

competencies are
setting the pace . . .

SIEMENS

Annual Report 2003
India



Competencies @ setting the pace

In today's fast changing world, our competencies are our winning edge, setting the pace of progress, shaping the future. In Manufacturing or R&D, in Software or Engineering services, we have the ability to integrate technologies across businesses and deliver complete solutions. Our unique portfolio, combined with our innovativeness and know-how, gives us a clear competitive advantage, enabling us to grow profitably.

It is, therefore, our goal to be the 'best in class' in our fields and to create value for our customers, wealth for our shareholders and a future for our employees while giving back graciously to society a piece of our success.

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committed
employees



progressive
society

Financial Highlights

Siemens Ltd.

- Orders Received
- Sales
- Profit before Tax
As % of Sales
- Profit after Tax
As % of Sales
- * Net Worth per Share
- * Earning per Share
- Dividend
% Dividend
- Debt/Equity Ratio
- Investment in Fixed
Assets
- No. of Employees
- No. of Shareholders

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Orders Received	8383	12740	12071	10836	11547	16754
Sales	9959	10506	11157	11572	12905	14245
Profit before Tax	-466	381	946	964	1304	1968
As % of Sales	5%	4%	9%	8%	10%	14%
Profit after Tax	-560	351	840	687	865	1394
As % of Sales	-6%	3%	8%	6%	7%	10%
* Net Worth per Share	63.55	68.50	79.89	95.46	114.58	148.18
* Earning per Share	-19.73	12.37	24.11	19.49	26.10	42.06
Dividend	-	-	224	133	182	249
% Dividend	-	-	65%	40%	55%	75%
Debt/Equity Ratio	1.3:1	0.52:1	0.15:1	0.01:1	0.02:1	0.01:1
Investment in Fixed Assets	342	317	86	119	117	243
No. of Employees	5228	4604	4342	4167	3896	3811
No. of Shareholders	44012	46434	50796	49188	43791	39197

- Rupees in millions
- * Rupees



satisfied
customers

contented
shareholders





satisfied customers @ unmatched value

Our customers are the reason for our existence. We are committed to exceed their expectations and strengthen their competitiveness in the market with our wide range of world-class products, systems, services and solutions. Our long-standing partnerships, built on the basis of mutual understanding and benefit, lead to a win-win situation for both.





committed employees @ enrichment

Our employees are the power behind our success. They are the drivers of our business. We present avenues to strengthen their capabilities by providing opportunities for further learning and growth. Our corporate culture motivates them to excel in their fields of specialization, while encouraging creativity and innovation. We nurture an environment of openness based on co-operation and trust.





contented shareholders @ optimum returns

We are committed to enhance the company's value through profitable growth, endeavoring to provide a optimal returns on investment for our shareholders. Stringent adherence to Corporate Governance and sound financial management, with emphasis on transparency in our reporting, has enabled us to earn and maintain the trust of our stakeholders.





progressive society @ corporate responsibility

Our aim is to be a good corporate citizen by graciously giving back to society a piece of our success. We participate in social and cultural arenas, supporting initiatives and organizations that share our values. Committed to sustainable economic development, our ideas and environmental friendly technologies help to create a modern, progressive society.



Chairman's Statement



The year under review ending on September 30 2003 was a great year for the Indian economy, but it was a glorious year for our company, Siemens Ltd.

- Our company posted its highest ever profit after tax, of Rs. 139 crores, an improvement of 60 per cent over the previous year.
- New order inflow increased impressively by 45 per cent over the last year and the unexecuted order value as at the end of the year also rose by 43 per cent indicating hopefully another good year in the making.
- Bearing in mind that our operational profits have been rising year by year for the last four years, it was creditable that it rose by 28 per cent, in the year under consideration. To recall, our turn-around took place five years ago, unlike the turn-a-rounds of most Indian companies in the last year. This increase in the operational profits was not by chance but by design so that all the business units worked on various measures to reduce costs and improve the overall productivity. Indeed, a feat they accomplished successfully.

- On the back of such a superior performance, the earnings per share improved by 61 per cent (however, after adjusting for a one-time special gain of the cancelled order, it increased by approximately 27 per cent). In light of this performance, the Board of Directors have recommended a special dividend of 10 per cent, which takes the total dividend for the year to 75 per cent.

Last year, I had mentioned that we are a cash surplus company. We deployed some of this surplus to increase our stake in subsidiary company, Siemens Information Systems Ltd. (SISL) to 100 per cent, and also purchase the entire stake in Siemens Building Technologies Ltd (SBT). These twin acquisitions helped us to further augment our offerings basket, as also provide opportunities for participation in the fast growing sectors of IT and software services and building automation.

These developments helped enhance the consolidated performance of the Siemens Ltd Group for the financial year ended September 30 2003. The consolidated New Order Value of the Siemens Ltd Group for the twelve months ended September 30 2003 stood at Rs. 2032 crores. The Sales turnover recorded was Rs. 1719 crores while Profit Before Tax stood at Rs. 223 crores and Profit After Tax was Rs. 166 crores.

No doubt, the turn-around in the Indian economy itself has supplied a number of beneficial stimuli to the Indian Corporate Sector as testified by the sharp improvement in its profitability. At the macro level, almost every index speaks of a vibrant and shining economy, though it must be borne in mind that the anticipated GDP rate of growth is somewhat exaggerated by the lower base of the last year. With the conspicuous exception of the Fiscal Deficit, almost every single index carries a promise that the tempo will be sustained in this year for the Indian economy as a whole and the Corporate Sector in particular. After nearly five grueling years, GDP is on the verge of rising to more than 7 per cent in this year. Agriculture is in fine form; manufacturing industry is now enjoying the fruits of increased utilization of its capacity; inflation is at the welcome level of 4-4.5 per cent; and the foreign exchange reserves are mounting. But for the Damoclean Sword of the Fiscal Deficit every index proclaims

the emergence and the resilience of the Indian Economy.

We have every right to hope that at long last the investment famine will end. How sharply Investment has declined can be seen from the fact that from the high of nearly 12 per cent annual growth in the mid-nineties, it has declined to 5.5 per cent in the last six years. This is not on for a growth-economy, particularly when contrasted with China's 35 per cent. But now we expect that in the next six months to a year with the help of a booming stock market and with the demand now catching up with supply, Investment should see a distinct improvement. It is true that the Fiscal Deficit is proving to be a great impediment to increase governmental activities, but the overall tempo of Investment will pick up – hopefully with a vengeance.

The recent State elections have many economic and political lessons for all of us to learn. Fiscal deficit is not only an economic hindrance; it is also emerging as a political danger. One valuable lesson that has emerged is that now it is not only the educated classes, but also India's teeming masses that now want power, not just political power, but the power to light their homes and run their agriculture. They now want the maintenance and the building of roads. They now want housing. This is clearly an area where enormous efforts and enormous expenditures will have to be made. The new Chief Minister of Madhya Pradesh said on the very day of her victory: *"from where will I get the resources to give the people the roads, the water, the housing and the employment they now need"*. Clearly, privatization will have to play its role; foreign private capital will have to come not just into the Indian stock market, but into the creation of economic assets in India. May be, what the masses want will encourage our political leaders to have a more hospitable treatment of foreign capital. May be, Indian politics and not just Indian economics will demand more and more of foreign private investments, and more and more of privatization.

If in this emergent and benign environment, Investments, particularly in the Infra-structure sectors (health included !), start moving up, then let us proudly assert that few companies are so well positioned to take advantage of this continued boom as is Siemens Limited, India. In terms of managerial strength and strategy, Siemens Limited has proved itself, particularly during the last five years, to be an 'AAA' company, but simultaneously, Siemens Limited, India is also a triple 'I'

company – we are in Industry; we are in Infrastructure; and we are in Informatics. In each of these areas our contribution has been to galvanise, to modernize and to upgrade several areas of the Indian economy. Thanks to the dramatic changes in the position of its products and services it has magnificently diversified, and all credit is due to the excellent strategic planning done by our top management, with particular stress on Implementation. So that we are in Power (both generation and transmission); we are in Transportation (both road and railways); we are in Telecommunication; and we are in Health-care, with the bouncing growth in medical equipment. We are, of course in Electronics and Automation; and now we have emerged as a first rate Informatics Company.

The excellent performance this year of Siemens Information Systems in which we now hold a 100 per cent share is the logical fruition of the difficult route we took. We wanted the long-term gains in the highly sophisticated and high value-added areas of the Software Technology. It is heartening that its Board of Directors now consists of some of the top managers of our Parent Company, which will help SISL serve as a Centre of Global Excellence for a growing number of the activities of the Parent Company.

Given our high level of excellence, it is not surprising that Siemens India has emerged as a strong partner in the Siemens global network, having won the 3rd prize as the "Best Regional Company" among nearly 100 other companies in the worldwide network. We can proudly claim to have established world-class "centers of competence" in several segments such as power and medical solutions, and the quality of products and services sourced in India match global standards. Having recognized our capabilities, Siemens AG now increasingly looks at Siemens India operations as a significant partner for cost-efficient sourcing of products and services. Also, with the positive growth prospects in the domestic market, India, along with China, has been pronounced as a strategic market in the region by our CEO and President Dr. von Pierer in a recent public announcement.

The collective result of all these developments point to improved business prospects in the foreseeable future. Last year, I had indicated that we would follow our future strategy of "creative pessimism" combined with exploring areas for achieving "profitable growth" to combat the limited opportunities offered by the external environment. Now that

this situation shows signs of improvement, “profitable growth” takes greater precedence, and we have now embarked on a program of “alert dynamism”. We will no doubt continue to implement the learning out of our experiences of these past years and move ahead dynamically to tap full opportunities to grow profitably. At the same time, we will be “alert” to fast-changing economic scenarios.

Going forward, our basic strategy that has helped us grow so far will not change. We will follow the dual strategy of greater domestic involvement and increasingly as a part of the global network. However, this challenge will also require a greater degree of all-round involvement than was experienced ever before.

India now has the potential to emerge as a great economic power (we shall forget super power for the time being). Things are beginning to happen in India which two years ago were either not dreamt of or were a source of great fear. Who two years ago, predicted the appreciation of the Indian rupee ? Two years ago the fears of the WTO on the one side and of China on the other side were paramount. But after the painful restructuring that a number of Indian companies went through – and Siemens was foremost among them – several Indian industries, particularly the basic industries, are now prepared to compete globally. We still require the economies of scale and no less importantly a great upsurge in our R&D. Likewise the fear of China about to destroy Indian industry has now been replaced by India looking upon China as a great market and also a fit place to start new industries. What was seen as a threat is now seen as an opportunity. The massive literature on India as a potential ‘out-sourcing’ country with all its exaggerations is now an opportunity to be grasped.

We know however, that there is a danger that our hopes may turn into hypes, and our hypes into hysteria. The massive investment boom of the mid-nineties, based on fanciful demand estimates will this time hopefully not occur. Siemens India will have a strategy of growth that will exploit opportunities yet not succumb to euphoria.

As we said before, and say it now in conclusion, few companies in India in their range and quality of their

products and services will be able to rival Siemens Limited, India, not only because we are an ‘AAA’ Company, financially and managerially, but also because we are a triple ‘I’ Company serving Industry, Infra-structure and Informatics. In all our activities and achievements, we shall as in the past be beholden to our Parent Company, SIEMENS AG, but from whom we more legitimately expect greater and greater recognition of the role we can play with our new competencies in their global network.

We can, therefore, legitimately look forward to an area of great promises and great fulfillments. Our top management led by Mr. J Schubert and Mr. H Gelis, actively supported at every stage by their fellow Executive Directors and indeed, the entire staff deserve both our congratulations and our gratitude.

Mumbai
December 12, 2003


Dr. F. A. Mehta
Chairman

The Siemens Group in India is a unique player in the electrical and electronics engineering sector. It offers the complete pallet of products, systems, solutions and services ranging from power plants to in-the-canal hearing aids. With world-class solutions, Siemens plays a key role in India's quest for developing a modern infrastructure.

Siemens in India as a Group is constituted of 10 companies, 10 manufacturing plants and a wide network of Sales and Service offices across the country, providing direct employment to about 7,500 persons. The Group's businesses are represented by various companies as given below:

Company	Equity stake	Brief Description
Siemens Ltd. (SL)	Siemens AG 54.63% Others 45.37%	<ul style="list-style-type: none"> ❖ Portfolio consists of products, systems, solutions & services in Power Generation, Power Transmission and Distribution, Automation & Drives, Industrial Solutions & Services, Transportation Systems, Enterprise Communications, Mobile Phones and Medical Solutions ❖ Seven factories — Three at Kalwa, Thane; Two at Aurangabad; One each at Goa & Nashik ❖ 3,811 employees ❖ HQ at Mumbai
Siemens Information Systems Ltd. (SISL)	Siemens Ltd 100%	<ul style="list-style-type: none"> ❖ Systems Integrator and Total Solutions Provider, having extensive domain expertise and technology specialisation. Provides solutions for clients primarily in the fields of Telecommunications, Healthcare, Manufacturing, Utilities, Public Sector and Government ❖ 6 development centers ❖ 1,609 employees ❖ HQ at Mumbai
Siemens Building Technologies Pvt. Ltd. (SBT)	Siemens Ltd 100%	<ul style="list-style-type: none"> ❖ Offers Building Controls and Automation, Fire Alarm Systems, Closed Circuit Television (CCTV) Systems and Access Control Systems, as well as Integrated Building Management Systems ❖ 74 employees ❖ HQ at Mumbai
Siemens Public Communication Networks Pvt. Ltd. (SPCNL)	Siemens AG 100%	<ul style="list-style-type: none"> ❖ Provider of network equipment including supply, design and installation; Portfolio comprises Wireline, Transmission, Access, Mobile and IP products etc. ❖ Factory at Saltlec, Kolkata ❖ Telecommunications software development center at Bangalore ❖ 870 employees ❖ HQ at Gurgaon
Osram India Pvt. Ltd. (OIL)	Osram AG 100% (Osram AG is 100% Siemens AG company)	<ul style="list-style-type: none"> ❖ Product portfolio includes incandescent, fluorescent and compact fluorescent lamps ❖ Manufacturing plant at Sonapat, Haryana ❖ 680 employees ❖ HQ at Gurgaon
Powerplant Performance Improvement Ltd. (PPIL)	Siemens AG 50%+1 share; BHEL: 50% - 1	<ul style="list-style-type: none"> ❖ Offers engineering solutions for upgrading, renovating and refurbishment of power plants ❖ 30 employees ❖ HQ at Gurgaon
Siemens Hearing Instruments Pvt. Ltd. (SHIL)	Siemens Audiologische Technik GmbH 100%	<ul style="list-style-type: none"> ❖ Offers Hearing aids from the In-The Canal (ITC) to In-The Ear (ITE) and Behind the Ear (BTE) hearing devices ❖ Headquartered at Bangalore ❖ 37 employees ❖ HQ at Bangalore
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 ❖ 194 employees ❖ HQ at Gurgaon ❖ Provides precision and control automotive information systems; competence to combine advanced electronics with precision mechanics ❖ A listed company ❖ 418 employees ❖ HQ and manufacturing plant at Bangalore
Siemens VDO Automotive Ltd. (SVDO)	Siemens VDO Automotive AG 86.7% Others 13.3%	<ul style="list-style-type: none"> ❖ Provides precision and control automotive information systems; competence to combine advanced electronics with precision mechanics ❖ A listed company ❖ 418 employees ❖ HQ and manufacturing plant at Bangalore
Siemens Shared Services Pvt. Ltd. (SSSL)	Siemens Shared Services, LLC, USA. 51%; SISL 49%	<ul style="list-style-type: none"> ❖ Provides a range of back office services such as accounting, HR services, customer contact centers, etc. ❖ 300 employees ❖ HQ at Bangalore

Siemens Nixdorf Information Systems Pvt. Ltd. is a 100 percent subsidiary of SISL.

Board of Directors

Non-Executive Directors



Dr. F. A. Mehta
Chairman
of the Board of
Directors since
June, 1988.



D. C. Shroff
Director
since February,
1997.



Y. H. Malegam
Director
since April,
1998.



N. J. Jhaveri
Director
since November,
2000.



Dr. K. Wucherer
Special Director
Nominee of
Siemens AG since
October, 2000.



Dr. O. Schmitt
Alternate Director
for Dr. K. Wucherer
since December,
2000.



D. S. Parekh
Director
since November,
2003.

Organisation

Business Segments

Information and Communication	Industry	Power	Transportation
Information and Communication Enterprise Networks (ICN EN) 1	Automation and Drives (A&D) 5	Power Generation (PG) 4	Transportation Systems (TS)
P. Gartenberg K. Prabhu	A. Herrmann R. Gala	Harminder Singh T. T. Joseph	V. B. Parulekar M. K. Vig
Information and Communication Mobile Devices (ICM MP) 1	Industrial Solutions and Services (I&S) 5	Power Transmission and Distribution (PTD) 4	
P. Gartenberg K. Prabhu	A. H. Advani S. Krishnan	Harminder Singh A. V. Kamath	

Corporate Resources

Personnel Division 3 A. B. Nadkarni	Medical & Occupational Health 3 Dr. S. Sivaramakrishnan	Information Technology 2 Ms. S. D'Mello
Organisation Planning 3 P. V. Pai	Occupational Safety & Environment 3 J. Rao	Import/Export Admin 2 P. Sant
Human Resource Development 3 A. B. Nadkarni (Acting)	Corporate Finance 2 R. Rangarajan	Corporate Legal 2 F. N. Katgara
Industrial Relations 3 G. D'Silva	Accounts & Taxation 2 K. Wittmer	Internal Audit 2 Ms. S. Ray
		Corporate Security 2 S. D. Tare

Location In-charge

Head Office 3 S. D. Tare	Vadodara 3 H. Gajab	Chandigarh 4 V. Verma
Kharghar 3 V. B. Parulekar	Kolkata 1 S. Kar	Lucknow 4 S. Bagchi
Pune 3 C. J. Kaul	Delhi (Ring Road) 4 P. Arora	Jaipur 4 A. Sinha
Ahmedabad 3 A. Mehta	Delhi (Gurgaon) 4 R. Sachdeva	Hyderabad 2 A. Jayarao

Numbers indicate reporting line to Whole-time Directors

Whole-time Directors



J. Schubert 1 Managing Director since October, 1996.	H. Gelis 2 Executive Director since January, 2001.	A. B. Nadkarni 3 Whole-time Director since February, 1997.	Harminder Singh 4 Whole-time Director since April, 1998.	O. P. Narula 5 Whole-time Director since January, 2000.
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Ashok P. Jangid*
Corporate
Secretary and
Compliance
Officer.

Medical

Real Estate

Medical Solutions (MED) 1

H. von Wulfen
V. D. Kale

Siemens Real Estate (SRE) 2

S. D. Tare
I. Banerjee

Key Account Management (KAM) 5

O. P. Narula

Finance & Administration (F&A) 2

H. Gelis

Corporate Organisation and Processes 2

H. Gelis (Acting)

Corporate Commercial 2

I. Banerjee

Corporate Planning 1

R. Dalvi

top+ Projects 1

R. Dalvi

Chennai 2

G. Ghosh

Coimbatore 2

S. Divakar

Bangalore 2

N. Viswanath

Cochin 2

NN

Strategic Purchase 1

S. Kishore

Corporate Communication 1

Ms. K. Ghatge

Corporate Quality and Projects 1

S. Ramaswamy

Corporate Secretariat 1

A. Jangid*

Kalwa Works 5

S. Venkataraman

Nashik Works 5

S. Pate

Aurangabad Works 5

M. M. Pendse

Goa Works 5

S. Tellis

Committees of Directors under Corporate Governance Code

Audit Committee

Y. H. Malegam (Chairman)
Dr. F. A. Mehta
Dr. K. Wucherer / Dr. O. Schmitt
Ashok P. Jangid* (Corporate Secretary)

Investors Grievance Committee

D. C. Shroff (Chairman)
Dr. F. A. Mehta
J. Schubert
Ashok P. Jangid* (Corporate Secretary)

Remuneration Committee

N. J. Jhaveri (Chairman)
D. C. Shroff
Dr. F. A. Mehta
Ashok P. Jangid* (Corporate Secretary)

Employee Welfare Trusts 2

M. Dutt
S. Srinivasan
Other Trustees

* Mr. Prashant J. Doshi has been nominated as Officiating Corporate Secretary in the absence of Mr. Ashok P. Jangid, Corporate Secretary, who is on a deputation to the parent company-Siemens AG, Germany from 24th May, 2003 to 10th January, 2004



Siemens Ltd.
Forty-sixth Annual Report
for the year ended 30 September 2003

Directors' Report

The Directors have pleasure in presenting the 46th Annual Report of the Company and the Audited Accounts for the year ended on 30th September, 2003.

Financial Performance

	Rs. in Millions	
	2002-03	2001-02
Gross Profit before Interest, Depreciation and Restructuring write back	2197.17	1480.67
Less : Interest	1.89	27.32
Depreciation	230.05	257.81
Restructuring write back, net	(2.54)	(108.84)
Profit before Tax	1967.77	1304.38
Less : Provision for current tax	588.00	417.00
Deferred tax (benefit)/expense	(14.05)	21.78
Net Profit after Tax	1393.82	865.60
Appropriations:		
General Reserve	1113.44	683.34
Interim Dividend paid	115.98	99.41
Proposed Dividend	132.55	82.85
Dividend tax	31.85	—

Dividend

The Board of Directors, at its Meeting held on 21st July, 2003, declared an Interim Dividend of Rs.3.50 per Share (35%). 11th August, 2003 was the 'Record Date' for this purpose and the Interim Dividend was paid on 20th August, 2003.

Considering the excellent performance for the year and the future requirement of funds by the Company, the Board of Directors is pleased to recommend a Final Dividend of Rs.4 per Equity Share (40%) [including a Special Dividend of Re.1 per Equity Share (10%) to share the other operating income during the financial year 2002-2003].

Thus, the total Dividend for the year ended on 30th September, 2003 amounts to Rs.7.50 per Share (75%) as compared to Rs.5.50 per Equity Share (55%) paid last year. On the Paid-up Share Capital of Rs.331,384,030, the total Dividend entails a cash outflow of Rs.248,538,023.

Operations

During the year under review, the Company received New Orders amounting to Rs.16,754 million as compared to Rs.11,547 million last year registering a rise of 45%. Overall, all the businesses grew substantially faster than the market. Turnover increased by 10% to Rs.14,245 million as compared

to Rs.12,905 million last year. All the Segments grew satisfactorily. Only the Power Segment's Turnover declined as the Transmission and Distribution business had an extraordinary booking of Turnover in the previous fiscal against the execution of the HVDC order. The Company posted a steady performance with Profit before Tax of Rs.1,968 million increasing by 51% over the previous year. The improvement in result can be attributed to productivity gains accrued through process optimisation and effective asset management measures practiced by the Company in the course of the last year. The Profit after Tax stood at Rs.1,394 million as against Rs.866 million last year.

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 appearing as Annexure III to this Report.

Subsidiary Companies

Siemens Information Systems Ltd. (SISL)

During the year under review, the Company increased its holding in SISL by acquiring the balance 25.2% stake held by Siemens Nixdorf Informationssysteme GmbH, Germany. Consequent to this investment, SISL has become a 100% subsidiary of the Company with effect from 21st July, 2003. For the year ended on 30th September, 2003, SISL has posted a very good performance. It recorded a total income of Rs.3,129 million (2002: Rs.2,586 million) and Net Profit of Rs.752 million (2002: Rs.410 million). The total dividend declared by SISL for the year 2002-03, was 595% as against 350% for the year 2001-02.

Siemens Nixdorf Information Systems Pvt. Ltd. (SNIL)

As part of the decision to complete the re-structuring of SNIL, SISL has acquired the entire stake in SNIL from Siemens Nixdorf Informationssysteme GmbH, Germany. Thus, SNIL has become a 100% subsidiary of SISL and, being a subsidiary of a subsidiary, SNIL is treated as a subsidiary of the Company.

Siemens Building Technologies Pvt. Ltd. (SBT)

During the year under review, the Company acquired 100% stake in Siemens Building Technologies Pvt. Ltd. from Siemens Building Technologies AG, Switzerland. SBT is engaged in the business of supply, engineering and installation of Building Automation Systems, Fire Alarm Systems and Security related Products.

In line with the global decision to integrate the building technology business back into the main fold of Siemens and with a view to exploit the synergies on the sales and cost side, it was decided to amalgamate SBT with the Company,

subject to requisite approvals / sanctions with effect from 1st October, 2003 (the "Appointed Date"). The process of amalgamation is underway. The amalgamation, when approved, will strengthen our portfolios, especially in areas like building automation and access controls, fire detection systems as well as ventilation. Siemens worldwide has an excellent position in this area and we will be able to leverage these strengths for the domestic market.

For details, refer to the attached Annual Reports.

Foreign Exchange Earnings & Expenditure

Details concerning Foreign Exchange Earnings and Expenditure have been given under Serial No.23(iii)(a) & (b) of the Notes to the Accounts.

Conservation of Energy & 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, is given as Annexure II to this Report.

Consolidation of Accounts

The audited Consolidated Accounts and Cash Flow Statement, comprising of Siemens Ltd. and its subsidiary companies, Siemens Information Systems Ltd., Siemens Building Technologies Pvt. Ltd. and Siemens Nixdorf Information Systems Pvt. Ltd., 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.

Fixed Deposits

The Company discontinued its Fixed Deposit Scheme in March, 1997. A sum of Rs.710,000 relating to 76 deposits remained unclaimed as on 30th September, 2003 and no claims have been received for refund of deposits since then. No interest is payable on such unclaimed deposits after the maturity date.

Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend and matured fixed deposits 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 Investor Education and Protection Fund set up by the Central Government. Accordingly, a sum of Rs.55,000 was transferred during the year ended on 30th September, 2003 to the Investor Education and Protection Fund of the Central Government in respect of matured fixed deposits lying with the Company as unclaimed.

Voluntary Delisting from certain Stock Exchanges

Presently, the Company's Equity Shares are listed on the following Exchanges:

1. The Stock Exchange, Mumbai (BSE)
2. National Stock Exchange of India Ltd. (NSE)
3. The Delhi Stock Exchange Association Limited (DSE)
4. The Calcutta Stock Exchange Association Limited (CSE)
5. Madras Stock Exchange Ltd. (MSE)

The trading volumes on DSE, CSE and MSE have been nil / negligible over the last three years. As such, continued listing does not result in the desired and commensurate benefit to the Shareholders. In view of this and to reduce the recurring costs and administrative work for the Company, it is proposed to voluntarily delist the Equity Shares of the Company from these three Exchanges.

The Shares will continue to be listed on BSE and NSE. Further, as directed by SEBI, trading in the Shares of the Company has compulsorily to be in dematerialised form for all investors since 29th November, 1999. With the nation-wide and extensive network of trading terminals of BSE and NSE, investors have access to the online dealings in the Company's Shares and, therefore, the proposed delisting of the Company's Shares will not affect the investors adversely. Necessary Resolution for the proposed voluntary delisting forms part of the Notice of the Annual General Meeting and is recommended for your approval.

Employees

The Board of Directors sincerely acknowledges the exemplary dedication and contribution of all the employees, which were responsible for the improved performance. Our industrial relations continued to be cordial.

During the year under review, 22 employees opted for voluntary retirement. The total number of employees of the Company as on 30th September, 2003 was 3,811.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given as Annexure I to this Report.

Corporate Governance

As required by the existing Clause 49 of the Listing Agreements entered into with The Stock Exchanges, a detailed report on Corporate Governance is given as Annexure IV to this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the report on Corporate Governance.

General Shareholder Information is given as Annexure V to this Report. Additionally, for the benefit of the Members, the Statement of Audited Financial Results along with the Statement of Segmentwise Revenue, Results and Capital Employed for the year ended on 30th September, 2003, prepared pursuant to Clause 41 of the Listing Agreements entered into with the Stock Exchanges, is also included in this section. This Statement was approved by the Board of Directors at its Meeting held on 7th November, 2003.

Health & Safety

The Company accords high priority to health, safety and environment. The Company has in place a Health & Safety Policy for its factories and establishments and also a System for the management and control of pollutants, which address regulatory requirements. The Policy also encompasses appropriate preventive measures as regards safety, health and environment. The Company endeavours to ensure continuous compliance and improvements in this regard.

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, 2003 and of the profit of the Company for the year ended on 30th September, 2003;
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.

Directors

Mr. Harminder Singh was re-appointed as a Whole-time Director by the Board of Directors for a further period of five years with effect from 1st April, 2003 on the completion of his term of five years on 31st March, 2003.

Mr. O. P. Narula was re-appointed as a Whole-time Director by the Board of Directors for a further period of two years

with effect from 1st October, 2003 on the completion of his term on 30th September, 2003.

Mr. Deepak S. Parekh was appointed as an Additional Director of the Company with effect from 7th November, 2003. As per the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of the ensuing Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956, from some Members proposing the appointment of Mr. Parekh as a Director of the Company.

Mr. Harminder Singh, Mr. H. Gelis and Mr. N. J. Jhaveri retire by rotation and, being eligible, offer themselves for re-appointment.

These appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval.

Profiles of these Directors, as required by the Corporate Governance Code (Clause 49 of the Listing Agreement), are given in the Notice of the Annual General Meeting.

Auditors

M/s. Bharat S Raut & Co., Chartered Accountants, retire at the conclusion of the 46th Annual General Meeting and offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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, conducted this audit for the financial year 2002-03.

Acknowledgments

The Board of Directors takes this opportunity to express its sincere appreciation for the excellent support and co-operation received from Siemens AG - the parent company, shareholders, customers, suppliers, bankers and other business associates.

On behalf of the Board of Directors



Dr. F. A. Mehta
Chairman

Mumbai
Friday, 7th November, 2003

Annexure I to the Directors' Report

Particulars of Employees u/s 217(2A)

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the year ended on 30th September, 2003

A. Names of employees employed throughout the financial year and who were in receipt of remuneration for the year which, in the aggregate, was not less than Rs.2,400,000 in terms of Section 217(2A)(a)(i):

Name	Age (Years)	Designation/Nature of duties	Gross Remuneration Received (Rs.)	Qualification	Date of commencement of employment (mm/dd/yy)	Experience (Years)	Last employment held Name of the Company	held Designation
Mr. Gelis H.	44	Executive Director	3,533,175	Telecommunication Electronics, B.Sc., Business Administration, Course in Micro & Macro Economics	12/1/00	27	Siemens Information & Communication Networks Inc., USA	Vice President - Corporate Audit
Mr. Nadkarni A. B.	56	Whole-time Director	3,666,896	BE (M), Dip.in Oper. Mgt.	06/26/73	30	—	—
Mr. Narula O. P.	63	Whole-time Director	3,091,309	B.Sc., Engg.(E)	09/01/62	41	—	—
Mr. Schubert J.	56	Managing Director	3,594,975	Dip Ing.	08/01/96	29	Siemens AG	Head of Building Automation Group & Airports Division
Mr. Singh Harminder	55	Whole-time Director	3,459,867	B.Sc., Engg.(E)	10/01/80	33	NTPC Ltd.	Asst. Chief Engineer

B. Names of employees employed for part of the financial year and who were in receipt of remuneration at a rate which, in the aggregate, was not less than Rs.200,000 p.m. in terms of Section 217(2A)(a)(ii):

Mr. Chakraborty B.C.	50	Manager - Commercial	1,047,269	BSc, DORM	10/18/76	27	—	—
Mr. De. A. N.	60	General Manager - Marketing	623,045	Bsc-Eng	07/12/65	38	Texmaco	Maintenance Engineer
Mr. D'sylva B. P.	35	Inspector	492,186	HSC, ITI, NCTVT	10/26/90	13	—	—
Dr. Gopal R.	50	General Manager -Marketing	2,321,468	BTech (Hons), PhD, DFM, DMS	10/16/81	28	Tata Economic Consultancy Serv	Economist
Mr. Inamdar R. S.	40	General Manager - Customer Service	286,438	BE (Electrical)	08/10/1984	19	—	—
Mr. Kini S. K.	60	General Manager Export-Import	1,446,593	BE (Electrical)	05/15/86	38	Crompton Greaves Ltd	Materials Manager
Mr. Kshirsagar U. S.	34	Manager	236,489	BE (Electronics)	07/09/1992	13	Meltron Semiconductors Ltd.	Engineer-Power Electronics Div
Mr. Maitra Sugata *	53	Manager - Service	1,676,089	BE (Electrical)	05/24/79	27	Indian Iron & Steel Company	Junior Engineer (Maintenance)
Mr. Mitra Gautam *	52	Manager - Service	1,819,110	B Tech (Mech)	01/10/1989	27	Indian Oxygen Limited	Maintenance Engineer
Mr. Neelkanth T. *	57	Chief Manager - Marketing	1,895,624	BE (Electrical)	07/20/70	33	—	—
Mr. Nunes W. F. *	53	Assembler	700,682	NON-SSC	01/11/1973	30	—	—
Mr. Pacheco O. L.	60	Chief Manager - Project Manager	530,597	DELE	01/12/1964	39	—	—
Mr. Parmar G. P.	55	Chief Manager Marketing	241,813	BE (Electrical)	10/14/81	29	BSES	Asst.Engr.
Mr. Raveesh B. S.	34	Manager - Marketing	402,034	BE (Electronics & Tele)	07/15/95	8	Linkwell Electric Ltd.	Senior Div. Mgr.
Mr. Ravichandran P.	40	General Manager - Marketing	284,752	BE (Electronics)	07/20/87	16	FENNER INDIA	Application Engineer
Mr. Suresh S. *	52	Senior Manager Marketing	1,543,759	BE (Electronics)	08/08/1988	25	I.T.I.Ltd.	Engineer

1. * VRS cases, including early retirement.

2. All appointments are contractual. Other terms and conditions are as per the Rules of the Company.

3. None of the above employees is / was related to any of the Directors of the Company.

4. Gross Remuneration includes Salary, Allowances, VRS compensation and Perquisites (valued as per Income Tax Rules) but excludes Company's contribution to Provident Fund, Superannuation Fund and Gratuity Provision.

On behalf of the Board of Directors



Dr. F. A. Mehta
Chairman

Mumbai
Friday, 7th November, 2003

Annexure II 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):
 - Better monitoring and control of lighting in the premises and office buildings through false ceiling & sun control films on windows.
 - Replacement of old window & package air conditioning units with new Chiller and Split type units.
 - Reduction in blade size of air circulators.
 - Overhead mercury vapour / sodium vapour lamps and fans put on automatic circuit.
2. Impact of measures undertaken:
 - Lighting is improved.
 - Continuous monitoring of power factor results in substantial saving of electricity consumption.

B) Research and Development (R&D)

1. Specific areas in which R&D was carried out:
 - A unique testing scheme was conceptualized and established to test Motors / Generators upto 1250 KW. This concept is used in India for the first time.
 - Conceptualized and developed testing setup for testing electronic control cabinets for diesel locomotives, resulting in indigenisation of these cabinets.
 - Development of 8BK88 Plus with 3AHO Pole Encapsulated Vacuum Circuit Breaker.
 - Development of Inert Gas filled Outdoor Vacuum Circuit Breaker for 12 kV and 36 kV.
 - Integration of latest large video screen displays for easy and efficient control room operations
 - Integration of Industrial PC Architecture for higher availability and harsh environmental conditions.
 - Product packaging to meet the stringent IEC norms for EMC and environmental conditions for industrial applications.
 - Introduction of improved C-Arm Multimobil 5C, with CE Mark and Multiphos 15 High Frequency Multipulse Generator of 15kW power suitable for general purpose Radiographic and Fluoroscopy applications.

2. Benefits derived as a result of the above R&D:
 - Energy conservation and precision testing of motors.
 - Cost effective flexible configurations, to meet customer requirements at competitive costs with faster Return on Investments.
 - Remote connectivity of geographically distributed control centers over Fiber-optic networks and Radio links.
 - Market oriented cost-effective products.
 - Indigenous high frequency generators to replace two-pulse technology.
 - Potential for exports and increased market share in local markets due to suitability of applications.
3. Expenditure on R&D:
 - a) Capital : Rs.1,200,000
 - b) Revenue : Rs.25,391,723

C) Technology Absorption & Innovation

1. Efforts undertaken:
 - Wide Area Networking using Fibre and Radio communication technologies.
 - Structured network cabling for greater stability and reliability.
 - Joint R&D project works with R&D units of Siemens AG and its subsidiaries.
2. Benefits derived from the above:
 - Increased competitiveness.
 - Enhanced acceptability.
 - Meeting the customer specifications fully.
 - Products with international quality with enhanced Performance to Cost ratio based on state of the art technology for Indian as well as export market.
3. Imported Technology:
 - a) Technology imported : Nil
 - b) Year of Import : Not applicable
 - c) Has the technology been fully absorbed : Not applicable

On behalf of the Board of Directors



Dr. F. A. Mehta
Chairman

Mumbai
Friday, 7th November, 2003

Annexure III to Directors' Report

Management's Discussion and Analysis

General Performance Review

After a prolonged period of slowdown and recession, the Indian Economy in the last fiscal started showing signs of modest recovery, beating the trends of global recession and the ill-effects of the SARS epidemic that otherwise affected large parts of Asia. GDP growth for the first quarter of 2003-04 stood at 5.7% and a good monsoon has added to the optimism. The Centre for Monitoring the Indian Economy (CMIE) has projected an optimistic GDP growth rate of 6.5% for 2003-04 (compared to 4.3% last year) led by growth in agriculture, manufacturing and services sectors. The Government of India's efforts to drive economic growth through the 'second generation of reforms' are a step forward in the right direction. The move to privatize PSUs met with partial success and some roadblocks. The appreciation of the Rupee against the US Dollar affected exports, particularly of software to the US. The rise of Euro against the Dollar largely affected imports.

In the Infrastructure area, the Power Generation sector remained fairly static, increasing the gap between demand and supply. Between April 2002 and 2003, capacity addition was a mere 2.5%. Since greenfield projects were nearly absent, growth was spurred mainly by the renovation and modernization market. The passing of the Electricity Bill is a step to revive the sector and it has opened up greater avenues for private participation. In the area of Power Transmission and Distribution, the Government's Accelerated Power Development Reforms Program (APDRP) has begun to gain momentum, albeit only in a few states. The poor financial condition and the slow pace of corporatization of state power utilities remain areas of concern. Increased participation of the private sector in distribution, and funding of government projects by multilateral agencies are positive developments.

In the Railways segment, the Government's emphasis on improving the rail infrastructure augurs well. Formation of the Special Railway Safety Fund will help boost demand for signaling systems and safety equipment. Also, interest shown by multilateral agencies, such as the World Bank, to fund the upgradation of Mumbai's suburban rail infrastructure is a positive signal. However, modernization of rolling stock and new projects continue to suffer due to curtailed investments.

Even in this situation, Siemens' infrastructure businesses performed well. Power Generation's order inflow improved substantially buoyed by its Power Plant Automation Group's



Six new mobile phones were launched in the Indian market at a glittering ceremony where Mr. Lothar Pauly, a member of Siemens Mobile Group Board and Mr. Schubert, Managing Director, Siemens Ltd. actively participated.

performance. The order inflow position of Power Transmission and Distribution improved substantially in the last year backed by the Medium Voltage group's performance. The Transportation Systems business continued to perform spectacularly as order intake grew substantially mainly on account of steady business from the conventional areas, including safety systems. Business volume has grown by an average 38% in the Infrastructure businesses and profits have been satisfactory.

With the gradual pick-up in the economy, the demand for industrial products increased. The Index for Industrial Production has improved to 5.3% in the first quarter of April-June 2003, partly a reflection of better capacity utilization after successful restructuring by Indian industry. Even so, fresh investment proposals increased by 13% in the 12-month period between Aug 2002 and July 2003, compared to the same period of the previous year and growth in the capital goods sector also improved to 6.5 % in the first quarter of the current fiscal. Continued investment in infrastructure sector, mainly highways, boosted demand in related industries such as steel and automobiles. Other sectors such as buildings, multiplexes, hotels and hospitals continued to grow appreciably, riding on tax concessions offered by the Government. Having also restructured suitably over the past two years, Siemens' Industry group businesses were well positioned to take advantage of the improved market situation. Siemens succeeded in maintaining a good growth momentum by improving marketshares across categories, while simultaneously enhancing the profitability through effective asset management and reduced costs.

The telecommunications market in the country continued to remain buoyant. The modernization of India's public communication infrastructure positively influenced the enterprise communication market in India. However, growth was concentrated in the lower and mid-market enterprise segments and was largely driven by replacement or up-gradation of existing networks. This growth was largely being fuelled by enterprises' need to become more

solutions. However, the impact of shifting jobs to India has caused USA to impose restrictions, clamping growth prospects. Siemens Information Systems Ltd., Siemens' IT arm, successfully battled this situation through its three-pronged strategy that focuses on growing niches within the domestic and export markets, as also offshore development for Siemens groups worldwide. The company posted good growth and achieved satisfactory results.

Having stabilized its business, Siemens' market and customer-focused approach saw it achieve good growth in the last fiscal. The Company grew at a healthy 17%, much faster than the market growth of 11%. It continued to introduce innovative products, systems, solutions and services that met with customer expectations that enabled it to get a stronger foothold in the market. The success of its initiatives in areas of productivity improvement, asset management, shared services across Siemens companies, gave the Company an improved overall cost structure, boosting its bottom-line. Overall, the Company's top-line increased steadily and the quality of its results improved substantially, giving it a healthier and more stable position.

Further reviews on each of Siemens' businesses are as follows:

Energy Segment

Power Generation Division (PG)

During the last year, the power generation sector's growth was marginal as capacity addition was only 2.5%, increasing the gap between the demand and supply situation. In the absence of greenfield projects, the thrust continued to be on improving the efficiency of installed capacity through the renovation and modernization (R&M) of existing plants.

Reflecting the market needs, the Power Generation Division (PG) continued its thrust on the R&M segment and was buoyed by the spectacular performance of its Automation and Service groups. Overall, the Division recorded significant increase in both New Orders and Turnover, which increased by 57% and 50% respectively, compared to the previous year. However, profits were significantly higher due to a one-time payment received as per contractual terms against an order that was subsequently cancelled. Even after adjusting for this one-time amount, profits increased substantially.

The success of the Automation group can be attributed to

productive and cost competitive in a difficult market. The twin phenomena of reduced usage charges and lower handset prices led to a substantial increase in cellular subscribers, with a corresponding rise in sales of legal handsets. The mobile business has been given a new thrust in the second half of the fiscal, with India being declared as a focus region of growth. Even in the short time, Siemens' Mobile made substantial inroads into the fast-growing Indian market.

The Indian healthcare market saw substantial growth mainly encouraged by numerous initiatives undertaken by the Government during the last year. In Budget 2003, the healthcare industry was accorded "infrastructure" status and was accompanied by customs duty reduction and excise duty relief that led to several new investments in this sector, both in urban and rural centers. Spurred by initiatives, the Medical Solutions Division recorded an impressive growth.

The Information Technology sector in India, and software in particular, was partly affected by the global economic slowdown and it also partly gained from this situation, as global companies turned to India to seek cost competitive



Chief Minister of Karnataka, Mr. S. M. Krishna visited and recorded his appreciation of Siemens' display at IT.Com exhibition, Bangalore.



The indigenously designed and manufactured SIMEX-G Excitation System for power plants and industries presents a good market opportunity for Siemens.

the introduction of technically superior yet competitive products, that have received international acceptance and a focused marketing approach. Among the group's significant achievements were the launch of the Cyber-Age Distributed Control System, TelepermXPadd, and the resounding success of SIMEX-G generator excitation systems.

Among important orders received by the Division are orders valued over Rs. 200 million from the Jindal and Kirloskar groups as well as L&T with whom PG works closely on greenfield and R&M projects. The Division also successfully executed Rs. 40 million worth of orders for R&M of the Badarpur Power Plants of NTPC. Another significant achievement for the Division was in the area of exports where it provided engineering and development services to Siemens AG, worth Rs. 77 million. The service business increased two-fold with many satisfied customers signing up for the Hotline and Annual Maintenance Contracts.

Outlook: The passing of the Electricity Act 2003 has opened additional avenues for private operators to set up private power plants. As a leading equipment and solutions provider, Siemens is well positioned to take advantage of the positive fallouts. The Division's flexible approach and experience in handling varying loads, gives it an added advantage to step up capacities in a very short time to address the fluctuating market needs. In the meanwhile, the Division will continue to focus on the Automation and Service businesses, backed by the strength of its top-line technology & products.

Power Transmission and Distribution Division (PTD)

The Transmission and Distribution (T&D) sector performed better than the Power Generation sector with the Government according it a priority status. Investments by private companies and large industries in power distribution were a positive signal towards improving the

potential. The Government's ambitious Rs 35 billion Accelerated Power Development and Reforms Program (APDRP) will indeed provide impetus to the sector. However, its take off has been slow as the funds for projects remain substantially underutilized. The financial situation of State Electricity Boards (SEBs) continues to be poor, despite several positive steps such as securitization of SEB dues.

In this backdrop, the Power Transmission and Distribution (PTD) Division performed exceedingly well, as growth was supported by substantial export business. New orders position improved by 83%, reflecting the success of increased focus on customer retention as also aggressive forays into the utilities segment. Although turnover declined last year, the Division had an extraordinary booking in the previous year against the execution of the HVDC project. After adjusting for this extraordinary spike in the previous fiscal, the Turnover rose by 17%. The Division's profit rose substantially as it was able to lower its overall cost structure.

Among the Division's significant achievements, was the successful commissioning of India's largest HVDC project connecting Talcher (Orissa) and Kolar (Karnataka). The Division also reached a major milestone with the export of its 1500th outdoor vacuum circuit breaker (OVCB) in April 2003. The Energy Management Group successfully completed the implementation of a SCADA system for BSES in Mumbai covering an area of 384 sq. km.

Siemens successfully executed the 132x33 kV substation project on a turnkey basis for Ceylon Electricity Board.



PTD also significantly increased its presence in neighboring countries and in the region during the year, by successfully executing a substation project in Sri Lanka, as also bagging major orders from PowerGrid Corporation of Bangladesh (Rs. 620 million), Tala Hydroelectric Project in Bhutan (Rs 99 million) and Qatar General Electricity and Water Corporation in Qatar (Rs 500 million). Among its major successes in the Indian market includes two huge orders in the state of Gujarat, namely the Rs 301 million order from Gujarat Electricity Board (GEB) and Rs 188 million order from Gujarat Mineral Development Corporation.

The Division's increased focus on the utilities segment has begun to pay dividends. In the last year, the Division received orders from Powergrid Corporation of India (Rs 226 million), Rajasthan Rajya Vidyut Prasarak Nigam Ltd (RRVPL - Rs 105 million) and AP Transco (Rs 81 million). It also bagged a Rs 100 million order from CESC Ltd, Kolkata for renovation & modernization of its SCADA facility.

Outlook: The Government's continued thrust on forming a National Grid by 2012 promises growth opportunities for High Voltage Systems, Power Automation and Energy Management segments. The futuristic Electricity Act 2003 passed by Parliament, if implemented in right earnest, will improve prospects for the entire power sector. However, with input costs on the rise, margins for the medium voltage business are likely to be under pressure. The financial health of utility companies however remains the main area of concern for this Division.

Industry Segment

Automation & Drives Division (A&D)

The Industry segment showed a marginal improvement in the latter part of last year after witnessing a downward trend during the previous fiscal. The overall market for the Automation & Drives Division increased marginally by 4.5% with the main growth areas being the machinery, automobile, chemical, pharmaceutical and infrastructure sectors.

Beating the market trends, the Automation & Drives (A&D) business grew well, specially achieving good success in the fields of low voltage switchboards, drives & automation and solutions for the machinery industry. The Division's order value and turnover increased by 20% and 14% respectively. Despite severe price pressure from established competitors and the negative effects of the appreciation of the Euro against the Rupee, A&D's profits improved



In the last 12 months Siemens' windmill generator has helped generate 210 MW of clean power in India – the major order being executed for Suzlon Energy Ltd. and Vistas RRB Ltd. for supply of Windmill Generators.

substantially by 121%. All factories have performed well and are operating at full capacity. Numerous process improvement measures vigorously implemented by the Division helped to significantly enhance the bottom-line over the previous year.

During the year, A&D introduced new products and systems to cater to the specific requirements of certain sectors. The Division also consolidated its service and training activities into a separate unit and launched a number of service initiatives. To improve productivity, quality and reduce response time to customers, the Division took several initiatives including setting up a centralized logistics center at Kalwa that helps streamline order execution, and implementing processes in line with the updated ISO 9000:2000 version across all operational units of the Division.

Among the major orders received by A&D during the year were a Rs. 240 million order from Suzlon Energy Ltd & Vestas RRB Ltd for wind generators. Others include an order of Rs. 20 million from Polyplex Ltd. for Automation and Drives of their polyester line project in Thailand and a Rs. 33 million order from Bhilai Steel Plant and Gas Authority of India Ltd. for Medium Voltage variable speed drives.

Outlook: The market in which A&D operates is expected to provide good opportunities in the sectors of electrical infrastructure, automobile manufacturing, machinery, power and process industry. The market is expected to remain highly competitive in areas of motors, drives and low voltage power distribution products. Low price products from China remain constant threats. In order to strengthen it's position in this situation, the Division has worked out a strategy comprising of a combination of actions such as launch of new state-of-art products, strengthening of the sales and service force, development of channel partners, expansion of the service offering and further localization of low-voltage power products range.

Industrial Solutions & Services Division (I&S)

Overall improvement in economic activity provided a boost to industrial investments compared to previous years.

Continued investment in the Infrastructure sector, mainly highways, as well as increased exports, boosted demand for steel. The overall market for Industrial Solutions & Services (I&S) Division grew by around 6%, largely driven by the metals sector, which grew by over 30%.

Taking advantage of this upturn, I&S reinforced its position as market leader in the metals segment. Its various initiatives such as forays into new segments, focus on niche ones and single-source solution provider approach with A&D and PTD yielded results. Its new order intake position improved by 50%, and after a three-year gap, turnover increased by 15%. By achieving better productivity across the value chain, I&S improved its overall cost position that helped it register a 19% rise in profits.

Among major orders bagged by the Division in the last year are those from Flat Products for export of cold rolling mill solutions to Union Steel, China (Rs. 320 million); from Sterlite Industries, Balco for a 220kV Switchyard (Rs. 280 million) and from VAI Engineering and Automation for electrical controls of SAIL, Bhilai Steel Plant's long rail mill project (Rs. 200 million).

During the year, I&S completed several prestigious projects for Reliance Infocomm's Dhirubhai Ambani Knowledge City, NALCO and Bombay Hospital at Indore. Another milestone

Siemens has successfully installed and commissioned the 220 kV substation project for NALCO in Orissa.



was Bangalore International Airport Ltd's recent MoU with Siemens AG and Siemens Ltd.'s I&S Groups for turnkey construction of the international airport.

The Division also provided engineering services to Siemens AG to the tune of Rs 20 million. It added several value-added maintenance services to its portfolio.

Outlook: The market sentiment will continue to be positive with the industrial recovery witnessed during the last fiscal expected to continue. The improved returns being enjoyed by the steel industry would also ensure continuation of investments in this sector. The Division is optimistic about its prospects in the highways, metals and mining segments, where significant investments are expected. It also intends to continue to pursue opportunities in the urban traffic, highways, buildings and airports sectors. Further, the order booking of the Bangalore International Airport project, after its financial close, will boost the Division's order book with sales in the subsequent years.

Information & Communication Segment

Enterprise Networks

Continued modernization of India's public telecommunication infrastructure had a positive influence on the enterprise communication market, which grew at about 16%. The demand came mainly from the lower and mid-market enterprise segments, with a focus on the up-gradation of existing telecom infrastructure to improve operational efficiencies and control costs.

As a direct provider of converged communication solutions and services to the entire market spectrum, the Information & Communication – Enterprise Networks (ICN EN) Division consolidated its number 1 position with both top line and bottom line growth. This was done through a combination of measures to improve market penetration that increased market share, to tap new markets and to launch new services. This strategy helped it clock 23% and 26% growth in new orders and turnover respectively. By stepping on collections, receivables, the Division liquidated its debts position and streamlined inventories. This supported the Division's profitability substantially.

Among the Division's major wins was an order for the installation of the 30-location video conferencing network for Punjab National Bank valued at Rs. 43 million, as also a Rs 18 million order from CMC Ltd for setting up a video-conferencing network, including the supply of HiPath

EPABXs. Other major achievements include orders from IBM for HiPath 4000s for its facilities in Pune and Bangalore and commissioning of the Siemens Shared Services Call Center.

In the last fiscal, ICN EN made forays into the neighboring markets and bagged orders for HiPath 3000 in Maldives, and a five-star hotel in Afghanistan. It also achieved a five-fold growth in the HiPath business in the Sri Lanka market over the previous year and appointed a new partner in Nepal. The Division also launched 'Surya', a customer delight program, and third party product installation and maintenance services for Polycom and Aspect call centers. It also inaugurated a Remote Clearing Service – India to serve customers in the Asia-Pacific region.

Outlook: The market will continue to be driven primarily by the demand for upgrading infrastructure rather than new installations where ICN EN expects to actively participate in this segment. It will also continue to introduce a number of highly innovative products and solutions in the area of smart card solutions, call centers, cordless mobility and convergent voice, data and video communications.

Our Hi-path range of products has not only captured the Indian market but has also made in-roads in the neighbouring countries. Digital IP phone: Optipoint 600.



Mobile Phones

The rapid deployment of mobile networks across India and reduction in usage costs resulted in a huge increase in cellular subscription and sale of mobile handsets. Lowering of import duties gave a further fillip to the sale of handsets in legal channels.



Siemens introduced trendy new mobile phones for the entire spectrum of markets ranging from low-end entry level to the hi-end sophisticated models.

In May 2003, Siemens Information and Communication – Mobile Phones Division (ICM MP) declared India as a focus market in Asia and introduced its new "India portfolio" of mobile handsets. It entered into a partnership with Tech Pacific, India's largest IT distribution company, to roll out a nationwide sales and service distribution network of over 5500 retail outlets by the year-end. On the service front, the Division has introduced an innovative 'customer care' service wherein customers receive not only traditional repair services but also assistance on how best to use handsets.

Demand for mobile phones in India has increasingly been driven by preference for lifestyle-oriented brands where technology and features take predominance. In keeping with this trend, in the last year, ICM MP launched seven new models catering to the entire segment of users. For example, offerings for the entry level include the A50, A52 and A55, while the special silver variant, the 'C55 Silver' was introduced for the mid-market segment. The three globe-trotter models, S55, M55 and SL55 cater to the high-end segment with features like color display, tri-band and flash camera.

A large number of value-added features are available for models across the entire portfolio, including the entry-level phones. For example, each phone is equipped with longer-life batteries with Li-Ion technology, polyphonic ringtones, Hindi-language menu and highly durable and reliable modular covers to protect against moisture and dust.

Outlook: In the current fiscal, the mobile phones market is expected to maintain a high growth momentum with corresponding rise in handset sales. Within this market, the entry-level segment is expected to witness maximum growth. To meet this demand surge, ICM MP will launch new models that satisfy consumers' "price-value" need in each segment. It would also continue to increase its retail

presence and reach, while maintaining its thrust on service initiatives.

Healthcare Segment

Medical Solutions Division

The growing awareness for good health among individuals, even in rural areas, created an increased demand for health care facilities. This was further catalyzed by the government's initiatives during the last year directed at improving general health and hygiene conditions in India, as per the World Health Organization's recommendation. The Budget 2003 accorded 'infrastructure' status to the industry and gave reliefs in customs and excise duty. The larger corporate players were seen to branch out into the

The Multimobil 2.5 is one of the many products slated to meet Siemens' international market requirements.



smaller cities to provide better facilities. Also, the launch of health insurance schemes by private insurers supported growth of the sector.

The Medical Solutions Division recorded its third successive year of robust growth driven mainly by its aggressive marketing strategies, enhanced portfolio of products and

strengthened service network. It clocked an improved new orders position of 25% over the previous year, besides registering a 21% growth in turnover. However, the Division's profits were under pressure.

The highlights of the Medical Division's performance during the fiscal year was the successful introduction of a top-of-line CT product, the "High-end 16-Slice", that helped it gain leadership in this segment. In addition, the Division introduced a new initiative "Somatom Elevate", a dedicated program that allows individual CT customers to migrate to a higher technology or performance level. The Division also made a successful entry into the mid-range Colour Doppler Ultrasound segment with a new product, G50, and maintained its leadership in MR, Cathlabs, Therapy and Ventilators segments. Among the Division's significant achievements was the successful export of 125 mobile X-rays to China at the height of the SARS crisis earlier this year.

Outlook: The future outlook for the Healthcare sector in India looks positive. This is due to the efforts of the Government, industry bodies like CII, FICCI and the healthcare service providers to promote India as a "global healthcare destination" in countries like Great Britain. These combined with the launch of innovative health insurance schemes and increasing awareness for quality healthcare facilities in rural India will provide a fillip for growth in the sector. Increased private investment in smaller cities will also boost growth. To take advantage of these opportunities and consolidate its position, the Division intends to introduce new products and service initiatives.

Transportation Segment

Transportation Systems Division

The Government of India has laid emphasis on improving the railways infrastructure over the last two years, especially with a view to strengthen passenger safety. In this context, during the last year, the Special Railway Safety Fund has been created as part of the Railways Budget 2003 to fund such safety projects. Besides this, the World Bank agreeing to provide financial assistance to the Mumbai Rail Vikas Corporation (MRVC) to help ease Mumbai's rail traffic situation was a welcome move. However, the growth in the rolling stock sector continues to suffer due to inadequate availability of funds.

The Transportation Systems (TS) Division continued its



In a record time, with minimum inconvenience to passengers, Siemens successfully replaced the interlocking system at the high-density Howrah Station, Kolkata.

impressive performance yet again, being well positioned to leverage this situation. It registered a whopping rise of 136% in order value and on the back of last year's order intake, turnover increased 52% compared to the previous fiscal. This growth was driven by the Division's entry into the traction segment with the launch of innovative new products. Besides, with an emphasis on continually improving processes and product quality, TS further reduced its overall cost structure that helped it post a significantly higher profit in the last fiscal.

Among major achievements, the TS Division has secured a Rs 545 million order from Diesel Locomotive Works for supply of microprocessor-based propulsion system for diesel locomotives. The Division also received a Rs 250 million order from MRVC for providing a microprocessor-based track vacancy detection system that will help upgrade safety on Mumbai's suburban railway networks.

Amongst other significant highlights of the TS Division's performance was the successful replacement of the interlocking system at the high-density Howrah Railway station, near Kolkata. This was completed in record time with least downtime and causing minimum inconvenience to passengers. The Division further augmented its service offering by extending its annual maintenance contracts to diesel locomotives and broad-basing its network to 60 locations across India. TS also achieved the shortest response time of less than six hours.

Outlook: Indian Railways' continued emphasis on safety improvements will see higher investments in signaling systems and miscellaneous electricals. The Division is expected to benefit from these investments, as well as fully leverage its recent entry into the traction segment that provides future growth and opportunities. Besides, the Division's continued focus on productivity improvement and asset management will provide competitive strength and growth in a difficult market.

Group Companies

Siemens Information Systems Limited (SISL)

Despite the slowdown in the global economy, the Indian IT services sector grew by about 18%. One of the key drivers of this sector has been the increased use of the Indian software skills and competencies by global majors.

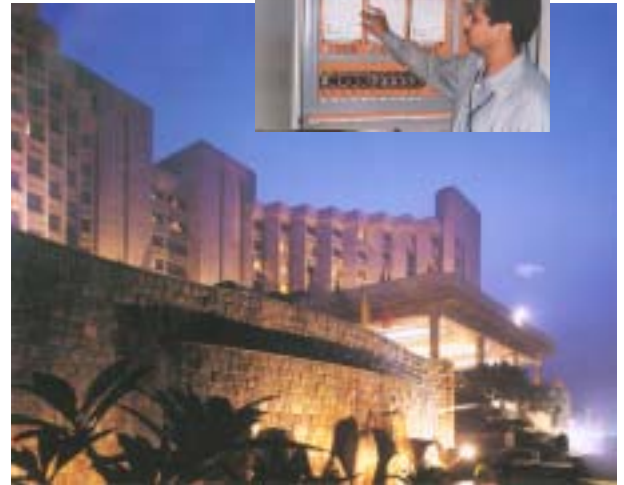
Reflecting the overall industry trends, Siemens Information Systems Ltd's (SISL) turnover grew by 19%, while the new order intake improved by 16% compared to the previous year. SISL has a three-pronged growth strategy with nearly 15% of the turnover coming from domestic market and 85% from the export market. The success of its continued cost reduction, asset management and productivity improvement programs helped the company achieve higher profits despite the negative currency effects.

SISL combines its domain expertise across various segments and creates its own solutions. Besides, acquiring expertise in banking through partnerships, SISL expanded its presence in segments like media, healthcare, telecom, biometrics (security) and insurance in addition to consolidating its business in SAP implementation.

Siemens Medical and Siemens VDO continue to collaborate with SISL for solutions development, while other Divisions of Siemens like A&D and PTD have decided to set up Offshore Development Centers (ODC) in India and selected SISL as their partner. SISL signed a MoU with Siemens Corporate Research to co-operate in the areas of Software Process Improvement. It also successfully completed the implementation of SAP R/3 for Delhi Metro Corporation,

SISL won and executed successfully a major breakthrough order from Siemens Medical solutions, USA for developing clinical solutions.





Tata Infomedia and Ananda Bazaar Patrika Group while the implementation at Siemens, Bangladesh was one of the fastest.

Among major orders won by SISL was an order from Siemens Medical Solutions, USA to develop clinical solutions on an on-going basis, apart from orders for SAP/R/3 from Siemens groups in China, Finland and Germany. In the insurance segment breakthrough orders were received from HDFC Standard Life and Siemens Health Services, USA. SISL's Business Process Outsourcing (BPO) initiative launched in the previous year saw early success with an order from Barclay Cards UK.

Earlier in the year, Siemens Ltd. increased its equity stake in SISL from 74.8% to 100%. With this, SISL has become a wholly owned subsidiary of Siemens Ltd.

Outlook: Having achieved the status of the most preferred partner of Siemens AG for software development, SISL is all set to capitalize the yet untapped business from Siemens business divisions globally and promote India as an outsourcing hub. In the domestic market, it would continue to increase domain focus in the fast-growing banking, financial services and insurance sectors, as also consolidating its position in healthcare and telecom.

Siemens Building Technologies Ltd (SBT)

The buildings and construction segment of industry witnessed good growth whole of last year and grew at 13%, mainly due to increased investment in multiplexes, hotels, hospitals and IT Parks. Besides, on the back of heightened security risk, government and corporate establishments began to improve security and vigilance systems in their installations.

Siemens Building Technologies Ltd (SBT) now a 100% subsidiary of Siemens Ltd. continued to establish its lead in the building automation segment, where it grew faster than the market. SBT improved its performance in the Heating and Ventilation Products, as also the Fire and Security Systems segments, two relatively new segments for the company in India. On the back of this performance, the company improved both its new order position by 15% and turnover by 20%, as compared to the previous year.

Among the major orders received by SBT during the year were a Rs. 39 million order from HSBC for complete range

Siemens Building Technologies Ltd. installed the complete electrical systems including building controls and safety systems at Hyatt Group of Hotels.

of solutions including building automation, fire protection, security systems and their operation. SBT also won a Rs 15 million order from Apparel Export Promotion Council for the supply of an integrated building management system. Among the projects completed were the ones executed for Hyatt Regency and Orange, both secured in the previous year. It also won export orders in Bangladesh and Sri Lanka.

During the last year, Siemens Ltd. purchased 100% equity stake in SBT from Siemens Building Technologies AG, Switzerland, making it a subsidiary company. The process of amalgamation of SBT into Siemens Ltd. is underway, subject to all statutory approvals and clearances. This move is in line with the global decision to integrate these businesses back into the main fold of Siemens.

Outlook: With the economy beginning to look up, SBT aims to tap the opportunities presented by continued investment in airports, shopping malls, software parks and the hospitality segment with intelligent building systems. It also expects increased demand for security systems due to heightened security concerns. To increase its business volume while simultaneously improving the bottom-line, SBT plans to launch new products and technologies and aggressively improve customer acquisition. Combining forces with Siemens Ltd.'s I&S and A&D Divisions and capitalizing on their strengths in the building and industrial segments will give further avenues and opportunities for growth for SBT.

Real Estate Segment

Siemens Real Estate (SRE)

The Siemens Real Estate (SRE) Division was formed in October 2000 to optimally utilize all Siemens property

across the country and lease out vacant premises. It also handles the Facility Management Services for all locations across India and continually upgrades them at competitive prices.

Last year, this group was successful in generating income from surplus assets and this supported the company's result. It also successfully implemented several systems that helped optimize real estate assets and save substantial costs. The Division also earned revenues by offering its expertise and services to third parties.

Internal control systems and their adequacy

Siemens Ltd. has adequate internal control systems that foster reliable financial reporting, safeguard assets, encourage adherence to management policies as well as international agreements and conventions as far as they are applicable and promote ethical conduct.

The company has appointed an audit committee, which regularly reviews, the adequacy of internal control systems

as its group & subsidiary companies in India. The audits are planned and covered systematically within the frame work of an Audit Charter set by the parent company.

Besides normal audits conducted to ensure adequate reliability of internal controls and financial reporting, Internal Audit conducts risk based process and operational audits and information security audits to ensure compliance with internal guidelines and procedures as well as international agreements and conventions as far as they are applicable to the company and identify areas of improvements and risk exposures. All audit findings are reported in a structured manner with suggestions and recommendations agreed by the audited department with the implementation responsibilities & time plans. The implementation is monitored through follow-up audit conducted after a reasonable period of time.

Integrity guides the conduct towards our business partners, colleagues, shareholders and the general public. The corporate philosophy constitutes the foundation of the Business Conduct Guidelines, which have been adopted for the employees from the current year.

Quality

During the last fiscal year, all business Divisions of the company successfully migrated to ISO 9000-2000 version. The company also switched over to a single certifying agency, BVQI.

Safety and Environment

Siemens Ltd. has always endeavored to have world-class safety & environment management systems. During the last year, Siemens Ltd. successfully undertook projects aimed at reducing water consumption, saving power and eliminating occupational hazards.

Among significant achievements of the Occupational Safety and Environment (OSE) group of Siemens Ltd. were the 30% reduction in water consumption at Kalwa Works by undertaking various water conservation projects. The Group also saved about Rs. 1 million worth of power at Kalwa Works' computer center by installing a new air-conditioning system. By reusing plastic bags for packing products and redesigning wooden packing cases, the OSE group has conserved natural resources.

During the year, Siemens Ltd has won the Greentech Industrial Safety Platinum Award and Greentech



Siemens Real Estate profitably utilized a part of the company's surplus assets e.g., by setting up a new modern software development centre at Mumbai.

with the management, external and internal auditors. The company has an independent Internal Audit department reporting to the Executive Director. The Internal Audit team is responsible for conducting audits of the company as well

Environment Excellence Gold Award for safety and environmental the practices followed by it.

Outlook for Siemens Ltd.

Pick-up in the economy with GDP growth estimates projected to be in excess of 6.5% is a positive indicator for the capital goods sector. Earnest implementation of the second wave of economic reforms with the accent on developing the country's infrastructure will spur growth across several industry sectors. Therefore, Siemens Ltd is optimistic about growth prospects presented in the forthcoming fiscal. However, Siemens is alert to any likely change in this trend as a result of developments in the domestic and global economy. Initiatives in the Power Sector like the Accelerated Power Development Program and the passing of the Electricity Act 2003 are positive steps. However, the speed of implementation remains a concern, as allocated budgets are not utilized according to plans.

Power Generation is one area that has lagged behind in the reform process with nearly no major projects taking off. Even if this changes with the thrust given to developing this sector, the benefits of this will materialize only in the medium term. Therefore, the PG Division will continue to focus on the renovation and maintenance business and leverage its strong position in the Automation and Services business to boost top-line and bottom-line growth.

Despite the continued financial problems of state utilities, the Power Transmission & Distribution sector is expected to provide opportunities with the emphasis on developing the National Grid. The increased participation of the private sector in the Transmission and Distribution area, will give rise to increased opportunities to turnkey equipment suppliers. In this situation, Siemens Power Transmission and Distribution Division foresees increased demand in the high voltage transmission, energy management, and safety and automation equipment segments.

The Indian Railways' emphasis on improving the rail infrastructure in the metros besides the continued measures to improve passenger safety will see enhanced Government investments in this segment. By leveraging its strength in adapting state-of-art technology to Indian requirements, as also its success in the traction segment that it recently entered, Siemens' Transportation Systems business plans to retain its leadership position in this sector.

With the investment situation beginning to turn positive, the Industrial sector is expected to see higher growth over the next 12 to 18 month period. The Industry Group Divisions, i.e. Automation and Drives and Industrial Solutions and Services, and the Siemens Building Technologies businesses are well-positioned to tap the opportunities provided in this sector. To maintain profitability, these Divisions will continue to improve productivity and streamline processes in line with the market situation.

The Telecommunications sector, in particular the Enterprise Networks segment, will see growth as a fall-out of the upswing in the economy. With a portfolio of diverse products across several enterprise communication segments, a strengthened sales channel and improved service capability, Siemens is in a good position to leverage the growth potential. In doing so, it plans to introduce newer products and variants that meet customer needs and help them become more efficient. In the fast growing Indian mobile phones market, Siemens plans to leverage the success of its market penetration and distribution program to reach beyond metros. In addition it will boost point-of-sale volumes through a combination of increased retail visibility, launch of products with value-added features, as also initiatives to create preference for the Siemens brand.

The twin phenomena of private sector investment and success of the healthcare insurance sector will make quality healthcare services accessible for the common man. This, coupled with the benefits accruing out of the various initiatives to promote India as a "global healthcare destination", is expected to boost the Indian healthcare sector. Siemens is poised to tap these emerging opportunities with its global range of products and services, as called for by the market.

Information Technology continues to be a key focus area across all segments of Siemens' operations. As an independent business serving the domestic market, as well as for Siemens' own developmental activities, domestically and globally, Siemens Information Systems Ltd. has achieved remarkable success. With a three-pronged strategy, SISL plans to enhance its presence in the domestic and export market, with an added thrust on offshore development for Siemens global business groups.

Overall, while the world economy is going through a difficult period, Asia is seen as a region of higher growth

with China and India being on the faster track. The domestic outlook seems to be improving gradually and the market is expected to provide wider growth opportunities during the current fiscal. To leverage these, Siemens has already put in place a strategy to attain profitable growth based on its 4-point program. This will be achieved through a series of actions that includes the introduction of an array of new products and services making the offerings basket more comprehensive. The company expects to participate more actively in the Siemens global network offering its strengths in manufacturing, R&D, hardware and software. Simultaneously, it will further improve its overall cost structure to enhance its competitive position in the market.

On behalf of the Board of Directors



Dr. F. A. Mehta
Chairman

Mumbai

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.

Annexure IV to the Directors' Report

Corporate Governance Report

(As required by Annexure 2 to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

I. Company's philosophy and Corporate Principles

The Company is fully committed to and continues to practice good Corporate Governance. In addition to the basic governance issues, the Company lays significant emphasis on the principles of trusteeship, transparency, empowerment, accountability and integrity.

The Company has adopted the five Corporate Principles of its parent company, Siemens AG, Germany. As a foundation of the Company's corporate culture, these Principles perform an important strategic function. Within an environment where change has become a crucial factor over recent years, these binding values serve as a constant guide and unifying framework. These Principles are an expression of the Company's values. They have been formally established to shape the Company's thinking and conduct. These Corporate Principles are briefly described below:

- i) We strengthen our Customers - to keep them competitive
- ii) We push innovation - to shape the future
- iii) We enhance company value - to open up new opportunities
- iv) We empower our people - to achieve world-class performance
- v) We embrace corporate responsibility - to advance society

II. Board of Directors (Board)

• Composition of the Board

The Composition of the Board is in accordance with the requirements in this regard. The Board consists of a total of 11 Directors (excluding one Alternate Director) of which 5 are Executive Directors and 6 are Non-Executive Directors. The Chairman of the Board is a Non-Executive and Independent Director. The number of Independent Directors exceeds one-third of the total number of Directors.

Details, as on date, of the composition of the Board and changes therein since the last Report, category of the Directors and their attendance at Board Meetings and the last Annual General Meeting, number of their other directorships and committee memberships are given below:

Sr. No.	Name of the Director	Category of Directorship @	Number of Board Meetings attended out of 5 held	Attendance at last AGM held on 21.01.03	Number of other Directorships #	Number of other Committee Memberships \$	
						Member	Chairman
1	Dr. F. A. Mehta (Chairman)	NED (I)	5	Yes	5	3	3
2	Mr. J. Schubert (Managing Director)	WTD	5	Yes	6	2	1
3	Mr. H. Gelis (Executive Director)	WTD	5	Yes	3	-	1
4	Mr. A. B. Nadkarni	WTD	5	Yes	-	-	-
5	Mr. Harminder Singh	WTD	5	Yes	3	-	-
6	Mr. O. P. Narula	WTD	5	Yes	1	-	-
7	Mr. D. C. Shroff	NED (I)	5	Yes	21	5	3
8	Mr. Y. H. Malegam	NED (I)	5	Yes	13	5	4
9	Dr. K. Wucherer *	NED	-	No	-	-	-
10	Mr. N. J. Jhaveri	NED (I)	4	Yes	11	6	3
11	Dr. O. Schmitt * (Alternate for Dr. K. Wucherer)	NED	1	No	-	-	-
12	Mr. Deepak S. Parekh (from 07.11.03)	NED (I)	N.A.	N.A.	18	3	4
13	Mr. P. M. Thampi (upto 22.01.03)	NED (I)	1	No	N.A.	N.A.	N.A.

@ Category of Directorship:

WTD - Whole-time Director, NED - Non-Executive Director, NED (I) - Non-Executive Director and Independent

includes Alternate Directorships and Directorships in Private Companies.

\$ As required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, only memberships of the Audit Committee, Remuneration Committee and Investors Grievance Committee have been considered.

* Nominee and in the whole-time employment of the parent company, Siemens AG.

N.A. - Not applicable

- **Number of Board Meetings**

During the year 2002-03, five Board Meetings were held as follows:

Sr. No.	Date of the Board Meeting	Total strength of the Board	No. of Directors who attended
1	22 nd November, 2002	11	10
2	4 th December, 2002	11	9
3	21 st January, 2003	11	10
4	6 th May, 2003	10	9
5	21 st July, 2003	10	8

- To enable the Board to discharge its responsibilities effectively and take informed decisions, the necessary information is made available to the Board. The information is provided as part of the agenda papers in advance of the Board Meetings or is tabled at the Board Meeting.

The information as specified in Annexure I to Clause 49 of the Listing Agreements entered into with the Stock Exchanges, is regularly made available to the Board whenever applicable and materially significant.

III. Audit Committee of Directors (Audit Committee)

Composition

The Board of Directors constituted an Audit Committee in December, 2000 as per Clause 49 II (A) of the Listing Agreements entered into with the Stock Exchanges. The present composition of the Audit Committee is as follows:

Name	Designation	Category
Mr. Y. H. Malegam	Chairman	Non-Executive and Independent Director
Dr. F. A. Mehta	Member	Non-Executive and Independent Director
Dr. K. Wucherer / Dr. O. Schmitt	Member	Non-Executive Director
Mr. Ashok P. Jangid* (* Please see Note at the end of this Report)	Secretary	Corporate Secretary

The Executive Director and Heads of Accounts and Internal Audit Departments are permanent invitees to the Meetings. The Statutory Auditors are also invited to attend the Committee Meetings.

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (D) of the Listing Agreements entered into with the Stock Exchanges and Section 292A of the Companies Act, 1956.

Terms of reference

The terms of reference are briefly described below:

- Oversight of the Company's financial reporting process and disclosure of financial information.
- Recommend the appointment and removal of external auditor, fixation of audit and other fees.

- c. Review with management the annual financial statements before submission to the Board.
- d. Review with management, external and internal auditors, the 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 external 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. Reviewing the Company's financial and risk management policies.
- j. To 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.

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

Meetings and attendance during the year

During the financial year 2002-03, four Meetings of the Audit Committee were held. The details of attendance of the Members at these Audit Committee Meetings are as follows:

Date of the Meeting	Attendance at Audit Committee Meetings		
	Mr. Y. H. Malegam	Dr. F. A. Mehta	Dr. O. Schmitt
21 st November, 2002	Yes	Yes	Yes
21 st January, 2003	Yes	Yes	No
5 th May, 2003	Yes	Yes	No
21 st July, 2003	Yes	Yes	No

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

The Chairman of the Audit Committee was present at the 45th Annual General Meeting held on 21st January, 2003.

IV. Investors Grievance Committee of Directors (Investors Grievance Committee)

Composition

The Board of Directors constituted an Investors Grievance Committee in December, 2000, to attend to and redress the shareholders' and investors' grievances. The present composition of the Investors Grievance Committee is as follows:

Name	Designation	Category
Mr. D. C. Shroff	Chairman	Non-Executive and Independent Director
Mr. P. M. Thampi (up to 21.01.03)	Member	Non-Executive and Independent Director
Dr. F. A. Mehta (from 22.01.03)	Member	Non-Executive and Independent Director
Mr. J. Schubert	Member	Managing Director
Mr. Ashok P. Jangid* (* Please see Note at the end of this Report)	Secretary and Compliance Officer	Corporate Secretary

Terms of reference

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

The Minutes of Investors Grievance Committee Meetings are noted by the Board of Directors at the Board Meetings.

Meetings and attendance during the year

During the financial year 2002-03, two Meetings of the Investors Grievance Committee were held i.e. on 22nd November, 2002 and 21st July, 2003.

The details of attendance of the Members at these Meetings are as follows:

Members	Attendance at Investors Grievance Committee Meetings held on	
	22 nd November, 2002	21 st July, 2003
Mr. D. C. Shroff	Yes	Yes
Mr. P. M. Thampi (up to 21.01.03)	No	Not applicable
Dr. F. A. Mehta (from 22.01.03)	Not applicable	Yes
Mr. J. Schubert	Yes	Yes

Mr. Ashok P. Jangid* (* Please see Note at the end of this Report), Corporate Secretary, has been nominated as the "Compliance Officer" as required under the Securities and Exchange Board of India (SEBI) Regulations and Listing Agreements entered into with the Stock Exchanges. The Corporate Secretariat Department of the Company and the Registrar and Share Transfer Agent, MCS Ltd., attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Department of Company 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 investor grievances / correspondences have been attended to within a period of 10-15 days 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. Shareholders are requested to inform their telephone numbers and e-mail addresses to facilitate prompt action.

A comparative statement of the complaints received and redressed during the last two years is given below:

Nature of Complaints	2002-03		2001-02	
	Received	Cleared	Received	Cleared
Non-receipt of Share Certificates duly transferred	39	39	38	38
Non-receipt of dividend warrants	50	50	131	131
Letters from SEBI	01	01	04	04
Letters from Stock Exchanges	02	02	02	02
Total	92	92	175	175

Number of complaints received by the Company during the year as a percentage of total number of Shareholders is 0.23% (2001- 02 : 0.40%)

No share transfers were pending as on 30th September, 2003.

V. Remuneration Committee of Directors (Remuneration Committee)

Composition

The Board of Directors constituted a Remuneration Committee in December, 2000. The present composition is as follows:

Name	Designation	Category
Mr. N. J. Jhaveri	Chairman	Non-Executive and Independent Director
Mr. D. C. Shroff	Member	Non-Executive and Independent Director
Mr. P. M. Thampi (up to 22.11.02)	Member	Non-Executive and Independent Director
Dr. F. A. Mehta (from 22.11.02)	Member	Non-Executive and Independent Director
Mr. Ashok P. Jangid* (* Please see Note at the end of this Report)	Secretary	Corporate 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 each Whole-time Director.
- 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.

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

Meetings and attendance during the year

During the financial year under review, the Remuneration Committee met twice i.e. on 22nd November, 2002 and 21st January, 2003 where all the Members were present.

The Chairman of the Remuneration Committee was present at the 45th Annual General Meeting held on 21st January, 2003.

Remuneration Policy

a. 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 Shareholders and Central Government, if required. The remuneration structure comprises of Salary, Perquisites, Retirals, Performance Linked Incentive and Commission.

Expatriate Directors are not entitled to the Company's retirement benefits. In addition to the above, they are paid Overseas Allowance and certain other Perquisites as per the rules of the Company.

Salary is paid to the Whole-time Directors within the grade approved by the Members. Performance Linked Incentive and Commission are the only components of remuneration that are variable. Increasing importance is being attached to link the variable pay with the actual performance of the Directors vis-a-vis their individual specific targets which are in turn linked to the Company objectives. Commission is calculated 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.

The details of the remuneration paid / payable to the Whole-time Directors for the year 2002-03 are as under:

in Rs.

Name	Salary	Perqui-sites*	Performance Linked Incentive	Comm-ission**	Total	Period of contract (from – to)
Mr. J. Schubert	1,500,000	694,975	1,600,000	280,000	4,074,975	Re-appointed for 3 years (01.10.01-30.09.04)
Mr. H. Gelis	1,200,000	933,175	1,600,000	280,000	4,013,175	Appointed for 5 years (01.01.01-31.12.05)
Mr. A. B. Nadkarni	1,200,000	1,390,896	1,600,000	280,000	4,470,896	Re-appointed for 5 years (20.02.02-19.02.07)
Mr. Harminder Singh	1,140,000	1,227,667	1,600,000	280,000	4,247,667	Re-appointed for 5 years (01.04.03-31.03.08)
Mr. O. P. Narula	900,000	1,034,309	1,600,000	280,000	3,814,309	Re-appointed for 2 years (01.10.03-30.09.05)

* Includes Company's contribution to Provident and Superannuation Funds for Indian Directors and Overseas Allowance for Expatriate Directors.

** Subject to approval of Annual Accounts by Shareholders at the forthcoming Annual General Meeting to be held on 21st January, 2004.

No severance fees is payable to the Directors on termination of employment. The Company does not have a scheme for stock options either for the Directors or the employees.

b. For Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. In terms of the Shareholders' approval given at the 43rd Annual General Meeting held on 15th December, 2000, 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. The Commission payable to the Chairman is decided by the other Members of the Board. The decision is broadly based on the following:

1. Number of Board Meetings and various Committee Meetings attended
2. Role and responsibility as Chairman / Member of the Board / Committee
3. Overall contribution and role outside the Meetings.

The Non-Executive Directors are paid sitting fees of Rs.5,000 per Board and Committee Meeting attended.

The details of the remuneration paid / payable to the Non-Executive Directors for the year 2002-03 are as under:

Name	Sitting Fees for Board and various Committee Meetings (Rs.)	Commission* (Rs.)	Total (Rs.)
Dr. F. A. Mehta	60,000	400,000	460,000
Mr. Y. H. Malegam	45,000	300,000	345,000
Mr. D. C. Shroff	45,000	260,000	305,000
Mr. N. J. Jhaveri	30,000	250,000	280,000
Dr. K. Wucherer	Nil	100,000	100,000
Dr. O. Schmitt	10,000	100,000	110,000
Mr. P. M. Thampi (upto 21.01.03) (pro-rata)	5,000	66,000	71,000

* Subject to approval of Annual Accounts by Shareholders at the forthcoming Annual General Meeting to be held on 21st January, 2004.

Mr. D. C. Shroff is a senior partner of Crawford Bayley & Co., Solicitors & Advocates, who have a professional relationship with the Company. The professional fees of Rs.696,600 paid to Crawford Bayley & Co. during the year, 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.

VI. Other Committees

a) Share Transfer Committee (STC)

The STC comprises of:

Mr. J. Schubert - Managing Director

Mr. H. Gelis - Executive Director

Mr. Ashok P. Jangid* - Corporate Secretary (*Please see Note at the end of this Report)

The STC has been set up for approving the transfer / transmission / transposition of shares and consolidation / splitting of folios, issue of share certificates in exchange for sub-divided, consolidated, defaced, etc. ensuring compliance with legal requirements of share transfers and co-ordination with the Registrar and Share Transfer Agent, Depositories,

etc. The STC Meetings are held as and when required, usually fortnightly. 23 Meetings of the STC were held during the year 2002-03.

b) Finance Committee (FC)

The FC comprises of:

Mr. H. Gelis - Executive Director

Mr. J. Schubert - Managing Director

Mr. Ashok P. Jangid* - Corporate Secretary (*Please see Note at the end of this Report)

Mr. R. Rangarajan - Executive Vice President - Corporate Finance

The FC has been set up for authorising opening / closing / operations of bank accounts, availing of credit facilities, authorising giving of loans, intercorporate deposits, guarantees, etc. 7 Meetings of the FC were held during the year 2002-03. The FC Meetings are held as and when required, usually monthly.

c) Delegation of Powers Committee (DPC)

The DPC comprises of:

Mr. J. Schubert - Managing Director

Mr. H. Gelis - Executive Director

Mr. A. B. Nadkarni - Director-Personnel

Mr. Ashok P. Jangid* - Corporate Secretary (*Please see Note at the end of this Report)

The DPC has been set up to issue / revoke Powers of Attorney, fix the procedures for signing authority, grant authority for various purposes to the employees. The DPC Meetings are held as and when required, usually monthly. 14 Meetings of the DPC were held during the year 2002-03.

The Minutes of the Meetings of the aforesaid Committees are noted by the Board of Directors at the Board Meetings.

VII. General Body Meetings

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

Financial Year	AGM No.	Venue	Day and Date	Time
2001-02	45 th	Y. B. Chavan Auditorium Gen. J. Bhosale Marg Nariman Point, Mumbai 400 021	Tuesday 21 st January, 2003	4 p.m.
2000-01	44 th	Y. B. Chavan Auditorium Gen. J. Bhosale Marg Nariman Point, Mumbai 400 021	Thursday 17 th January, 2002	3 p.m.
1999-00	43 rd	Y. B. Chavan Auditorium Gen. J. Bhosale Marg Nariman Point, Mumbai 400 021	Friday 15 th December, 2000	3 p.m.

b. Special Resolutions passed at last three Annual General Meetings:

Resolution approving payment of Commission to Non-Executive Directors was passed at the 43rd Annual General Meeting held on 15th December, 2000.

c. Passing of Resolutions by Postal Ballot:

No Resolutions were passed by Postal Ballot during the year ended on 30th September, 2003. Resolutions, if required, shall be passed by Postal Ballot during the year ending on 30th September, 2004.

VIII. Disclosures

a. The Company has not entered into any transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company.

- Transactions with related parties as per requirements of Accounting Standard 18 are disclosed elsewhere in this Annual Report.
 - Disclosures have also been received from the senior managerial personnel relating to the financial and commercial transactions in which they or their relatives might have a personal interest. However, none of these transactions have potential conflict with the interests of the Company.
- b. The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchange or any other statutory authority.

IX. Means of communication

- a. Half-yearly results are not being sent to each household of the Shareholders.
- b. The Financial Results of the Company are published in the following leading national English newspaper:
Indian Express / Times of India
- In addition, the same are translated in the local language (Marathi) and published in the following newspaper:
Maharashtra Times / Loksatta
- c. The following are also immediately displayed on the Company's website www.siemens.co.in:
- Financial Results in the Investor Relations section
 - Official press releases as and when made to the media and analysts in the Press section.
- d. Information about the Financial Results, Shareholding Pattern, full Annual Report and other specified details are electronically filed on the EDIFAR website www.sebidifar.nic.in as required under the Listing Agreements entered into with the Stock Exchanges.
- e. The Management's Discussion and Analysis is appearing as Annexure III to the Directors' Report.

X. General Shareholder information

Detailed information in this regard is provided in the section 'General Shareholder Information' as Annexure V to the Directors' Report.

Status of compliance with non-mandatory requirements:

1. The Company has appointed a Remuneration Committee of Directors.
2. Since the Financial Results are published in leading newspapers as well as displayed on the Company's website and EDIFAR website, the Results are not sent to each household of the Shareholders.

Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of SEBI (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 P. Jangid*, Corporate Secretary (*Please see Note at the end of this Report), has been appointed as the Compliance Officer. This Code of Conduct is applicable to all Directors and such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

Disclosure Practices for Prevention of Insider Trading

As required by the SEBI Regulations, the Company has adopted a Policy for Corporate Disclosure Practices for Prevention of Insider Trading with effect from 1st August, 2002. Mr. Ashok P. Jangid*, Corporate Secretary (*Please see Note at the end of this Report), has been appointed as the Compliance Officer. This Policy is applicable to all Directors and employees of the Company.

Secretarial Audit

As stipulated by SEBI, 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 is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total Listed and Paid-up Capital 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.

On behalf of the Board of Directors



Dr. F. A. Mehta
Chairman

Mumbai
Friday, 7th November, 2003

***Note:**

Mr. Prashant J. Doshi has been nominated as Officiating Corporate Secretary in the absence of Mr. Ashok P. Jangid, Corporate Secretary, who is on a deputation to the parent company-Siemens AG, Germany from 24th May, 2003 to 10th January, 2004.

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing agreement

To the Members of Siemens Ltd.

We have examined the compliance of conditions of Corporate Governance by Siemens Ltd ('the Company') for the year ended on 30 September 2003 as stipulated in Clause 49 of the Listing Agreement of the Company with The Stock Exchange, Mumbai, National Stock Exchange of India Ltd., The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and Madras Stock Exchange Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance referred to above. 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 no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer/Investors Grievances Committees.

We further 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 Bharat S Raut & Co.

Chartered Accountants

Akeel Master

Partner

Membership No. 46768

Mumbai

7 November 2003

Annexure V to the Directors' Report

General Shareholder Information

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

Annual General Meeting

The 46th Annual General Meeting of the Members of the Company will be held as per the following details:

Day and Date	Time	Venue
Wednesday 21 st January, 2004	3.30 p.m.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400 021.

Agenda of the Annual General Meeting is as follows:

Ordinary Business:

1. Adoption of audited Accounts for the year ended on 30th September, 2003.
2. Confirmation of the interim dividend
3. Declaration of a final dividend.
4. Re-appointment of Directors retiring by rotation (Mr. Harminder Singh, Mr. H. Gelis and Mr. N. J. Jhaveri).
5. Appointment of Statutory Auditors.

Special Business:

1. Re-appointment and remuneration of Mr. Harminder Singh as a Whole-time Director.
2. Re-appointment and remuneration of Mr. O. P. Narula as a Whole-time Director.
3. Appointment of Mr. Deepak S. Parekh as a Director liable to retire by rotation.
4. Voluntary delisting of Shares from certain Stock Exchanges.

Financial Calendar for 2003 - 04 (October to September)

Adoption of results

<u>for Quarter ending:</u>		<u>In the month of:</u>
31 st December, 2003	:	January, 2004
31 st March, 2004	:	April, 2004
30 th June, 2004	:	July, 2004
30 th September, 2004 and		
Annual Accounts	:	November, 2004
47 th Annual General Meeting	:	January, 2005

Book Closure

The Company's Register of Members and Share Transfer Books will remain closed from Thursday, 1st January, 2004 to Wednesday, 21st January, 2004 (both days inclusive) for the purpose of payment of final dividend, if declared at the ensuing Annual General Meeting.

Dividend

The final dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid at par on or after Tuesday, 3rd February, 2004 to those Members whose names appear on the Company's Register of Members as holders of Equity Shares in physical form on 21st January, 2004. In respect of Shares held in dematerialised form, the

dividend will be paid on the basis of beneficial ownership details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on the close of business hours on Wednesday, 31st December, 2003.

Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

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

The Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road, New Delhi -110 002

The Calcutta Stock Exchange Association Limited
7, Lyons Range, Kolkata - 700 001

Madras Stock Exchange Ltd.
Exchange Building, 11, Second Line Beach, Chennai - 600 001

The Stock Exchange, Mumbai is the Company's Regional Stock Exchange. It has permitted trading of the Company's Shares in the `A' Group. The Company's Shares are actively traded on The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

The Company has paid the listing fees for the year 2003-04 to all the Stock Exchanges where the Company's Shares are listed.

Voluntary Delisting of Shares

The Company proposes to delist its Shares from The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and Madras Stock Exchange Ltd. However, the Shares of the Company will continue to be listed on The Stock Exchange, Mumbai and National Stock Exchange of India Ltd. Necessary Resolution for this purpose, forms part of the Notice of the Annual General Meeting and is recommended to the Members for their approval.

Stock Code

The Stock Code for the Company's Shares is as follows:

Stock Exchange	Stock Code
The Stock Exchange, Mumbai	500550
National Stock Exchange of India Ltd.	SIEMENS EQ
The Delhi Stock Exchange Association Limited	19164
The Calcutta Stock Exchange Association Limited	29911
Madras Stock Exchange Ltd.	SMN
The International Securities Identification Number (ISIN Number) for the Company's Shares in dematerialised form	INE 003 A01016

Market Price Data

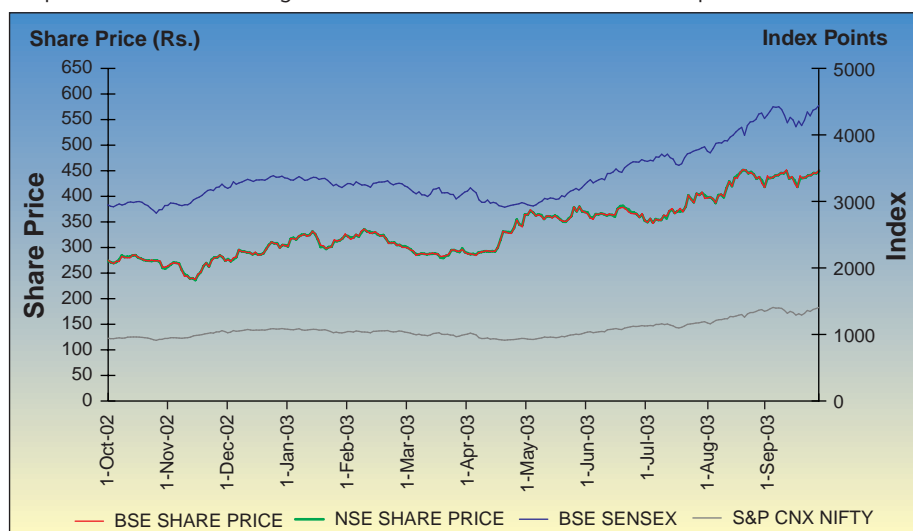
- (1) The Market price and volume of the Company's Shares traded on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE) during the year 1st October, 2002 to 30th September, 2003 were as follows:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume Nos.	High (Rs.)	Low (Rs.)	Volume Nos.
October 2002	290.00	260.10	58,791	299.00	256.20	1,44,933
November 2002	284.00	236.00	2,50,435	285.40	235.00	6,56,892
December 2002	311.25	262.00	2,79,438	311.50	263.15	5,73,183
January 2003	337.80	294.25	2,95,856	337.90	291.00	5,51,458
February 2003	343.50	309.05	2,19,695	344.90	310.00	3,04,656
March 2003	318.15	280.50	1,99,303	319.50	264.00	2,62,459
April 2003	304.50	275.10	63,330	301.50	260.00	1,38,144
May 2003	375.00	293.00	2,78,412	375.00	293.00	4,18,962
June 2003	399.00	346.60	2,72,586	388.00	348.00	4,63,386
July 2003	392.00	345.00	3,78,024	393.00	344.00	5,98,979
August 2003	422.00	364.10	4,45,389	423.00	366.50	4,53,152
September 2003	456.00	410.00	6,39,713	455.90	411.00	4,06,857

- (2) Shares traded during 1st October, 2002 to 30th September, 2003:

	BSE	NSE
No. of Shares traded	3,380,972	4,973,061
Highest Share Price	Rs.456.00 (on 08.09.2003)	Rs.455.90 (on 08.09.2003)
Lowest Share Price	Rs.236.00 (on 18.11.2002)	Rs.235.00 (on 18.11.2002)
Average Share Price	Rs.329.25	Rs.329.56
Closing Share Price as on 30 th September, 2003	Rs.451.35	Rs.449.45
Market Capitalisation as on 30 th September, 2003	Rs.14,957 million	Rs.14,894 million

- (3) Company's Share price movement during 2002-03 on BSE and NSE vis-à-vis respective indices:



Distribution of Shareholding

No. of Shares held (Face Value Rs.10 each)	30 th September, 2003				30 th September, 2002			
	No. of Share holders	% to total No. of Share holders	No. of Shares held	% to total No. of Shares	No. of Share holders	% to total No. of Share holders	No. of Shares held	% to total No. of Shares
1-500	36,870	94.06	4,075,752	12.30	41,454	94.66	4,436,452	13.39
501-1000	1,469	3.75	1036198	3.13	1,475	3.37	1,035,974	3.13
1001-2000	544	1.39	750,267	2.26	556	1.27	773,421	2.33
2001-3000	112	0.29	274,493	0.83	109	0.25	265,289	0.80
3001-4000	51	0.13	177,980	0.54	47	0.11	164,653	0.50
4001-5000	27	0.07	126,539	0.38	26	0.06	120,219	0.36
5001-10000	55	0.14	366,620	1.11	55	0.13	364,424	1.10
10001 & above	69	0.17	26,330,554	79.45	69	0.15	25,977,971	78.39
Total	39,197	100.00	33,138,403	100.00	43,791	100.00	33,138,403	100.00

Shareholders' Profile

As on 30th September, 2003, the Company had 39,197 Shareholders. The Company's Shares are held by diverse entities as per the following break-up:

Type of Shareholder	30 th September, 2003		30 th September, 2002	
	No. of Shares held	% of total	No. of Shares held	% of total
Promoter (Siemens AG)	18,103,087	54.63	18,103,087	54.63
Foreign Institutional Investors	847,520	2.56	535,869	1.61
Mutual Funds	1,892,773	5.71	932,902	2.81
Indian Financial Institutions	4,575,738	13.80	5,293,872	15.98
Banks	18,995	0.06	138,753	0.42
Directors & Associates	37,925	0.11	39,650	0.12
Non-Resident Indians	108,057	0.33	110,998	0.33
Bodies Corporate	1,088,635	3.29	1,133,352	3.42
Public	6,465,673	19.51	6,849,920	20.68
Total	33,138,403	100.00	33,138,403	100.00

Registrar and Share Transfer Agent

MCS Ltd. is the Registrar and Share Transfer Agent. Share transfers, dividend payment and all other investor related activities are attended to and processed by MCS Ltd. at the following address:

Sri Venkatesh Bhavan
Plot No. 27
Road No.11
MIDC Area
Andheri (E) Mumbai - 400 093

Time: 10 a.m. to 1 p.m. and 1.30 p.m. to 4.30 p.m. (Monday to Saturday)

Phone: 0091 22 28215235 (6 lines) Fax: 0091 22 28350456

Share Transfer System

Transfers of Shares in physical form are processed by MCS Ltd. and approved by the Share Transfer Committee, which usually meets fortnightly. Transfers of Shares are effected and Share Certificates are dispatched within a period of 25-30 days from the date of receipt of request, provided the relevant documents are complete in all respects.

The total number of Shares transferred in physical form during the last 2 financial years were as follows:

	2002-2003	2001-2002
Number of transfers	599	747
Number of Shares transferred	63,198	82,017

Over the years, transfers in physical segment are on the decline since only a small portion (6.48% as on 30th September, 2003) of the total Shares of the Company are held in physical form and trading in the Company's Shares is permitted only in dematerialised form.

Dematerialisation of Shares

As directed by SEBI, with effect from 29th November, 1999, trading in the Shares of the Company has compulsorily to be in dematerialised form for all the investors. The International Securities Identification Number (ISIN Number) for the Company's Shares in dematerialised form is INE 003 A01016.

As on 30th September, 2003, 93.52% of total Shares of the Company have been dematerialised. We request Shareholders, who still continue to hold Shares in physical form, to dematerialise their Shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialised form. If you need any further information / clarification / assistance in this regard, please contact the Investor Relations Section of the Company.

Plant Locations

Maharashtra:

- Waluj, Aurangabad
- Ambad, Nashik
- Kalwa, Thane

Goa: Verna.

Registered and Corporate Office address

130, Pandurang Budhkar Marg
Worli, Mumbai - 400 018, India
Phone: 0091 22 24987000 - 02
Fax: 0091 22 24987500.

Corporate Secretariat Department

The Corporate Secretariat Department is ISO 9001:2000 compliant since October, 2001.

The Corporate Secretariat Department, headed by Mr. Ashok P. Jangid*, Corporate Secretary, is situated at 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.

Phone: 0091 22 24987523
Fax : 0091 22 24987043

* Mr. Prashant J. Doshi has been nominated as Officiating Corporate Secretary in the absence of Mr. Ashok P. Jangid, Corporate Secretary, who is on a deputation to the parent company - Siemens AG, Germany from 24th May, 2003 to 10th January, 2004.

Investor Relations Section

The Investor Relations Section is located at the Registered Office of the Company.

Contact Person: Mr. G. Subramani - Senior Manager (Investor Relations Officer)

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

Phone: 0091 22 24987547 / 24987173

Fax: 0091 22 24987043.

E-mail: G.Subramani@siemens.com

For the convenience of our investors, transfer requests, etc. are accepted at the Registered Office also.

Website

Company's website can be accessed at www.siemens.co.in for information about the Company's Products, Services and Solutions, Investor Information, Press, etc.

Additional Information

Bankers

American Express Bank Ltd.

Bank of America N. A.

Citibank N. A.

Deutsche Bank AG

HDFC Bank Ltd.

The Hongkong and Shanghai Banking Corporation Ltd.

Standard Chartered Bank

State Bank of India

Syndicate Bank

Auditors

Bharat S Raut & Co.

Cost Auditors

R Nanabhoy & Co.

Solicitors

Crawford Bayley & Co.

Mulla & Mulla & Craigie, Blunt & Caroe

Negandhi Shah & Himayatullah

Audited Annual Financial Results

For the benefit of the Members, we are reproducing below, the Statement of Audited Financial Results along with the Statement of Segmentwise Revenue, Results and Capital Employed for the year ended on 30th September, 2003, prepared pursuant to Clause 41 of the Listing Agreements entered into with the Stock Exchanges. This Statement was approved by the Board of Directors at its Meeting held on 7th November, 2003.

Audited Financial Results for the year ended on 30th September, 2003

(Rs. in millions)

	Particulars	Unaudited	Unaudited Quarter ended		Audited (Standalone parent)		Audited (Consolidated)	
		Nine months ended On 30 June	On 30 September		for year ended On 30 September		for year ended On 30 September	
		2003	2003	2002	2003	2002	2003	2002
1	Net Sales & Services (excluding Excise Duty)	9876.74	4368.64	3767.01	14245.38	12905.41	17190.98	15277.61
2a	Other Operating income [see note 2(a)]	530.10	170.55	101.03	700.65	267.20	734.60	265.32
2b	Other income [see note 2(b)]	137.81	278.71	78.35	416.52	291.49	82.97	41.52
3	Total Expenditure	9220.23	4056.90	3493.57	13277.13	12020.48	15561.54	13879.40
	- (Increase)/decrease in stock in trade	-314.77	89.01	64.81	-225.76	66.88	-240.69	70.09
	- (Increase)/decrease in project related work in progress	-107.82	-9.16	-29.85	-116.98	-58.81	-91.13	-60.84
	- Consumption of raw material (including bought outs for project business & traded goods)	7124.38	2799.84	2463.91	9924.22	8383.39	10747.62	9089.67
	- Personnel costs	1007.34	410.51	397.93	1417.85	1446.87	2488.60	2253.87
	- Other costs	1513.02	767.32	683.71	2280.34	2291.09	2659.68	2635.55
	- Restructuring charge/(write back), net	-1.92	-0.62	-86.94	-2.54	-108.94	-2.54	-108.94
4	Share of profit in associate companies	-	-	-	-	-	1.13	31.74
5	Profit before Interest & Depreciation	1324.42	761.00	452.82	2085.42	1443.62	2448.14	1736.79
6	Interest income, net	87.70	24.70	31.08	112.40	118.57	141.84	136.03
7	Gross Profit after Interest but before Depreciation	1412.12	785.70	483.90	2197.82	1562.19	2589.98	1872.82
8	Depreciation	-169.08	-60.97	-57.04	-230.05	-257.81	-353.02	-367.78
9	Profit before tax	1243.04	724.73	426.86	1967.77	1304.38	2236.96	1505.04
10a	Tax	-371.00	-217.00	-115.00	-588.00	-417.00	-617.17	-417.00
10b	Deferred Tax	-12.89	26.94	-23.59	14.05	-21.78	161.09	-69.94
11	Net Profit after tax	859.15	534.67	288.27	1393.82	865.60	1780.88	1018.10
12	Minority interest	-	-	-	-	-	-122.81	-101.73
13	Net profit after tax for the year	859.15	534.67	288.27	1393.82	865.60	1658.07	916.37
14	Paid up Equity Share Capital (Face value of equity shares : Rs. 10/-)	331.38	331.38	331.38	331.38	331.38	331.38	331.38
15	Reserves excluding revaluation reserves	NA	NA	NA	4579.09	3465.66	5380.37	4035.45
16	Basic and diluted earning per share [see note 1]	25.93	16.13	8.69	42.06	26.10	50.04	27.63
17	Aggregate of Non-Promoter Shareholding							
	- Number of Shares	15,035,316	15,035,316	15,035,316	15,035,316	15,035,316		
	- Percentage of shareholding	45.37%	45.37%	45.37%	45.37%	45.37%		

Notes :

- During the year ended 30 September 2002, there was a buyback of shares. Consequently, the earning per share for this period has been calculated on the weighted average number of shares.
- | Particulars | Unaudited
Nine months
ended
On 30 June | Unaudited Quarter ended
On 30 September | Audited (Standalone parent)
for year ended
On 30 September |
|---|---|--|--|
| | 2003 | 2003 | 2002 |
| (a) Other operating income includes : | | | |
| - Forefeiture of advance received for a power project | 256.00 | — | 256.00 |
| - Profit on sale of Joka factory | 50.00 | — | 50.00 |
| - Compensation on vacating of property | 14.00 | 16.00 | 28.00 |
| (b) Other income includes : | | | |
| - Profit on sale of investment | 24.00 | — | 24.00 |
| | | | 69.00 |
- Operating income (after adjustment for non-recurring items) rose by 28 % for the year ended 30 September 2003 as compared to the year ended 30 September 2002.
- Information on investor complaints pursuant to clause 41 of listing agreement for the quarter ended 30 September 2003 :

	Pending at the beginning of the quarter	Received during the quarter	Disposed off during the quarter	Unresolved at the end of the quarter
	—	9	9	—
- Figures for the previous periods have been regrouped wherever necessary to make them comparable .
- Principles of consolidation : The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements prescribed by the Institute of Chartered Accountants of India. The financial statements of the parent company, Siemens Ltd. and its subsidiary companies viz. Siemens Information Systems Ltd. and Siemens Building Technologies Ltd. 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 and resulting unrealised gains / losses. The consolidated financial statements are prepared applying uniform accounting policies used in Siemens Ltd., Siemens Information Systems Ltd. and Siemens Building Technologies Ltd.
- The directors have recommended a final dividend of 40% for the year ended 30 September 2003, amounting to Rs. 132,553,612 (inclusive of a special dividend of 10%), which, together with the interim dividend of 35%, makes a total dividend for the year of 75%.
- The above audited financial results were reviewed by the Audit Committee and the Board of Directors approved the same at their Meeting held on 7 November, 2003.

Audited Annual Financial Results (continued)

Segmentwise Revenue, Results and Capital Employed for the year ended on 30th September, 2003

(Rs. in millions)

	Unaudited Nine months ended On 30 June	Unaudited Quarter ended On 30 September		Audited Year ended On 30 September	
	2003	2003	2002	2003	2002
1. Segment Revenue					
a) Information & Communication	561.07	256.72	190.53	817.79	647.05
b) Automation & Drives	3316.19	1323.36	1176.95	4639.55	3906.47
c) Industrial Solutions & Services	1040.25	522.83	418.76	1563.08	1386.06
d) Power	2526.80	935.70	1130.33	3462.50	4013.63
e) Transport	957.68	327.36	205.79	1285.04	843.26
f) Healthcare & Other Services	1995.80	1090.50	792.10	3086.30	2548.59
g) Real Estate	239.91	104.94	94.60	344.85	353.52
Total	10637.70	4561.41	4009.06	15199.11	13698.58
Less : Inter segment revenue	760.96	192.77	242.05	953.73	793.17
Net sales/income from operations	9876.74	4368.64	3767.01	14245.38	12905.41
2. Segment Results					
a) Information & Communication	39.37	42.79	16.95	82.16	71.61
b) Automation & Drives	159.57	84.18	50.18	243.75	110.06
c) Industrial Solutions & Services	85.10	59.02	36.22	144.12	121.60
d) Power	374.72	109.72	30.74	484.44	117.40
e) Transport	156.37	41.95	40.08	198.32	139.67
f) Healthcare & Other Services	-13.68	30.35	64.19	16.67	92.71
g) Real Estate	219.62	66.98	77.02	286.60	273.87
Total	1021.07	434.99	315.38	1456.06	926.92
Add :					
a) Interest income net off expense	87.70	24.70	31.08	112.40	118.57
b) Other un-allocable income net off un-allocable expenditure	134.27	265.04	80.40	399.31	258.89
Total profit before tax	1243.04	724.73	426.86	1967.77	1304.38
3. Capital employed					
a) Information & Communication	197.66	160.88	173.80	160.88	173.80
b) Automation & Drives	657.20	434.27	351.48	434.27	351.48
c) Industrial Solutions & Services	4.09	-78.57	28.11	-78.57	28.11
d) Power	30.00	-15.46	-416.14	-15.46	-416.14
e) Transport	-183.10	-243.97	-254.22	-243.97	-254.22
f) Healthcare & Other Services	790.33	633.42	538.41	633.42	538.41
g) Real Estate	981.59	990.21	974.86	990.21	974.86
Total	2477.77	1880.78	1396.30	1880.78	1396.30

Notes:

1. Segment results of Automation & Drives for the year ended 30th September 2003 includes Rs 50 million on account of profit on sale of fixed assets.
2. Segment results of Power for the year ended 30th September 2003 includes Rs 256 million on account of forfeiture of advance received, which has a consequent impact on capital employed.
3. Figures for the previous periods have been regrouped where necessary to make them comparable .

For Siemens Limited

Place : Mumbai
Date : 7 November, 2003

J. Schubert
Managing Director

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

On behalf of the Board of Directors



Dr. F. A. Mehta
Chairman

Mumbai
Friday, 7th November, 2003

We have audited the attached balance sheet of Siemens Limited ('the Company') as at 30 September 2003, and also 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, 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:

- (a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of these books;
- (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (d) 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 Companies Act, 1956;

- (e) On the basis of the written representations received from directors of the Company as at 30 September 2003, and taken on record by the Board of Directors on 7 November 2003, we report that no director is disqualified as on 30 September 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 30 September 2003;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
7 November 2003

Annexure to the Auditors' Report

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of Siemens Ltd on the accounts for the year ended 30 September 2003, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a 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. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.
(b) The procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3. (a) According to the information and explanations given to us, there are no companies, firms or other parties of the nature required to be covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) During the year, the Company has placed inter corporate deposits with companies and given staff loans. In our opinion, the rate of interest and other terms and conditions of such inter corporate deposits and staff loans are prima facie not prejudicial to the interest of the Company. Except for the above, the Company has not given any other loans during the year nor has it taken any loans.
(c) The receipt of principal and interest on the inter corporate deposits made and staff loans granted by the Company is regular.
(d) There are no overdue amounts of more than Rupees one lakh in respect of inter corporate deposits made and staff loans granted by the Company.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board in this matter.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. 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 Companies Act, 1956 in respect of electrical motors and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other dues during the year with the appropriate authorities. A few minor delays have been noted. However, at

30 September 2003, there are no undisputed dues payable for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no amounts in respect of income tax/customs duty/wealth tax/ cess that have not been deposited with the appropriate authorities on account of any dispute. The Company has disputed sales tax dues aggregating Rs 227 million and excise duty dues aggregating Rs 18 million which are pending before various appellate authorities.
10. 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 financial year immediately preceding such financial year.
 11. The Company did not have any outstanding debentures or any outstanding loans from any financial institution or bank during the year.
 12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund/nidhi/mutual benefit fund/society.
 14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
 15. In our opinion, the terms and conditions of guarantees given by the Company for loans taken by others from bank and financial institutions are prima facie not prejudicial to the interest of the Company.
 16. The Company has no term loans outstanding during the year.
 17. According to the information and explanations given to us, the Company has not raised any funds on short term or long term basis during the year.
 18. There are no parties or companies of the nature required to be covered in the register maintained under Section 301 of the Companies Act, 1956.
 19. The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
 20. The Company has not raised any money by public issues during the year.
 21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
7 November 2003

Balance Sheet
at 30 September 2003
(Currency: Indian rupees thousands)

	<i>Note</i>	<u>2003</u>	<u>2002</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	331,384	331,384
Reserves and surplus	3	4,579,091	3,465,657
		<u>4,910,475</u>	<u>3,797,041</u>
Loan funds			
Secured loans	4	-	32,060
Unsecured loans	5	31,002	31,919
		<u>31,002</u>	<u>63,979</u>
		<u>4,941,477</u>	<u>3,861,020</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	5,503,956	5,430,261
Accumulated depreciation		(3,704,613)	(3,534,444)
Net block		<u>1,799,343</u>	<u>1,895,817</u>
Capital work-in-progress		20,881	45,657
		<u>1,820,224</u>	<u>1,941,474</u>
Investments (unquoted)	7	<u>898,907</u>	296,130
Deferred tax asset	14	315,083	308,874
Deferred tax liability	15	(161,365)	(169,203)
		<u>153,718</u>	<u>139,671</u>
Current assets, loans and advances			
Inventories	8	1,215,892	759,071
Sundry debtors	9	3,559,062	3,505,707
Cash and bank balances	10	2,584,729	2,026,772
Loans and advances	11	1,737,802	2,035,814
		<u>9,097,485</u>	<u>8,327,364</u>
Current liabilities and provisions			
Current liabilities	12	(6,517,365)	(6,421,797)
Provisions	13	(511,492)	(421,822)
		<u>(7,028,857)</u>	<u>(6,843,619)</u>
Net current assets		<u>2,068,628</u>	<u>1,483,745</u>
		<u>4,941,477</u>	<u>3,861,020</u>

The accompanying notes set out on pages 55 to 75 form an integral part of this Balance Sheet.

As set out in our attached report of even date.

For Bharat S Raut & Co.
Chartered Accountants

Prashant J. Doshi
Officiating Corporate Secretary

Akeel Master
Partner
Membership No. 46768

For Siemens Ltd.

Dr. F. A. Mehta
J. Schubert
H. Gelis
D. C. Shroff
Y. H. Malegam
N. J. Jhaveri
Dr. O. Schmitt
D. S. Parekh
A. B. Nadkarni
Harminder Singh
O. P. Narula

Chairman
Managing Director
Executive Director

Directors

Mumbai, 7 November 2003

Mumbai, 7 November 2003

Profit and Loss Account
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

Siemens Ltd.

	<i>Note</i>	2003	2002
Income			
Sales and services (gross)		14,802,191	13,357,425
Excise duty		(763,931)	(635,824)
Sales and services (net)		14,038,260	12,721,601
Commission income		207,115	183,811
Sales and services		14,245,375	12,905,412
Interest income, net	16	112,398	118,571
Other operating income, net	17	700,645	267,197
Other income	18	416,519	291,485
		15,474,937	13,582,665
Expenditure			
Cost of sales and services	19	9,839,252	8,921,736
Personnel costs, net	20	1,417,848	1,446,874
Depreciation (other than on leased assets)	6	230,047	257,809
Other costs, net	21	2,022,564	1,760,811
Restructuring write back, net		(2,543)	(108,940)
		13,507,168	12,278,290
Profit before tax		1,967,769	1,304,375
Provision for current tax		(588,000)	(417,000)
Deferred tax benefit/(expense)		14,047	(21,778)
Net profit after tax (A)		1,393,816	865,597
Appropriations:			
Proposed dividend		132,554	82,846
Interim dividend paid		115,984	99,415
Dividend tax		31,844	-
Transfer to general reserve		1,113,434	683,336
		1,393,816	865,597
Weighted average number of equity shares outstanding during the year (B)		33,138,403	33,167,937
Basic and diluted earnings per share of face value of Rs 10 (A)/(B)		42.06	26.10

The accompanying notes set out on pages 55 to 75 form an integral part of this Profit and Loss Account.

As set out in our attached report of even date.

For Bharat S Raut & Co.
Chartered Accountants

Prashant J. Doshi
Officiating Corporate Secretary

Akeel Master
Partner
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Directors

Mumbai, 7 November 2003

Mumbai, 7 November 2003

Cash flow statement
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

	2003	2002
Cash flow from operating activities		
Profit before tax	1,967,769	1,304,375
Adjustments for:		
Interest expense	1,888	27,324
Restructuring write back, net	(2,543)	(108,940)
Depreciation	245,037	336,169
Profit on sale of fixed assets, net	(82,562)	(43,576)
Profit on sale of investments, net	(26,376)	(68,975)
Unrealised exchange loss, net	64,496	59,159
Interest and dividend accrued	(488,596)	(336,088)
Lease equalisation charge	4,478	40,379
Operating profit before working capital changes	1,683,591	1,209,827
(Increase)/ decrease in working capital		
Inventories	(456,821)	(33,284)
Trade payables	32,052	605,502
Trade and other receivables	(123,490)	(271,023)
Provisions	30,499	70,558
Net change in working capital	(517,760)	371,753
Cash generated from operations	1,165,831	1,581,580
Payments for restructuring costs	(4,978)	(92,377)
Direct taxes (paid)/refund	(516,312)	(392,843)
Net cash inflow from operating activities	644,541	1,096,360
Cash flow from investing activities		
Purchase of fixed assets	(218,541)	(116,190)
Proceeds from sale of fixed assets	177,316	59,107
Purchase of investments in subsidiaries	(847,902)	-
Sale of investments	271,500	209,380
Dividend received from a subsidiary and associate company	370,335	188,900
Interest received	118,965	147,596
Inter corporate deposits received/ (given)	290,000	(105,000)
Net cash from investing activities	161,673	383,793
Cash flow from financing activities		
Interest paid	(1,888)	(27,324)
(Decrease)/Increase in short term borrowings	(32,060)	29,382
Dividend paid (including tax thereon)	(213,392)	(243,924)
Decrease in long term borrowings	(917)	(916)
Payment of buy back of shares	-	(96,246)
Net cash used in financing activities	(248,257)	(339,028)
Net increase in cash and cash equivalents	557,957	1,141,125
Cash and cash equivalents at end of the year	2,584,729	2,026,772
Cash and cash equivalents at beginning of the year	2,026,772	885,647
	557,957	1,141,125

For Bharat S Raut & Co.
Chartered Accountants

Prashant J. Doshi
Officiating Corporate Secretary

Akeel Master
Partner
Membership No. 46768

For Siemens Ltd.

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Chairman
Managing Director
Executive Director

Directors

Mumbai, 7 November 2003

Mumbai, 7 November 2003

Notes to the financial statements
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

Siemens Ltd.

1 Principal accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and 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') to the extent applicable.

The financial statements are presented in thousands of Indian Rupees unless otherwise stated.

1.2 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amounts as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively when revised.

1.3 Fixed assets and depreciation

Fixed assets are stated at 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

Depreciation is provided on the straight line method ('SLM') at the rates prescribed in the Company's group accounting guidelines. Depreciation on additions is provided prorata from the date the assets are put to use. The SLM rates prescribed in the Company's group accounting guidelines are greater than or equal to the corresponding minimum rates prescribed in Schedule XIV to the Companies Act, 1956. 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:

Asset	Rate
Freehold land	-
Factory buildings	3.34%
Other buildings	2.5%
Leasehold land and buildings	Over the lease period
Plant and machinery	20%
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%

Equipment given on lease prior to 1 April 2001 is stated at acquisition cost and is depreciated on the SLM basis over the primary lease period. No assets have been given on lease after 31 March 2001.

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.

1.4 Investments

Long term investments are stated at cost. Provision is made when diminution in value, other than temporary has arisen, in the opinion of the management.

1.5 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 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.

Notes to the financial statements (*continued*) for the year ended 30 September 2003 (Currency: Indian rupees thousands)

1.6 Revenue recognition

Sales of products and services are recognised when the risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods or when the service has been provided. Sales are stated exclusive of sales tax.

Income from long term contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Full provision is made for any loss in the year in which it is first foreseen.

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 unconditional at the balance sheet date.

Interest income is recognised on the time proportion basis.

1.7 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.

No assets have been given on lease after 31 March 2001.

1.8 Retirement benefits

The Company's liabilities towards gratuity, leave wages, pension, and medical benefits are evaluated based on an actuarial valuation at the balance sheet date carried out by an independent actuary. The resulting contribution to approved gratuity fund is charged to profit and loss account. The resulting liability for leave wages, pension fund and medical benefits are accrued in the balance sheet with an appropriate charge to the profit and loss account.

Contributions payable to the recognised provident fund and approved superannuation scheme, which are defined contribution schemes, are charged to the profit and loss account monthly.

1.9 Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the respective transactions.

Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates. Foreign currency translation differences related to acquisition of fixed assets are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognised in the profit and loss account.

The cost of forward exchange contracts is amortised over the period of the contract.

1.10 Research and development

Research and development expenditure of a revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is capitalised as fixed assets.

1.11 Technical know-how fees

Technical know-how fees are charged to the profit and loss account in the year in which the expense is incurred.

1.12 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). 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.

1.13 Restructuring costs

Restructuring costs are accrued for when management commits the Company to a restructuring programme and when there is reasonable certainty that the Company will be able to effect the programme within a time frame of typically less than one year. Further, costs related to Voluntary Retirement Scheme are provided for when employees accept the scheme.

	<u>2003</u>	<u>2002</u>
2 Share capital		
Authorised		
50,000,000 equity shares of Rs 10 each	500,000	500,000
150,000,000 10.5% cumulative redeemable preference shares of Rs 10 each	1,500,000	1,500,000
	<u>2,000,000</u>	<u>2,000,000</u>
Issued		
33,311,256 (2002: 33,311,256) equity shares of Rs 10 each	<u>333,113</u>	<u>333,113</u>
Subscribed and fully paid-up		
33,138,403 (2002: 33,138,403) equity shares of Rs 10 each fully paid-up	<u>331,384</u>	<u>331,384</u>
Equity shares		
18,103,187 (2002: 18,103,187) shares are held by the holding company, Siemens AG, Germany.		
11,100,000 (2002: 11,100,000) shares have been allotted as fully paid-up bonus shares by capitalisation of the general reserve; and		
150,000 (2002 : 150,000) shares have been allotted as fully paid-up for consideration received other than in cash.		
In terms of the resolution passed by the shareholders at the Extra-ordinary General Meeting held on 15 June 2001 authorising the Company to buy back its own equity shares up to an aggregate consideration not exceeding Rs 805,252,859, the Company had bought back 488,218 equity shares of Rs 10 each during the year ended 30 September 2002, at an average price of Rs 197.14 per share aggregating Rs 96,246,299. Premium on buy back amounting to Rs 91,364,119 for the year ended 30 September 2002 had been debited to the securities premium account. Consequently the Issued, Subscribed and Paid-up capital of the Company has been reduced by 4,882,180. The one year period for the buyback ended on 13 June 2002.		
3 Reserves and surplus		
Capital reserve	688	688
Securities premium account		
- Balance brought forward	1,827,331	1,918,695
- Utilised for premium on Nil (2002: 488,218) equity shares bought back and extinguished	-	(91,364)
	<u>1,827,331</u>	<u>1,827,331</u>
General reserve		
- Balance brought forward	1,637,638	954,302
- Transfer from profit and loss account	1,113,434	683,336
	<u>2,751,072</u>	<u>1,637,638</u>
	<u>4,579,091</u>	<u>3,465,657</u>
4 Secured loans		
From Banks		
- Short term	-	32,060
	<u>-</u>	<u>32,060</u>

The Company has availed of short term working capital loans from banks which are secured by hypothecation by way of a first charge on inventories, including stores and spares, book debts and other receivables, both present and future.

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
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	<u>2003</u>	<u>2002</u>
5 Unsecured loans		
Long term		
- Sales tax deferral	<u>31,002</u>	<u>31,919</u>
	<u>31,002</u>	<u>31,919</u>
The loan under the sales tax deferral scheme is payable till 2011		
- Amounts payable within one year	<u>2,130</u>	<u>917</u>

6 Fixed assets

	Land	Buildings	Plant and Machinery	Furniture, Fittings & Office Equipment	Vehicles	Equipment given on lease	Total	Previous year
Gross block								
At 1 October 2002	126,360	1,518,884	2,128,310	884,100	17,518	755,089	5,430,261	5,419,981
Additions	-	46,543	164,523	32,251	-	-	243,317	116,730
Disposals	(13,543)	(88,046)	(46,513)	(21,419)	(101)	-	(169,622)	(106,450)
At 30 September 2003	<u>112,817</u>	<u>1,477,381</u>	<u>2,246,320</u>	<u>894,932</u>	<u>17,417</u>	<u>755,089</u>	<u>5,503,956</u>	<u>5,430,261</u>
Accumulated depreciation								
At 1 October 2002	22,106	293,786	1,665,319	809,881	15,732	727,620	3,534,444	3,289,194
Charge for the year	2,655	33,292	154,899	38,095	1,106	14,990	245,037	336,169
Disposals	-	(20,895)	(33,754)	(20,137)	(82)	-	(74,868)	(90,919)
At 30 September 2003	<u>24,761</u>	<u>306,183</u>	<u>1,786,464</u>	<u>827,839</u>	<u>16,756</u>	<u>742,610</u>	<u>3,704,613</u>	<u>3,534,444</u>
Net block								
At 30 September 2003	<u>88,056</u>	<u>1,171,198</u>	<u>459,856</u>	<u>67,093</u>	<u>661</u>	<u>12,479</u>	<u>1,799,343</u>	<u>1,895,817</u>
At 30 September 2002	<u>104,254</u>	<u>1,225,098</u>	<u>462,991</u>	<u>74,219</u>	<u>1,786</u>	<u>27,469</u>	<u>1,895,817</u>	

Included in the gross block of land at 30 September 2003 is freehold land of Rs 6,607,804 (2002: Rs 20,150,321) and buildings includes Rs 202,760,464 (2002: Rs 259,384,328) representing 1,272 (2002: 1,297) shares of Rs 50/- each in various co-operative housing societies.

Depreciation has been disclosed as follows :

- Depreciation of Rs 14,990,000 (2002: Rs 78,360,000) on equipment given on lease is reduced from lease income at note 17 to the financial statements.
- The balance depreciation of Rs 230,046,770 (2002: Rs 257,809,000) has been separately disclosed in the profit and loss account.

	<u>2003</u>	<u>2002</u>
7 Investments (long term, unquoted)		
Non-Trade		
In government securities		
National Savings Certificates	5	5
In Housing Development Finance Corporation Bonds		
- Series I to IV 13%	-	7,000
- Series I to IV 14.5%	-	12,000
Shares in subsidiary companies		
6,815,000 (2002: 5,100,000) equity shares of Rs 10 each fully paid up in Siemens Information Systems Ltd (100% holding; 2002: 74.8% holding)	851,000	51,000
479,020 (2002: Nil) equity shares of Rs 100 each fully paid-up in Siemens Building Technologies Pvt Ltd (100% holding; 2002: Nil)	47,902	-
Trade		
Shares in other companies		
Nil (2002: 8,320,000) equity shares of Rs 10 each fully paid-up in Siemens Metering Ltd (formerly "VXL Landis & Gyr Ltd") (Nil holding; 2002: 26% holding)	-	226,125
Debentures		
740,040 (2002: 740,040) 18% non-convertible debentures of Rs 100 each in Mid-East Integrated Steel Ltd.	74,004	74,004
Provision for diminution in value	(74,004)	(74,004)
	-	-
	898,907	296,130
	<u><u>898,907</u></u>	<u><u>296,130</u></u>
<p>In the board meeting held on 21 July 2003, the board of directors of the Company resolved to amalgamate Siemens Building Technologies Pvt Ltd subject to obtaining necessary regulatory approvals. The Company is currently in the process of obtaining necessary regulatory approvals for the amalgamation, which will be effective from 1 October 2003.</p>		
8 Inventories		
Raw materials	355,337	241,256
Work-in-progress		
- factory related	148,933	126,044
- project related	300,969	183,994
Finished goods	410,653	207,777
	1,215,892	759,071
	<u><u>1,215,892</u></u>	<u><u>759,071</u></u>

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
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	2003	2002
9 Sundry debtors		
Debts outstanding		
- Over six months	1,109,130	1,127,664
- Other debts	2,823,159	2,666,226
	3,932,289	3,793,890
Of which		
- Considered good	3,559,062	3,505,707
- Considered doubtful	373,227	288,183
	3,932,289	3,793,890
Provision for doubtful debts	(373,227)	(288,183)
	3,559,062	3,505,707
Sundry debtors are unsecured and include:		
- Amounts receivable in installments beyond one year	68,087	87,161
- Retentions on project related work-in-progress	564,483	728,120
Included in debtors are debts due from companies under the same management as defined under section 370(1B) of Companies Act,1956:		
- Siemens Public Communication Networks Pvt. Ltd.	2,180	29,877
- Siemens Information Systems Ltd.	31,252	11,403
- Siemens Shared Services Pvt. Ltd.	2,592	364
- Siemens VDO Automotive Ltd.	100	7
- Siemens Metering Ltd.	-	85
- Siemens Building Technologies Pvt. Ltd.	6,438	4,592
- Siemens Power Engineering Pvt. Ltd.	5,421	2,390
- Powerplant Performance Improvement Ltd.	44,238	23,996
- Siemens Nixdorf Information Systems Pvt. Ltd.	-	5
- Siemens Hearing Instruments Pvt. Ltd.	385	-
10 Cash and bank balances		
Cash in hand	14,809	26,883
Cheques in hand	269,369	286,624
Balances with scheduled banks		
- on current account	1,630,829	1,086,442
- on deposit account	661,348	623,223
Balances with other banks	8,374	3,600
	2,584,729	2,026,772
Bank balances with others in current account comprise :		
- Citibank, Colombo	6,857	491
- Myanmar Economic Bank, Burma	56	56
- State Bank of India, Dhaka	32	32
- Standard Chartered Bank, Dhaka	857	3,021
- Deutsche Bank, Colombo	572	-
	8,374	3,600
Maximum amount outstanding at any time during the year :		
- Citibank, Colombo	6,857	5,360
- The Hongkong & Shanghai Banking Corporation Ltd.,Bangkok and Kuala Lumpur	-	339
- Myanmar Economic Bank, Burma	56	56
- Standard Chartered Bank, Nepal	-	51
- State Bank of India, Dhaka	32	32
- Standard Chartered Bank, Dhaka	3,375	3,962
- Deutsche Bank, Colombo	572	-

	<u>2003</u>	<u>2002</u>
11 Loans and advances (Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
- considered good	807,854	754,804
- considered doubtful	114,008	108,156
	921,862	862,960
Provision for doubtful advances	(114,008)	(108,156)
	807,854	754,804
Lease equalisation account	6,400	10,878
Advance payments of income tax, less provision	113,346	185,035
Balances with customs, port trusts and excise authorities on current account	32,177	16,368
Inter corporate deposits	775,000	1,065,000
Interest accrued on inter corporate deposits	3,025	3,729
	1,737,802	2,035,814
Loans and advances includes :		
(a) Amounts due from directors of the Company for housing loans given prior to their becoming directors (Maximum amount outstanding during the year Rs 1,194,596; 2002: Rs 2,480,824)	353	1,195
(b) Amounts due from an officer of the Company (Maximum amount outstanding during the year Rs 44,311; 2002: Rs 73,803)	24	44
(c) Inter-corporate deposits given to companies under the same management as defined under section 370(1B) of Companies Act, 1956 :		
- Osram India Pvt Ltd	550,000	750,000
- Siemens VDO Automotive Ltd	225,000	135,000
- Siemens Metering Ltd	-	180,000
	775,000	1,065,000
12 Current liabilities		
Sundry creditors	5,396,754	5,151,130
Advances from customers	1,116,359	1,266,714
Unclaimed dividends	4,252	3,953
	6,517,365	6,421,797
Sundry Creditors include :		
- Amounts due to subsidiary companies	6,028	1,854
- Amounts due to small-scale industries	133,400	34,686
The names of the small scale industries (SSI) undertakings to whom the Company is indebted for a period of more than 30 days as at 30 September 2003:		
Symatic Engg. Pvt Ltd		V Max Engineers
Ujwal Industries		Voltamp Transformers Pvt Ltd
D'Square		Precision Spring Works
Dharia Switchgear and Controls Pvt Ltd		Budhale and Budhale
Shiv Shakti Industries		Autodata
Satish Engineering Works		Canopus Instruments
R.N.Plastics		Shilpa Industries
M.B.Control and Systems Pvt Ltd		Ashida Electronics Pvt Ltd
Refair Industries		Excel Electric Industries
Spring Steel Products		Dalal Plastics Corporation
Bartakke Electrofab		I-Max

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
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Avaid's Technovators Pvt Ltd	Boost Electronics
Marine Electricals	V Mark Automation
Aarti Industries	Connectwell Industries Pvt Ltd
Liberty Moulding Works	Vinayak Transmission Products Pvt Ltd
D.C. Metal Corporation	Nova Glavanofin Pvt Ltd
Intra Vidyut Ltd	Prakash Timbers
Manjunatha Engineering Industries	Rajesh Industries
Steel tech Engineers	Bonafide Packers
Ajay Industries	Rajdeep Engineering
Precision Power Products (I) Pvt Ltd	SPM Engineering
Reliable Moulders	Southern Magnetics Pvt Ltd
R.H. Founders and Engineers	DOL Electric Co Pvt Ltd
Brooke Cable Works	Patsons Industries
Indian Metals and Alloys Manufacturing Co.	D.P. Industries
Indo Industries	Crown Paper Products
Mini Machine Tools	Maharashtra Electronic Industries
Mascasts	Om Engineering
Agarwal Fastners Pvt Ltd	Shree Engineering Works
Duro Shox Pvt Ltd	Buntsons Rubber Pvt Ltd
Glassfibre and Allied Industries	Kundan Industries Ltd
Jupiter Enterprises	V B M Enterprises
Panchal Electro Controls Pvt Ltd	Mansakimi Manufacturing Division
Resitch Electricals Pvt Ltd	Nikhil Engineering
Ideal Engineering Works	Vidya Wires Pvt Ltd
Precision Forging and Stamping	Rescon Manufacturing Co Pvt Ltd
Insulex Industries	Associated Engineers
Sangir Plastics Pvt Ltd	Packsale Industries
A-1 Polymers	Polyrub Extrusions India
Sai Industries	Kiyosh Electronic
Model Fasteners Pvt Ltd	Precision Engineering Equipment
Ames Impex Electricals Pvt Ltd	Senzo Engineering and Plastics
Maharashtra Foundry	Amar Fasteners
Kun-chem Pretratments Pvt Ltd	Kana Electomechs
Electrofabric Engineers	Prestons Engineering Co.(Delhi) Pvt Ltd
Deepak Hardware Mart	Grand Polycoats Co Pvt Ltd
Techno Engineering Co.	Suheg Rubber Industries Pvt Ltd
Toolex Engineers Pvt Ltd	Brisk Instrumentation
Solar Biotronic Laboratories Pvt Ltd	Servel Electronics Pvt Ltd
IMP Power Ltd	Transweigh (India) Limited
New United Metal and Engineering Works	Pecon Engineers

Advances from customers include progress payment and advances received for project related work

<u>2003</u>	<u>2002</u>
839,632	518,400

	2003	2002
13 Provisions		
Pension	207,466	183,866
Restructuring	3,804	11,325
Proposed dividend	132,554	82,846
Tax on proposed dividend	16,983	-
Leave wages	52,456	45,776
Medical benefits	30,521	23,945
Others	67,708	74,064
	<u>511,492</u>	<u>421,822</u>
14 Deferred tax asset		
Arising on account of timing differences in :		
- Provision for doubtful debts	132,501	105,907
- Other provisions (including provisions for doubtful advances, - restructuring provisions and other amounts allowable on a payment - basis under the Income Tax Act, 1961)	182,582	202,967
	<u>315,083</u>	<u>308,874</u>
15 Deferred tax liability		
Arising on account of timing differences in :		
- Depreciation	161,365	169,203
	<u>161,365</u>	<u>169,203</u>
16 Interest income, net		
Interest income (includes tax deducted at source Rs 43,821,791; 2002: Rs 38,579,000)	114,286	145,895
Interest expense	(1,888)	(27,324)
	<u>112,398</u>	<u>118,571</u>
17 Other operating income, net		
Lease rentals	24,257	133,161
Lease equalisation charge	(4,478)	(40,379)
Depreciation	(14,990)	(78,360)
Lease income, net	4,789	14,422
Export incentives	17,893	20,929
Profit on sale of fixed assets, net	82,562	43,576
Recoveries from subsidiary companies, associates and third parties	127,473	102,794
Compensation on vacation of property	30,441	28,083
Exchange gain, net	99,051	-
Forfeiture of customer advance	255,642	-
Sales tax set off	82,794	57,393
	<u>700,645</u>	<u>267,197</u>
18 Other income		
Dividend from a subsidiary and associate company	370,335	188,900
Profit on sale of investments	26,376	68,975
Income from non-trade investments	3,975	1,293
Sundries	15,833	32,317
	<u>416,519</u>	<u>291,485</u>
19 Cost of sales and services		
Raw materials consumed	2,556,043	1,965,541
Traded goods consumed	4,646,062	3,586,904
Project bought outs	2,722,111	2,829,109
Change in inventories	(342,739)	8,056
Other costs	257,775	532,126
	<u>9,839,252</u>	<u>8,921,736</u>

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
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	2003	2002
20 Personnel costs, net		
Salaries, wages and bonus, net	1,137,824	1,151,511
Contribution to provident and other funds	118,748	137,622
Workmen and staff welfare	161,276	157,741
	<u>1,417,848</u>	<u>1,446,874</u>
21 Other costs, net		
Travel and conveyance	369,537	310,694
External software services and data processing	356,975	310,926
Communications	170,636	162,943
Power and fuel	138,186	124,685
Rates and taxes	119,630	123,545
Repairs and maintenance		
- on building	78,365	54,049
- on machinery	26,454	18,691
- others	44,824	46,437
Rent	72,859	65,230
Research and development expenditure	25,392	23,061
Advertising and publicity	63,838	58,235
Packing and forwarding	54,887	58,161
Legal and professional	49,904	50,158
Exchange losses, net	-	17,482
Office supplies, printing and stationery	33,917	36,491
Lease rentals	51,006	38,336
Insurance	36,521	35,568
Bank guarantee commission/ bank charges	12,917	25,004
Spares and stores	23,734	20,974
Commission to directors	2,900	3,100
Share buy back expenses	-	1,930
Directors' fees	195	245
Bad debts	26,801	9,406
Provision for/ (write back of) doubtful debts and advances, net	90,897	(12,182)
Miscellaneous	172,189	177,642
	<u>2,022,564</u>	<u>1,760,811</u>
22 Commitments and contingent liabilities		
a Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	29,762	19,577
Future lease commitments in respect of operating leases		
- within one year	25,998	122,116
- later than one year and not later than five years	25,400	13,779
Export commitments	1,592,458	340,432
b Contingent liabilities		
Bills discounted	229,734	209,176
Taxation matters (excluding interest)		
- In respect of certain completed assessments where matters are under appeal by the Company	315,676	187,825
- 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	167,442	176,754
Corporate and other guarantees	36,163	74,814
Claims against the Company not acknowledged as debts	174,231	177,879

	2003	2002
23 Supplementary statutory information		
<i>(i) Managerial remuneration</i>		
Personnel and other costs include managerial remuneration for directors as set out below:		
Salary	5,940	5,940
Perquisites	4,406	5,107
Commission	2,900	3,100
Performance linked incentive	8,000	5,750
Contribution to provident fund	389	389
Contribution to superannuation fund	486	486
	<u>22,121</u>	<u>20,772</u>

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 the employees on an 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 in the above note.

Computation of commission to the Managing Director and other directors:

Profit as per the Profit and Loss Account	1,393,816	865,597
Add:		
Managing and other director's remuneration and commission	22,121	20,772
Depreciation charged in the accounts	245,037	336,169
Profit on sale of fixed assets, net (as per Section 349)	1,053	2,249
Write-back of provision for doubtful debts and advances, net	90,897	(12,182)
Provision for current and deferred tax	573,953	438,778
Provision for wealth tax	22,715	30,000
Restructuring write-back, net	(2,543)	(108,940)
Profit on sale of investment	(26,376)	(68,975)
Less:		
Profit on sale of fixed assets, net as per Profit and Loss Account	(82,562)	(43,576)
Depreciation as envisaged under Section 350 of the Companies Act, 1956 (see note below)	(245,037)	(336,169)
Net profit as per Section 349 of the Companies Act, 1956	<u>1,993,074</u>	<u>1,123,723</u>
Commission to managing and whole-time directors at 10% of the net profits as calculated above, provided at	1,400	1,250
Commission to other directors at 1% of the net profits as calculated above, provided at	1,500	1,850
	<u>2,900</u>	<u>3,100</u>

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 Companies Act, 1956. Thus, the depreciation charged in the books is higher than that prescribed as the minimum by the Companies Act, 1956. Hence, this higher value has been considered as a deduction for the computation of managerial remuneration above.

<i>(ii) Auditors' remuneration</i>		
- Audit fee	4,500	4,500
- Tax audit fee	1,600	1,200
- Other services	380	769
- Reimbursement of expenses	352	256
	<u>6,832</u>	<u>6,725</u>

<i>(iii) Earnings and expenditure in foreign exchange</i>		
(a) Earnings in foreign currency		
- Exports of goods/software		
- Direct on FOB basis	517,281	505,346
- Under IDA/IBRD/ADB credits	-	13,781
- Commission	190,819	168,180
- Service charges and others	184,438	117,207

Notes to the financial statements (*continued*)
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(b) Expenditure in foreign currency		
- Travelling	30,751	21,595
- Installation charges	213	-
- Expenditure on contracts at foreign sites	29,757	35,536
- Commission	1,318	7,884
- Service charges	101,689	81,319
- Others	50,752	31,671
(c) Value of imports calculated on CIF basis		
- Raw material	805,708	636,361
- Components and spare parts	3,434,861	2,712,907
- Capital goods	6,440	26,678
(iv) <i>Net dividend remitted in foreign exchange</i>		
Final :		
Period to which the dividend relates	1.10.2001 to 30.09.2002	1.10.2000 to 30.09.2001
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	18,103,087	18,103,087
Amount remitted	45,258	72,412
Net of tax deducted at source	-	-
Interim :		
Period to which the dividend relates	1.10.2002 to 30.09.2003	1.10.2001 to 30.09.2002
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	18,103,087	18,103,087
Amount remitted	63,361	48,878
Net of tax deducted at source	-	10%

24 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	2003		2002	
	Quantity	Value	Quantity	Value
Refer notes (a) and (d) below				
Switchgear items		2,352,731		1,902,991
Electric motors/ generators	32,127	797,097	31,176	683,083
Switchboards, control boards and miscellaneous accessories		743,034		735,789
X-ray equipment		341,737		397,064
Railway signalling equipment		1,283,862		843,265
Variable speed AC/DC drive systems, motor control, modules and programmable control systems		1,272,285		938,973
Protection systems		231,427		184,617
Data acquisition, logging and control systems		188,354		456,974
EPABX / EPAX / Intercom and key telephone systems		785,046		625,427
Medical electronic diagnostic equipment		2,026,803		2,089,867
Revenue from turnkey projects		3,025,035		3,494,397
Real estate and other services		990,849		369,154
		<u>14,038,260</u>		<u>12,721,601</u>
Commission income		207,115		183,811
		<u>14,245,375</u>		<u>12,905,412</u>

24 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 and spares parts consumed during the year

Refer note (e) below

	Unit	2003		2002	
		Quantity	Value	Quantity	Value
Copper flats, strips and profiles	MT	207	35,459	181	30,386
Enameled copper wire	MT	284	42,565	203	29,903
Brass sheets and strips	MT	38	9,906	32	9,386
Aluminium ingots, profiles and castings	MT	140	13,373	133	12,894
Iron and steel castings and shafts	MT	2,098	76,204	1,753	58,680
Dynamo steel sheets, strips and laminations	MT	2,592	118,647	2,037	78,586
Hot rolled and cold rolled steel sheets, strips, housings etc.	MT	1,046	33,009	945	24,712
Cables and wires	Kms	2,157	10,271	2,309	10,366
Silver components	Kgs	2,525	30,498	2,553	39,928
Ball and roller bearings	Nos	323,981	24,912	45,675	14,364
Thyristors, diodes and transistors	Nos	476,536	26,985	1,235,231	16,272
X-ray tubes	Nos	882	38,876	620	28,996
Amphenol terminals	Nos	358,505	5,919	224,042	4,980
Vacuum tubes	Nos	9,555	126,278	8,186	90,983
Integrated circuits	Nos	125,013	9,555	282,413	8,480
Capacitors and condensers	Nos	436,715	25,653	759,376	22,119
Printed circuit boards	Nos	26,346	22,590	93,001	16,242
Aluminium components			74,793		85,234
Steel components			224,806		155,828
Copper and copper alloy components			67,587		46,778
Insulation materials			192,268		226,487
Packing wood and cartons			6,039		3,334
Equipment			413,507		388,997
Others			926,343		561,606
			<u>2,556,043</u>		<u>1,965,541</u>

(iii) Imported and indigenous raw materials and spares parts consumed

	2003		2002	
	Value	% of total consumption	Value	% of total consumption
Imported	755,186	30	440,874	22
Indigenous	1,800,857	70	1,524,667	78
	<u>2,556,043</u>	<u>100</u>	<u>1,965,541</u>	<u>100</u>

(iv) Inventories

Finished goods – Refer note (a) below

Class of goods	2003		2002	
	Quantity	Value	Quantity	Value
Switchgear items		45,894		44,181
Electric motors/ generators	1,138 Nos.	19,194	1,423 Nos	10,073
Switchboards, control boards, etc.		2,230		8,676
X-ray equipment		5,455		4,942
Electromedical equipment		6,590		8,395
CT and other diagnostic equipment		108,087		26,530
Railway signalling equipment		100,679		12,459
Variable speed AC/DC drive systems, motor control modules and programmable control systems		29,465		20,766
Protection systems/ uninterrupted power supply systems		-		4,438
Others		93,059		67,317
		<u>410,653</u>		<u>207,777</u>
Work-in-progress				
- factory related		148,933		126,044
- project related		300,969		183,994
		<u>860,555</u>		<u>517,815</u>

(v) Purchases – Refer note (a) below

Class of goods	2003 Value	2002 Value
EPABX/EPAX/ intercom and KTS	534,816	388,526
Medical electronic diagnostic equipment	2,323,809	1,837,981
Others	1,787,437	1,360,393
Towards projects execution (CIF value of imports Rs 412,417,000; 2002: Rs 261,829,000)	2,722,111	2,829,109
	<u>7,368,173</u>	<u>6,416,009</u>

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

24 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	2003 Annual licensed capacity	2003 Annual installed capacity (refer note (c) below)	* Actual production	Annual licensed capacity	2002 Annual installed capacity (refer Note (c) below)	* Actual production
Switchgear items	Nos	11,084,000	4,739,700	4,609,028	11,084,000	4,739,700	4,200,262
Electric motors/generators	Nos	14,000	15,860	12,485	14,000	15,860	12,554
Switch boards, control boards and miscellaneous accessories	Nos	4,840 (Boards)	8,000 (Boards)	605 (Boards)	5,340 (Boards)	8,500 (Boards)	386 (Boards)
X-ray equipment	Nos	520	1,283	902	520	1,283	642
Electromedical equipment	Nos	245	209	30	245	209	30
Measuring and control instruments	Nos	47,677	64,900	9,238	47,677	64,900	25,967
Rectifier cubicles and miscellaneous equipment	MW	64.5	64.5	4,512	64.5	64.5	1
Variable speed AC/DC drive systems, motor control modules and programmable control system	Nos	6,248	6,248	1,103	6,248	6,248	941
Data acquisition, logging and control systems	Nos	50	50	33	50	50	21
Electronic measurand converter	Nos	1,277	1,277	242	1,277	1,277	59
Static Converter for railways	Nos	610	610	393	-	-	-
Audio frequency track circuit	Nos	380	380	480	-	-	-
Interlocking relays	Nos	99,000	99,000	74,502	99,000	99,000	65,048
Auxillary inverter for AR locomotive	Nos	50	50	8	-	-	-
Traction converter for diesel locomotive	Nos	72	72	57	-	-	-
Electrical control cabinet	Nos	288	288	31	-	-	-
Circuit breakers above 1000 volts	Nos	1,000	1,000	427	1,000	1,000	267

* Inclusive of captive consumption and for exports

Notes:

- 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.

25 Prior year comparatives

Prior year figures have been reclassified where necessary to conform with the current year's presentation.

26 Related party transactions**26.1 Parties where control exists****Siemens AG**

Holding company (holds 54.63% of the equity share capital as at 30 September 2003)

Siemens Information Systems Ltd. ('SISL')

Subsidiary company (100% of whose equity share capital is held by Siemens Ltd as at 30 September 2003)

Siemens Building Technologies Pvt. Ltd. ('SBT')

Subsidiary company (100% of whose equity share capital is held by Siemens Ltd as at 30 September 2003)

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 2003)

26.2 Other related parties where transactions have taken place during the year**Fellow Subsidiaries**

Designafairs GmbH
 Eviop-Tempo A.E. Electrical Equipment Manufacturers
 Lincas Electro Vertriebsgesellschaft m.b.H.
 OSRAM India Pvt. Ltd.
 P.T. Siemens Indonesia
 SBS Deutschland
 SBS Region Deutschland München
 ServoCare Systems AB
 SFS GmbH/PEF
 Siemens Aktiengesellschaft Österreich
 Siemens Bangladesh Ltd.
 Siemens Beteiligungsverwaltung GmbH
 Siemens Building Technologies Pvt. Ltd.
 Siemens Business Communication Systems Ltd.
 Siemens Canada Ltd.
 Siemens Company Secretariat Limited
 Siemens Dematic AG
 Siemens Dematic Singapore Pte. Ltd.
 Siemens Electrical Apparatus Ltd.
 Siemens Electronic Design and Manufacturing Services GmbH & Co. KG
 Siemens Energy & Automation, Inc.
 Siemens Factory Automation Engineering Ltd.
 Siemens Hearing Instruments Pvt. Ltd.
 Siemens Industrial Services Ltd.
 Siemens Industrie Montage Services GmbH & Co. KG
 Siemens Information and Communication Networks, Inc.
 Siemens International Trading Co. Ltd. Shanghai
 Siemens Israel Ltd.
 Siemens Malaysia Sdn. Bhd.
 Siemens Medical Solutions Inc. - Ultrasound Division, Mountain View, CA
 Siemens Medical Solutions Pty. Ltd.
 Siemens Medical Solutions USA, Inc.
 Siemens Milltronics Process Instruments, Inc.
 Siemens Nixdorf Information Systems Pvt. Ltd.
 Siemens plc
 Siemens Power Engineering Pvt. Ltd.
 Siemens Power Generation Ltd.

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

Siemens Pte. Ltd.
Siemens Public Communication Networks Pvt. Ltd.
Siemens S.A.
Siemens S.A. de C.V.
Siemens S.p.A.
Siemens Sanayi ve Ticaret A.S.
Siemens SGP Verkehrstechnik Ges.m.b.H.
Siemens Shared Services Pvt. Ltd.
Siemens Switchgear Co. Ltd.
Siemens Technology Development Corp. Ltd. of Beijing
Siemens Vacuum Interrupters (Wuxi) Ltd.
Siemens VDO Automotive AG
Siemens VDO Automotive Ltd.
Siemens VDO Automotive, Inc.
Siemens, Inc.
Siemens-Elema AB
SMS Inc. - Nuclear Medicine Group
SMS Inc. - Oncology Care Systems Group
SMS Inc. - Sales and Services Group
VVK Versicherungsvermittlungs- und Verkehrskontor GmbH
Solutions for Energy Management
Siemens Metering Ltd.
SMS Inc. - Ultrasound Group
Siemens Ltd., Jeddah
Siemens Ltd. RSA
Siemens Bangkok
Siemens Hongkong
Siemens Seoul
Siemens AUS

Associates

National & German Electrical & Electronic Services Company
Powerplant Performance Improvement Ltd.
Siemens LLC

26.3 *Directors of the Company*
Whole-time Directors

J. Schubert
H. Gelis
A. B. Nadkarni
Harminder Singh
O. P. Narula

Details of remuneration to directors are disclosed at note 23 (i) to the financial statements.
Details of housing loan to directors are disclosed at note 11 (a) to the financial statements.

	<u>2003</u>	<u>2002</u>
26.4 <i>Sales to and other recoveries from related parties</i>		
Holding company	1,083,098	1,180,821
Subsidiaries	236,840	166,648
Fellow Subsidiaries	192,263	322,002
Associates	62,518	76,305
26.5 <i>Purchases/ other services from related parties</i>		
Holding company	3,366,174	2,237,405
Subsidiaries	28,799	23,602
Fellow Subsidiaries	765,276	536,730
Associates	12	-

	<u>2003</u>	<u>2002</u>
<i>26.6 Interest income from related parties</i>		
Holding company	-	-
Subsidiaries	-	-
Fellow Subsidiaries	70,578	79,225
Associates	-	-
<i>26.7 Interest paid to related parties</i>		
Holding company	-	-
Subsidiaries	-	5,537
Fellow Subsidiaries	-	3,161
Associates	-	-
<i>26.8 Sale of investments to related parties</i>		
Holding company	-	-
Subsidiaries	-	-
Fellow Subsidiaries	-	209,375
Associates	-	-
<i>26.9 Purchase of investments from related parties</i>		
Holding company	-	-
Subsidiaries	47,902	-
Fellow Subsidiaries	-	-
Associates	-	-
<i>26.10 Dividend paid to related parties</i>		
Holding company	108,619	126,722
Subsidiaries	-	-
Fellow Subsidiaries	-	-
Associates	-	-
<i>26.11 Dividend received from related parties</i>		
Holding company	-	-
Subsidiaries	370,335	178,500
Fellow Subsidiaries	-	10,400
Associates	-	-
<i>26.12 Outstanding balances</i>		
Debtors		
Holding company	131,751	60,593
Subsidiaries	37,690	11,403
Fellow Subsidiaries	17,112	39,139
Associates	44,239	23,977
Creditors		
Holding company	871,086	786,878
Subsidiaries	6,028	1,854
Fellow Subsidiaries	3,274	-
Associates	-	-
Inter Corporate Deposits		
Holding company	-	-
Subsidiaries	-	-
Fellow Subsidiaries	775,000	1,065,000
Associates	-	-

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

27 (i) Information about business segments

	Revenue							
	External sales		Inter segmental sales		Total		Results	
	2003	2002	2003	2002	2003	2002	2003	2002
Information and communications	815,180	646,891	2,608	157	817,788	647,048	82,162	71,614
Automation and drives	3,898,595	3,423,372	740,959	483,098	4,639,554	3,906,470	243,752	110,057
Industrial solutions and services	1,439,630	1,256,213	123,454	129,845	1,563,084	1,386,058	144,122	121,602
Power	3,375,783	3,833,559	86,717	180,073	3,462,500	4,013,632	484,436	117,404
Transport	1,285,036	843,265	-	-	1,285,036	843,265	198,316	139,668
Healthcare and other services	3,086,302	2,548,586	-	-	3,086,302	2,548,586	16,667	92,712
Real estate	344,849	353,526	-	-	344,849	353,526	286,601	273,862
Eliminations	-	-	(953,738)	(793,173)	(953,738)	(793,173)	-	-
Total	14,245,375	12,905,412	-	-	14,245,375	12,905,412	1,456,055	926,919
Interest expenses							(1,888)	(27,324)
Interest income							114,286	145,895
Unallocable corporate items							399,316	258,885
Profit before tax							1,967,769	1,304,375
Income tax							(588,000)	(417,000)
Deferred tax							14,047	(21,778)
Consolidated total	14,245,375	12,905,412	-	-	14,245,375	12,905,412	1,393,816	865,597

	Non cash expenditure									
	Assets		Liabilities		Capital Expenditure		Depreciation		Others	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Information and communications	289,037	296,964	128,157	123,167	3,494	2,478	17,040	100,924	4,478	40,379
Automation and drives	1,551,880	1,523,946	1,117,616	1,172,486	91,255	56,737	83,793	61,806		
Industrial solutions and services	610,059	640,943	688,620	612,835	1,674	2,199	4,316	4,598		
Power	1,781,696	1,762,493	1,797,156	2,178,631	12,820	11,999	19,361	20,426		
Transport	306,429	176,430	550,403	430,649	1,049	427	1,053	1,109		
Healthcare and other services	1,380,437	1,170,837	747,017	632,421	33,707	18,566	21,262	18,782		
Real estate	1,102,823	1,047,249	112,608	72,369	96,574	21,548	81,709	103,015		
Eliminations										
Total	7,022,361	6,618,862	5,141,577	5,222,558	240,573	113,954	228,534	310,660	4,478	40,379
Interest expenses										
Interest income										
Unallocable corporate items	5,109,338	4,254,980	2,079,647	1,854,243	2,744	2,776	16,503	25,509		
Profit before tax										
Income tax										
Deferred tax										
Consolidated total	12,131,699	10,873,842	7,221,224	7,076,801	243,317	116,730	245,037	336,169	4,478	40,379

27 (ii) Secondary segment information

	Revenues		Assets		Capital Expenditure	
	2003	2002	2003	2002	2003	2002
Domestic	13,543,656	12,269,078	12,131,699	10,873,842	243,317	116,730
Exports	701,719	636,334				
Total	14,245,375	12,905,412	12,131,699	10,873,842	243,317	116,730

(iii) Other disclosures:

- Inter-segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks
- All profits/losses on inter segment transfers are eliminated at 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 seven 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 :-**
 - o Convergence communications solutions for enterprises, communications, video conferencing, and call centers, networking, mobility, teleworking, multimedia CRM.
 - o Mobile phones :- 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 and meters.
- **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, ventilators, digital radiography systems, radiology networking systems, lithotripsy and linear accelerators.
- **Real estate :-** Provides comprehensive real estate management.

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

Notes to the financial statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

28 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 Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Loss

Deferred tax asset

28 Balance Sheet Abstract and Company's General Business Profile (Contd.)

IV. Performance of Company (Amount in Rs. thousands)

Turnover	14,245,375	Total Expenditure	13,507,168
+/- Profit/Loss before Tax	1,967,769	+/- Profit/Loss after Tax	1,393,816
<input type="checkbox"/> +		<input type="checkbox"/> +	

(Please Tick appropriate box + for Profit, - for Loss)

Earning per share in Rs.	42.06	Dividend Rate %	75
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V. Generic Names of Three Principal Products/Services of Company
(As per monetary terms)

Item No. (ITC Code)	854800
Product description	Electrical part of machinery or apparatus
Item No. (ITC Code)	903289
Product description	Electronic automatic regulators
Item No. (ITC Code)	902210
Product description	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').

Prashant J. Doshi
Officiating Corporate Secretary

For Siemens Ltd.

Dr. F. A. Mehta
J. Schubert
H. Gelis
D. C. Shroff
Y. H. Malegam
N. J. Jhaveri
Dr. O. Schmitt
D. S. Parekh
A. B. Nadkarni
Harminder Singh
O. P. Narula


Chairman
Managing Director
Executive Director

Directors

Mumbai, 7 November 2003

Statement Regarding Subsidiary
Companies pursuant to Section 212(1)
and (3) of the Companies Act, 1956

	Siemens Information Systems Ltd.	Siemens Building Technologies Pvt. Ltd.
a) Holding Company's Interest	6,815,000 (2002 : 5,100,000) equity shares of Rs 10 each fully paid-up [i.e. 100% (2002 : 74.8%) of the paid-up Equity Capital]	479,020 (2002: Nil) equity shares of Rs 10 each fully paid-up [i.e. 100% (2002 : Nil) of the paid-up Equity Capital]
b) Net aggregate amount of the Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts (so far as it concerns the members of Siemens Ltd) :		
(i) For the Subsidiary's financial year ended 30 September 2003	Rs 257,211,032	Rs 6,018,000
(ii) For previous financial years	Rs 128,543,528	Nil
c) Net aggregate amount of the Subsidiary's profits/(losses) dealt with in the Holding Company's accounts (so far as it concerns the members of Siemens Ltd) :		
(i) For the Subsidiary's financial year ended 30 September 2003	Rs 370,335,000	Nil
(ii) For previous financial years	Rs 178,500,000	Nil

	For Siemens Ltd.	
Prashant J. Doshi <i>Officiating Corporate Secretary</i>	Dr. F. A. Mehta J. Schubert H. Gelis D. C. Shroff Y. H. Malegam N. J. Jhaveri Dr. O. Schmitt D. S. Parekh A. B. Nadkarni Harminder Singh O. P. Narula	<i>Chairman</i> <i>Managing Director</i> <i>Executive Director</i>
		<i>Directors</i>

Mumbai, 7 November 2003

Siemens Information Systems Ltd. (SISL)
Sixteenth Annual Report
for the year ended 30 September 2003

Board of Directors

(as on 27th October, 2003)

Chairman

J. Schubert

Managing Director

A. R. Laud

Directors

A. S. Viswanathan
(Whole-time Director)

H. Gelis

Prof. Dr. E. R. Reinhardt

Dr. F. Froeschl

A. Huber

B. Regendantz

C. Ramakrishnan
(Alternate Director for
Dr. F. Froeschl)

Company Secretary

B. R. Nagaraja

Bankers

Bank of America NT & SA

Citibank N. A.

Deutsche Bank AG

HDFC Bank

State Bank of India

Standard Chartered Bank

Auditors

Bharat S Raut & Co.

Solicitors

Crawford Bayley & Co.

Registered and Corporate Office

130, Pandurang Budhkar Marg,
Worli,
Mumbai 400 018

Software Centres & Sales Offices

Bangalore

Kolkata

Chennai

Gurgaon

Mumbai

New Delhi

Pune

Kharghar

Directors' Report

The Directors have pleasure in presenting the Sixteenth Annual Report together with the audited statement of accounts for the year ended September 30, 2003:

Financial Results

	Rs. in Million	
	September 30, 2003	September 30, 2002
Total Income	3129.38	2586.14
Total Expenditure	2495.98	2127.49
Net Profit before tax	633.40	458.65
Net Profit after Tax (without adjustment for deferred tax)	608.40	458.65
Appropriation		
Interim dividend paid	405.49	238.53
Dividend tax	34.05	13.90
Transfer to general reserve	61.00	45.87
Retained earning carried forward (without adjustment for deferred tax)	107.85	160.36

Operations

The total income for the current year was Rs.3129.38 million compared to Rs.2586.14 million for the corresponding period in the previous year. This translates into a healthy growth of 21%; which is impressive considering the overall weakness observed in the global market.

The operating profit before tax for the current financial period was Rs.633.40 million which is 20.2% of the total income.

Dividend

A total interim dividend of Rs.59.50 per equity share was declared in this financial year as against a dividend of Rs.35 per share in the previous year. After considering the planned investments, your Directors have not recommended any final dividend for the year ended September 30, 2003.

Business Development

The Company continued to focus on niche offerings and solutions in the domestic market. At the same time it also decided to reduce the exposure in solutions with lower profitability. The Company will continue to be selective in its customer acquisition in the domestic market. In the current financial year the domestic business accounted for approximately 13% of the total turnover. On the exports front your Company continues to focus

on partnering and working with various Siemens divisions across the globe. Exports business constituted approximately 87% of the total turnover.

The developments in the different business offerings are elaborated below.

Business Solutions

With the focus on extending the customer engagement beyond the implementation services, the Company has expanded its portfolio to include Application Management Services. This will ensure continued engagement with the customer while at the same time ensuring a recurrent revenue stream. During the current financial year the Company received new orders from Mangalore Chemicals and Fertilizers, Deepak Fertilizers and Petrochemicals, Sundaram Fasteners, Sakal newspaper and others for SAP R/3 implementation. The Company also received a large number of orders for SAP application support in the domestic and the export market.

With focus on offshoring and increased collaboration with customers, the Company has expanded its engagements across the world. The geographic spread widened through our engagements with SBS Germany, Siemens Energy & Automation USA, Siemens Finland, Siemens Plc. UK, SBS Singapore, Siemens China, Siemens Bangladesh, Novartis Bangladesh, in addition to John Deere, Germany and Altana, Australia.

The current financial year has been extremely rewarding for the SAP Training business, which grew by over 150% over the previous year to achieve sales of over Rs.120 million.

In a major achievement the Supply Chain Management (SCM) business unit was given the global responsibility of hosting the Centre of Competence (CoC) for SCM business of Siemens Business Services (SBS) worldwide.

Healthcare

The Healthcare group continues to develop its relationship with Siemens Medical Solution, Healthcare Information Systems, USA and take it to greater heights. In the current financial year Soarian™ Version 2.0 went live and thereon reached General Availability (GA) on 31st July 2003. The development group of the Healthcare group is supporting over 25 early customers at all stages of the product implementation.

Continuing with the success of the full featured Soarian™ Clinicals base product and Soarian™ Cardiology departmental, the Company has been identified by

Siemens AG to take up the development and delivery for other departmental solutions like Oncology and Operating Room.

Hospital Information Systems (HIS), the product being sold in India has been re-branded and is being launched as Soarian™ MedSuite as part of the Soarian™ family of products. Soarian™ MedSuite will be the healthcare IT solution for regions excluding USA and Western Europe.

Working within the overall Company policy of selective customer acquisition, the Healthcare group has added 3 prestigious hospitals to its list of customers in India in addition to identifying new opportunities in China, Malaysia, West Indies, Middle East, South Africa and Latin America.

Telecom

The business unit focusing on Telecom domain has reorganized its product portfolio to ensure better customer delivery and in the process has weeded out some of the non-profitable products from its portfolio. Some of the major breakthrough orders received during the current financial year were from M/s Telecommunications Consultants India Ltd. for supply, installation and commissioning of pre-paid and post-paid solutions for Bhutan Telecom (Rs. 32 million) and from Millenium Telecom Ltd. for providing consultancy in setting up call centres (Rs. 8.6 million). Expanding on the experience and knowledge from earlier projects, Telematics has been identified as a core business. Projects were successfully executed for Siemens VDO while associating with Siemens VDO Infotainment Division for other similar projects. Partnering with the Siemens ICM unit for embedded software, the Wireless business unit has consolidated its position and increased its turnover by over 100% compared to the previous year.

Software Engineering Centre

The Company's efforts of achieving high visibility in the Siemens world paid off during the current financial year. As part of the Siemens Software initiative to reduce software development costs globally, the Company was identified as one of the main offshore development centres. The immediate benefit of this has been the increased engagements with various divisions of Siemens AG (MED, A&D, VDO and PTD) and the identification of the Company as their offshore development centre (ODC). The new areas for engagement with MED division will be in Software Components and workstations, Nuclear Medicine, Ultrasound, Angiography and Computer Aided Diagnostics resulting in an increased engagement of nearly 200 Person Years (PY). The expected increase in engagements from A&D and PTD during 2003-04 is 50 PY and 40 PY respectively.

The Company's initiative with Siemens Corporate Research has also resulted in Corporate Technology (CT) deciding to establish R&D lab in India in partnership with the Company. The Company has signed an MoU with CT for cooperation in the areas of Software testing, development for embedded systems and as a technology provider.

Capitalizing on the experience gained during internal quality initiatives, the Company has started offering consultancy services in the area of Software process improvement to various divisions of Siemens under the framework of the Quality Management Systems.

Information Technology Services

Consolidating on the partnership with Siemens CIO Organisation in Singapore for the workflow solution (project Nexus), the ITS business unit now has orders for project rollout to 17 countries of which 5 were achieved during the year. The engagement has also been extended to Application Support. The focus on PAMS for the payroll process continues with new customers acquisition, in addition to the Annual Maintenance Contracts from all existing customers. Other major highlights of the business were the successful SRS submission and Technical Architecture Acceptance in EPFO and the Managed Operations at Bhopal Hospitals. Orders were also received from SBS USA and SBS UK for development projects on .NET technology, which has been identified as a thrust area for the future.

Large Projects

As part of the corporate initiative of focusing on domains, this business unit has identified BFSI as the domain for a "go-to market" strategy. A good start has been made in developing a credible portfolio in the BFSI domain (Banking and Financial Services & Insurance). The Company has already achieved success through customer acquisitions in this domain. Major orders received during the current financial year were from Insurance Claims Hub for Soarian-FS product of Siemens Health Services USA, Business Process Management for HDFC Standard Life India, Cash Management Systems and Data Warehouse for National Savings and Investments, UK. The initiatives taken to make inroads into Middle East and the South Africa market are already showing results by way of an increased customer prospect list.

Graphic Products

The major highlights during the current financial year were the successful execution of the first phase of Engineering Configurator (IET) for Siemens Dematic. This has enabled the customer to rapidly come up with a solution for a complex material handling system configuration. The high quality of delivery by the Engineering Automation and Visual Simulation team has

Directors' Report (Continued)

resulted in an increased project scope for other related applications. In the PLM solutions, the unit received its first order in Team Center Engineering from Brakes India against stiff competition. The Staffware competence center has also acquired its first overseas project within three months of its formation.

Scientific Application centre

A successful combination of its strong research and development skills in new technologies with business application has resulted in development of niche products in the Biometrics domain catering to security of premises and networks. Some of major customers acquired during the current financial year for the visitor management solution **Secura+**, were Infosys, Hindalco, Hindustan Lever Ltd., Procter & Gamble in the private sector. The customers in the Defence sector included West Naval Command, Naval Dockyard, Defence R&D Organisation, Cabinet Secretariat, National Remote Sensing Agency. Customers in the public sector included NTPC, IPCL and HPCL while those in the Banking sector included RBI, ICICI and SBI.

Management Consulting

The Management Consulting business unit has been working synergistically with the other business units of the Company to provide the necessary competitive edge for high-end consultancy. The business unit obtained its first order in India for the optimization solution in Theory of Constraints from Larsen and Toubro. The unit is also front ending the Iran initiative where it has bagged its first order from Bandar Imam Petro Chemicals (BIPC) for developing the company's IT strategy.

Extended Enterprise Services

In its first full year of operations the business unit achieved a growth of nearly 50% over the previous year. Some of the major customer acquired during the current financial year were Cadbury, Nestle, Electrolux, Whirlpool, Syngenta, Novartis, Times of India and Mark Auto. All the customers are using the solutions on an Application Service Provider (ASP) basis thereby ensuring recurrent revenues for the Company.

Participation in Associate Company in Business Process Outsourcing:

India is fast becoming a hub for offshore services especially in the IT Enabled services sector and an increasing number of multinational companies are expected to participate in these opportunities in India which offers attractive value proposition for optimization of processes. Looking at this trend and wanting to have the India

advantage, Siemens Shared Services USA set up Siemens Shared Services Pvt. Ltd. in the year 2001-02. Your Management sees opportunities in this sector as a supplement to its main business of IT services. To ensure the presence of your company in this business stream, it was decided to participate in the equity of the above company to the extent of 49% with an investment amount of Rs.30 million. A promising start has been made with the first order from Barclays Bank for back office processes.

Siemens Nixdorf Information Systems Private Ltd. (SNIL)

As part of the decision to complete the restructuring of SNIL, the shares of SNIL have been purchased by SISL. SNIL is now a subsidiary of SISL.

Quality

Quality continues to be the focus area. Going forward from the previous year, ISO initiatives are being extended to the remaining business units within the Organisation. Taking the CMM Level 5 initiative forward, work is being done for CMMI certification in the near future.

Future Prospects:

The recessionary trend seen during the previous years is gradually yielding to a search by the developed/developing nations for avenues of cost optimization. This requirement while it is positive for us in that it is expected to bring higher business volumes, nevertheless brings in its wake a pressure on margins and demands of higher productivity levels.

SISL as a major participant in the Software Initiative of Siemens AG will further consolidate on its present status as preferred supplier. This present status has been possible in a competitive environment due to the good reservoir of skills and the quality in its deliverables.

SISL will continue its strategy of concentrating on exports, participate significantly in the Siemens AG software initiative while looking at newer markets and attracting additional or repeat business from our existing clientele.

Investments in Fixed assets

The Company had successfully postponed, in the previous year, additions to fixed assets in order to improve the utilization of the same. The investments of the company during the current financial year were Rs.96 million towards upgrading the existing computer equipment, hardware and infrastructure, against a depreciation level of Rs.84 million.

As a productivity measure, your Company has introduced a shared accounting and IT concept with Siemens Ltd and other Group companies. This will bring economies of scale in operations.

Research & Development

The R&D efforts of your Company span a comprehensive programme in the field of software development across major technologies and products.

A significant milestone this year is that the Soarian cardiology was successfully installed in the US and the product was declared "generally available" to the global healthcare industry.

The expenditure incurred during the financial year on account of R&D was to the tune of Rs.0.893 million.

Conservation of Energy

The operation of the Company involves low energy consumption. Adequate measures have however been taken to reduce energy consumption and encourage conservation.

Foreign Exchange Earnings & Outgoings

This information has been furnished in the notes to accounts vide item (v) and (vi) of Note 23.

Employees

The management-employee relations have been on an excellent level as proven by the 9th rank in Preferred Employer Survey conducted by DQ-IDC.

The Board of Directors would like to express its sincere appreciation for the dedicated teamwork seen over the fiscal period under review. The Company's good performance would not have been possible without the hard work and contribution from employees at all levels. Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are set out in the Annexure forming a part of this report.

Directors

Dr. C. Federschmidt resigned from the Board of Directors with effect from 19th November, 2002. The Board places on record its appreciation for the support and guidance given by Dr. Federschmidt.

Prof. Dr. E. R. Reinhardt, Dr. F. Froeschl, Mr. A. Huber and Mr. B. Regendantz were appointed as Additional Directors of the Company with effect from 21st April, 2003 and will hold office up to the date of the forthcoming Annual General Meeting and are eligible for re-appointment.

Mr. C. Ramakrishnan was appointed as an Alternate Director for Dr. F. Froeschl with effect from 24th July, 2003.

Mr. J. Schubert retires by rotation and, being eligible, offers himself for re-appointment.

The relevant Resolutions relating to these appointments form part of the Notice of the Annual General Meeting and are recommended for your approval.

Directors' Responsibility Statement

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed that :

- (i) in the preparation of the annual accounts for the financial year ended 30th September, 2003, the applicable accounting standards have been followed;
- (ii) the accounting policies are consistently applied and are reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on going concern basis.

Audit Committee

In accordance with Section 292A of the Companies Act, 1956, the Board of Directors has constituted an Audit Committee and specified its terms of reference. The Committee consists of 3 Directors viz. Mr. H. Gelis; Mr. J. Schubert and Mr. A. R. Laud.

Auditors

M/s Bharat S Raut & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors



J. Schubert
Chairman

Mumbai
27 October 2003

Auditors' Report to the Members of Siemens Information Systems Limited

We have audited the attached Balance Sheet of Siemens Information Systems Limited ('the Company'), as at 30 September 2003, and also 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 the 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.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report

- are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) on the basis of the written representation received from the directors of the Company, as at 30 September 2003, and taken on record by the Board of Directors on 27 October 2003, we report that none of the directors are disqualified from being appointed as director of the Company, under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in case of the Balance Sheet, of the state of affairs of the Company at 30 September 2003;
 - in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - in case of the Cash Flow Statement of cash flows for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Abizer Diwanji
Partner
Membership No. 46859

Mumbai
27 October 2003

Annexure to the Auditors' Report – 30 September, 2003

With reference to the annexure referred to in paragraph 1 of the auditors' report to the members of Siemens Information Systems Limited on the financial statements for the year ended 30 September 2003, we report that:

- 1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As per the Company's programme, physical verification of fixed assets at each location is done once in three years, which in our opinion is reasonable. In accordance with this programme, the plant and machinery of the Mumbai, Bangalore and Gurgaon location were verified during the year. No material discrepancy has been noticed in respect of fixed assets verified during the year.

Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

- 2 The inventories of bought out hardware and software have been physically verified by the management during the current year. In our opinion, the frequency of such verification is reasonable and the procedures for the physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- 3 The Company has maintained proper records of inventory. No material discrepancies were identified by management on physical verification of inventories.

- 4 According to the information and explanations given to us there are no companies, firms or other parties of the nature required to be covered in the register maintained under section 301 of the Companies Act, 1956. Consequently clauses 4(iii)(a) and 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 5 In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
- 6 The Company has not granted any loans during the year, secured or unsecured, where the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the Company. The receipt of principal and interest on the loans granted are regular. There are no overdue amounts for more than Rupees one lakh. The Company has not taken any loans during the year.
- 7 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets. The activities of the Company do not involve sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- 8 According to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable.
- 9 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 10 According to the information and explanations given to us, the Company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956.
- 11 According to the information and explanations given to us and on the basis of the examination of the books of account, the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Service Tax and Wealth Tax dues during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Customs Duty and Excise Duty. There have been minor delays in the payment of Income Tax deducted at source during the year.
- 12 The Company is currently disputing a sales tax claim of Rs 6.8 million made by the sales tax department, appeal for which has been filed with the Additional Commissioner (Appeals) of the sales tax department.
- 13 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 financial year immediately preceding such financial year.
- 14 The Company has not taken any loans during the year. There were no outstanding loans at the commencement of the current year.
- 15 According to the information and explanations given to us, the Company has not granted any loan on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 16 The Company is not a chit fund/nidhi/mutual benefit fund/society.
- 17 According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 18 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 19 According to the information and explanations given to us, the Company has not obtained any term loans during the year.
- 20 According to the information and explanations given to us, the Company has not raised any funds on short-term basis during the year.
- 21 The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
- 22 The Company has not raised any money by public issues during the year.
- 23 According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Bharat S Raut & Co.
Chartered Accountants

Abizer Diwanji
Partner
Membership No. 46859

Mumbai
27 October 2003

Balance sheet
at 30 September 2003
(Currency: in thousands of Indian rupees)

	<i>Note</i>	2003 Rs. '000	2002 Rs. '000
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	68,150	68,150
Reserves and surplus	4	1,105,734	793,250
		<u>1,173,884</u>	<u>861,400</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	778,835	747,934
Less: Accumulated depreciation		548,421	527,221
Net block		230,414	220,713
Capital work-in-progress		—	2,882
		<u>230,414</u>	<u>223,595</u>
Investments	6	29,996	—
Deferred tax asset	17	165,991	22,357
Current assets, loans and advances			
Inventories	7	3,836	8,600
Sundry debtors	8	769,662	468,686
Cash and bank balances	9	752,600	558,913
Unbilled receivables		54,065	90,004
Loans and advances	10	124,433	102,253
		<u>1,704,596</u>	<u>1,228,456</u>
Less: Current liabilities and provisions			
Current liabilities	11	914,853	602,263
Provisions	12	42,260	10,745
		<u>957,113</u>	<u>613,008</u>
Net current assets		<u>747,483</u>	<u>615,448</u>
		<u>1,173,884</u>	<u>861,400</u>

The accompanying notes form an integral part of this balance sheet.

As per our report of even date attached.

For **Bharat S Raut & Co.**
Chartered Accountants

B. R. Nagaraja
Company Secretary

Abizer Diwanji
Partner
Membership No. 46859

Mumbai
27 October 2003

For Siemens Information Systems Limited

J. Schubert *Chairman*

A. R. Laud *Managing Director*

A. S. Viswanathan
H. Gelis } *Directors*

Mumbai
27 October 2003

Profit and Loss Account
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

SISL

	<i>Note</i>	2003 Rs. '000	2002 Rs. '000
Income			
Sales and services	<i>13a</i>	3,052,183	2,560,382
Other income	<i>13b</i>	77,193	25,757
		<u>3,129,376</u>	<u>2,586,139</u>
Expenditure			
Direct cost of sales and services	<i>14</i>	758,078	707,466
Personnel cost	<i>15</i>	1,065,516	794,307
Other costs	<i>16</i>	587,921	541,590
Depreciation	<i>5</i>	84,464	84,125
		<u>2,495,979</u>	<u>2,127,488</u>
Net profit before tax		633,397	458,651
Income tax expense			
-Current tax		(25,000)	
-Deferred tax credit/ (expense)		143,633	(48,165)
Net profit after tax		752,030	410,486
Profit and loss account brought forward		479,226	367,033
Profit available for appropriation		1,231,256	777,519
Appropriations :			
Interim dividend paid		405,492	238,525
Dividend tax		34,054	13,903
Transfer to general reserve		61,000	45,865
Profit and loss account carried forward		730,710	479,226
Weighted average number of equity shares outstanding during the year		6,815,000	6,815,000
Earnings per share of par value Rs 10			
-Basic and diluted	<i>2.11</i>	110.35	60.23

The accompanying notes form an integral part of this profit and loss account.

As per our report of even date attached.

For Siemens Information Systems Limited

For **Bharat S Raut & Co.**
Chartered Accountants

B. R. Nagaraja
Company Secretary

J. Schubert

Chairman

A. R. Laud

Managing Director

Abizer Diwanji

Partner

Membership No. 46859

A. S. Viswanathan

H. Gelis

} *Directors*

Mumbai

27 October 2003

Mumbai

27 October 2003

Cash flow statement
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

Particulars	2003 Rs. '000	2002 Rs. '000
Operating Activities		
Net profit before tax	633,397	458,651
Adjustments :		
Depreciation	84,464	84,125
Profit on sale of fixed asset (net)	(568)	(387)
Unrealised exchange loss / (gain)	(28,315)	13,545
Interest received on deposits	(29,444)	(17,463)
Operating cash flow before working capital changes	659,534	538,471
Changes in working capital		
Inventories	4,764	3,216
Unbilled receivables	35,939	(2,020)
Debtors	(285,726)	45,264
Loans and advances	(22,180)	9,772
Creditors	317,061	77,548
Provisions	6,515	2,220
Net changes in working capital	56,373	136,000
Net cash provided by operating activities	715,907	674,471
Investing activities		
Additions to fixed assets	(93,279)	(65,584)
Proceeds from sale of fixed assets	2,564	2,470
Investment in associate and subsidiary	(29,996)	—
Interest received on deposits	29,444	17,463
Net cash used by investing activities	(91,267)	(45,651)
Financing activities		
Dividend paid (including dividend tax of Rs.34,054 (2002:Rs.13,903))	(439,546)	(257,989)
Net cash used by financing activities	(439,546)	(257,989)
Effect of exchange rate changes	8,593	7,527
Increase in cash & cash equivalents	193,687	378,358
Opening cash and cash equivalents	558,913	180,555
Closing cash and cash equivalents	752,600	558,913

For Siemens Information Systems Limited

For **Bharat S Raut & Co.**
Chartered Accountants

B. R. Nagaraja
Company Secretary

J. Schubert *Chairman*

A. R. Laud *Managing Director*

Abizer Diwanji
Partner
Membership No. 46859

A. S. Viswanathan
H. Gelis } *Directors*

Mumbai
27 October 2003

Mumbai
27 October 2003

Notes to the financial statements
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

SISL

1 Background

Siemens Information Systems Limited ('SISL' or 'the Company') is a fully owned subsidiary of Siemens Limited ('SL'). During the year SL purchased the 25.2% equity stake held by Siemens Nixdorf Informationsysteme ('SNI') GmbH, a fully owned subsidiary of Siemens AG, the ultimate holding company of the Siemens group.

During the year the Company acquired 49% of the equity capital of Siemens Shared Services Private Limited and 100% of the equity capital of Siemens Nixdorf Information Systems Private Limited.

The Company is engaged in providing information technology services primarily in the export market through onsite as well as offshore operations. SISL carries out its operations through its development centres in Mumbai, Kharghar, Chennai, Bangalore, Delhi, Pune and Calcutta. The head office is located at Mumbai.

2 Principal accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable.

The financial statements are prepared in thousands of Indian Rupees unless otherwise stated.

The preparation of the 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, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised on a prospective basis.

2.2 Fixed assets and depreciation

Fixed assets are recorded at historical cost less accumulated depreciation. Cost includes inward freight duties, taxes and incidental expenses related to the acquisition and corresponding installation expenses. For additions and disposals, depreciation is provided pro-rata for the period of use.

Depreciation is charged on the straight-line method (SLM) pro-rata from the date of purchase using the following rates which are higher than the minimum rates prescribed under schedule XIV to the Companies Act, 1956 and in management's opinion reflect the economic useful lives of fixed assets:

Asset	Rate
Buildings	5%
Plant and machinery	20%-33.33%
Electrical installations	20%
Furniture, fittings and office equipment	20%
Vehicles	25%

Fixed assets individually costing less than Rs.5,000 are charged off in the year of acquisition.

Software initially purchased together with workplace computers and training related software are capitalised and depreciated at the rates applicable to workplace computers (included in Plant and machinery). Software purchased subsequently is charged directly to revenue as software consumables (refer note 16).

2.3 Investments

Long-term investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments.

2.4 Inventories

Bought out software and hardware is valued at the lower of cost and net realisable value. Cost comprises purchase cost and other costs incurred in bringing inventories to their present condition and location. Cost is determined based on the first in first out method.

2.5 Revenue recognition

Revenue on time based contracts is recognised periodically on the basis of the time charged and rates agreed in accordance with customer contracts. Revenue also includes reimbursement of expenses as these cannot be separately identified.

Notes to the financial statements (*Continued*) for the year ended 30 September 2003 (Currency: in thousands of Indian rupees)

Revenue from fixed price 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 receivables represent costs incurred and revenues 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 to the Company.

Revenue from sales and services are stated exclusive of sales tax and service tax.

2.6 Retirement and employee benefits

Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the expense is incurred.

Leave encashment, which is a defined benefit, is accrued based on an actuarial valuation carried out by an independent actuary at year end.

Liability for gratuity, which is a defined benefit plan, is provided in accordance with the requirements of the gratuity fund maintained with the Life Insurance Corporation of India ('LIC'). Contributions are made on the basis of annual actuarial valuation carried out by LIC.

Provision for superannuation is made as per the contractual terms.

2.7 Research and development

Research and development expenditure of a revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is capitalised.

2.8 Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Exchange rate differences arising on foreign exchange transactions settled during the year are recognised as income or expense in the profit and loss account of the same period. Foreign exchange denominated current assets and current liabilities are translated at the year-end exchange rates. All exchange gains/losses are recognised in the profit and loss account.

Premiums in respect of forward exchange contracts are recognised over the period of the contracts.

2.9 Income tax

Current taxes

Current tax provision is made annually based on the tax liability computed in accordance with provisions of the Income Tax Act, 1961.

Deferred taxes

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are recognised using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the year that includes the enactment date.

Deferred tax assets in respect of unabsorbed depreciation or losses carried forward are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

2.10 Leases

Lease rentals in respect of assets acquired under operating lease are charged off to the profit and loss account as incurred.

2.11 Earnings 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.

	2003 Rs. '000	2002 Rs. '000
3 Share capital		
Authorised		
900 (2002:900), 9% non-cumulative redeemable preference shares of Rs 10 each	9	9
10,000,000 (2002:10,000,000) equity shares of Rs 10 each	<u>100,000</u>	<u>100,000</u>
Issued		
10,000,000 (2002: 10,000,000) equity shares of Rs 10 each fully paid-up	<u>100,000</u>	<u>100,000</u>
Subscribed and paid-up		
6,815,000 (2002: 6,815,000) equity shares of Rs 10 each fully paid-up	<u>68,150</u>	<u>68,150</u>
(All of the above equity shares (2002: 5,100,000) of Rs.10 each are held by Siemens Limited, the Holding Company).		
4 Reserves and surplus		
Capital redemption reserve	9	9
General reserve		
- Balance brought forward	314,015	268,150
- Transfer from profit and loss account	<u>61,000</u>	<u>45,865</u>
	<u>375,015</u>	<u>314,015</u>
Profit and loss account	<u>730,710</u>	<u>479,226</u>
	<u><u>1,105,734</u></u>	<u><u>793,250</u></u>

Rs. '000

5 Fixed assets

	Land & building	Plant & machinery	Electrical installations	Furniture, fittings & office equipment	Vehicles	Total	Previous year
Gross block							
At 1 October 2002	129,930	516,487	11,414	41,024	49,079	747,934	698,665
Additions	459	74,739	-	7,108	13,855	96,161	63,029
Less: Disposals	-	(60,633)	(496)	(2,087)	(2,044)	(65,260)	(13,760)
At 30 September 2003	<u>130,389</u>	<u>530,593</u>	<u>10,918</u>	<u>46,045</u>	<u>60,890</u>	778,835	747,934
Accumulated depreciation							
At 1 October 2002	29,982	438,963	8,286	27,488	22,502	527,221	454,773
Charge for the year	6,254	58,226	1,337	5,472	13,175	84,464	84,125
Less: Disposals	-	(60,046)	(329)	(1,515)	(1,374)	(63,264)	(11,677)
At 30 September 2003	<u>36,236</u>	<u>437,143</u>	<u>9,294</u>	<u>31,445</u>	<u>34,303</u>	548,421	527,221
Net block							
At 30 September 2003	<u><u>94,153</u></u>	<u><u>93,450</u></u>	<u><u>1,624</u></u>	<u><u>14,600</u></u>	<u><u>26,587</u></u>	230,414	<u>220,713</u>
At 30 September 2002	<u><u>99,948</u></u>	<u><u>77,524</u></u>	<u><u>3,128</u></u>	<u><u>13,536</u></u>	<u><u>26,577</u></u>	220,713	

Land and building includes cost of freehold land aggregating Rs. 4,418 thousand (2002: Rs.4,418 thousand)

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

	2003 Rs. '000	2002 Rs. '000
6 Investments (long term,unquoted)		
Non Trade		
Shares in fully owned subsidiary		
16,120,981 (2002: Nil) equity shares of Rs.10 each fully paid-up in Siemens Nixdorf Information Systems Private Limited (<i>under liquidation</i>) (Investment purchased at Rupee 1)	-	-
Trade		
Shares in associate company		
2,040,514 (2002: Nil) equity shares of Rs.10 each fully paid-up in Siemens Shared Services Private Limited	<u>29,996</u>	<u>-</u>
7 Inventories		
Bought out software and hardware	<u>3,836</u>	<u>8,600</u>
8 Sundry debtors (Unsecured)		
- under six months	770,215	466,303
- over six months	40,299	49,288
	<u>810,514</u>	<u>515,591</u>
- considered good	769,662	468,686
- considered doubtful	40,852	46,905
	<u>810,514</u>	<u>515,591</u>
Less:Provision for doubtful debts	<u>(40,852)</u>	<u>(46,905)</u>
	<u>769,662</u>	<u>468,686</u>

Included in debtors are debts due from companies under the same management as defined under section 370(1B) of the Companies Act, 1956 as set out below:

- Siemens Public Communication Networks Pvt. Ltd.	1,454	495
- Siemens Shared Services Pvt. Ltd.	1,157	9
- Siemens VDO Automative Ltd.	106	96
- Siemens Power Engineering Pvt. Ltd.	1,859	285
- Powerplant Performance Improvement Ltd.	-	8
- Siemens Business Services A/S, Denmark	100	-
- Siemens Medical Solutions Health Services Corp., USA	152,312	130,839
- Siemens Business Services, Inc., USA	14,326	13,378
- Siemens VDO Automotive AG, Germany	44,068	17,982
- Siemens Oy, Finland	17,250	16,899
- Siemens plc, UK	164	354
- Siemens Business Services Pte. Ltd., Singapore	1,145	3,284
- Siemens Ltd., South Africa	1,052	1,184
- Siemens Business Services (Pty.) Ltd., South Africa	15,412	10,593
- Siemens Business Services, Germany	47,209	7,508
- Siemens Shanghai Mobile Communications Ltd., China	1,803	
- Siemens Business Communication Systems Ltd., China	257	
- Siemens Ltd., Thailand	8,876	4,082
- Siemens Ltd., China	4,878	-
- Siemens Energy & Automation, Inc.USA	1,928	-
- Siemens Medical Solutions Inc.USA.	19,012	6,493

	2003	2002
	Rs. '000	Rs. '000
	<u> </u>	<u> </u>
- Siemens Pte. Ltd.,Singapore	55,008	23,962
- SBS TS/ASM RW (Training and Services, Advanced Services and Media),Germany	102	17,588
- SBS Region Deutschland München	5,386	-
- Siemens Business Services Ltd.,UK	85,544	57,146
- Siemens VDO Trading GmbH,Germany	8,200	-
- Siemens Building Technologies Private Limited	344	-
- Siemens Dematic Corp.,USA	20,235	16,369
- Siemens Dematic AG	302	-
- Siemens Informatica, Italy	-	248
- Siemens Telecommunications, South Africa	-	1,254
9 Cash and bank balances		
Balances with scheduled banks		
- on current account	126,983	362,640
- on deposit account	625,617	196,273
	<u>752,600</u>	<u>558,913</u>
10 Loans and advances		
<i>(unsecured)</i>		
- Considered good		
Advances recoverable in cash or in kind or for value to be received	116,491	98,462
Income-tax deducted at source	7,942	3,791
	<u>124,433</u>	<u>102,253</u>
- Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	16,798	20,083
Less: Provision for doubtful advances	(16,798)	(20,083)
	<u>124,433</u>	<u>102,253</u>
	<u><u> </u></u>	<u><u> </u></u>
Includes Rs.3,502 thousand (2002:Rs.3,731 thousand) recoverable from a Director (Refer note 23.11). Maximum amount outstanding at any time during the year Rs.3,731 thousand (2002:Rs.3,945 thousand)		
11 Current liabilities		
Sundry creditors	847,370	581,040
Advances from customers	12,566	14,851
Billing in excess of revenue earned	54,917	6,372
	<u>914,853</u>	<u>602,263</u>
12 Provisions		
Taxation	25,000	-
Leave encashment	17,260	10,745
	<u>42,260</u>	<u>10,745</u>
13 (a) Sales and Services		
Income from software development, integration and implementation	2,925,430	2,515,032
Training income	117,500	44,350
Commission on sale of software licences	9,253	1,000
	<u>3,052,183</u>	<u>2,560,382</u>

Notes to the financial statements *(Continued)*
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

	2003 Rs. '000	2002 Rs. '000
13 (b) Other income		
Exchange gain, (net)	47,181	-
Interest income (tax deducted at source:Rs.422,781, 2002:Rs.680,119)	29,444	17,463
Profit on sale of fixed assets, (net)	568	387
Miscellaneous income	-	7,907
	<u>77,193</u>	<u>25,757</u>
14 Direct cost of sales and services		
Overseas travel expenses	469,015	463,602
Professional charges	148,792	85,509
Cost of software	16,473	41,919
Cost of hardware	8,239	35,330
Others	115,559	81,106
	<u>758,078</u>	<u>707,466</u>
15 Personnel costs		
Salaries and bonus	936,934	707,300
Contribution to provident and other funds	22,286	20,223
Gratuity and superannuation	26,741	17,147
Staff welfare	79,555	49,637
	<u>1,065,516</u>	<u>794,307</u>
16 Other costs		
Rent	170,330	136,008
Post and communication	95,912	61,086
Travel and conveyance	90,630	91,133
Repairs and maintenance		
- building	56,081	48,643
- plant and machinery	10,345	11,333
- other	2,756	2,485
Legal and professional	48,599	37,451
Software consumables	40,255	26,957
Training	27,473	13,561
Electricity	22,406	16,883
Advertising and publicity	9,393	4,831
Rates and taxes	7,680	4,303
Insurance	2,836	4,972
Bad debts	1,199	41,012
Donations	64	13
Exchange loss (net)	-	3,329
Provision/(write back) of doubtful debts/advances, net	(9,338)	7,896
Miscellaneous expenses	11,300	29,694
	<u>587,921</u>	<u>541,590</u>

17 Income tax**Current tax**

The income of certain units of the Company which are export oriented units or part of Software Technology Parks is subject to tax benefits under the Indian Income Tax Act for a period of 10 years upto 2009. However, in the current year a few of these units have completed the ten year holiday period. In view of the above, and the carry forward tax losses available, the Company has only provided for Minimum Alternate Tax aggregating Rs. 25 million for the year ended 30 September 2003.

Deferred tax

The income of certain units of the Company which are export oriented units or part of Software Technology Parks, avail of tax benefits under the Indian Income Tax Act for a period of 10 years upto 2009. In this regard, the Company recognises deferred taxes in respect of those timing differences, which reverse after the tax holiday period, resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same. For the above purpose, timing differences which originate first are considered to reverse first.

During the current year certain profit making units of the Company have completed the ten year tax holiday period. Accordingly, the Company has created deferred tax assets on accumulated carry forward tax losses to the extent it is virtually certain that future taxable profits will be available to utilise these assets based on firm orders in hand.

The components of the deferred tax balances are as follows:

	2003 Rs. '000	2002 Rs. '000
<i>Deferred tax assets (refer note 2.9)</i>		
Provision for doubtful debts/advances	20,681	13,520
Other provisions	28,977	786
Fixed assets	13,291	8,052
Carry forward tax losses	103,042	-
	<u>165,991</u>	<u>22,358</u>

18 Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for at 30 September 2003 is Rs. 20,754 thousand (2002:Rs.5,535 thousand).

19 Amounts due to small scale industrial undertakings

Based on the information and records available with the Company, there are no amounts payable to small scale industrial undertakings at 30 September 2003.(2002: Rs.Nil)

20 Contingent liabilities

Bank guarantees and letters of credit	1,609	12,218
Claims against the Company not acknowledged as debts	5,943	12,565
	<u>7,552</u>	<u>24,783</u>

21 Operating leases

The Company leases office facilities, residential facilities, motor cars and equipments under cancellable operating lease agreements. Total lease rent under cancellable operating leases aggregated Rs.178,913 thousand for the year ended 30 September 2003 (2002:Rs. 142,621 thousand).

22 Segmental Reporting

The Company recognises 'information technology services' as its only primary segment since its operations predominantly consists of providing a comprehensive range of information technology services, including software development, packaged software integration and systems maintenance to its worldwide customers operating in different industries. Accordingly, 'information technology services' comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

Secondary segment information

Revenue attributable to location of customers is as follows:

	2003 Rs. '000	2002 Rs. '000
India	390,636	447,694
Germany	955,676	654,268
USA	978,214	922,058
UK	329,304	357,625
Rest of the world	398,353	178,737
Total	3,052,183	2,560,382

Segment assets based on their location are as follows:

	Carrying amount of segment assets		Additions to fixed assets	
	2003	2002	2003	2002
India	1,488,345	1,098,717	96,161	63,029
Germany	244,111	95,814		
USA	207,813	152,420		
UK	85,706	57,500		
Rest of the world	105,022	69,957		
Total	2,130,997	1,474,408	96,161	63,029

23 Related Party disclosures

23.1 *Related parties where control exists*

Siemens AG	<i>Ultimate Holding Company</i>
Siemens Ltd.	<i>Holding Company (Holds 100% of the equity share capital as at 30 September 2003)</i>
Siemens Nixdorf Information Systems Private Limited	<i>Subsidiary Company (The Company holds 100% of the equity share capital as at 30 September 2003)</i>
Siemens Shared Services Private Limited	<i>Associate Company (The Company holds 49% of the equity share capital as at 30 September 2003).</i>

23.2 *Other related parties controlled by Siemens AG, the ultimate holding company, with whom transactions have taken place during the year.*

Fellow subsidiaries

Siemens Business Services A/S, Denmark
Siemens Medical Solutions Health Services Corp., USA
Siemens Business Services, Inc., USA
Siemens VDO Automotive AG, Germany
Siemens Power Engineering Pvt. Ltd., India
Siemens Ltd., Saudi Arabia
Siemens LLC, United Arab Emirates
Siemens Oy, Finland
Siemens plc, UK
Siemens Business Services AB, Sweden

Siemens Business Services Pte. Ltd., Singapore
 Siemens Ltd., South Africa
 Siemens Telecommunications (Pty.) Ltd., South Africa
 Siemens Business Services (Pty.) Ltd., South Africa
 SBS, Germany
 Siemens Shanghai Mobile Communications Ltd., China
 Siemens Business Communication Systems Ltd., China
 Siemens Ltd., Thailand
 Siemens Ltd., China
 Siemens Energy & Automation, Inc. USA
 Siemens Medical Solutions USA, Inc.
 Siemens Information and Communication Network, Inc., USA
 SBS Region Deutschland Munchen
 Siemens Business Services Ltd., UK
 Corporate Units and Shared Services Siemens AG, Germany
 ICM CD AC A, Germany
 PG Werk Mulheim
 Siemens AG I&S
 SPLS Siemens Procurement & Logistics Services
 Siemens VDO Trading GmbH, Germany
 Siemens Dematic Corp. USA
 Siemens VDO Automotive Ltd., Bangalore

23.3 Key management personnel

Name	Designation
Mr. J Schubert	Chairman
Mr. A R Laud	Managing Director
Mr. A S Viswanathan	Whole time Director
Mr. H Gelis	Non Executive Director

23.4 Relative of key management personnel with whom transactions have taken place during the year

Name	Relationship
Mrs. Anjali Laud	Wife of Managing Director

	2003	2002
23.5 Sales to and recoveries from related parties		
Ultimate holding company	539,957	377,058
Holding company	12,179	28,326
Associate	1,168	—
Fellow subsidiaries	2,058,293	1,555,634
23.6 Purchase/Services (including reimbursement of expenses)		
Ultimate holding company	4,699	—
Holding company	266,415	167,224
Associate	29,915	—
Fellow subsidiaries	448,014	261,401
23.7 Inter Corporate Deposit given to related parties		
Holding company	—	460,000
23.8 Interest received from related parties		
Holding company	—	5,537
Whole time Director (interest on housing loan)	167	182

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: in thousands of Indian rupees)

23.9	<i>Dividend paid to related parties</i>		
	Holding company	370,335	178,500
	Fellow Subsidiaries	35,157	60,025

23.10 *Payments to key management personnel, including relatives*
Details of remuneration to key management personnel, including relatives are disclosed in note 24(i) to the financial statements.

23.11	<i>Outstanding balances as at 30 September</i>	2003	2002
	<i>Debtors:</i>		
	– Ultimate holding company	136,719	51,189
	– Holding company	5,732	1,854
	– Subsidiaries	1,157	–
	– Fellow subsidiaries	508,332	328,629
	<i>Creditors:</i>		
	– Ultimate holding company	3,013	–
	– Holding company	31,252	11,403
	– Fellow subsidiaries	124,004	78,521
	<i>Housing loan to Whole time Director</i>	3,502	3,731

Note: No amounts were written off/provided for in respect of related party transactions during the year ended 30 September 2003.

24 Supplementary statutory information

		2003	2002
(i)	Personnel costs includes managerial remuneration for directors as follows :		
	Basic Salary	2,700	2,700
	Allowances and perquisites*	4,315	3,667
	Commission	3,240	2,700
	Contribution to superannuation fund	405	405
	Contribution to provident fund	324	324
		<u>10,984</u>	<u>9,796</u>
	* Includes rent paid to wife of Managing Director aggregating Rs. 440 thousand (2002: Rs. 660 thousand).		
	Provision for employee retirement benefits, which are based on actuarial valuation done on an overall Company basis are not included above as separate amounts for the directors are not available.		
(ii)	Computation of net profits under Section 349 of the Companies Act, 1956 has not been disclosed since commission to Directors is not payable as a percentage of net profits.		
(iii)	Auditor's remuneration (including service tax)		
	Statutory audit	702	788
	Tax audit	432	420
	Others	82	79
	Reimbursement of expenses	70	50
		<u>1,286</u>	<u>1,337</u>
(iv)	Value of imports calculated on C.I.F. basis:		
	Capital goods	21,325	23,319
	Spares and accessories	10,173	9,997
		<u>31,498</u>	<u>33,316</u>

	2003	2002
(v) Expenditure in foreign currency:		
Expenditure on projects	263,609	305,236
Travelling	144,317	140,937
Licence fees / Royalty (net of tax)	6,636	15,824
Consultancy fees	57,871	35,474
Others	26,086	40,001
	<u>498,519</u>	<u>537,472</u>
(vi) Earnings in foreign currency :		
Sales and services	<u>2,661,547</u>	<u>2,127,979</u>
(vii) Expenditure incurred on research and development:		
Revenue expenditure	893	4,687
(viii) Net dividend remitted in foreign exchange:		
Amount remitted as dividend:		
Interim (net of tax)	31,641	57,452
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	1,715,000	1,715,000
Period to which dividend relates:	1 Oct 2002	1 Oct 2001
	to	to
	30 Sep 2003	30 Sep 2002

25 Prior year comparatives

Prior year figures are appropriately reclassified to conform to the current year's classification.

Notes to the financial statements *(Continued)*
for the year ended 30 September 2003
(Currency: in thousands of Indian Rupees)

Balance Sheet Abstract and Company's General Business

I Registration Details

Registration No.	11-93854	State code	11
Balance sheet date	30 09 2003		
	Date Month Year		

II Capital raised during the year (Amount in Rupees thousand)

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	Nil

III Position of mobilization and deployment of funds (Amount in Rupees thousand)

	Total liabilities	2,130,997	Total assets	2,130,997
Sources of funds	Paid-up capital	68,150	Reserves and surplus	1,105,734
	Secured loans	—	Unsecured loans	—
Application of funds	Net fixed assets	230,414	Investments	29,996
	Deferred tax asset	165,991	Net current assets	747,483
	Miscellaneous expenditure	—	Accumulated losses	—

Balance Sheet Abstract and Company's General Business (continued)**IV Performance of Company (Amount in Rupees thousand)**

	Turnover		Total expenditure
	3,052,183		2,495,979
+/-	Profit/loss before tax	+/-	Profit/Loss after tax
+	633,397	+	752,030
	Earning per share in Rs		Dividend Rate %
	110.35		595

V Generic names of three principal products/services of Company

(As per monetary terms)

Item no ITC code	8473
Product description	Computer software and software services
Item code no (ITC code)	—
Product description	—
Item code no (ITC code)	—
Product description	—

For Siemens Information Systems Ltd.

B. R. Nagaraja
Company Secretary

J. Schubert*Chairman***A. R. Laud***Managing Director*

A. S. Viswanathan
H. Gelis

} *Directors*

Mumbai
27 October 2003

Statement Regarding Subsidiary
Companies pursuant to Section 212(1)
and (3) of the Companies Act, 1956

Siemens Nixdorf Information Systems Pvt Ltd.

- a) **Holding Company's Interest** 16,121,000 (2002 : NIL) equity shares of
Rs.10 each fully paid-up [i.e. 100% (2002 : NIL)
of the paid-up Equity Capital]
- b) **Net aggregate amount of the Subsidiary's
profits/(losses) not dealt with in the Holding
Company's accounts (so far as it concerns the
member of Siemens Information Systems Ltd) :**
- (i) For the Subsidiary's financial year
ended 30 September 2003 (Rs.67,000)
- (ii) For previous financial years NIL
- c) **Net aggregate amount of the Subsidiary's
profits/(losses) dealt with in the Holding
Company's accounts (so far as it concerns the
members of Siemens Information Systems Ltd) :**
- (i) For the Subsidiary's financial year
ended 30 September 2003 NIL
- (ii) For previous financial years NIL

For Siemens Information Systems Ltd.

B. R. Nagaraja
Company Secretary

J. Schubert

Chairman

A. R. Laud

Managing Director

**A. S. Viswanathan
H. Gelis**

}

Directors

Mumbai
27 October 2003

Siemens Building Technologies Private Limited (SBT)
Sixth Annual Report
for the year ended 30 September 2003

Board of Directors

(as on 3rd November, 2003)

Chairman

J. Schubert

Directors

D. Thompson

H. Gelis

Auditors

Bharat S Raut & Co.

Solicitors

Crawford Bayley & Co.

Registered and Corporate Office

130, Pandurang Budhkar Marg,
Worli,
Mumbai 400 018

Directors' Report

The Directors have pleasure in presenting the 6th Annual Report of the Company and the Audited Accounts for the year ended on 30th September, 2003.

Financial Performance

	Rs. in Million	
	2002-03	2001-02
Total Income	198.51	162.51
Profit before tax	2.11	11.35
Provision for taxation	0.76	4.32
Net Profit	1.35	7.03
Creation of Deferred Tax Assets	1.29	Nil
Balance Profit carried to Balance Sheet	17.69	15.05

Operations

During the year, the Company was engaged in executing projects for providing Integrated Building Management Systems including Building Automation Systems, Fire Alarm Systems, Access Control / Security Systems to some of the prestigious customers like Hutchison Max, Reliance Industries, Larsen & Toubro Ltd., HSBC (Pune, Bangalore), HPCL, SAP Labs, Infosys, etc. The Company also improved its performance in the Heating & Ventilation products.

Integration with Siemens Ltd.

During the year, Siemens Ltd. acquired 100% equity stake in the Company from Siemens Building Technologies AG, Switzerland, making the Company a 100% subsidiary of Siemens Ltd.

In line with the global decision to integrate the businesses in which the Company is engaged in, into the main fold of Siemens and with a view to exploit the synergies on sales and cost side, it was decided to amalgamate the Company with Siemens Ltd., subject to requisite approvals / sanctions with effect from 1st October, 2003 (the 'Appointed Date'). The process of amalgamation is underway.

Future Outlook

The Building Automation and Heating and Ventilation Products business of the Company depend on the investments in Hotels, Hospitals, IT including Call Centers. In view of continued investments in these areas, the said businesses are expected to generate good business opportunities.

With the addition of the Fire Alarm System and Fire Extinguishing System portfolio in the offerings and the increased awareness and importance attached to security concerns, the demand in these two segments is expected to grow considerably.

Foreign Exchange Earnings & Expenditure

Details concerning Foreign Exchange Earnings and Expenditure have been given under Note No. 18.1 & 18.2 of the Notes to the Accounts.

Conservation of Energy & Technology Absorption

The operations of the Company are not energy intensive. Hence, additional information in terms of Section 217(1)(e) of the Companies Act, 1956 dealing with conservation of energy and technology absorption is not provided.

Employees

The Board of Directors wishes to express its appreciation to all the employees for their contributions to the operations of the Company during the year. There are no employees coming within the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Directors' Responsibility Statement

Pursuant to 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, 2003 and of the profit of the Company for the year ended on 30th September, 2003;
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.

Directors

Mr. B. Rathke and Mr. S. B. Gallagher resigned as Directors of the Company with effect from 26th March, 2003.

Mr. J. Schubert has been appointed as a Director of the Company with effect from 26th March, 2003, to fill the casual vacancy caused by the resignation of Mr. B. Rathke.

Mr. H. Gelis has been appointed as a Director of the Company with effect from 26th March, 2003 to fill the casual vacancy caused by the resignation of Mr. S. B. Gallagher.

Mr. Prakash Hemmadi resigned as a Director of the Company with effect from 31st March, 2003.

Mr. Derrick Thompson retires by rotation and, being eligible, offers himself for re-appointment.

The relevant Resolutions for the above appointments / re-appointments form part of the Notice of the Annual General Meeting and the Directors recommend the same for your approval.

Compliance Certificate from a Practising Company Secretary

As required by Section 383A of the Companies Act, 1956, a copy of the Compliance Certificate, in the prescribed form, for the year ended on 30th September,

2003 from Mr.Sridhar Narayanan, Company Secretary in whole-time practice, is attached hereto.

Auditors

M/s. Bharat S Raut & Co., Chartered Accountants, retire at the conclusion of the 5th Annual General Meeting and offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Acknowledgment

The Board of Directors takes this opportunity to express its sincere appreciation for the excellent support and co-operation received from shareholders, customers, suppliers, bankers and other business associates.

By Order of the Board

J. Schubert
Chairman

Mumbai
Monday, November 3, 2003

Compliance Certificate u/s 383A for the year ended 30 September 2003

Sridhar Narayanan
COMPANY SECRETARY

Off.: 48, Baroda Street, Masjid Bunder, Mumbai-400 009. Tel. : 371 3495
5, Shreyas, G.V.S. Road No.1, Mulund (East), Mumbai-400 081

ANNEXURE TO DIRECTORS' REPORT COMPLIANCE CERTIFICATE [ISSUED UNDER THE COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001]

**TO THE MEMBERS OF
Siemens Building Technologies Private Limited
MUMBAI**

I have examined the registers, records, books and papers of **Siemens Building Technologies Private Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum & Articles of Association of the Company for the financial year ended September 30, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :-

1. That the Company has kept and maintained all registers as stated in Annexure A to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure B to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Private Limited Company has the minimum prescribed paid up capital and its maximum number of members during the said financial year was 2 and the Company
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors of the Company duly met 5 times respectively on 08.11.2002, 27.01.2003, 26.03.2003, 24.06.2003 and 21.07.2003 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its register of members.
6. The Annual General Meeting for the financial year ended on September 30, 2002 was held on **25th March, 2003** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held.
8. The Company has not advanced any loans to its Directors or / persons / firms or Companies referred in Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members, Central Government as the case may be.
12. The Company has not issued any duplicate certificates.
13. The Company has :
 - i) Not allotted any Equity Shares and there were no transfer / transmission of shares.
 - ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared.
 - iii) The Company has not posted warrants to any member of the Company as no dividend was declared.
 - iv) Duly complied with requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors an additional director has been duly made.
15. The Company has not appointed any Managing Director / Manager.
16. The Company has not appointed any sole selling agents.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such other authorities prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Equity Shares.
20. The Company has not bought back any shares.
21. There was no redemption of preference shares.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58 A of the Act.
24. The Company has not made any borrowings.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company.
29. The Company has not altered the provisions of the memorandum with respect to the share capital of the Company.
30. The Company has not altered its Articles of Association.
31. There were no prosecutions initiated against or show cause notices received by the Company.
32. The Company has not received any money as security from its employees employed.
33. The Company has deposited both employees' and employers' contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

Place : Mumbai
Dated : 27.10.2003

SRIDHAR NARAYANAN
Practising Company Secretary
CP No. 2423

ANNEXURE A

REGISTERS AS MAINTAINED BY THE COMPANY UNDER THE ACT

1. Register of Application and Allotment of Shares
2. Register of Members u/s 150
3. Register of Directors, Managing Director, Manager and Secretary u/s 303
4. Register of Transfers
5. Register of Directors' Shareholdings u/s 307
6. Register of charges u/s 143
7. Books of Account u/s 209
8. Register of particulars of contracts in which Directors are interested u/s 297, 299 and 301.
9. Register of contracts, companies and firms in which Directors are interested u/s 301 (3)
10. Minutes of the meetings of the Board of Directors
11. Minutes of meetings of Committee of Directors
12. Minutes of General Meetings
13. Register of Attendance of Directors at Board and Committee Meetings
14. Register of attendance of members at the General Meeting.

ANNEXURE B

Forms and returns as filed by the Company under the Act with Register of Companies, Regional Director, Central Government or other authorities during the financial year ended March 31, 2003.

With Registrar of Companies, Maharashtra, Mumbai

Balance Sheet as on September 30, 2002 was filed.

Annual Return made upto March 25, 2003 was filed

Compliance Certificate for the financial year September 30, 2002 was filed

Form No. 32 was filed twice.

Auditors' Report to the Members of Siemens Building Technologies Private Limited (Formerly known as Landis & Staefa (India) Private Limited)

We have audited the attached balance sheet of Siemens Building Technologies Private Limited ('the Company') as at 30 September 2003 and also the related profit and loss account of the Company 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in the terms of Section 227(4A) of the Companies Act, 1956, 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:

- (a) 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;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

Annexure to the Auditors' Report 30 September 2003

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of Siemens Building Technologies Private Limited on the accounts for the year ended 30 September 2003, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has carried out physical verification of its fixed assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were

- (c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) on the basis of written representations received from the Directors of the Company as at 30 September 2003, and taken on record by the Board of Directors on 03 November 2003, we report that none of the directors are disqualified as on 30 September 2003 from being appointed as directors of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - (i) in case of the balance sheet, of the state of affairs of the Company as at 30 September 2003; and
 - (ii) in case of the profit and loss account, of the profit for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
3 November 2003

2. (a) not substantial and therefore do not affect the going concern assumption.
(a) The inventory has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.
(b) The procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.

3. (a) According to the information and explanations given to us, there are no companies, firms or other parties of the nature required to be covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not given or taken any loans, secured or unsecured.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost accounting records under Section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Sales-tax and Custom Duty dues during the year with the appropriate authorities. A few minor delays have been noted. However, at 30 September 2003, there were no undisputed dues payable for a period of six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no amounts in respect of income tax/customs duty that have not been deposited with the appropriate authorities on account of any dispute. The Company has
- disputed the sales tax dues aggregating Rs 96,211 which are pending before the Commissioner of Sales Tax, New Delhi.
10. 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 financial year immediately preceding such financial year.
11. The Company did not have any outstanding debentures or any outstanding loans from any financial institution or bank during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank and financial institutions.
16. The Company has no term loans outstanding during the year.
17. According to the information and explanations given to us, the Company has not raised any funds on short term or long term basis during the year.
18. There are no parties or companies of the nature required to be covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768
Mumbai
3 November 2003

Balance Sheet
at 30 September 2003
(Currency: Indian rupees thousands)

	<i>Note</i>	<u>2003</u>	<u>2002</u>
SOURCE OF FUNDS			
Shareholder's funds			
Share capital	4	4,790	4,790
Reserves and surplus			
Profit and loss account		17,686	15,052
		<u>22,476</u>	<u>19,842</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	6,020	7,012
Accumulated depreciation		(4,627)	(3,981)
Net block		<u>1,393</u>	<u>3,031</u>
Deferred tax asset, net	6	4,694	-
Current assets, loans and advances			
Inventories	7	29,781	24,295
Sundry debtors	8	80,994	44,112
Cash and bank balance	9	20,583	4,784
Loans and advances	10	20,161	15,461
		<u>151,519</u>	<u>88,652</u>
Current liabilities and provisions			
Current liabilities	11	(112,637)	(54,438)
Provisions	12	(22,493)	(17,403)
		<u>(135,130)</u>	<u>(71,841)</u>
Net current assets			
Miscellaneous expenditure (to the extent not written off or adjusted)	13	-	-
		<u>22,476</u>	<u>19,842</u>

The accompanying notes set out on pages 114 to 121 form an integral part of this balance sheet.

As set out in our report of even date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.46768

Mumbai
3 November 2003

For and on behalf of the Board of Directors
Siemens Building Technologies Private Limited

H. Gelis
Director

J. Schubert
Chairman

Mumbai
3 November 2003

Profit and Loss Account
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

SBT

	<i>Note</i>	<u>2003</u>	<u>2002</u>
Income			
Contract revenue		119,742	99,468
Product sales and services		54,130	37,155
Commission		19,313	20,353
Other income	14	5,322	5,531
		<u>198,507</u>	<u>162,507</u>
Expenditure			
Cost of sales	15	140,017	109,941
Personnel expenses	16	19,883	14,355
Depreciation	5	1,546	1,468
Other expenses	17	34,951	25,389
		<u>196,397</u>	<u>151,153</u>
Profit before tax		2,110	11,354
Provision for taxation			
Current tax		4,170	4,316
Deferred tax credit		(3,405)	-
Net profit after tax		<u>1,345</u>	<u>7,038</u>
Balance brought forward		15,052	8,014
Creation of deferred tax asset	6	1,289	-
Balance carried forward		<u>17,686</u>	<u>15,052</u>
Number of equity shares		479	479
Basic/Diluted Earnings per share		2.81	14.69

The accompanying notes set out on pages 114 to 121 form an integral part of this balance sheet.

As set out in our report of even date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.46768

Mumbai
3 November 2003

For and on behalf of the Board of Directors
Siemens Building Technologies Private Limited

H. Gelis
Director

J. Schubert
Chairman

Mumbai
3 November 2003

Notes to the financial statements for the year ended 30 September 2003 (Currency: Indian rupees thousands)

1 Background

Siemens Building Technologies Private Limited ('SBT' or 'the Company') was incorporated on 11 August 1997 under the Companies Act, 1956. It was a subsidiary of Siemens Building Technologies, Switzerland till 25th March, 2003.

Effective 26th March, 2003, the Company became a 100% subsidiary of Siemens Ltd, India with one share being held by a nominee on behalf of Siemens Ltd, India.

The Company is engaged in trading and installation of building controls and automation systems, fire alarm systems, closed circuit television systems and access control systems.

2 Basis of preparation of financial statements

2.1 The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the provisions of the Companies Act, 1956 and in accordance with accounting principles generally accepted in India ('Indian GAAP') and comply with the accounting standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable. The financial statements are stated in Indian rupees thousands, unless otherwise stated.

2.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting period. Actual results may differ from these estimates. Any revisions to accounting estimates are recognised prospectively when revised.

3 Significant accounting policies

3.1 Fixed assets and depreciation

Fixed assets are stated at 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.

Depreciation on fixed assets is provided on the straight-line method ('SLM'), pro-rata for the period of use at the annual rates mentioned below. The SLM rates applied are greater than or equal to the minimum rates prescribed in Schedule XIV to the Companies Act, 1956. The key asset categories and depreciation rates, which in the management's opinion reflect the estimated useful life of the fixed assets are:

Asset category	Annual rates (%)
Office equipment	20.00
Computers	33.33
Furniture and fittings	20.00
Special Equipment	20.00
Vehicles	25.00
Leased Vehicles	25.00 or period of lease, whichever is less

3.2 Leases

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.

For all Finance Leases on or after 1 April 2001, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account with a corresponding depreciation charge for the related asset.

3.3 Inventories

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

3.4 Revenue recognition

Income from long term contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Full provision is made for any loss in the year in which it is first foreseen.

Sale of products is recognised when the risks and rewards of ownership of the products are passed on to the customer, which is generally on despatch of goods. Sales are stated exclusive of sales tax.

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

3.5 Retirement benefits

Provident fund dues are recognised when the liability to contribute to the provident fund arises under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Contributions payable are charged to the profit and loss account monthly.

Provision for gratuity is made, based on the assumption that gratuity as per the provisions of Payment of Gratuity Act, 1972, is payable to all employees at the end of the accounting period.

The liability for earned leave to employees is calculated based on the leave balance accrued to the employee at year-end.

3.6 Transactions in foreign currency

Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction. Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year end rates. The resultant exchange gain or loss is reflected in the profit and loss account.

3.7 Warranty

Provision for warranty is based on technical estimates made by management, which may be revised based on past trend and actual warranty cost incurred.

3.8 Taxation

Current tax

Provision is made for current tax estimated to arise on the profits for the year at the current rate of tax in accordance with the Income-tax Act, 1961.

Deferred Tax

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 assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

	<u>2003</u>	<u>2002</u>
4 Share Capital		
Authorised Capital		
2,000,000 Equity shares of Rs 10 each	<u>20,000</u>	<u>20,000</u>
Issued, subscribed and paid-up capital		
479,020 Equity shares of Rs 10 each fully paid up	<u>4,790</u>	<u>4,790</u>

Of the above 479,019 shares (2001: Nil) are held by the holding company, Siemens Ltd and 1 share is held by a nominee share holder on behalf of Siemens Ltd. Upto 26 March 2003, 479,019 shares were held by Siemens Building Technologies, Switzerland.

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

5 Fixed assets

	Furniture and fixtures	Vehicles	Computers	Office equipment	Special equipment	Vehicles taken on finance lease	Total	30 September 2002
Gross block								
At 1 October 2002	22	1,004	4,528	169	122	1,167	7,012	4,807
Additions	-	-	427	28	-	-	455	2,205
Disposals	-	644	-	-	-	803	1,447	-
At 30 September 2003	22	360	4,955	197	122	364	6,020	7,012
Accumulated depreciation								
At 1 October 2002	8	929	2,643	127	94	180	3,981	2,513
Charge for the year	4	75	1,161	24	24	258	1,546	1,468
Disposals	-	644	-	-	-	256	900	-
At 30 September 2003	12	360	3,804	151	118	182	4,627	3,981
Net Block								
At 30 September 2003	10	-	1,151	46	4	182	1,393	3,031
At 30 September 2002	14	75	1,884	43	28	987	3,031	

6 Deferred Tax

The net deferred tax asset at 30 September 2003 comprises the following

Deferred Tax Asset

	2003	2002
Fixed Assets	15	24
Provisions and other liabilities	4,679	1,265
	<u>4,694</u>	<u>1,289</u>

The deferred tax asset arising on account of temporary differences as at 1 October 2002 has been adjusted in the opening profit and loss account balance.

7 Inventories

Contract work in progress	10,092	15,440
Components (at cost)	13,693	5,483
Goods in transit (at cost)	6,781	3,372
	<u>30,566</u>	<u>24,295</u>
Provision for non moving goods	(785)	-
	<u>29,781</u>	<u>24,295</u>

8 Sundry debtors (unsecured)

Debts considered good:		
Debts outstanding for a period exceeding 6 months	7,416	8,604
Other debts	73,578	35,508
Debts considered doubtful:		
Debts outstanding for a period exceeding 6 months	2,472	-
Other debts	4,573	-
	<u>88,039</u>	<u>44,112</u>
Provision for doubtful debts	(7,045)	-
	<u>80,994</u>	<u>44,112</u>

The above include dues of Rs 296 (2002: Rs 79) from Siemens Ltd., the holding company. During the year, the Company refined its estimation process of providing for doubtful debts, based on its commercial judgement. The revised estimation process more appropriately reflects the fair recoverable value of receivables. The impact of the revision in estimate cannot be quantified.

9 Cash and Bank balances

Cash on hand	8	1
Balances with scheduled banks		
- in current account	20,575	4,783
	<u>20,583</u>	<u>4,784</u>

	<u>2003</u>	<u>2002</u>
10 Loans and advances (unsecured)		
considered good		
Advance income tax including tax deducted at source	16,537	10,487
Advances to suppliers	—	1,341
Balance with custom authorities	980	1,014
Advances recoverable in cash or kind or for value to be received	1,476	699
Advance taxes paid	—	96
Deposits - considered good	1,168	1,824
Deposits - considered doubtful	532	—
	<u>20,693</u>	<u>15,461</u>
Provision for doubtful deposits	(532)	—
	<u>20,161</u>	<u>15,461</u>
11 Current liabilities		
Sundry creditors	71,246	25,373
Other liabilities	14,328	14,060
Progress billings in excess of revenue recognised	13,510	9,565
Advance received from customers	13,306	4,400
Liability for leased assets (see note below)	247	1,040
	<u>112,637</u>	<u>54,438</u>

The total minimum lease liability at the balance sheet date for the vehicles obtained after 1 April 2001 on finance lease basis is Rs 312 which includes interest of Rs 66.

The maturity profile of finance lease obligation is as follows:

Period	Minimum lease payments	Present Value
Payable within 1 year	101	66
Payable within 1-5 years	212	181

The Company did not have any amounts payable to small scale undertakings and ancillary suppliers as at 30 September 2003 (2002: Rs Nil) based on information available with the Company.

12 Provisions		
Income tax	17,079	12,908
Warranty (see note below)	1,858	1,613
Bonus	1,121	970
Leave encashment	1,240	771
Gratuity	885	587
Provident fund and pension scheme	162	135
Loss orders	148	356
Annual maintenance	—	63
	<u>22,493</u>	<u>17,403</u>

During the year the Company has revised its estimate of warranty provision based on a technical evaluation and based on the actual warranty costs incurred. Had the company not changed the basis of its estimate, the warranty provision would have been higher by Rs 1,873 and the profit for the year would have been lower by Rs 1,873.

13 Miscellaneous expenditure		
(to the extent not written off or adjusted)		
Software costs	—	430
Written off during the year	—	(430)
Balance carried forward	—	—

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

	2003	2002
14 Other income		
Sundry creditors written back	3,151	3,028
Consultancy and engineering income	—	2,456
Release of warranty provision	—	47
Profit on sale of fixed assets and leased vehicle	249	—
Bad debts recoveries	100	—
Sundry recoveries	180	—
Foreign exchange gain (net)	1,434	—
Release of loss order provision	208	—
	<u>5,322</u>	<u>5,531</u>
Sundry creditors written back reflect remission of the amounts due to the respective creditors		
15 Cost of sales		
Opening inventory	5,483	5,377
Purchases	70,380	52,603
	<u>75,863</u>	<u>57,980</u>
Closing inventory	(13,693)	(5,483)
Cost of goods sold	62,170	52,497
Local materials consumed	39,144	20,004
Subcontracting and other direct expenses	36,863	37,440
Product sales -expected cost provision	1,055	—
Inventory obsolescence provision	785	—
	<u>140,017</u>	<u>109,941</u>
16 Personnel Expenses		
Salaries, wages and allowances	16,744	12,095
Bonus	1,121	965
Contribution to provident fund	950	677
Leave salary	632	388
Gratuity	436	230
	<u>19,883</u>	<u>14,355</u>
17 Other Expenses		
Provision for doubtful debts and advances	7,577	—
Rent	7,204	6,998
Travelling and conveyance	4,935	5,255
Shared services and integration cost	4,228	—
Commission	2,689	1,909
Telephone and postage expenses	2,141	2,492
Business promotion expenses	770	963
Legal and professional expenses	667	627
Training expenses	596	44
Auditor's remuneration	497	483
Rates and taxes	255	—
Warranty cost provision	244	—
Insurance	197	390
Finance charges	106	56
Assessment dues	38	21
Loss orders provision	—	356
Bad debts	—	1,372
Foreign exchange loss, net	—	573
Amortisation of Scala software	—	430
Miscellaneous expenses	2,807	3,420
	<u>34,951</u>	<u>25,389</u>

	2003	2002		
18 Supplementary statutory information				
18.1 Earnings in foreign currency				
Commission	19,313	20,353		
Other income	3,455	2,799		
	22,768	23,152		
18.2 Expenditure in foreign currency				
Import purchases	45,584	32,693		
Special product	—	590		
Software maintenance	—	138		
ATG Field Support	—	242		
	45,584	33,663		
18.3 Auditors' remuneration				
Statutory audit	300	300		
Tax audit	150	150		
Out of pocket expenses	11	10		
Service tax	36	23		
	497	483		
18.4 Managerial remuneration				
Salary, bonus and other allowances	587	1,107		
Contribution to provident and other funds	30	56		
Gratuity	108	20		
Leave encashment	118	13		
	843	1,196		
18.5 Imported and indigenous components consumed during the year				
	%	Value	%	Value
Indigenous	55	76,007	52	57,445
Imported	45	62,170	48	52,496
Total	100	138,177	100	109,941
18.6 CIF Value of imports				
Components		54,878		35,068
		54,878		35,068

18.7 Quantitative details in respect of purchase, sales and inventory of components

Particulars	Opening stock		Purchases		Issues		Closing stock	
	Nos	Value	Nos	Value	Nos	Value	Nos	Value
Access Security System	382	540	3,307	4,154	3,202	3,285	487	1,409
Algorex Fire	278	515	6,620	10,181	5,528	8,275	1,370	2,421
Close Circuit Television	34	540	1,275	1,930	1,272	1,937	37	533
Damper Actuator	85	197	2,531	7,822	2,175	6,779	441	1,240
HVAC	21	71	394	1,772	382	1,625	33	218
OEM Boiler & Burner	20	86	556	1,069	543	1,037	33	118
PSX					—	—		
Residential Device System	357	668	3,303	3,416	3,174	3,353	486	731
System controllers	147	881	10,021	12,494	9,841	10,159	327	3,216
Purchase -Third Party					—	—		
Valve & Actuators	746	1,480	6,750	19,758	6,391	18,469	1,105	2,769
Intrusion	5	22			2	6	3	16
SED	210	483	3,037	7,784	2,799	7,245	448	1,022
	2,285	5,483	37,794	70,380	35,309	62,170	4,770	13,693

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.

19 Prior year comparatives

Prior year comparatives have been reclassified wherever necessary to confirm to current year's figures.

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

20. Balance Sheet Abstract and Company's General Business

I Registration Details

Registration No.

State code

Balance sheet date
Date Month Year

II Capital raised during the year

Public issue

Right issue

Bonus issue

Private placement

III Position of mobilization and deployment of funds (Amount in Rupees thousand)

	Total liabilities	<input type="text" value="22,476"/>	Total assets	<input type="text" value="22,476"/>
Sources of funds	Paid-up capital	<input type="text" value="4,790"/>	Reserves and surplus	<input type="text" value="17,686"/>
	Secured loans	<input type="text" value="Nil"/>	Unsecured loans	<input type="text" value="Nil"/>
Application of funds	Net fixed assets	<input type="text" value="1,393"/>	Investments	<input type="text" value="Nil"/>
	Net current assets	<input type="text" value="16,389"/>	Deferred tax asset	<input type="text" value="4,694"/>
	Accumulated losses	<input type="text" value="Nil"/>	Miscellaneous expenditure	<input type="text" value="Nil"/>

20. Balance Sheet Abstract and Company's General Business (continued)

IV Performance of Company (Amount in Rupees thousand)

Turnover	198,507	Total expenditure	196,397
Profit before tax	2,110	Profit after tax	1,345
Earning per share in Rs	2.81	Dividend %	Nil

V Generic names of three principal products/services of Company

(As per monetary terms)

Item Code No. (ITC Code)	903 289 04
Product description	DDC Controllers
Item Code No. (ITC Code)	902 590 00
Product description	Sensors
Item Code No. (ITC Code)	848 180 09
Product Description	Butterfly Valve

For and on behalf of the Board of Directors
Siemens Building Technologies Private Limited

H. Gelis
Director

J. Schubert
Chairman

Mumbai
3 November 2003

Siemens Nixdorf Information Systems Private Limited (SNIL)
Seventh Annual Report
for the year ended 30 September 2003

Board of Directors

(as on 27th October, 2003)

Chairman

J. Schubert

Director

K. Wittmer

Auditors

Bharat S Raut & Co.

Solicitors

Crawford Bayley & Co.

Registered and Corporate Office

130, Pandurang Budhkar Marg,
Worli,
Mumbai 400 018

Directors' Report

The Directors have pleasure in presenting the 7th Annual Report of the Company and the Audited Accounts for the year ended on 30th September, 2003.

Financial Performance

	Rs. in Million	
	2002-03	2001-02
Sales and other Income	15.92	9.63
Profit/(Loss) before Depreciation, Interest and Tax	9.97	(3.94)
Depreciation	—	—
Interest	—	9.24
Profit/(Loss) before Extraordinary Income and Tax	9.97	(13.18)
Extraordinary Income	—	53.30
Prior period Income	—	3.55
Net Profit before Tax	9.97	43.67
Provision for tax	—	—
Net Profit after Tax	9.97	43.67
Loss Brought Forward	(502.71)	(546.38)
Cumulative Loss c/f	(492.74)	(502.71)

Finances

During the year, the Company raised additional Equity Share Capital of Rs.67,210,000 through rights issue, which was fully subscribed to by Siemens Nixdorf Informationssysteme GmbH (SNI GmbH). The present Equity Share Capital of the Company is Rs.161,210,000/-.

Liquidation Basis

As a part of the global restructuring strategy of Siemens, it was decided to discontinue the operations of SNI GmbH, the parent Company in a phased manner. Accordingly, the operations of the Company are also being wound up in a phased manner.

In line with the above decision, the Company is in the process of settlement of outstanding liabilities and other commitments and concluding various Agreements as may be required in this regard.

Like in the previous year(s), the financial statement for the year under review have also been prepared under the liquidation basis of accounting.

During the year, SNI GmbH sold its entire shareholding comprising of 16,121,000 Equity Shares of Rs.10/- each in the Company to Siemens Information Systems Ltd. (SISL), making the Company a subsidiary of SISL.

Foreign Exchange Earnings & Expenditure

During the year there were no Foreign Exchange Earnings & Expenditure. Hence, provisions of Section 217(1)(e) of the Companies Act, 1956 are not applicable.

Conservation of Energy and Technology Absorption

The Company has ceased its activities and is in the process of winding up its operations. Hence, additional information in terms of Section 217(1)(e) of the Companies Act, 1956 dealing with conservation of energy and technology absorption is not applicable.

Employees

As mentioned earlier, the Company has ceased its activities and is in the process of winding up its operations. As such, there are no employees on the payroll of the Company as at the end of the year. Therefore, provisions of Section 217(2A) of the Companies Act, 1956 are not applicable.

Directors' Responsibility Statement

Pursuant to 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, 2003 and of the profit of the Company for the year ended on 30th September, 2003;
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 liquidation basis.

Directors

Mr. J. Schubert retires by rotation and, being eligible, offers himself for re-appointment.

Auditors

M/s. Bharat S Raut & Co., Chartered Accountants, retire at the conclusion of the 7th Annual General Meeting and offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Acknowledgements

The Board of Directors takes this opportunity to express its sincere appreciation for the excellent support and co-operation received from shareholders, bankers and other business associates.

On behalf of the Board of Directors



J. Schubert
Chairman

Mumbai
Monday, October 27, 2003

Auditors' Report to the Members of Siemens Nixdorf Information Systems Private Limited

We have audited the attached balance sheet of Siemens Nixdorf Information Systems Private Limited ('the Company') at 30 September 2003 and the profit and loss account 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. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our 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 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.

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

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books;
- c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- d) As more fully explained in Note 2 to the financial statements, the Company is currently in the process of winding up its operations. As a result, the Company

has prepared its financial statements at 30 September 2003 on liquidation basis of accounting. Accordingly, the carrying values of all assets are presented at their estimated realisable value and all liabilities are presented at their estimated settlement amounts.

- e) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- f) on the basis of written representations received from the directors of the Company as at 30 September 2003, and taken on record by the Board of Directors on 27 October 2003, we report that no director is disqualified as on 30 September 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, prepared on liquidation basis give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company at 30 September 2003; and
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768
Mumbai
27 October 2003

Annexure to the Auditors' Report – 30 September, 2003

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of Siemens Nixdorf Information Systems Private Limited on the accounts for the year ended 30 September 2003, we report that:

1. The Company has sold all its fixed assets during the previous year, and no new fixed assets were purchased during the current year. Accordingly records of fixed assets were not required to be maintained in the current year and no physical verification procedures were required to be carried out by management during the year. No fixed assets were disposed during the year.
2. The Company had sold its entire inventory in the previous year and has not procured any new inventory

in the current year. Accordingly, records of inventory were not required to be maintained in the current year and no physical verification procedures were required to be carried out by management during the year.

3. According to the information and explanations given to us, there are no companies, firms or other parties of the nature required to be covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has not taken or granted any loans during the year.
4. The Company did not have any inventory or fixed assets during the year. In our opinion, and according to the information and explanations given to us, there

- is no continuing failure to correct any major weaknesses in internal controls.
5. According to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
 6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
 7. No internal audit was conducted during the year, in view of the closure of trading operations and the low volume of transactions during the year.
 8. According to the information and explanations given to us, the Company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956.
 9. According to the information and explanations given to us and on the basis of the examination of the books of account, the Company has been generally regular in depositing the undisputed statutory dues relating to Income tax deducted at source during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Employees' State Insurance, Sales tax, Investor Education and Protection Fund, wealth tax, customs duty and excise duty. According to the information and explanations given to us, there are no amounts in respect of sales tax/income tax/customs duty/wealth tax/excise duty/cess that have not been deposited with the appropriate authorities on account of any dispute.
 10. The Company has accumulated losses in excess of fifty percent of its net worth at the end of the financial year and it has incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
 11. The Company did not have any outstanding debentures or any outstanding loans from any financial institution or bank during the year.
 12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund/nidhi/mutual benefit fund/society.
 14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. The Company has no term loans outstanding during the year.
 17. According to the information and explanations given to us, the Company has not raised any funds for short term or long term basis during the year.
 18. There are no parties of the nature required to be covered in the register maintained under Section 301 of the Companies Act, 1956.
 19. The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
 20. The Company has not raised any money by public issues during the year.
 21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768
Mumbai
27 October 2003

Balance Sheet
at 30 September 2003
(Currency: Indian rupees thousands)

	<i>Note</i>	2003	2002
SOURCE OF FUNDS			
Share capital	4	161,210	94,000
Reserve and surplus	5	328,536	328,536
Unsecured loans	6	-	34,832
		<u>489,746</u>	<u>457,368</u>
APPLICATION OF FUNDS			
Current assets, loans and advances			
Sundry debtors	7	-	945
Cash and bank	8	5,677	6,447
Loans and advances	9	189	364
		<u>5,866</u>	<u>7,756</u>
Less: Current liabilities and provisions			
Current liabilities	10	<u>(8,863)</u>	(53,099)
		(8,863)	(53,099)
<i>Net current liabilities</i>		(2,997)	(45,343)
Profit and loss account		<u>492,743</u>	502,711
		<u>489,746</u>	<u>457,368</u>

The accompanying notes form an integral part of this balance sheet.

As set out in our attached report of even date.

For **Bharat S Raut & Co.**
Chartered Accountants

For **Siemens Nixdorf Information Systems Private Limited**

Akeel Master
Partner
Membership No. 46768

J. Schubert
Chairman

Klaus Wittmer
Director

Mumbai
27 October 2003

Mumbai
27 October 2003

Profit and Loss Account
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

SNIL

	<i>Note</i>	2003	2002
Income			
Sales		-	994
Service income		-	1,252
Other income	<i>11</i>	15,921	7,387
		<u>15,921</u>	<u>9,633</u>
Expenditure			
Cost of sales and service	<i>12</i>	816	6,923
Interest	<i>13</i>	-	9,244
Other costs	<i>14</i>	5,137	6,647
		<u>5,953</u>	<u>22,814</u>
Profit before extraordinary income, prior period income and tax		9,968	(13,181)
Extraordinary income	<i>15</i>	-	53,296
Prior period income	<i>16</i>	-	3,558
Profit before tax		9,968	43,673
Provision for tax		-	-
Profit after tax		9,968	43,673
Loss brought forward		(502,711)	(546,384)
Loss carried forward to balance sheet		(492,743)	(502,711)
Basic and diluted earnings per share of face value of Rs 10	<i>17</i>	0.78	4.64

The accompanying notes form an integral part of this profit and loss account.

As set out in our attached report of even date.

For Bharat S Raut & Co.
Chartered Accountants

For Siemens Nixdorf Information Systems Private Limited

Akeel Master
Partner
Membership No. 46768

J. Schubert
Chairman

Klaus Wittmer
Director

Mumbai
27 October 2003

Mumbai
27 October 2003

Notes to the financial statements for the year ended 30 September 2003 (Currency: Indian rupees thousands)

1 Background

Siemens Nixdorf Information Systems Private Limited ('SNI' or 'the Company') was incorporated as a private limited company on 9 January 1996 under the Companies Act, 1956 with a shareholding pattern comprising 76% held by Siemens Nixdorf Informationssysteme AG ('SNI AG') and 24% held by Siemens Limited ('SL'). In September 2000, SL sold its shareholding in the Company to SNI AG, making the Company a 100% subsidiary of SNI AG, which subsequently changed its name to Siemens Nixdorf Informationssysteme, GmbH ('SNI GmbH'), Germany.

During the year, the Company raised additional equity share capital of Rs 6,712,000 through rights issue, fully subscribed to by SNI GmbH. In July 2003, SNI GmbH sold its entire shareholding to Siemens Information Systems Limited (SISL) for a consideration of one rupee, making it a fully owned subsidiary of SISL.

2 Liquidation accounting

Siemens AG (SAG), the holding company of SNI GmbH, as part of its global restructuring strategy, decided to discontinue the operations of SNI GmbH. Pursuant to this decision by SAG, the Indian operations of SNI GmbH in the form of SNI are currently being wound up. The Company has ceased its trading activities and has concluded agreements for termination and transfer of various third party contracts and other commitments. Accordingly, in previous years, the Company had written down the value of fixed assets and inventories to their net realisable value. The Company had also made additional provision for doubtful debts and employee compensation costs.

During the current year, the Company continued the process of realising its assets and discharging its liabilities.

Hence, as the going concern assumption is no longer appropriate, the financial statements at 30 September 2003 have been prepared under the liquidation basis of accounting whereby the carrying values of all assets are presented at their estimated realisable value and all liabilities are presented at their estimated settlement amounts.

In the previous year, SNI AG, the parent company assigned the unsecured loan of EURO 9 million to Siemens AG ('SAG') at a value of EURO 0.731 million and SAG waived the balance loan amount outstanding of EURO 8.269 million. The rupee value of the principal loan amount waived has been transferred to capital liquidation reserve account.

The adjustments made to the value of assets and liabilities included in the financial statements are set out below.

Write back of liabilities	15,804
---------------------------	--------

3 Summary of significant accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on accrual basis of accounting, and in accordance with the Companies Act, 1956. As disclosed in note 2 above, the financial statements at 30 September 2003 are not prepared on a going concern basis and hence the carrying values of all assets are presented at their estimated realisable value and all liabilities are presented at their estimated settlement amounts.

The financial statements are presented in thousands of Indian Rupees unless otherwise stated.

3.2 Retirement benefits

There are no employees on the payroll of the Company at 30 September 2003. Due to the above, no provision for retirement benefits is considered necessary as at that date.

3.3 Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the respective transactions.

Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates. All other foreign currency gains and losses are recognised in the profit and loss account.

	2003	2002
4 Share capital		
Authorised capital		
19,500,000 (2002: 9,500,000) equity shares of Rs.10 each	<u>195,000</u>	<u>95,000</u>
Issued, subscribed and paid up capital		
16,121,000 (2002: 9,400,000) equity shares of Rs.10 each fully paid-up	<u>161,210</u>	<u>94,000</u>
<p>All of the above equity shares (2002:Nil) are held by SISL, the holding company. In the previous year 9,400,000 equity shares representing 100% equity share capital was held by SNI GmbH. In the current year 6,721,000 equity shares of Rs 10 have been each have been issued by the Company on rights basis.</p>		
5 Reserve and surplus		
Capital liquidation reserve	<u>328,536</u>	<u>328,536</u>
<p>In the previous year, SNI AG, the parent company assigned the unsecured loan of EURO 9 million to Siemens AG ('SAG') at a value of EURO 0.731 million and SAG waived the balance loan amount outstanding of EURO 8.269 million. The rupee value of the principal loan amount waived has been transferred to capital liquidation reserve account.</p>		
6 Unsecured loan		
Foreign Currency loan from SAG	<u>-</u>	<u>34,832</u>
7 Sundry debtors		
<i>Unsecured</i>		
Considered good	-	945
Considered doubtful	-	-
	<u>-</u>	<u>945</u>
Debts outstanding for a period exceeding six months	-	-
Other debts	-	945
	<u>-</u>	<u>945</u>
Less : Provision for doubtful debts	-	-
	<u>-</u>	<u>945</u>
8 Cash and bank		
Balances with scheduled banks		
- in current accounts	<u>5,677</u>	<u>6,447</u>
	<u>5,677</u>	<u>6,447</u>
9 Loans and advances		
<i>Unsecured, considered good</i>		
Tax deducted at source	158	364
Sales tax refund receivable	31	-
	<u>189</u>	<u>364</u>
<i>Unsecured, considered doubtful</i>		
Advances recoverable in cash or in kind or for value to be received	933	933
Less : Provision for doubtful advances	(933)	(933)
	<u>-</u>	<u>-</u>
	<u>189</u>	<u>364</u>

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

	2003	2002
10 Current liabilities		
Creditors for supplies and services	3,519	46,499
Other liabilities	5,344	6,600
	<u>8,863</u>	<u>53,099</u>
11 Other income		
Interest on income tax refund	24	203
Bad debt recovered	93	1,271
Exchange gain	-	4,510
Write back of liabilities	15,804	1,403
	<u>15,921</u>	<u>7,387</u>
12 Cost of sales and services		
Opening stock	-	250
Purchases	-	1,294
Cost of services	816	5,379
	<u>816</u>	<u>6,923</u>
13 Interest		
Interest on unsecured loans	-	9,244
	<u>-</u>	<u>9,244</u>
14 Other costs		
Exchange loss, (net)	2,717	-
Bad debts	900	-
Registration charges	500	45
Legal and professional charges	312	3,591
Stamp duty charges	267	-
Auditors' remuneration	161	273
Loss on bank guarantee	99	343
Provision for legal claims	40	649
Commission charges	39	262
Provision for government dues	3	797
Travel and conveyance	1	77
Training expenses	-	463
Miscellaneous expenses	98	147
	<u>5,137</u>	<u>6,647</u>

	2003	2002
15 Extraordinary income		
Reversal of interest	-	30,158
Reversal of exchange losses	-	23,138
	<u>-</u>	<u>53,296</u>
16 Prior period income		
Service income	-	2,317
Commission income	-	1,241
	<u>-</u>	<u>3,558</u>
17 Earnings per share		
Profit/(loss) after tax and before extraordinary income	9,968	(13,181)
Extraordinary income	-	53,296
Prior period income	-	3,558
Net profit before and after tax	<u>9,968</u>	<u>43,673</u>
Weighted average number of shares used in computing earnings per share	12,761	9,400
Basis and diluted earnings per share of face value of Rs 10	0.78	4.64
18 Supplementary information for profit and loss account		
18.1 Auditors' remuneration		
Statutory audit	151	263
Reimbursement of expenses	10	10
	<u>161</u>	<u>273</u>

19 Quantitative information

The Company has ceased its trading activities and did not have any inventories at the beginning of the year. Accordingly, no information in respect of quantitative details has been given.

20 Managerial remuneration

The Company does not have any employees. Accordingly, no information on managerial remuneration has been given.

21 Prior year comparatives

Prior year figures have been appropriately reclassified to conform with current year classification.

Notes to the financial statements (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

22 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 period

Public issue

Right issue

Bonus issue

Private placement

III Position of Mobilisation and Deployment of Funds

Total Liabilities

Total Assets

Sources of funds

Paid-up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Application of funds

Net fixed Assets

Investments

Net Current asset

Miscellaneous Expenditure

Accumulated losses

Balance Sheet Abstract and Company's General Business Profile (continued)**IV Performance of Company**

	Turnover		Total expenditure
	15,921		5,953
+/-	Profit/Loss before tax	+/-	Profit/Loss after tax
+	9,968	+	9,968
	Earning per share in Rs		Dividend %
	0.78		-

V Generic Names of Principal Products/Services of Company

(As per monetary terms)

Item Code No. (ITC Code)

-

Product Description

NA

For Siemens Nixdorf Information Systems Private Limited**J. Schubert**
*Chairman***Klaus Wittmer**
*Director*Mumbai
27 October 2003

Siemens Group
Consolidated Financial Statements
for the year ended 30 September 2003
together with Auditors' Report

We have audited the attached consolidated balance sheet of Siemens Limited ('the Company') and its subsidiaries, Siemens Information Systems Limited, Siemens Building Technologies Private Limited, Siemens Nixdorf Information Systems Limited and its associate company, Siemens Shared Services Private Limited, collectively referred to as the Siemens Group, as at 30 September 2003, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Siemens Group management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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.

We report that the consolidated financial statements have been prepared by the Siemens Group management in accordance with the requirements of Accounting Standard

(AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Siemens Group as at 30 September 2003;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
7 November 2003

Consolidated Balance Sheet
at 30 September 2003
(Currency: Indian rupees thousands)

	<i>Note</i>	2003	2002
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	331,384	331,384
Reserves and surplus	3	5,380,372	4,035,451
		5,711,756	4,366,835
Minority interest			
Equity	4	-	17,150
Non-equity	5	-	201,551
		-	218,701
Loan funds			
Secured loans	6	-	32,060
Unsecured loans	7	31,002	31,919
		31,002	63,979
		5,742,758	4,649,515
APPLICATION OF FUNDS			
Fixed assets			
Gross block	8	6,818,123	6,180,462
Accumulated depreciation		(4,280,319)	(4,061,667)
Net block		2,537,804	2,118,795
Capital work-in-progress		20,881	48,539
		2,558,685	2,167,334
Investments (unquoted)	9	30,166	223,228
Deferred tax asset	16	485,771	323,180
Deferred tax liability	17	(161,365)	(161,152)
		324,406	162,028
Current assets, loans and advances			
Inventories	10	1,303,573	857,675
Sundry debtors	11	4,347,199	3,952,299
Cash and bank balances	12	3,363,589	2,585,685
Loans and advances	13	1,840,475	2,138,067
		10,854,836	9,533,726
Current liabilities and provisions			
Current liabilities	14	(7,491,169)	(7,001,966)
Provisions	15	(534,166)	(432,567)
		(8,025,335)	(7,434,533)
Net current assets		2,829,501	2,099,193
		5,742,758	4,651,783
		(0.114)	(2,268)

The accompanying notes set out on pages 141 to 158 form an integral part of this Balance Sheet.

As set out in our attached report of even date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
7 November 2003

For Siemens Group

J. Schubert *Managing Director - Siemens Ltd.*
H. Gelis *Executive Director - Siemens Ltd.*

Mumbai
7 November 2003

Consolidated Profit and Loss Account
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

Siemens Group

	<i>Note</i>	<u>2003</u>	<u>2002</u>
Income			
Sales and services (gross)		17,737,335	15,728,622
Excise duty		(763,931)	(635,824)
Sales and services (net)		16,973,404	15,092,798
Commission income		217,578	184,811
Sales and services		17,190,982	15,277,609
Interest income, net	18	141,842	136,034
Other operating income, net	19	734,595	265,319
Other income	20	82,968	41,517
		<u>18,150,387</u>	<u>15,720,479</u>
Expenditure			
Cost of sales and services		10,673,576	9,629,202
Personnel costs, net	21	2,488,601	2,253,869
Depreciation and amortisations (other than on leased assets)	8	353,026	367,777
Other costs, net	22	2,401,901	2,105,270
Restructuring write back, net		(2,543)	(108,940)
		<u>15,914,561</u>	<u>14,247,178</u>
Share of profit in associate companies		1,134	31,741
Profit before tax		<u>2,236,960</u>	<u>1,505,042</u>
Provision for current tax		(617,170)	(417,000)
Deferred tax benefit/(expense)		161,085	(69,943)
Profit after tax		<u>1,780,875</u>	<u>1,018,099</u>
Minority interest		(122,807)	(101,730)
Net profit (A)		<u>1,658,068</u>	<u>916,369</u>
Appropriations:			
Proposed dividend		132,554	82,846
Interim dividend paid		115,984	99,415
Dividend tax		65,898	13,903
Transfer to general reserve		1,174,434	683,336
Balance carried forward		169,198	36,869
		<u>1,658,068</u>	<u>916,369</u>
Weighted average number of equity shares outstanding during the year (B)		33,138,403	33,167,937
Basic and diluted earnings per share of face value of Rs 10 (A)/(B)		50.04	27.63

The accompanying notes set out on pages 141 to 158 form an integral part of this Profit and Loss Account.

As set out in our attached report of even date.

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
7 November 2003

For Siemens Group

J. Schubert *Managing Director - Siemens Ltd.*
H. Gelis *Executive Director - Siemens Ltd.*

Mumbai
7 November 2003

Consolidated Cash Flow Statement
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

	2003	2002
Cash flow from operating activities		
Profit before tax	2,236,960	1,505,042
Adjustments for:		
Interest expense	1,888	21,787
Restructuring write back, net	(2,543)	(108,940)
Depreciation	330,281	420,294
Profit on sale of fixed assets, net	(83,379)	(43,963)
Profit on sale of investments, net	(62,386)	6,007
Unrealised exchange loss, net	43,838	80,223
Interest and dividend accrued	(147,705)	(159,114)
Share of profit in associate companies	(1,134)	(21,341)
Goodwill amortisation	37,735	25,843
Lease equalisation charge	4,478	40,379
Operating profit before working capital changes (Increase)/ decrease in working capital	2,358,033	1,766,217
Inventories	(399,036)	(32,088)
Trade payables	321,888	704,908
Trade and other receivables	(394,872)	(253,665)
Provisions	25,357	72,925
Net change in working capital	(446,663)	492,080
Cash generated from operations	1,911,369	2,258,297
Payments for restructuring costs	(4,978)	(92,377)
Direct taxes (paid)/refund	(521,886)	(382,722)
Net cash inflow from operating activities	1,384,505	1,783,198
Cash flow from investing activities		
Purchase of fixed assets	(312,275)	(181,774)
Proceeds from sale of fixed assets	180,675	61,577
Purchase of investments	(867,442)	-
Sale of investments	271,500	209,380
Interest received	148,408	159,522
Inter corporate deposits received/ (given)	290,000	(105,000)
Net cash from/(used in) investing activities	(289,134)	143,705
Cash flow from financing activities		
Interest paid	(1,888)	(21,787)
(Decrease)/Increase in short term borrowings	(32,060)	29,382
Dividend paid (including tax thereon)	(282,603)	(317,852)
Decrease in long term borrowings	(917)	(916)
Payment of buy back of shares	-	(96,246)
Net cash used in financing activities	(317,468)	(407,419)
Net increase in cash and cash equivalents	777,904	1,519,484
Cash and cash equivalents at end of the year	3,363,589	2,585,685
Cash and cash equivalents at beginning of the year	2,585,685	1,066,201
	777,904	1,519,484

For Bharat S Raut & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai
7 November 2003

For Siemens Group

J. Schubert *Managing Director - Siemens Ltd.*
H. Gelis *Executive Director - Siemens Ltd.*

Mumbai
7 November 2003

1. Principal 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 on the accrual basis of accounting except as described in paragraph below and in accordance with the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('the ICAI') to the extent applicable.

The financial statements of Siemens Nixdorf Information Systems Ltd ('SNISL'), a step-down subsidiary, which is in the process of winding up, have been prepared under the liquidation basis of accounting whereby the carrying values of all assets are presented at their estimated realisable value and all liabilities are presented at their estimated settlement amounts.

The consolidated financial statements are presented in thousands of Indian Rupees unless otherwise stated.

1.2 Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amounts as at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively when revised.

1.3 Principles of consolidation

The consolidated financial statements include the financial statements of Siemens Limited ('the Company'), the parent company and all its subsidiaries (collectively referred to as 'Siemens Group').

The consolidated financial statements have been prepared on the following basis:

- 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 unrealised profits in full. 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.
- The Group accounts for investments by the equity method of accounting where it is able to exercise significant influence over the operating and financial policies of investee. The Group's equity in profit/loss of the equity method associates, Siemens Shared Services Pvt. Ltd. ('SSSPL') and Siemens Metering Ltd. ('SML'), is included in the consolidated profit and loss account. Inter company profits and losses have been eliminated until realised by the investor or investee.
- The excess/deficit 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 the investment in such subsidiaries was made is recognised in the financial statements as goodwill/capital reserve. 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.
- Newly acquired subsidiaries have been consolidated from the respective dates of acquisition.
- The excess of cost to the parent company of its investment in the associates over the portion of the equity of the associates is described as goodwill/capital reserve, as the case may be. Goodwill/capital reserve arising on the acquisition of an associate by the parent company is included in the carrying amount of investment in the associate but is disclosed separately.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

1.4 Fixed assets and depreciation

Fixed assets are stated at 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.

Depreciation is provided on the straight line method ('SLM') at the rates prescribed in the Company's group accounting guidelines. Depreciation on additions is provided prorata from the date the assets are put to use. The SLM rates prescribed in the Company's group accounting guidelines are greater than or equal to the corresponding

Notes to Consolidated Accounts (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

minimum rates prescribed in Schedule XIV to the Companies Act, 1956. 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:

Asset	Rate
Goodwill	5 years
Freehold land	-
Factory buildings	3.34%
Other buildings	2.5%
Leasehold land and buildings	Over the lease period
Plant and machinery	20%
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%

Equipment given on lease prior to 1 April 2001 is stated at acquisition cost and is depreciated on the SLM basis over the primary lease period. No assets have been given on lease after 31 March 2001.

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.

1.5 Investments

Long term investments, other than investments in associates, are stated at cost. Provision is made when diminution in value, other than temporary has arisen, in the opinion of the management.

1.6 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 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.

1.7 Revenue recognition

Sales of products and services are recognised when the risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods or when the service has been provided. Sales are stated exclusive of sales tax.

Income from long term contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Full provision is made for any loss in the year in which it is first foreseen.

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 unconditional at the balance sheet date.

Interest income is recognised on the time proportion basis.

1.8 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.

For all finance leases entered into on or after 1 April 2001, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account with a corresponding depreciation charge for the related asset.

1.9 Retirement benefits

The Company's liabilities towards gratuity, leave wages, pension, and medical benefits are evaluated based on an actuarial valuation at the balance sheet date carried out by an independent actuary. The resulting contribution to approved gratuity fund is charged to profit and loss account. The resulting liability for leave wages, pension fund and medical benefits are accrued in the balance sheet with an appropriate charge to the profit and loss account.

Contributions payable to the recognised provident fund and approved superannuation scheme, which are defined contribution schemes, are charged to the profit and loss account monthly.

For Siemens Information Systems Ltd ('SISL'), liability for gratuity, which is a defined benefit plan, is provided in accordance with the requirements of the gratuity fund maintained with the Life Insurance Corporation of India ('LIC'). Contributions are made on the basis of annual actuarial valuation carried out by LIC. Provision for superannuation is made as per the contractual terms.

For Siemens Building Technologies Pvt Ltd, provision for gratuity is made, based on the assumption that gratuity as per the provisions of Payment of Gratuity Act, 1972, that gratuity is payable to all employees at the end of the accounting period. The liability for earned leave to employees is calculated based on the leave balance accrued to the employee at year-end.

1.10 Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the respective transactions.

Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates. Foreign currency translation differences related to acquisition of fixed assets are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognised in the profit and loss account.

The cost of forward exchange contracts is amortised over the period of the contract.

1.11 Research and development

Research and development expenditure of a revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is capitalised as fixed assets.

1.12 Technical know-how fees

Technical know-how fees are charged to the profit and loss account in the year in which the expense is incurred.

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). 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. The deferred tax liabilities/assets and tax expense are determined separately for parent and each subsidiary and then aggregated.

1.14 Restructuring costs

Restructuring costs are accrued for when management commits the Company to a restructuring programme and when there is reasonable certainty that the Company will be able to effect the programme within a time frame of typically less than one year. Further, costs related to Voluntary Retirement Scheme are provided for when employees accept the scheme.

Notes to Consolidated Accounts (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

1.15 Description of the group

The Group's subsidiaries, step-down subsidiaries and associates are set out below:

Entity	% holding 2003	% holding 2002
Subsidiaries		
Siemens Information Systems Ltd ('SISL') (effective 21 July 2003)	100%	74.8%
Siemens Building Technologies Pvt Ltd ('SBT') (effective 26 March 2003)	100%	-
Step-down subsidiaries		
Siemens Nixdorf Information Systems Pvt Ltd ('SNISL') (subsidiary of SISL effective 21 July 2003)	100%	-
Associates		
Siemens Shared Services Pvt Ltd ('SSSPL') (effective 14 May 2003)	49%	-
Siemens Metering Limited ('SML') (upto 9 April 2003)	-	26%
	2003	2002
2 Share capital		
Authorised		
50,000,000 equity shares of Rs 10 each	500,000	500,000
150,000,000 10.5% cumulative redeemable preference shares of Rs 10 each	1,500,000	1,500,000
	2,000,000	2,000,000
Issued		
33,311,256 (2002: 33,311,256) equity shares of Rs 10 each	333,113	333,113
Subscribed and fully paid-up		
33,138,403 (2002: 33,138,403) equity shares of Rs 10 each fully paid-up	331,384	331,384

Equity shares

18,103,187 (2002: 18,103,187) shares are held by the holding company, Siemens AG, Germany.

11,100,000 (2002: 11,100,000) shares have been allotted as fully paid-up bonus shares by capitalisation of the general reserve; and

150,000 (2002 : 150,000) shares have been allotted as fully paid-up for consideration received other than in cash.

In terms of the resolution passed by the shareholders at the Extra-Ordinary General Meeting held on 15 June 2001 authorising the Company to buy back its own equity shares up to an aggregate consideration not exceeding Rs 805,252,859, the Company had bought back 488,218 equity shares of Rs 10 each during the year ended 30 September 2002, at an average price of Rs 197.14 per share aggregating Rs 96,246,299. Premium on buy back amounting to Rs 91,364,119 for the year ended 30 September 2002 had been debited to the securities premium account. Consequently the Issued, Subscribed and Paid-up capital of the Company has been reduced by 4,882,180. The one year period for the buyback ended on 13 June 2002.

	2003	2002
3 Reserves and surplus		
Capital reserve	688	688
Capital redemption reserve	9	9
Securities premium account		
- Balance brought forward	1,827,331	1,918,695
- Utilised for premium on Nil (2002: 488,218) equity shares bought back and extinguished	-	(91,364)
	<u>1,827,331</u>	<u>1,827,331</u>
General reserve		
- Balance brought forward	1,670,531	987,195
- Transfer from profit and loss account	1,174,434	683,336
	<u>2,844,965</u>	<u>1,670,531</u>
Profit and loss account		
- Balance brought forward	536,892	500,023
- Creation of deferred tax assets	1,289	-
- Transfer from profit and loss account	169,198	36,869
	<u>707,379</u>	<u>536,892</u>
	<u><u>5,380,372</u></u>	<u><u>4,035,451</u></u>
4 Minority interest in equity		
Siemens Information Systems Ltd		
Nil (2002: 1,715,000) equity shares held by minority interest (Nil holding; 2002: 25.16% holding)		
Balance brought forward	17,150	17,150
Adjustment on purchase of additional stake	(17,150)	-
	<u>-</u>	<u>17,150</u>
5 Minority interest in Non-equity		
Siemens Information Systems Ltd		
Balance brought forward	201,551	159,846
Share of profit for the year	122,807	101,730
Dividend paid	(35,157)	(60,025)
Adjustment on purchase of additional stake	(289,201)	-
	<u>-</u>	<u>201,551</u>
6 Secured loans		
From Banks		
- Short term	-	32,060
	<u>-</u>	<u>32,060</u>
The Company has availed of short term working capital loans from banks which are secured by hypothecation by way of a first charge on inventories, including stores and spares, book debts and other receivables, both present and future.		
7 Unsecured loans		
Long term		
- sales tax deferral	31,002	31,919
	<u>31,002</u>	<u>31,919</u>
The loan under the sales tax deferral scheme is payable till 2011		
- Amounts payable within one year	2,130	917

Notes to Consolidated Financial Statements (*Continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

8 Fixed assets

	Goodwill	Land	Buildings	Plant and Machinery	Furniture, Fittings & Office Equipment	Vehicles	Vehicles acquired under finance lease	Equipment given on lease	Total	Previous year
Gross block										
At 1 October 2002	-	130,779	1,644,395	2,656,211	929,965	67,601	1,167	755,089	6,185,207	6,118,645
Additions	529,312	-	47,002	239,262	39,814	13,855	-	-	869,245	179,759
Disposals	-	(13,543)	(88,046)	(107,642)	(23,506)	(2,789)	(803)	-	(236,329)	(117,942)
At 30 September 2003	529,312	117,236	1,603,351	2,787,831	946,273	78,667	364	755,089	6,818,123	6,180,462
Accumulated depreciation										
At 1 October 2002	-	22,106	323,768	2,112,568	840,817	39,208	325	727,620	4,066,412	3,743,969
Charge for the year	22,658	2,655	39,546	214,462	44,205	14,311	112	14,990	352,939	420,294
Disposals	-	-	(20,895)	(94,129)	(21,652)	(2,100)	(256)	-	(139,032)	(102,596)
At 30 September 2003	22,658	24,761	342,419	2,232,901	863,370	51,419	181	742,610	4,280,319	4,061,667
Net block										
At 30 September 2003	506,654	92,475	1,260,932	554,930	82,903	27,248	183	12,479	2,537,804	2,118,795
At 30 September 2002	-	108,673	1,320,627	543,643	89,148	28,393	842	27,469	2,118,795	

Included in the gross block of land at 30 September 2003 is freehold land of Rs 6,607,804 (2002: Rs 20,150,321) and buildings includes Rs 202,760,464 (2002: Rs 259,384,328) representing 1,272 (2002: 1,297) shares of Rs 50/- each in various co-operative housing societies.

Depreciation has been disclosed as follows :

- Depreciation of Rs 14,990,000 (2002: Rs 78,360,000) on equipment given on lease is reduced from lease income at note 19 to the financial statements.
- The balance depreciation and goodwill amortisation in associates of Rs 353,026,000 (2002: Rs 341,933,000) has been separately disclosed in the profit and loss account.

	2003	2002
9 Investments (long term, unquoted)		
Non-Trade		
In government securities		
National Savings Certificates	5	5
In Housing Development Finance Corporation Bonds		
– Series I to IV 13%	-	7,000
– Series I to IV 14.5%	-	12,000
Trade		
Shares in other companies		
Nil (2002: 8,320,000) equity shares of Rs 10 each fully paid-up in Siemens Metering Ltd (formerly “VXL Landis & Gyr Ltd”) (Nil holding; 2002: 26% holding)	96,909	96,909
Unamortised goodwill	129,216	129,216
	226,125	226,125
Goodwill amortised	(129,216)	(53,840)
	96,909	172,285
Share of profit	30,822	31,938
	127,731	204,223
Sale during the year	(127,731)	-
	-	204,223
2,040,514 (2002: Nil) equity shares of Rs 10 each fully paid-up in Siemens Shared Services Pvt Ltd held by SISL (49% holding; 2002: Nil holding)	4,978	-
Unamortised goodwill	25,018	-
	29,996	-
Goodwill amortised	(2,085)	-
	27,911	-
Share of profit	2,250	-
	30,161	-
Debentures		
740,040 (2002: 740,040) 18% non-convertible debentures of Rs 100 each in Mid-East Integrated Steel Ltd.	74,004	74,004
Provision for diminution in value	(74,004)	(74,004)
	-	-
	30,166	223,228

In the board meeting held on 21 July 2003, the board of directors of the Company resolved to amalgamate Siemens Building Technologies Pvt Ltd subject to obtaining necessary regulatory approvals. The Company is currently in the process of obtaining necessary regulatory approvals for the amalgamation, which is expected to be effective from 1 October 2003.

10 Inventories		
Raw materials	355,337	241,256
Work-in-progress		
– factory related	148,933	126,044
– project related	365,126	273,998
Finished goods	434,177	216,377
	1,303,573	857,675

Notes to Consolidated Financial Statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

	2003	2002
11 Sundry debtors		
Debts outstanding		
– Over six months	1,159,318	1,176,951
– Other debts	3,609,005	3,110,435
	<u>4,768,323</u>	<u>4,287,386</u>
Of which		
– Considered good	4,347,199	3,952,299
– Considered doubtful	421,124	335,028
	<u>4,768,323</u>	<u>4,287,327</u>
Provision for doubtful debts	(421,124)	(335,028)
	<u>4,347,199</u>	<u>3,952,299</u>
12 Cash and bank balances		
Cash in hand	14,817	26,883
Cheques in hand	269,369	286,624
Balances with scheduled banks		
– on current account	1,784,064	1,449,082
– on deposit account	1,286,965	819,496
Balances with other banks	8,374	3,600
	<u>3,363,589</u>	<u>2,585,685</u>
13 Loans and advances (Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	926,989	853,266
– considered doubtful	132,271	108,156
	<u>1,059,260</u>	<u>961,422</u>
Provision for doubtful advances	(132,271)	(108,156)
	<u>926,989</u>	<u>853,266</u>
Lease equalisation account	6,400	10,878
Advance payments of income tax, less provision	95,905	188,826
Balances with customs, port trusts and excise authorities on current account	33,156	16,368
Inter corporate deposits	775,000	1,065,000
Interest accrued on inter corporate deposits	3,025	3,729
	<u>1,840,475</u>	<u>2,138,067</u>
Loans and advances includes :		
(a) Amounts due from directors of the Company for housing loans given prior to their becoming directors (Maximum amount outstanding during the year Rs 4,925,449; 2002: Rs 6,426,319)	3,855	4,926
14 Current liabilities		
Sundry creditors	6,344,685	5,716,448
Advances from customers	1,142,232	1,281,565
Unclaimed dividends	4,252	3,953
	<u>7,491,169</u>	<u>7,001,966</u>

	<u>2003</u>	<u>2002</u>
15 Provisions		
Pension	207,466	183,866
Restructuring	3,804	11,325
Proposed dividend	132,554	82,846
Tax on proposed dividend	16,983	-
Leave wages	70,955	56,521
Medical benefits	30,521	23,945
Others	71,883	74,064
	<u>534,166</u>	<u>432,567</u>
16 Deferred tax asset		
Arising on account of timing differences in :		
- Provision for doubtful debts	153,182	119,427
- Other provisions (including provisions for doubtful advances, restructuring provisions and other amounts allowable on a payment basis under the Income Tax Act, 1961)	216,238	203,753
- Fixed assets & Carried forward losses	116,351	-
	<u>485,771</u>	<u>323,180</u>
17 Deferred tax liability		
Arising on account of timing differences in :		
- Depreciation	161,365	161,152
	<u>161,365</u>	<u>161,152</u>
18 Interest income, net		
Interest income	143,730	157,821
Interest expense	(1,888)	(21,787)
	<u>141,842</u>	<u>136,034</u>
19 Other operating income, net		
Lease rentals	24,257	133,161
Lease equalisation charge	(4,478)	(40,379)
Depreciation	(14,990)	(78,360)
Lease income, net	4,789	14,422
Export incentives	17,893	20,929
Profit on sale of fixed assets, net	83,379	43,963
Recoveries from subsidiary companies, associates and third parties	111,758	100,529
Compensation on vacation of property	30,441	28,083
Exchange gain, net	147,899	-
Forfeiture of customer advance	255,642	-
Sales tax set off	82,794	57,393
	<u>734,595</u>	<u>265,319</u>

Notes to Consolidated Financial Statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupees thousands)

	<u>2003</u>	<u>2002</u>
20 Other income		
Profit on sale of investments	62,386	-
Income from non-trade investments	3,975	1,293
Sundries	16,607	40,224
	<u>82,968</u>	<u>41,517</u>
21 Personnel costs, net		
Salaries, wages and bonus, net	2,083,818	1,858,811
Contribution to provident and other funds	168,367	174,992
Workmen and staff welfare	236,416	220,066
	<u>2,488,601</u>	<u>2,253,869</u>
22 Other costs, net		
Travel and conveyance	459,587	401,821
External software services and data processing	385,037	314,281
Communications	267,898	224,029
Power and fuel	138,186	141,568
Rates and taxes	127,444	127,848
Repairs and maintenance		
- on building	97,112	74,237
- on machinery	36,799	30,024
- others	47,580	48,922
Rent	82,659	65,110
Research and development expenditure	25,392	27,755
Advertising and publicity	73,231	63,066
Packing and forwarding	54,887	58,161
Loss on sale of investment	-	6,007
Legal and professional	96,098	86,101
Exchange losses, net	-	20,811
Office supplies, printing and stationery	33,917	36,491
Lease rentals	51,006	38,336
Insurance	39,370	40,540
Bank guarantee commission/ bank charges	12,917	26,627
Spares and stores	23,734	20,974
Commission to directors	2,900	3,100
Share buy back expenses	-	1,930
Directors' fees	195	245
Bad debts	28,000	50,418
Provision for/ (write back of) doubtful debts and advances, net	87,620	(4,286)
Miscellaneous	230,332	201,154
	<u>2,401,901</u>	<u>2,105,270</u>

	<u>2003</u>	<u>2002</u>
23 Commitments and contingent liabilities		
a Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	50,516	25,112
Future lease commitments in respect of operating leases		
- within one year	25,998	122,116
- later than one year and not later than five years	25,400	13,779
Export commitments	<u>1,592,458</u>	<u>340,432</u>
b Contingent liabilities		
Bills discounted	229,734	209,176
Taxation matters (excluding interest)		
- In respect of certain completed assessments where matters are under appeal by the Company	315,676	187,825
- 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	167,442	176,754
Corporate and other guarantees	37,772	87,032
Claims against the Company not acknowledged as debts	<u>180,174</u>	<u>190,444</u>
24 Supplementary statutory information		
<i>(i) Managerial remuneration</i>		
Personnel and other costs include managerial remuneration for directors as set out below:		
Salary	9,227	8,640
Perquisites	8,721	8,774
Commission	6,140	5,800
Performance linked incentive	8,000	5,750
Contribution to provident fund	968	713
Contribution to superannuation fund	891	891
	<u>33,947</u>	<u>30,568</u>
<i>(ii) Auditors' remuneration</i>		
- Audit fee	5,526	5,250
- Tax audit fee	2,194	1,600
- Other services	462	769
- Reimbursement of expenses	433	306
	<u>8,615</u>	<u>7,925</u>

Consolidated Notes to Financial Statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupee thousands)

25 Related party transactions

25.1 Parties where Control exists :

Siemens AG	Holding company (holds 54.63% of the equity share capital as at 30 September 2003)
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25.2 Other related parties where transactions have taken place during the year

Fellow Subsidiaries

Designafairs GmbH
Eviop-Tempo A.E. Electrical Equipment Manufacturers
Lincas Electro Vertriebsgesellschaft m.b.H.
OSRAM India Pvt. Ltd.
P.T. Siemens Indonesia
SBS Deutschland
SBS Region Deutschland München
ServoCare Systems AB
SFS GmbH/PEF
Siemens Aktiengesellschaft Österreich
Siemens Bangladesh Ltd.
Siemens Beteiligungsverwaltung GmbH
Siemens Building Technologies Pvt. Ltd.
Siemens Business Communication Systems Ltd.
Siemens Canada Ltd.
Siemens Company Secretariat Limited
Siemens Dematic AG
Siemens Dematic Singapore Pte. Ltd.
Siemens Electrical Apparatus Ltd.
Siemens Electronic Design and Manufacturing Services GmbH & Co. KG
Siemens Energy & Automation, Inc.
Siemens Factory Automation Engineering Ltd.
Siemens Hearing Instruments Pvt. Ltd.
Siemens Industrial Services Ltd.
Siemens Industrie Montage Services GmbH & Co. KG
Siemens Information and Communication Networks, Inc.
Siemens International Trading Co. Ltd. Shanghai
Siemens Israel Ltd.
Siemens Ltda.
Siemens Malaysia Sdn. Bhd.
Siemens Medical Solutions Inc. - Ultrasound Division Mountain View, CA
Siemens Medical Solutions Pty. Ltd.
Siemens Medical Solutions USA, Inc.
Siemens Milltronics Process Instruments, Inc.
Siemens Nixdorf Information Systems Pvt. Ltd.
Siemens plc
Siemens Power Engineering Pvt. Ltd.
Siemens Power Generation Ltd.
Siemens Pte. Ltd.
Siemens Public Communication Networks Pvt. Ltd.

25.2 Other related parties where transactions have taken place during the year *(continued)***Fellow Subsidiaries**

Siemens S.A. de C.V.
 Siemens S.A.
 Siemens S.p.A.
 Siemens Sanayi ve Ticaret A.S.
 Siemens SGP Verkehrstechnik Ges.m.b.H.
 Siemens Shared Services Pvt. Ltd.
 Siemens Switchgear Co. Ltd.
 Siemens Technology Development Corp. Ltd. of Beijing
 Siemens Vacuum Interrupters (Wuxi) Ltd.
 Siemens VDO Automotive AG
 Siemens VDO Automotive Ltd.
 Siemens VDO Automotive, Inc.
 Siemens, Inc.
 Siemens-Elema AB
 SMS Inc. - Nuclear Medicine Group
 SMS Inc. - Oncology Care Systems Group
 SMS Inc. - Sales and Services Group
 VVK Versicherungsvermittlungs- und Verkehrskontor GmbH
 Siemens Shared Services Pvt. Ltd.
 Solutions for Energy Management
 Siemens Metering Ltd.
 Siemens Public Communication Networks Pvt. Ltd.
 SMS Inc. - Ultrasound Group
 Siemens Ltd., Jeddah
 Siemens Ltd. RSA
 Siemens Bangkok
 Siemens Hongkong
 Siemens Seoul
 Siemens Business Services A/S,Denmark
 Siemens Medical Solutions Health Services Corp.,USA
 Siemens Business Services, Inc.,USA
 Siemens VDO Automotive AG,Germany
 Siemens Power Engineering Pvt. Ltd.,India
 Siemens Ltd.,Saudi Arabia
 Siemens LLC, United Arab Emirates
 Siemens Oy,Finland
 Siemens plc,UK
 Siemens Business Services AB,Sweden
 Siemens Business Services Pte. Ltd.,Singapore
 Siemens Ltd.,South Africa
 Siemens Telecommunications (Pty.) Ltd.,South Africa
 Siemens Business Services (Pty.) Ltd.,South Africa
 SBS ,Germany
 Siemens Shanghai Mobile Communications Ltd.,China
 Siemens Business Communication Systems Ltd.,China
 Siemens Ltd.,Thailand
 Siemens Ltd.,China
 Siemens Energy & Automation, Inc.USA

Consolidated Notes to Financial Statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupee thousands)

25.2 Other related parties where transactions have taken place during the year (*continued*)

Fellow Subsidiaries

Siemens Medical Solutions USA, Inc.
Siemens Information and Communication Networks, Inc.,USA
Siemens Bangladesh Ltd.
OSRAM India Pvt. Ltd.
Siemens Public Communication Networks Pvt. Ltd.
Siemens Malaysia Sdn. Bhd.
Siemens Pte. Ltd.,Singapore
SBS TS/ASM RW (Training and Services, Advanced Services and
Media, Germany
SBS Region Deutschland München
Siemens Business Services Ltd.,UK
Corporate Units and Shared Services Siemens AG,Germany
ICM CD AC A,Germany
PG Werk Mülheim
Siemens AG I&S
SPLS Siemens Procurement & Logistics Services
Siemens VDO Trading GmbH,Germany
Siemens Dematic Corp.,USA
Siemens VDO Automotive Ltd.,Bangalore
SBT Ltd,Switzerland
SBT Ltd,Hong kong
SBT Ltd,Singapore
SBT Ltd,Mannedorf
Siemens AUS

Associates

National & German Electrical & Electronic Services Company
Powerplant Performance Improvement Ltd.
Siemens LLC

25.3 Directors of the Group

Whole-time Directors

J. Schubert
H. Gelis
A. B. Nadkarni
Harminder Singh
O. P. Narula
A. R. Laud
A. S. Vishwanathan

Details of remuneration to directors are disclosed at note 24 (i) to the financial statements.
Details of housing loan to directors are disclosed at note 13 (a) to the financial statements.

	<u>2003</u>	<u>2002</u>
25.4 Sales to and other recoveries from related parties		
Holding company	1,624,274	1,557,879
Fellow Subsidiaries	2,256,655	1,877,636
Associates	63,686	76,305
25.5 Purchases/ other services from related parties		
Holding company	3,376,771	2,237,614
Fellow Subsidiaries	1,235,739	880,159
Associates	29,927	-
25.6 Interest income from related parties		
Holding company	-	-
Fellow Subsidiaries	70,578	79,225
Associates	-	-
25.7 Interest paid to related parties		
Holding company	-	-
Fellow Subsidiaries	-	3,161
Associates	-	-
25.8 Sale of investments to related parties		
Holding company	-	-
Fellow Subsidiaries	-	209,375
Associates	-	-
25.9 Dividend paid to related parties		
Holding company	108,619	126,722
Fellow Subsidiaries	35,158	60,025
Associates	-	-
25.10 Dividend received from related parties		
Holding company	-	-
Fellow Subsidiaries	-	10,400
Associates	-	-
25.11 Outstanding balances		
Debtors		
Holding company	268,470	111,782
Fellow Subsidiaries	525,444	367,768
Associates	44,239	23,977
Creditors		
Holding company	874,099	786,878
Fellow Subsidiaries	127,278	78,521
Associates	-	-
Inter Corporate Deposits		
Holding company	-	-
Fellow Subsidiaries	775,000	1,065,000
Associates	-	-

Consolidated Notes to Financial Statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupee thousands)

26(i) Information about business segments

	Revenue						Results	
	External sales		Inter segmental sales		Total		2003	2002
	2003	2002	2003	2002	2003	2002	2003	2002
Building technology services	106,647	-	-	-	106,647	-	12,537	-
Information technology services	3,040,439	2,536,780	-	-	3,040,439	2,536,780	790,563	584,434
Information and communications	815,180	646,891	2,608	157	817,788	647,048	82,646	72,743
Automation and drives	3,898,595	3,423,372	740,959	483,098	4,639,554	3,906,470	246,062	116,309
Industrial solutions and services	1,439,630	1,256,213	123,454	129,845	1,563,084	1,386,058	145,026	123,859
Power	3,375,783	3,833,559	86,717	180,073	3,462,500	4,013,632	486,712	121,945
Transport	1,285,036	843,265	-	-	1,285,036	843,265	198,834	141,228
Healthcare and other services	3,086,302	2,548,586	-	-	3,086,302	2,548,586	19,051	97,600
Real estate	143,370	188,943	-	-	143,370	188,943	85,364	109,989
Eliminations	-	-	(953,738)	(793,173)	(953,738)	(793,173)	-	-
Total	17,190,982	15,277,609	-	-	17,190,982	15,277,609	2,066,795	1,368,107
Interest expenses							(1,888)	(21,787)
Interest income							143,730	157,821
Share of profit from associate companies							-	-
Unallocable corporate items							1,134	31,741
Profit before tax							2,236,960	1,505,042
Minority interest							(122,807)	(101,730)
Income tax							(617,170)	(417,000)
Deferred tax							161,085	(69,943)
Consolidated total	17,190,982	15,277,609	-	-	17,190,982	15,277,609	1,658,068	916,369

26(i) Information about business segments *(continued)*

	Assets		Liabilities		Capital Expenditure		Non cash expenditure			
							Depreciation		Others	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Building technology services	157,594	-	128,692	-	455	-	780	-	-	-
Information technology services	2,125,521	1,483,625	906,520	595,282	96,161	63,031	84,464	104,126	-	-
Information and communications	288,146	296,964	127,864	123,092	3,494	2,478	17,040	80,924	4,478	40,379
Automation and drives	1,547,626	1,523,946	1,116,225	1,172,073	91,255	56,737	83,793	61,806	-	-
Industrial solutions and services	608,404	640,944	688,079	612,686	1,674	2,199	4,316	4,598	-	-
Power	1,777,505	1,762,493	1,795,784	2,178,331	12,820	11,999	19,361	20,426	-	-
Transport	305,466	176,430	550,088	430,546	1,049	427	1,053	1,109	-	-
Healthcare and other services	1,376,045	1,170,838	745,581	632,098	33,707	18,566	21,262	18,782	-	-
Real estate	1,062,138	1,026,563	112,465	72,323	96,574	21,548	81,709	103,015	-	-
Eliminations	-	-	-	-	-	-	-	-	-	-
Total	9,248,445	8,081,803	6,171,298	5,816,431	337,189	176,985	313,778	394,786	4,478	40,379
Interest expenses										
Interest income										
Share of profit from associate companies										
Unallocable corporate items	4,681,013	4,163,397	2,046,404	1,843,233	2,744	2,774	16,503	25,508	-	-
Profit before tax										
Minority interest	-	-	-	218,701						
Income tax										
Deferred tax										
Consolidated total	13,929,458	12,245,200	8,217,702	7,878,365	339,933	179,759	330,281	420,294	4,478	40,379

26(ii) Secondary segment information

	Revenues		Assets		Capital Expenditure	
	2003	2002	2003	2002	2003	2002
Domestic	13,827,716	12,528,587	13,929,458	12,245,200	339,933	179,759
Exports	3,363,266	2,749,022	-	-	-	-
	17,190,982	15,277,609	13,929,458	12,245,200	339,933	179,759

Consolidated Notes to Financial Statements (*continued*)
for the year ended 30 September 2003
(Currency: Indian rupee thousands)

26(iii) Other disclosures :

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

26(iv) Segment Information:

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

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

- **Building technology services** :- Provide trading installation and commissioning of building control, equipments, heating and ventilation products, security systems and fire integration products.
- **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.
- **Information & communication** :-
 - Convergence communications solutions for enterprises, communications, video conferencing and call centers, networking, mobility, teleworking, multimedia CRM.
 - Mobile phones :- Provide mobile handsets and accessories distribution and electrical installation technology.
- **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 and meters.
- **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, ventilators, digital radiography systems, radiology networking systems, lithotripsy and linear accelerators.
- **Real estate** :-Provides comprehensive real estate management.

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

27 Prior year comparatives

Prior year figures have been reclassified where necessary to conform with the current year's presentation.

For Siemens Group

J. Schubert *Managing Director - Siemens Ltd.*
H. Gelis *Executive Director - Siemens Ltd.*

Mumbai
7 November 2003

Your nearest Siemens Partners



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221 8562

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43, Shanti Palli

Rashbihari Bypass Connector

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St. John's Road

Secunderabad 500 025

☎ : (040) 2770 2552/4544

Fax : (040) 2770 2951

Vanijya Bhavan, Race Course Road

Vadodara 390 007

☎ : (0265) 234 1579, 233 0563

Fax : (0265) 234 0823

Software Development & Engineering Centre

Plot 6A, Sector 18

Maruti Industrial Area,

HUDA

Gurgaon 122 015

☎ : (0124) 284 6000

Fax : (0124) 284 6024

Works

Aurangabad Works

E-76 Waluj MIDC Area

Aurangabad 431 136

☎ : (0240) 255 4008/4700

Fax : (0240) 255 4007

Goa Works

Plot No. L6, Verna Electronic City

Panaji Margao Road, Verna

Goa 403 722

☎ : (0832) 278 3420

Fax : (0832) 278 3422

Kalwa Works

Thane Belapur Road, P.O.

Box 85

Thane 400 601

☎ : (022) 2760 0001-03

Fax : (022) 2760 0030

Nashik Works

Plot No. C-1,

Additional Industrial Area

MIDC, Ambad

Nashik 422 010

☎ : (0253) 238 1325-28

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Subsidiary Companies

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☎ : +91 80 852 1122-30

Fax : +91 80 852 1117/18

Unit II

2nd Floor, Duparc Trinity
17, M.G. Road,

Bangalore 560 001

☎ : +91 80 511 24307
Fax : +91 80 511 24310

144 Mahatma Gandhi Road,
P.O.Box No. 3323,

Chennai 600 034

☎ : +91 44 2833 4350-52
Fax : +91 44 2833 1844

Plot No. 6A, Tower B,
Sector 18, HUDA

Gurgaon 122 015

☎ : +91 124 234 3618-24
Fax : +91 124 234 9568-69

43, Shantipally, E M Bypass -
Rashbehari Connector,

Kolkata 700 042

☎ : +91 33 2444 9000
Fax : + 91 33 2444 9600

Plot 2, Sector 2,
Kharghar Node

Navi Mumbai 410 208

☎ : +91 22 2756 8000
Fax : + 91 22 2756 8018

1st Floor, VIPPS Centre
2 Local Shopping Centre,
Block EFGH

Masjid Moth,
Greater Kailsah II

New Delhi 110 048

☎ : +91 11 2922 0695/96
Fax : +91 11 2922 0685

Pride Silicon Plaza,
5th Floor

Next to Chaturshringi Temple,
Senapati Bapat Marg,
Shivaji Nagar

Pune 411 007

☎ : +91 20 565 1744
Fax : +91 20 400 2459

9-1-87/119/2, 1st Floor,
St. John's Road

Secunderabad 500 025

☎ : +91 40 2770 7121/31/41
Fax : +91 40 2770 7151

Overseas Liaison Offices**Germany**

☎ : +49 89 636 46499 /
82765 / 32169
Fax : +49 89 636 83839

Singapore

☎ : +65 6490 7820
Fax : +65 6490 7821

South Africa

☎ : +27 83 677 5992
Fax : +27 11 652 7917

UK

☎ : +44 (0) 1344 850225
Fax : +44 (0) 1344 850543

USA

☎ : +1 972 535 2132
Fax : +1 972 535 2165

Siemens Building Technologies Pvt. Ltd.

Joythi Mahal, 49, Marks Road

Bangalore - 560001

☎ : (080) 227 1031, 221 8562
Fax : (080) 2224131.

144, Mahatma Gandhi Road

Chennai - 600034

☎ : (044) 2833 4400.
Fax : (044) 28255728

43, Shanti Palli,
Rash Behari Connector
E. M. Bypass, **Kolkata - 700042**

☎ : (033) 2442 8641
Fax : (033) 2442 1137

130, Pandurang Budhkar Marg,
Worli

Mumbai - 400018

☎ : (022) 2498 7000-05
Fax : (022) 2495 4609

4-A, Ring Road, I .P. Estate,
9th Floor

New Delhi - 110002

☎ : (011) 2373 8589.
Fax : (011) 23750568.

Group Companies**Osram India Pvt. Ltd.**

Signature Towers,
11th floor, Tower B

South City 1, **Gurgaon 122 001**

☎ : (0124) 238 3180/81
Fax : (0124) 238 3182

Powerplant Performance Improvement Ltd.

Plot No. 579, Udyog Vihar Phase V
Gurgaon 122 001

☎ : (0124) 234 8031-35
Fax : (0124) 234 8028

Siemens Hearing Instruments Pvt. Ltd.

13/14, 7th floor, Innovator Bldg.
International Tech. Park,
Whitefield Road

Bangalore 560 066

☎ : (080) 841 0078
Fax : (080) 841 0079

Siemens Power Engineering Pvt. Ltd.

6A, Sector 18, Tower C,
Maruti Industrial Area

Gurgaon 122 015

☎ : (0124) 234 7990
Fax : (0124) 234 7512

Siemens Public Communication Networks (Pvt.) Ltd.**Corporate Office:**

484-485, Phase III
Udyog Vihar, Sector 20
Gurgaon 122 016
☎ : (0124) 5004100, 2345100
Fax : (0124) 2345111, 2345112

Software Division:

Siemens Communication Software
10th floor, Raheja Towers
26-27 Mahatma Gandhi Road
Bangalore 560 001
☎ : (080) 5594067-72
Fax : (080) 5594369

Works:

Salt Lake Works, Block GP,
Plot G, Sector V
Saltlec Electronics Complex, Bidhan
Nagar

Kolkata 700 091

☎ : (033) 23570092-94
Fax : (033) 23572217

Siemens Shared Services Pvt. Ltd.

Du Parc Trinity, No. 17, M.G. Road
Bangalore 561 001

☎ : (080) 51191500
Fax : (080) 51124309

Siemens VDO Automotive Ltd.

140, Hosur Road
Bangalore 560 095
☎ : (080) 553 1580-84
Fax : (080) 553 2311

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