Equity Shares of Rs. 2 each (2006: 169,444,365 Equity shares of Rs. 2 each)	338,889	338,889
Subscribed and paid-up		
168,580,100 Equity Shares of Rs 2 each fully paid-up (2006: 168,580,100 Equity shares of Rs 2 each fully paid-up)	337,160	337,160
	<u>337,160</u>	<u>337,160</u>
Of the above:		
93,020,545 Equity Shares of Rs 2 each fully paid-up (2006: 93,020,545 Equity shares of Rs 2 each fully paid-up) are held by the Holding company, Siemens AG, Germany;		
55,500,000 Equity Shares of Rs 2 each fully paid-up (2006: 55,500,000 Equity shares of Rs 2 each fully paid-up) were allotted as fully paid-up bonus shares by capitalisation of the General Reserve;		
750,000 Equity Shares of Rs 2 each (2006: 750,000 Equity shares of Rs 2 each) were allotted as fully paid-up for consideration received other than in cash; and,		
Pursuant to amalgamation 2,888,085 Equity Shares of Rs 2 each fully paid-up (2006: 2,888,085 equity shares of Rs 2 each fully paid-up) were issued as fully paid-up to the shareholders of the erstwhile Siemens VDO Automotive Ltd. for consideration other than cash.		
9 Reserves and surplus		
Capital reserve	688	688
Capital redemption reserve	9	9
Amalgamation Reserve		
- Balance brought forward	55,635	-
- Addition on amalgamation of erstwhile SVDO	4	55,635
	<u>55,635</u>	<u>55,635</u>
Securities premium account		
- Balance brought forward	1,857,655	1,827,331
- Addition on amalgamation of erstwhile SVDO	4	30,324
	<u>1,857,655</u>	<u>1,857,655</u>
Capital reserve on consolidation	16,862	-
Foreign currency translation reserve *	(40,759)	-
Revaluation reserve		
- Balance brought forward	15,728	-
- Addition on amalgamation of erstwhile SVDO	4	11,210
- Movement during the year 1 October 2004 to 30 September 2005	-	(373)
- Additional depreciation on building due to revaluation transferred from profit and loss account	(846)	4,891
	<u>14,882</u>	<u>15,728</u>
General reserve		
- Balance brought forward	8,927,948	5,972,181
- Addition on amalgamation of erstwhile SVDO	4	30,000
- Transfer from profit and loss account	5,018,697	2,925,767
- Addition on account of employee benefits	35	-
	<u>13,966,735</u>	<u>8,927,948</u>

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	2007	2006
Profit and loss account		
- Balance brought forward	1,198,217	1,046,914
- Transfer from profit and loss appropriation account	893,935	151,303
	<u>2,092,152</u>	<u>1,198,217</u>
	<u>17,963,859</u>	<u>12,055,880</u>
* Foreign Currency translation reserve arising from consolidation of non-integral subsidiaries.		
10 Minority interest in equity		
Siemens Building Technologies Private Ltd (formerly "iMetrex Technologies Private Ltd.")		
772,052 (2006: Nil) Equity Shares held by minority interest (23% holding; 2006: Nil holding)	7,712	-
	<u>7,712</u>	<u>-</u>
Siemens Industrial Turbomachinery Services Private Ltd		
Nil (2006: 23,660) Equity Shares held by minority interest (Nil holding; 2006: 26% holding)	2,366	2,366
Adjustment on purchase of additional stake	(2,366)	-
	<u>-</u>	<u>2,366</u>
	<u>7,712</u>	<u>2,366</u>
11 Minority interest in Non-equity		
Siemens Building Technologies Private Ltd (formerly "iMetrex Technologies Ltd.")		
At acquisition date	72,235	-
Share of loss for the period	(81)	-
	<u>72,154</u>	<u>-</u>
Siemens Industrial Turbomachinery Services Private Ltd		
Balance brought forward	37,838	67,617
Adjustment on purchase of additional stake	(49,368)	(33,472)
Share of profit for the period	11,530	3,693
	<u>-</u>	<u>37,838</u>
	<u>72,154</u>	<u>37,838</u>
12 Secured loans		
From Banks		
- Term loans	51,130	-
- Cash credit and working capital loan	249,950	-
Finance lease obligation	677	20,027
	<u>301,757</u>	<u>20,027</u>
The subsidiaries have availed of short term working capital loans, term loans and cash credit facilities from banks which are secured by hypothecation by way of first charge on stock, raw materials, stock in process and finished goods, other consumables receivables on pari passu basis equitable mortgage of immovable property at Numbal, Chennai and pari passu charge on the fixed assets of the subsidiaries. Further, cash credit facility of one of the subsidiary is secured by way of corporate guarantee and by way of floating charge on the assets.		
Finance Lease is secured by hypothecation of vehicles taken on lease.		
13 Unsecured loans		
Interest free loans under		
- sales tax deferral scheme	15,323	20,032
	<u>15,323</u>	<u>20,032</u>
The loan under the sales tax deferral scheme is payable till 2011		
- Amounts payable within one year	4,709	4,709

14 Fixed assets

Schedule	Intangible assets				Tangible assets							Total	Previous year
	Goodwill	Technical knowhow	Customer Contract	Software	Land	Buildings	Plant and Machinery	Furniture and Fittings & Office Equipment	Vehicles	Vehicles taken on lease	Equipment given on lease		
Gross block													
At 1 October 2006	1,681,575	150,575	72,080	57,544	309,254	1,978,207	4,832,577	2,014,619	133,591	42,891	3,000	11,275,913	9,378,756
Additions on amalgamation of erstwhile SVDO	4												346,708
Additions on purchase of SMD	3												103,912
Additions on purchase of subsidiary	154,215			10,424	6,389	22,760	309,739	118,530	3,819	1,002	-	626,878	9,285
Additions	1,598,381	-	-	1,982	204,553	932,810	1,341,149	496,784	32,244	-	-	4,607,903	1,797,452
Deductions/ adjustments	-	-	(72,080)	(199)	(3,034)	(11,996)	(192,262)	(113,895)	(24,180)	(969)	-	(418,615)	(360,200)
Disposal of subsidiary	(819,075)	-	-	(59,526)	(17,136)	(45,198)	(912,371)	(80,093)	(12,992)	(41,801)	-	(1,988,192)	-
At 30 September 2007	2,615,096	150,575	-	10,225	500,026	2,876,583	5,378,832	2,435,945	132,482	1,123	3,000	14,103,887	11,275,913
Accumulated depreciation													
At 1 October 2006	659,651	43,595	72,080	50,180	34,741	527,146	3,477,527	1,336,422	108,280	29,016	3,000	6,341,638	5,248,301
Additions on amalgamation of erstwhile SVDO	4	-	-	-	-	-	-	-	-	-	-	-	154,740
Additions on purchase of SMD	3	-	-	-	-	-	-	-	-	-	-	-	11,651
Additions on purchase of subsidiary	3,300	-	-	10,424	117	20,508	281,728	85,928	1,699	538	-	404,242	-
Charge for the year	377,027	33,084	-	3,011	2,598	59,551	340,937	453,743	28,330	439	-	1,298,720	1,239,341
Deductions/ adjustments	-	-	(72,080)	(199)	-	(2,741)	(158,298)	(91,295)	(19,978)	(324)	-	(344,915)	(312,395)
Disposal of subsidiary	(313,979)	-	-	(53,191)	(1,991)	(13,723)	(648,723)	(67,441)	(14,359)	(28,411)	-	(1,141,818)	-
At 30 September 2007	725,999	76,679	-	10,225	35,465	590,741	3,293,171	1,717,357	103,972	1,258	3,000	6,557,867	6,341,638
Net block													
At 30 September 2007	1,889,097	73,896	-	-	464,561	2,285,842	2,085,661	718,588	28,510	(135)	-	7,546,020	4,934,275
At 30 September 2006	1,021,924	106,980	-	7,364	274,513	1,451,061	1,355,050	678,197	25,311	13,875	-	4,934,275	

Notes:-

Included in the gross block of land at 30 September 2007 is freehold land of Rs 225,916 (2006: Rs 20,889) and buildings includes Rs 169,331 (2006: Rs 174,907) representing 806 shares of Rs 50 each and 15 shares of Rs 100 each (2006: 806 shares of Rs 50 each and 15 shares of Rs 100 each) in various co-operative housing societies.

Buildings with a value of Rs 13,860 (2006: Rs 19,136) and plant & machinery with a value of Rs Nil (2006: Rs 4,120) are held for sale at 30 September 2007. Further fixed assets of discontinuing operations are also held for disposal.(Refer Schedule 6)

Depreciation provided has been disclosed as under:

	2007	2006
Charge for the year	1,298,720	1,239,341
Depreciation for the period 1 October 2004 to 30 September 2005 on assets taken over from erstwhile SVDO (Refer Schedule 4)	-	(26,794)
Depreciation on leased assets	-	(1,286)
Goodwill on investment in associate amortised (Refer Schedule 15)	105,550	43,979
Transfer from Revaluation reserve	(846)	4,518
As per profit and loss account	1,403,424	1,259,758

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	2007	2006
15 Investments		
Non-Trade, long term (unquoted)		
In government securities		
National Savings Certificates	5	5
Nil (2006: 7,000) Rural Electrification Corporation Limited 54EC Bonds of Rs 10,000 each	-	70,000
Shares in associate company		
2,160,000 (2006: 2,160,000) Equity Shares of Rs 10 each fully paid-up in Flender Ltd. (50% holding; 2006: 50% holding)	149,837	149,837
Unamortised goodwill	527,743	527,743
	<u>677,580</u>	<u>677,580</u>
Goodwill amortised	(149,528)	(43,979)
	<u>528,052</u>	<u>633,601</u>
Share of profit	118,412	40,418
	<u>646,464</u>	<u>674,019</u>
In Immovable Property		
Land	2,136	-
Current Investments, at lower of cost or fair value		
Shares in other companies		
(Quoted)		
10,485 (2006: 10,485) Equity Shares of Re 1 each fully paid up in PRICOL Limited.	8	8
10,000 (2006:10,000) Equity Shares of Rs 10 each fully paid up in Scooters India Limited.	100	100
	<u>108</u>	<u>108</u>
(Unquoted)		
1 equity share of Rs 10 each fully paid up in International Shock Absorbers Limited.	0.01	0.01
In Mutual Funds (unquoted)		
27,090,563 (2006: Nil) Birla Cash Plus -Institutional Premium - Daily Dividend Reinvestment	271,434	-
20,395,727 (2006: Nil) Sundaram BNP Paribas Money Fund Super Institutional Daily Dividend Reinvestment	205,901	-
Nil (2006: 33,768,071) units of HSBC Cash Fund-Institutional Plus -Daily Dividend	-	337,870
Nil (2006: 36,183,712) units of HDFC Cash Management Fund-Daily Dividend	-	384,864
40,913,137 (2006: 38,678,547) units of Prudential Liquid Super Institutional Premium - Daily Dividend	409,152	386,786
407,826 (2006: 284,016) units of Standard Chartered Liquidity Manager - Plus - Daily Dividend	407,913	284,044
	<u>1,294,400</u>	<u>1,393,564</u>
	<u>1,943,113</u>	<u>2,137,696</u>
- Aggregate book value of unquoted investment	1,943,005	2,137,588
- Aggregate book value of quoted investments	108	108
- Aggregate market value of quoted investments	611	656

15 Investments (Continued)

The following investments were acquired and sold during the year:-

(A) Name of the mutual fund	Purchased during the year *		Sold during the year	
	Quantity	Value	Quantity	Value
HSBC Cash Fund-Institutional Plus -Daily Dividend	736,284	7,367	34,504,355	345,237
HDFC Cash Management Fund-Daily Dividend	48,751,833	518,545	84,935,546	903,409
Prudential Liquid Super Institutional Premium - Daily Dividend	52,734,590	527,366	50,500,000	505,000
Standard Chartered Liquidity Manager - Plus - Daily Dividend	520,734	520,869	396,924	397,000
Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Daily Dividend Reinvestment	10,232,791	102,335	10,232,791	102,335
Birla Cash Plus -Institutional Premium - Daily Dividend Reinvestment	27,090,563	271,434	-	-
Sundaram BNP Paribas Money Fund Super Institutional Daily Dividend Reinvestment	59,570,052	607,901	39,174,325	402,000
	199,636,847	2,555,817	219,743,941	2,654,981

*Purchases include dividend reinvested

16 Deferred tax asset

Arising on account of timing differences in :

- Provision for doubtful debts	370,022	306,177
- Other provisions (amounts allowable on a payment basis under the Income Tax Act, 1961) (includes Rs 81,592 relating to prior years)	642,283	538,496
	1,012,305	844,673

Deferred tax liability

Arising on account of timing differences in :

- Depreciation	236,998	215,539
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Deferred tax asset (net)

	775,307	629,134
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17 Inventories

Raw materials including spares	1,292,868	1,148,266
Work-in-progress		
- factory related	425,743	544,096
- project related	4,769,255	2,701,198
Finished goods	1,410,407	1,035,678
	7,898,273	5,429,238

18 Sundry debtors

Debts outstanding		
- Over six months	5,817,926	4,322,146
- Other debts	20,641,979	11,501,447
	26,459,905	15,823,593

Of which

- Considered good	25,628,133	15,097,814
- Considered doubtful	828,886	725,780

Provision for doubtful debts

	26,457,019	15,823,594
	(828,886)	(725,780)
	25,628,133	15,097,814

Schedules to Consolidated Financial Statements (*Continued*)
for the year ended 30 September 2007
(Currency: Indian rupees thousands)

	2007	2006
19 Cash and bank balances		
Cash in hand	31,848	69,334
Cheques in hand	687,466	416,056
Balances with scheduled banks		
- on current account	1,407,951	2,289,743
- on deposit account	6,055,153	7,865,021
Balances with other banks	387,305	977,564
	<u>8,569,723</u>	<u>11,617,718</u>
20 Loans and advances (<i>Unsecured, considered good unless stated</i>)		
Advances recoverable in cash or in kind or for value to be received		
- considered good	3,716,288	3,644,955
- considered doubtful	162,721	168,093
	<u>3,879,009</u>	<u>3,813,048</u>
Provision for doubtful advances	(162,721)	(168,093)
	<u>3,716,288</u>	<u>3,644,955</u>
Unbilled receivable	319,949	158,258
Advance payments of income tax (net of provision for tax Rs 7,751,349 (2006: Rs 7,556,675))	337,653	218,315
Balances with customs, port trusts etc. current account	441,230	181,234
Inter corporate deposits	590,000	415,000
Interest accrued on inter corporate deposits	9,750	11,014
	<u>5,414,870</u>	<u>4,628,776</u>
21 Current liabilities		
Sundry creditors	26,045,036	21,841,123
Advances from customers	8,622,392	7,563,219
Investor Education and Protection Fund *	9,857	8,130
	<u>34,677,285</u>	<u>29,412,472</u>
*Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. (Appropriate amounts shall be credited to Investor education and Protection fund)		
- Unclaimed dividend	9,857	7,409
- Unclaimed matured deposits	-	721
22 Provisions		
Pension	167,954	442,453
Leave wages	216,787	118,626
Medical benefits	42,699	44,721
Personnel related	668,329	499,125
Gratuity	109,776	89,802
Warranty	763,202	624,742
Loss order	148,570	133,347
Liquidated damages	1,865,550	1,020,281
Other risk	512,133	494,296
Proposed dividend	809,184	640,604
Tax on proposed dividend	137,521	171,782
Others	61,191	55,642
	<u>5,502,896</u>	<u>4,335,421</u>

	2007	2006
23 Interest income, net		
Interest income	587,584	431,716
Interest expense	(45,396)	(42,755)
	<u>542,188</u>	<u>388,961</u>
24 Other operating income, net		
Lease rentals	-	3,000
Depreciation (Refer Schedule 14)	-	(1,286)
Lease income, net	-	1,714
Export incentives	78,484	53,683
Profit on sale of fixed assets, net	137,939	37,442
Recoveries from associates and third parties	114,482	171,027
Miscellaneous income	57,775	134,313
	<u>388,680</u>	<u>398,179</u>
25 Other income		
Dividend on mutual fund investment	95,675	62,500
	<u>95,675</u>	<u>62,500</u>
26 Cost of sales and services		
Raw materials consumed	13,913,080	9,764,235
Traded goods	11,920,802	11,079,130
Spare parts and stores consumed	648,843	311,094
Project bought outs	40,263,456	17,375,679
Change in inventories	(2,712,519)	(1,160,544)
Other costs	2,180,836	1,071,049
	<u>66,214,498</u>	<u>38,440,643</u>
27 Personnel costs, net		
Salaries, wages and bonus, net	8,050,658	6,500,554
Contribution to provident and other funds	510,983	514,174
Staff welfare	577,703	484,928
	<u>9,139,344</u>	<u>7,499,656</u>
28 Other costs, net		
Travel and conveyance	2,711,102	2,585,183
External software services and data processing	737,066	388,251
Communications	608,050	554,740
Power and fuel	392,779	351,488
Project related hardware cost	276,110	62,711
Project related software cost	550,937	132,708
Rates and taxes	364,019	222,209
Repairs to:		
- Building	230,572	214,969
- Machinery	59,081	62,944
- Others	150,842	144,479
Rent	542,426	362,445
Research and development expenditure	45,984	175,975
Advertising and publicity	239,647	193,398
Packing and forwarding	244,020	176,294
Legal and professional	1,762,745	1,091,482
Exchange (gains)/losses, net	(1,565,761)	(62,816)

Schedules to Consolidated Financial Statements (*Continued*)
for the year ended 30 September 2007
(Currency: Indian rupees thousands)

	2007	2006
Office supplies, printing and stationery	160,394	135,474
Lease rentals	47,385	58,849
Insurance	179,985	165,151
Bank guarantee commission/ bank charges	70,535	53,173
Donation	1,136	6,077
Commission to Directors	22,539	11,285
Director's fees	1,020	960
Bad debts	28,596	32,077
Provision for doubtful debts and advances, net	138,832	149,769
Miscellaneous expenses*	984,146	959,850
	<u>8,984,187</u>	<u>8,229,125</u>

* Includes prior period expenses of Rs.Nil (2006: Rs.68,871)

29 Commitments and contingent liabilities

a Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	761,635	566,802
Future lease commitments in respect of operating leases		
- within one year	235,231	212,001
- later than one year and not later than five years	344,047	294,747
Future lease commitments in respect of Finance leases		
- Within one year		
Minimum lease payments	552	10,781
Present value of Minimum lease payments	519	9,128
Future finance charges	33	1,653
- Later than one year and not later than five years		
Minimum lease payments	160	12,007
Present value of Minimum lease payments	150	10,899
Future finance charges	9	1,107
Export commitments	<u>2,460,709</u>	<u>2,169,547</u>

b Contingent liabilities

Bills discounted	72,133	121,387
Taxation matters (excluding interest)		
- In respect of certain completed assessments where matters are under appeal by the Company	340,039	321,738
- In respect of appeals decided in favour of the Company, but disputed further by income tax authorities	106,166	106,166
- In a subsidiary, Income tax demands relating to assessment year 1999-2000 and 2000-2001 on account of dispute on the treatment of subvention payment received (capital or revenue)	-	99,766
Excise/sales tax liabilities (net of tax), under dispute	249,803	225,788
Corporate and other guarantees	14,091	16,336
Customs duty demands under dispute	120,000	178,733

29 Commitments and contingent liabilities (Continued)

During the previous year, a subsidiary had received an order under section 92CA of the Income-tax Act, 1961, for the assessment year 2004-05, in which an adjustment of Rs 25,312 has been made by the transfer-pricing officer (TPO). This adjustment has resulted in a demand of Rs 6,982 (including interest). A subsidiary has disputed the demand and preferred an appeal before the Commissioner of Income Tax (CIT) - Appeal, Bangalore and has deposited Rs 3,491 of the tax demanded under protest. The case is under hearing before CIT- Appeal and a decision is awaited.

A few subsidiaries have not yet filed the returns / related reports under Section 92E of the Income Tax Act, 1961 relating to international transactions entered into by the Company for the Assessment Years 2006 - 07 and 2007 - 08. The assessments upto Assessment year 2004 -05 have been completed and no demands have been raised by the department towards the same. A subsidiary is in the process of finalising the returns. The management does not expect any adjustment to the financial statements arising out of these delayed filings.

30 Supplementary Statutory Information

(i) Managerial remuneration

Personnel and other costs include managerial remuneration for Directors as set out below:

	2007	2006
Salaries	64,837	42,394
Perquisites	20,544	37,059
Commission	25,131	11,285
Performance linked incentive	33,557	11,250
Entitlement of stock based compensation	-	12,222
Contribution to provident fund	2,101	2,040
Contribution to superannuation fund	1,217	512
	147,387	116,762

Certain whole time Directors are covered under the Company's gratuity scheme along with the other employees of the Company. The gratuity liability is determined for all employees by a independent actuarial valuation. The specific amount of gratuity for such whole time Directors cannot be ascertained separately and accordingly the same has not been included above.

(ii) Auditors' remuneration

- Audit fee	9,126	9,700
- Tax audit fee	4,143	5,322
- Other services	6,219	3,378
- Reimbursement of expenses	1,089	843
	20,577	19,243

31 Related party transactions

31.1 Parties where control exists

Siemens AG Holding company (holds 55.18% of the Equity Share capital as at 30 September 2007)

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

Fellow Subsidiaries		
	Siemens LLC.	Abu Dhabi
	Siemens Ltd.	Australia
	Siemens VDO Automotive Pty. Ltd.	Australia
	Siemens AG	Austria
	Siemens IT Solutions & Services	Austria
	Siemens VAI Metals Technologies GmbH & Co	Austria
	VA Tech Elin Transformatoren	Austria
	Siemens Bangladesh Ltd.	Bangladesh
	COMPEX - IT Plant Solutions N.V.	Belgium
	Siemens Enterprise Communications N.V.	Belgium
	Siemens IT Solutions And Services	Belgium
	Siemens S.A. ICN Service	Belgium

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

31.2 Other related parties where transactions have taken place during the year (*Continued*)

Fellow Subsidiaries	Siemens SA	Belgium
	Siemens VDO Automotive N.V	Belgium
	Siemens Electro Electronica S.A.	Brazil
	Siemens Ltda	Brazil
	Siemens VDO Automotive Ltda	Brazil
	Siemens Building Technologies	Canada
	Siemens Canada Ltd	Canada
	Siemens IT Solutions And Services	Canada
	Beijing Siemens Cerberus Electronics Ltd	China
	MWB (Shanghai) Co Ltd	China
	Siemens Circuit Protection Systems Ltd.	China
	Siemens Electrical Apparatus	China
	Siemens Electrical Drives Ltd.	China
	Siemens Factory Automation Engineering Ltd.	China
	Siemens International Trading (Shanghai) Co. Ltd.	China
	Siemens Ltd.	China
	Siemens Medium Voltage Switching Technologies (Wuxi) Ltd.	China
	Siemens Power Automation Ltd.	China
	Siemens Power Plant Automation Ltd.	China
	Siemens Shanghai Medical Equipment Ltd.	China
	Siemens Switchgear Co. Ltd.	China
	Siemens Vacuum Interrupters	China
	Siemens VDO Automotive Changchun Co Ltd	China
	Siemens VDO Automotive Huizhou Co, Ltd	China
	Siemens VDO Automotive WuHu Co Ltd	China
	Zhenjiang Siemens Busbar Trunking Co. Ltd.	China
	Siemens Bogota	Colombia
	Siemens S.A.	Columbia
	Koncar Power Transformers Ltd.	Croatia
	Siemens Automobilova System SRO	Czech Republic
	Siemens Electromotory S.R.O.	Czech Republic
	Siemens Industrial Turbomachinery S.R.O.	Czech Republic
	Siemens S.R.O.	Czech Republic
	Siemens VDO Automotive S.R.O.	Czech Republic
	Siemens A/S	Denmark
	Siemens Business Services A/S	Denmark
	Siemens Ltd.	Egypt
	Siemens (Pty) Ltd	Ethiopia
	Siemens Osakeyhtiö	Finland
	Flender-Graffenstaden S.A.S	France
	Siemens S.A.S.	France
	Siemens Transmission & Distribution SA	France
Siemens VAI Metals Technologies S.A.S	France	
Siemens VDO Automotive S.A.S..	France	
Flender Industriegetriebe GmbH & Co KG	Germany	
LINCAS Export Services GmbH	Germany	
Loher GmbH	Germany	
Mdexx Magnetronic Devices GmbH & Co. KG	Germany	
Mechanik Center Erlangen GmbH	Germany	
Siemens Building Technologies	Germany	
Siemens Enterprise Communications GmbH & Co. KG	Germany	
Siemens Financial Services GmbH	Germany	
Siemens Home and Office Communication Devices GmbH & Co. KG	Germany	

31.2 Other related parties where transactions have taken place during the year (Continued)

Fellow Subsidiaries	Siemens IT Solutions And Services	Germany
	Siemens Networks GmbH & Co KG	Germany
	Siemens Real Estate GmbH & Co OHG	Germany
	Siemens Saint-Denis	Germany
	Siemens Servtronic GmbH Co.KG	Germany
	Siemens VDO Automotive AG	Germany
	Siemens VDO Trading GmbH	Germany
	Sinius GmbH	Germany
	Sykatec GmbH & Co. KG	Germany
	Trench Germany GmbH	Germany
	Wallace & Tiernan GmbH	Germany
	Weiss Spindeltechnologie GmbH	Germany
	Siemens Enterprise Communications Limited	Great Britain
	Eviop Tempo SA	Greece
	Siemens A.E., Elektrotechnische Projekte und Erzeugnisse	Greenland
	Siemens Ltd.	Hongkong
	Epcos India Ltd.	India
	Osram India Pvt. Ltd.	India
	Powerplant Performance Improvement Ltd.	India
	RBS Home Appliances Pvt. Ltd.	India
	Siemens Corporate Finance Pvt. Ltd.	India
	Siemens Enterprise Communications Pvt. Ltd.	India
	Siemens Hearing Instruments Pvt. Ltd.	India
	Siemens Industrial Turbomachinery Services Private Limited	India
	Siemens Power Engineering Pvt. Ltd.	India
	Siemens Public Communication Networks Pvt. Ltd.	India
	Winergy Drive Systems India (P) Ltd	India
	P.T. Siemens Indonesia	Indonesia
	Siemens Public Communication PT	Indonesia
	Demag Delaval Desoil Services PJSC	Iran
	Siemens Sherkate Sahami,	Iran
	Siemens Busienss Services Ltd	Ireland
	Siemens Informatica S.P.A.	Italy
	Siemens S.P.A	Italy
	PT Siemens Indonesia	Jakarta
	Siemens-Asahi Medical Technologies Ltd.	Japan
	Siemens T.O.O	Kazakhstan
	Siemens Ltd.	Kenya
	Siemens Automotive Systems Corporation	Korea
	Siemens Ltd.	Korea
	Siemens VDO Halla Ltd	Korea
National & German Electrical & Electronic Services Co.	Kuwait	
Siemens Electrical & Electronic Services K.S.C.	Kuwait	
UAB Siemens	Lithuania	
OSRAM Opto Semiconductors	Malaysia	
Siemens Malaysia Sdn. Bhd.	Malaysia	
Siemens VDO Components (Malaysia) Sdn. Bhd.	Malaysia	
Siemens VDO Instruments (Malaysia) Sdn. Bhd.	Malaysia	
Siemens S.A. de C.V.	Mexico	
Siemens VDO S.A. de C.V.	Mexico	
Siemens Industrial Turbomachinery BV	Netherlands	
Siemens Nederland N.V.	Netherlands	
SV Trading B.V.	Netherlands	

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

31.2 Other related parties where transactions have taken place during the year (*Continued*)

Fellow Subsidiaries	Siemens (N.Z.) Ltd.	New Zealand
	Siemens Limited	Nigeria
	Siemens AS	Norway
	Siemens Business Services AS	Norway
	Siemens Pakistan Engineering	Pakistan
	Siemens Inc	Philippines
	Siemens Sp. z o.o.	Poland
	Siemens WLL	Qatar
	Siemens VDO Automotive	Romania
	OOO Siemens	Russian Federation
	Arabia Electric Ltd.	Saudi-Arabia
	Siemens Limited	Saudi-Arabia
	Epcos Pte Ltd.	Singapore
	Infineon Technologies Asia Pacific Pte Ltd.	Singapore
	Siemens Advanced Engineering	Singapore
	Siemens Business Services Pte. Ltd.	Singapore
	Siemens Energy Management & Information Systems Pte. Ltd.	Singapore
	Siemens It Solutions & Services Pte Ltd	Singapore
	Siemens Pte Ltd	Singapore
	Siemens d.o.o.	Slovenia
	Siemens IT Solutions And Services (Pty) Ltd	South Africa
	Siemens Ltd.	South Africa
	Siemens Automotive Systems Corporation	South Korea
	Siemens VDO Automotive Ltd	South Korea
	Siemens Holding SL	Spain
	Siemens S.A.	Spain
	Siemens VDO Automotive SA	Spain
	Siemens AB	Sweden
	Siemens Industrial Turbomachinery AB	Sweden
	Siemens IT Solutions And Services	Sweden
	Siemens Building Technologies AG	Switzerland
	Siemens Schweiz AG	Switzerland
	Siemens VDO Automotive AG	Switzerland
	Siemens Ltd.	Taiwan
	Siemens Business Services	Turkey
	Siemens Sanayi Ve.Ticaret	Turkey
	Siemens Industrial Turbomachinery Ltd,	UK
	Siemens IT Solutions And Services	UK
	Siemens Magnet Technology Ltd	UK
	Siemens Molecular Imaging Ltd	UK
	Siemens Plc	UK
	Siemens Plc ASIRobicon	UK
	Siemens Plc SASC Durham	UK
Siemens Power Generation	UK	
Siemens Protection Devices Limited Protection Products	UK	
Siemens VDO Trading Ltd.	UK	
Siemens L.L.C.	United Arab Emirates	
Siemens Building Technologies Inc.	USA	
Siemens Communications	USA	
Siemens Corporate Research Inc	USA	
Siemens Corporation Inc	USA	
Siemens Demag Delaval Turbomachinery, Inc.	USA	
Siemens Energy And Automation Inc	USA	

31.2 Other related parties where transactions have taken place during the year (Continued)

Fellow Subsidiaries	Siemens Health Services	USA
	Siemens IT Solutions And Services	USA
	Siemens Medical Solutions USA, Inc.	USA
	Siemens Power Generation, Inc.	USA
	Siemens Power Transmission & Distribution, Inc.	USA
	Siemens Shared Services	USA
	Siemens Transportation System Inc	USA
	Siemens VDO Automotive Corp.	USA
	Siemens S.A.	Venezuela
	Siemens Automation Systems Ltd.	Vietnam
	Siemens Ltd	Vietnam

31.3 Directors of the Company**Key Management Personnel**

Mr. J. Scubert	Mr. V. V. Paranjape (appointed w.e.f 1 February 2007)
Mr. P. de Royer	Mr. V. B. Parulekar (appointed w.e.f 1 February 2007)
Mr. K.R. Upili	Mr. Harminder Singh (Expired on 6 December 2006)
Mr. T.T. Joseph	Mr. R.V Raman (Resigned on 7 September 2007)
Mr. Ingo Schultz	Mr. Emmanuel Fredinand (appointed w.e.f. 14 November 2006)
Mr. Christian Laufer	Mr Anand Mecheri (appointed w.e.f. 25 May 2007)
Mr. A. R. Laud	Mr Rajeev Mecheri (appointed w.e.f. 25 May 2007)
Mr. Naveen Mohan	Mr Avnish Gupta (appointed w.e.f. 25 May 2007)
	Ms. Sangeeta Ray (appointed w.e.f. 25 May 2007)
	Mr. Mike Brosnan (appointed w.e.f. 25 May 2007)
	Mr. Adrian Kelehan (appointed w.e.f. 25 May 2007)

Details of remuneration to key management personnel is disclosed at schedule 30(i) to the financial statements

31.4 Nature of transaction/relationship/major parties

Description	2007		2006	
	Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
<i>Sales to and recoveries from related parties</i>	3,686,797	-	5,075,891	-
- Siemens Energy & Automation, Inc	-	277,454	-	492,326
- Siemens Medical Solutions Health Services Corp., US	-	1,034,532	-	-
- Siemens IT Solutions & Services Ltd, UK	-	814,415	-	-
- Others	-	4,804,864	-	1,468,615
<i>Purchase / Other services from related parties</i>	12,104,793	6,114,105	11,528,533	3,975,303
<i>Interest Income from related parties</i>				
- Osram India Pvt Ltd	-	28,620	-	19,012
- Winergy Drive Systems India Pvt. Ltd.	-	29,290	-	-
- Others	-	-	-	12,219
<i>Dividend paid</i>	353,478	-	181,031	6,931
<i>Other Income</i>	-	-	2,624	-
<i>Purchase of Fixed assets/Capital WIP from related parties</i>	7,306	3,279	87,900	37,132
<i>Outstanding Balances</i>				
Debtors	424,127	-	839,403	848,725
- Siemens Enterprise Communication Pvt Ltd.	-	36,789	-	-
- Others	-	287,459	-	-
Creditors	2,764,397	330,622	6,088,236	241,186
Inter Corporate Deposits				
- Osram India Pvt Ltd	-	270,000	-	275,000
- Winergy Drive Systems India Pvt Ltd	-	320,000	-	140,000
Advances received	-	-	-	54,050
Advances given	-	-	82,362	1,694

Advances given to Key Management Personnel Rs. 3,216 (2006: Rs 211)

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

32 Disclosure pursuant to Accounting Standard - 7 'Construction Contract' (Revised) :

	2007	2006
32.1 Contract Revenue recognised for the year ended 30 September 2007	46,458,034	20,516,580
32.2 Aggregate amount of contract costs incurred for all contracts in progress as at 30 September 2007	73,320,984	38,385,094
32.3 Recognised profits (less recognised losses) upto 30 September 2007 for all contracts in progress as at 30 September 2007	10,475,544	4,023,523

33 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 liquidated damages

Liquidated damages are provided based on contractual terms when the delivery/ commissioning dates of an individual project have exceeded or are likely to exceed the delivery/ commissioning dates as per the respective contracts. This expenditure is expected to be incurred over the respective contractual terms upto closure of the contract (including 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.

Personnel related provisions

Personnel related provisions primarily include provisions for variable performance pay. Variable performance pay is expected to be paid in the next financial year. Personnel related provisions do not include expected payouts relating to the pending wage settlement and non-statutory ex-gratia where negotiations are in process and the disclosure of these amounts could prejudicially affect the interests of the Company.

Other risk

The Company has made provisions for known contractual risks, litigation cases and 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 as under :

Particulars	Warranties	Liquidated damages	Loss orders	Personnel related	Other risk
Balance as at 1 October 2006	624,742	1,020,281	133,347	499,125	494,296
Provisions :					
- Created	574,745	1,224,713	306,065	699,330	199,866
- Utilised	(119,517)	(53,959)	(83,725)	(439,580)	(24,277)
- Reversed	(174,314)	(168,069)	(84,039)	(40,929)	(55,355)
Transferred on sale of EN division w.e.f 1 August 2007 (refer schedule 7)	(69,117)	(17,316)	(80)	(49,617)	(2,187)
Reversals due to disposal of subsidiary (refer schedule 7)	(73,337)	(140,100)	(122,998)	-	(100,210)
Balance as at 30 September 2007	763,202	1,865,550	148,570	668,329	512,133

34 (i) Information about business segments

	Revenue						Results	
	External sales		Inter segmental sales		Total		2007	2006
	2007	2006	2007	2,006	2007	2006		
Automation and drives	13,408,218	10,654,588	3,147,261	1,555,119	16,555,479	12,209,707	1,145,559	1,056,130
Industrial solutions and services	9,237,928	5,130,955	291,052	189,804	9,528,980	5,320,759	955,276	587,741
Transport	3,467,424	2,482,834	-	-	3,467,424	2,482,834	225,902	207,769
Building technologies	1,610,799	738,285	37,783	17,792	1,648,582	756,077	117,620	40,427
Power	42,280,465	19,035,029	1,236,507	883,978	43,516,972	19,919,007	3,947,011	1,245,290
Healthcare and other services	5,246,931	4,136,877	-	785	5,246,931	4,137,662	112,700	102,627
Real estate	126,177	92,199	369,392	-	495,569	92,199	52,481	30,444
Business process outsourcing	1,010,424	828,671	-	4,202	1,010,424	832,873	200,188	122,397
Information technology services	10,067,253	8,366,694	169,169	238,575	10,236,422	8,605,269	1,643,261	1,725,772
Information and communications **	6,127,003	7,616,189	83,565	90,320	6,210,568	7,706,509	396,547	582,378
Automotive *	1,203,436	1,240,285	-	-	1,203,436	1,240,285	66,456	18,324
Eliminations	-	-	(5,334,729)	(2,980,575)	(5,334,729)	(2,980,575)	-	-
Total	93,786,058	60,322,606	-	-	93,786,058	60,322,606	8,863,001	5,719,299
Interest expenses							(45,396)	(42,755)
Interest income							587,584	431,716
Unallocable corporate items							464,227	(273,059)
Profit before tax							9,869,416	5,835,201
Share of profit in associate company							77,994	40,418
Minority interest							(11,449)	(3,693)
Income tax							(3,122,883)	(2,021,294)
Fringe benefit tax							(175,530)	(134,717)
Deferred tax							290,987	200,975
Profit after tax for the period								
1 October 2004 to 30 September 2005 on account of amalgamation of erstwhile SVDO								57,574
Consolidated total	93,786,058	60,322,606	-	-	93,786,058	60,322,606	6,928,535	3,974,464

	Non cash expenditure							
	Assets		Liabilities		Capital Expenditure		Depreciation	
	2007	2006	2007	2006	2007	2006	2007	2006
Automation and drives	5,678,701	4,223,587	3,685,562	2,648,717	217,725	279,712	141,312	93,015
Industrial solutions and services	3,807,738	1,670,872	5,330,788	3,189,210	13,094	3,254	5,556	5,141
Transport	1,186,113	974,635	2,368,419	2,226,224	2,587	720	5,482	5,366
Building technologies	1,699,047	336,609	783,063	216,403	1,627,486	489	124,966	513
Power	23,553,750	12,153,569	15,144,353	10,680,547	543,832	1,508,279	155,008	85,959
Healthcare and other services	1,272,172	1,279,357	1,514,367	1,114,229	16,566	11,304	29,244	36,859
Real estate	1,685,409	1,026,362	222,099	119,357	730,497	104,354	96,486	81,775
Business process outsourcing	494,760	471,306	236,659	262,815	62,158	106,966	81,687	85,888
Information technology services	6,735,914	5,489,500	4,162,509	3,312,910	369,426	661,562	405,726	355,587
Information and communications **	-	5,126,980	-	2,741,072	14,555	147,692	187,363	326,158
Automotive *	755,130	409,913	244,097	178,036	342,948	93,713	47,913	137,859
Total	46,868,734	33,162,690	33,691,916	26,689,520	3,940,874	2,918,045	1,280,743	1,214,120
Unallocable corporate items	12,009,412	13,058,506	6,805,345	7,098,432	26,788	9,645	17,977	25,221
Minority interest	-	-	79,866	40,204	-	-	-	-
Consolidated total	58,878,146	46,221,196	40,577,127	33,828,156	3,967,662	2,927,690	1,298,720	1,239,341

* Discontinuing operations (refer schedule 6) ** Discontinued operations (refer schedule 7)

Schedules to Consolidated Financial Statements (*Continued*) for the year ended 30 September 2007 (Currency: Indian rupees thousands)

34 (ii) Secondary segment information

	Revenue based on location of customers		Carrying amount of segment assets by location		Cost incurred to acquire segment assets during the year	
	2007	2006	2007	2006	2007	2006
Domestic	59,536,919	43,400,228	41,267,253	38,531,694	3,967,662	2,927,690
Exports	34,249,139	16,922,378	17,610,893	7,689,502	-	-
Total	93,786,058	60,322,606	58,878,146	46,221,196	3,967,662	2,927,690

(iii) Other disclosures :

- Inter-segment prices are normally negotiated amongst the segments with reference to the costs, market price and business risks.
- All profits/losses on inter segment transfers are eliminated at the Group level.

(iv) Segment information :

Business Segments: The business of the Company is divided into nine segments. These segments are the basis for management control and hence, form the basis for reporting. The business of each segment comprises of :

- **Information & communication **** :- Convergence communications solutions for enterprises, communications, video conferencing, and call centers, networking, mobility, teleworking, multimedia customer relation management. Provide mobile handsets and accessories.
- **Automation & drives** :- Provide the complete range of automation products & systems, from large and standard drives and motors, special purpose motors, process and motion control systems, industrial automation systems to low-voltage controls and distribution and electrical installation technology.
- **Industrial & solutions services** :- Undertakes turnkey projects in the industrial and infrastructure sectors over the entire life cycle including concept, engineering, procurement, supplies, installation, commissioning and after sales services.
- **Transport** :- Provides solutions for rail automation, railway electrification, light and heavy rail, locomotives, trains, turnkey projects and integrated services.
- **Healthcare & other services** :- Provides diagnostic, therapeutic and life-saving products in computer tomography (CT), magnetic resonance imaging (MRI), ultrasonography, nuclear medicine, digital angiography, patient monitoring systems, digital radiography systems, radiology networking systems, lithotripsy and linear accelerators.
- **Building Technologies**:- Executes projects for providing Integrated Building Management Systems including Building Automation Systems, Fire Alarm/Access Control/Security Systems.
- **Automotive *** :- Manufacturing and trading of dashboard instruments, tachographs and other allied equipments for the automobile industry.
- **Information technology services** :- Provide comprehensive range of technology services, including software development, packaged software integration and systems maintenance to its worldwide customers operating in different industries.
- **Business process outsourcing** :- Provides back office support services to group companies and other external customers.
- **Real estate** :- Provides comprehensive real estate management.

* Discontinuing operations (refer schedule 6)

** Discontinued operations (refer schedule 7)

Geographical Segments: The business is organised in two geographic segments i.e. domestic and exports.

35 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits' :

(i) Effective 1 October, 2006, the Company adopted accounting standard 15 (revised 2005) on "Employee Benefits" issued by ICAI. Pursuant to the adoption, the transitional obligations as required by the standard, the obligation has been recorded with the transfer of the said amount to the opening balance of reserves and surplus.

(ii) Defined Contribution Plans

Amount of Rs. 124 million is recognised as an expense and included in "Personnel costs" (Refer schedule 27) in the Profit and loss account.

(iii) Defined benefit Plans

	Gratuity	Pension Plan	Leave Wages	Silver Jubilee	Medical
I Change in Benefit Obligation					
Liability at the beginning of the year	408,760	145,901	25,309	51,490	42,149
Addition on account of SBTPL	4,317	-	-	-	-
Interest Cost	31,870	10,213	1,772	3,604	2,950
Current Service Cost	22,536	-	3,752	3,803	3,075
Past Service Cost (Non Vested Benefit)	-	-	-	-	-
Past Service Cost (Vested Benefit)	-	-	-	-	-
Benefit Paid	(34,272)	(25,490)	(1,767)	(3,024)	(18,718)
Actuarial (gain)/loss on obligations	15,502	35,925	1,325	5,180	13,243
Liability at the end of the year	448,713	166,549	30,391	61,053	42,699
II Fair value of Plan Assets					
Fair Value of Plan Assets at the beginning of the year	392,706	-	-	-	-
Addition on account of SBTPL	3,207	-	-	-	-
Expected Return on Plan Assets	28,706	-	-	-	-
Contributions	77,825	25,490	1,767	3,024	18,718
Benefit Paid	(34,272)	(25,490)	(1,767)	(3,024)	(18,718)
Actuarial gain/(loss) on Plan Assets	7,071	-	-	-	-
Fair Value of Plan Assets at the end of the year	475,242	-	-	-	-
Total Actuarial Gain/(Loss) To Be Recognised	(8,431)	(35,925)	(1,325)	(5,180)	(13,243)
III Actual Return on Plan Assets					
Expected Return on Plan Assets	28,706	-	-	-	-
Actuarial gain/(loss) on Plan Assets	7,071	-	-	-	-
Actual Return on Plan Assets	35,777	-	-	-	-
IV Amount Recognised in the Balance Sheet					
Liability at the end of the year	448,713	166,549	30,391	61,052	42,699
Fair Value of Plan Assets at the end of the year	475,242	-	-	-	-
Difference	(26,529)	166,549	30,391	61,052	42,699
Unrecognised Past Service Cost	-	-	-	-	-
Amount Recognised in the Balance Sheet	(26,529)	166,549	30,391	61,052	42,699
V Expenses Recognised in the Income Statement					
Current Service Cost	22,536	-	3,752	3,803	3,075
Interest Cost	31,870	10,213	1,772	3,604	2,950
Expected Return on Plan Assets	(28,706)	-	-	-	-
Net Actuarial (Gain)/Loss To Be Recognised	8,432	35,925	1,325	5,180	13,243
Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	-	-	-
Expense Recognised in P& L	34,132	46,138	6,849	12,587	19,268

Schedules to Consolidated Financial Statements (*Continued*)
for the year ended 30 September 2007
(Currency: Indian rupees thousands)

35

Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits' (*Continued*):

	Gratuity	Pension Plan	Leave Wages	Silver Jubilee	Medical
VI Balance Sheet Reconciliation					
Opening Net Liability	16,054	145,901	25,309	51,490	42,149
Addition on account of SBTPL	1,110	-	-	-	-
Expense as above	34,132	46,138	6,849	12,587	19,268
Employers Contribution	77,825	25,490	1,767	3,024	18,718
Amount Recognised in Balance Sheet	(26,529)	166,549	30,391	61,053	42,699

	Gratuity	Pension Plan	Leave Wages	Silver Jubilee	Medical
VII Actuarial Assumptions : For the Year					
Discount Rate Previous	8%	7.0%	7.0%	7.0%	7.0%
Rate of Return on Plan Assets Previous	8%	-	-	-	-
Salary Escalation Previous	5%	5%	5%	5%	5%
Discount Rate Current	7.5 - 8%	8%	8%	8%	8%
Rate of Return on Plan Assets Current	7.5 - 8%	-	-	-	-
Salary Escalation Current	5 - 10%	5%	5%	5%	5%

(iv) 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 or as per the Company's Scheme whichever is more beneficial.

II Leave Plan

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and resignation subject to maximum accumulation of 90 days.

III Silver Jubilee

Silver Jubilee benefit is payable to eligible employees on completion of 25 years of service. The benefit is payable at the rate of 1 to 1.5 month's salary for eligible employees on completion of 25 years of service.

IV Medical

Post-Retirement Medical Benefit is paid to eligible employee in case of survival upto the retirement age and after death, benefits are available to the employees' spouse.

The Company reimburses the employees for expenses incurred over and above the claim accepted by the insurance company.

Company pays 80% of difference between Liability incurred by employee and claim received from insurance company subject to ceiling based on the grade of employees.

(v) Broad category of plan assets relating Gratuity as a percentage of total plan assets

Particulars	Percentage
Government of India securities	21%
State Government securities	9%
Public sector unit bonds	25%
Special Discount scheme	46%
Total	100%

36 Earnings per share:

	2007	2006
Profit after tax (Net profit attributable to Equity shareholders)	6,928,535	3,916,890
Shares :-		
Weighted average number of Equity shares outstanding during the period	168,580,100	168,580,100
Earnings per share	41.10	23.23

Pursuant to sub-division of Equity shares during the year the number of shares outstanding during the periods ended 30 September 2005 and 30 September 2006 have been adjusted to reflect the change as prescribed by Accounting standard 20 - "Earnings per share" issued by Institute of Chartered Accountants of India ('ICAI').

37 Prior years comparatives

Pursuant to the purchase of SMD (Refer Schedule 3) and amalgamation of SVDO (Refer Schedule 4) in the financial statements for the year ended 30 September 2006, the figures of the current year are not strictly comparable to those of the previous year. Previous year's figures have been regrouped/ reclassified wherever necessary, to conform to current year's classification.

For Siemens Group

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J. Schubert
P. de Royer
Y. H. Malegam

Ashok Jangid

Chairman
Managing Director
Executive Director
Director & Chairman
of Audit Committee
Vice President and
Company Secretary

Mumbai
22 November 2007

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Those were the days...my friends!



The genesis: Certificate of Incorporation in India



Setting up our base: The Mayor grants permission for building the factory



The humble beginning: Siemens workshop under the Mahalakshmi bridge



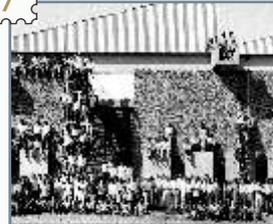
Delivering our promise: The express service of Siemens India Ltd.

50
years
Incorporation in India

1957 - 2007



The origin of manufacturing: Kalwa Works



Our vital resources: Workers at the Kalwa factory building



The technological movement: First motor manufactured



Moulding the next generation: Andheri training centre

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