

Siemens in India



Merrill Lynch Great India Industrial Tour, 21.03.2006



Siemens in India

<i>Political and Economic situation in India</i>	3
<i>Siemens Group in India</i>	10
<i>Siemens Ltd. Companies in India</i>	16
<i>Future Outlook</i>	41



Safe Harbor Statement

This presentation contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified either orally or in writing by words as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will” or words of similar meaning. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens' control, affect its operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens worldwide to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For us, particular uncertainties arise, among others, from changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products or technologies by other companies, lack of acceptance of new products or services by customers targeted by Siemens worldwide, changes in business strategy and various other factors. More detailed information about certain of these factors is contained in Siemens' filings with the SEC, which are available on the Siemens website, www.siemens.com and on the SEC's website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as anticipated, believed, estimated, expected, intended, planned or projected. Siemens does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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Indian Economy continues to be on track in current fiscal, expecting 7.5% growth during 05/06 . .



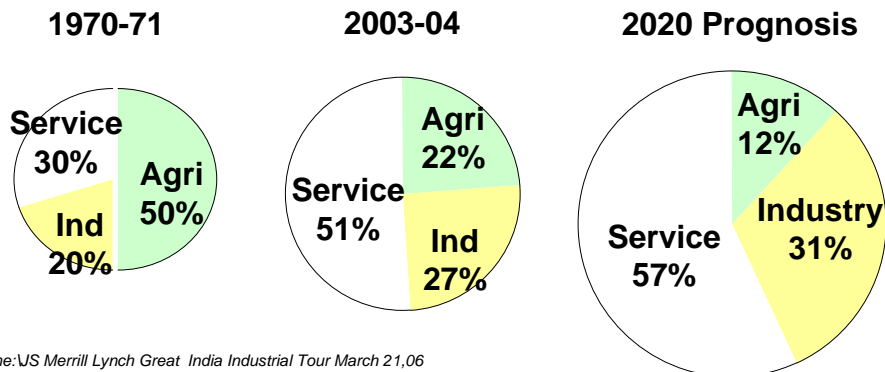
Current Year 05/06 : Progress of six months - April-Sep 05

- Service Sector, the chief driver of GDP, is in fine fettle with a steady 10% growth
- Industry Sector is also in full throttle, with output growth of 9%
- Agriculture is recovering as a result of good rainfall. Food-grain output also up
- FII's crossed US\$ 4.3 billion, FDI inflows at US\$ 2.2 billion and fiscal consolidation on track
- Non-food credit from banks increased by 32%
- Stock Markets are all time high, Exports growth continues @ 22%

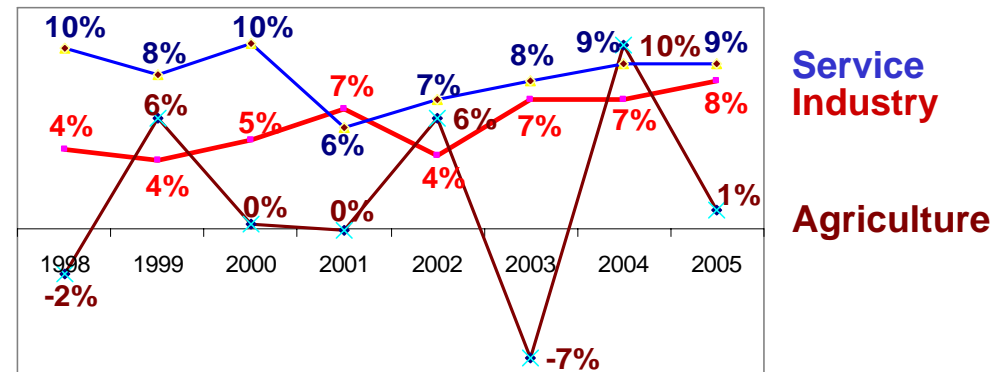
Current Challenges are

- Rising Prices of Crude Oil
- Global Trade volumes being low
- Containing Inflation

GDP Composition Trend



<u>GDP</u> <u>(Billion</u> <u>USD)</u>	392	423	463	501	561	629
	6%	4.4%	5.8%	4%	8.5%	6.9%



We expect economy to grow healthy between 6 to 10% p.a. in coming years . .



Indian Government has set its priorities for a healthy growth however some issues need to be addressed

Priorities set are in a +ve direction

- **Focus on segments, which shall bring healthy GDP growth over the next decade:**
 - Encourage **FDI in Manufacturing**
 - Embarked on '**Second Green Revolution**' (Irrigation projects) to boost **Agriculture**
- **Focus on 'Infrastructure' - Roads, Railways, Power, Ports, Airports and Communication.**
 - Estimated **total investments > US\$ 250 billion**
 - Encourage Private sector investment and FDI in infrastructure projects
- Allocated increased funds for **Education and Healthcare**
- **National policies on Food & Steel** drafted (Vision 2015)
- FDIs being allowed in **Insurance & Retail**
- **SEZ being setup to encourage exports** in IT, Textiles, Pharmaceuticals and Chemical industries

Issues

- **Speedy implementation in Infrastructure Goals is the key to India's growth.** Indian government has taken up broad based infrastructure development plan
- **Labour reforms** on agenda but has taken a **backseat** due to coalition partners in the government
- **Dependent on import of oil** and thereby vulnerable to fluctuations in oil prices
- **Government Subsidies** e.g. electricity to farmers, oil
- India's **high degree of state regulation**, strong **environmental pollution** and **corruption** which can limit economic growth



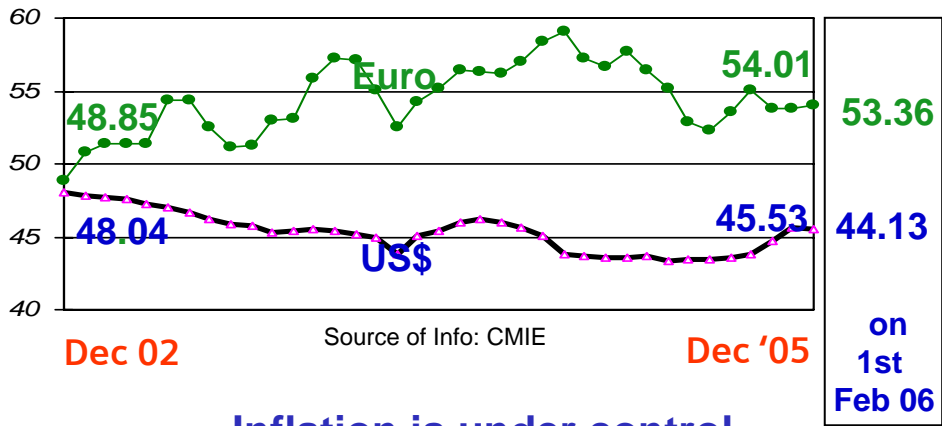
Indian economy is backed by positive trends in macro-economic parameters

Exchange Rates : Rupee against Euro & US\$

Between Dec-02 to Dec-05 :

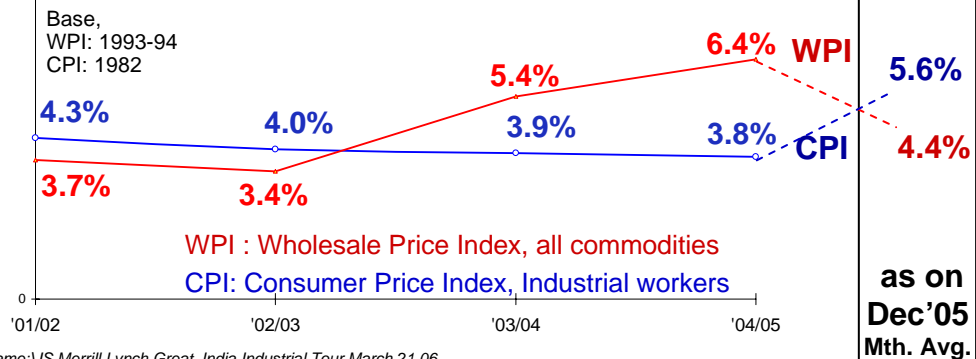
Rupee has appreciated against US\$ by 5.2%

Rupee has depreciated against Euro by 10.5%



Inflation is under control

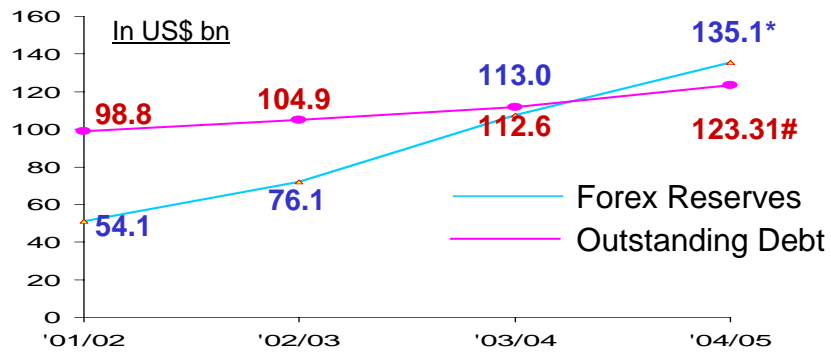
During the first three quarters (April 05 to Dec 05) the inflation has reduced to 4.6% for nine months, primarily due to reduction of primary and manufactured goods' prices



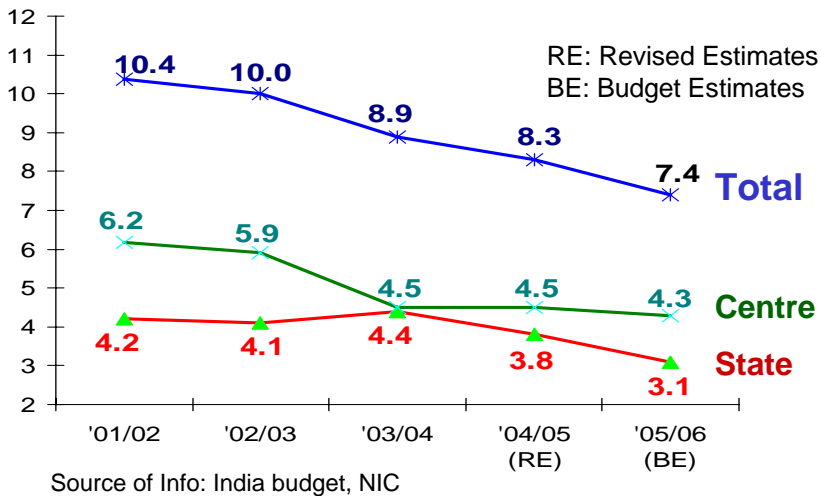
Foreign Exchange Reserves healthy :

Includes Foreign Currency Assets (FCA), Special Drawing Rights (SDR) and Gold

*Forex Reserves as on Jan 20, '06 stood at US\$ 139.5 bn, # Outstanding debt was US\$ 124.3 bn by Sept '05



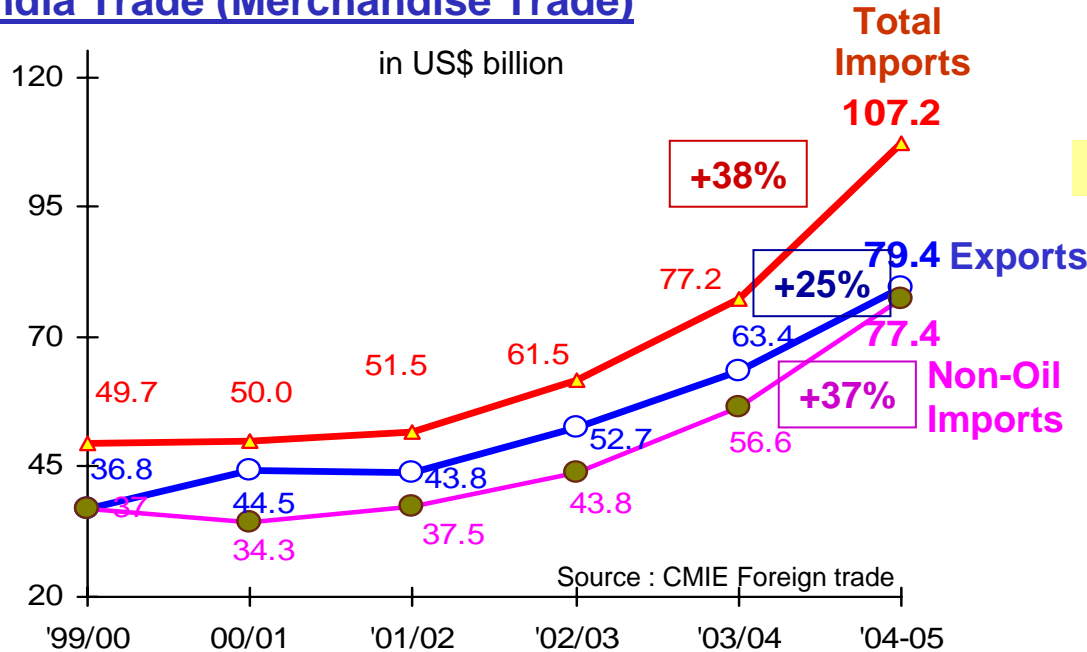
Fiscal Deficit as % of GDP : Positive Trend



Surge in Manufacturing Exports shows that India is emerging as a major Manufacturing Destination in various sectors



India Trade (Merchandise Trade)



Export USD 79.4bn ('04/05) comprises of

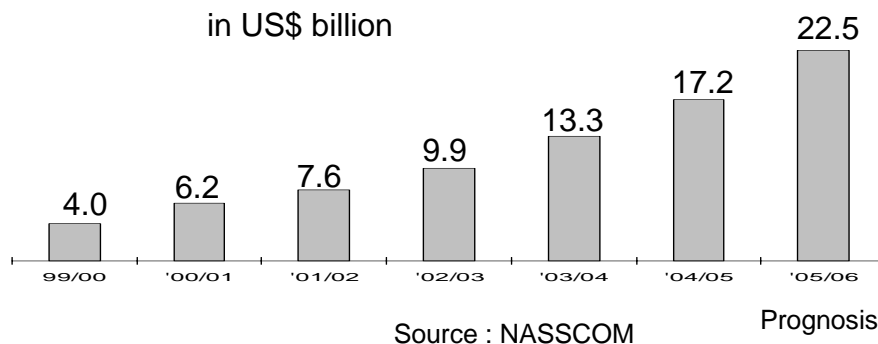
	US\$ bn
Manufacturing	58.3
Agriculture	8.0
Petroleum & Crude Products	6.8
Ores & Minerals	4.2
Others	2.1

Non Oil imports USD 77.4 bn ('04/05)

comprises of

	US\$ bn
Capital goods:	12.8
Gold & Silver	10.8
Electronic goods	9.7
Chemicals	8.2

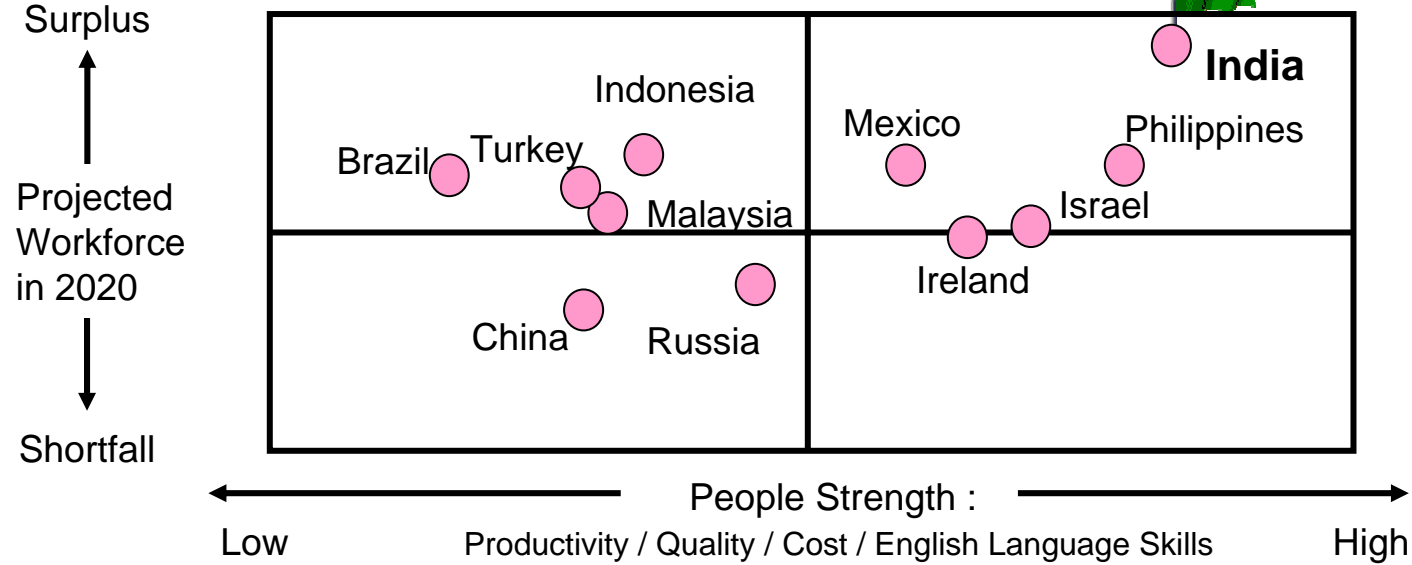
India IT+ITES exports



IT & ITES exports comprises of

	US\$ bn
Software Exports	12.0
ITES-BPO	5.2

BCG Analysis puts India on top in 2020, in Human Resource Capabilities



Availability of Quality & Quantity of Manpower will be the key . .

BCG – Boston Consulting Group

Most Multi-nationals have realised India's future potential & have already started a *two pronged approach* . .

1 Exploit the Growing Indian Domestic Market Potential and Establish as a Prominent Player

2 Utilise Indian Competencies in their Global Value Chain

Research & Development

Engineering & Project Mgt. Services

Manufacturing and Sourcing

Installation Commissioning & Service

Software / BPO

To summarise, India has defined its own position well in the global arena



- Economic Reform Process is supported well by all Political Parties & Important Forces and are moving in the right direction. Reforms like Electricity Act 2003 are getting more liberal every year thru Privatization Initiatives but their introduction is rather slow. India is today *self-reliant*, with enough Food Stocks and Foreign Exchange Reserves
- India is a young country with a Quality Education System.
- Indian Industry has learnt from the success of IT sector. Specially the Manufacturing Sector has matured remarkably during last three to five years and is growing by leaps & bounds in Exports. Indian companies have started acquiring companies abroad
- Overall economy & GDP growth is in a good shape for 'Continent India'
- Indian domestic market has a big potential. Demand Drivers are huge e.g. 2 million mobile subscribers added every month to reach 250 mn in five years, Airline traffic of 47 mn in 2005 increasing by 20% p.a. Every product category in financial services is exploding.
- The Crucial Factor is 'Development of Infrastructure' ! Government has initiated various steps in this direction. If results come fast GDP will grow 10%, otherwise ~ 6-7%
- Indian network of > 40 million Non-resident Indians (NRI) abroad pump in highest remittances into Indian economy. Many NRIs in important positions provide an additional push to Indian economy

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We are present in India for last 83 years.....



Siemens Milestones in India



Siemens HQ in Mumbai

Corporate Technology Centre
set up in Bangalore
2004

Foray into software
with SISL
in **1991**

Entered Telecom Market
1988

Converted to
Public Limited Company
1961

**2006 is the
50th year of
Manufacturing in India**

Siemens India Ltd.
Incorporated
1956

Siemens in India
Founded
1922

First Indo-European
telegraph line
Calcutta - London
1867



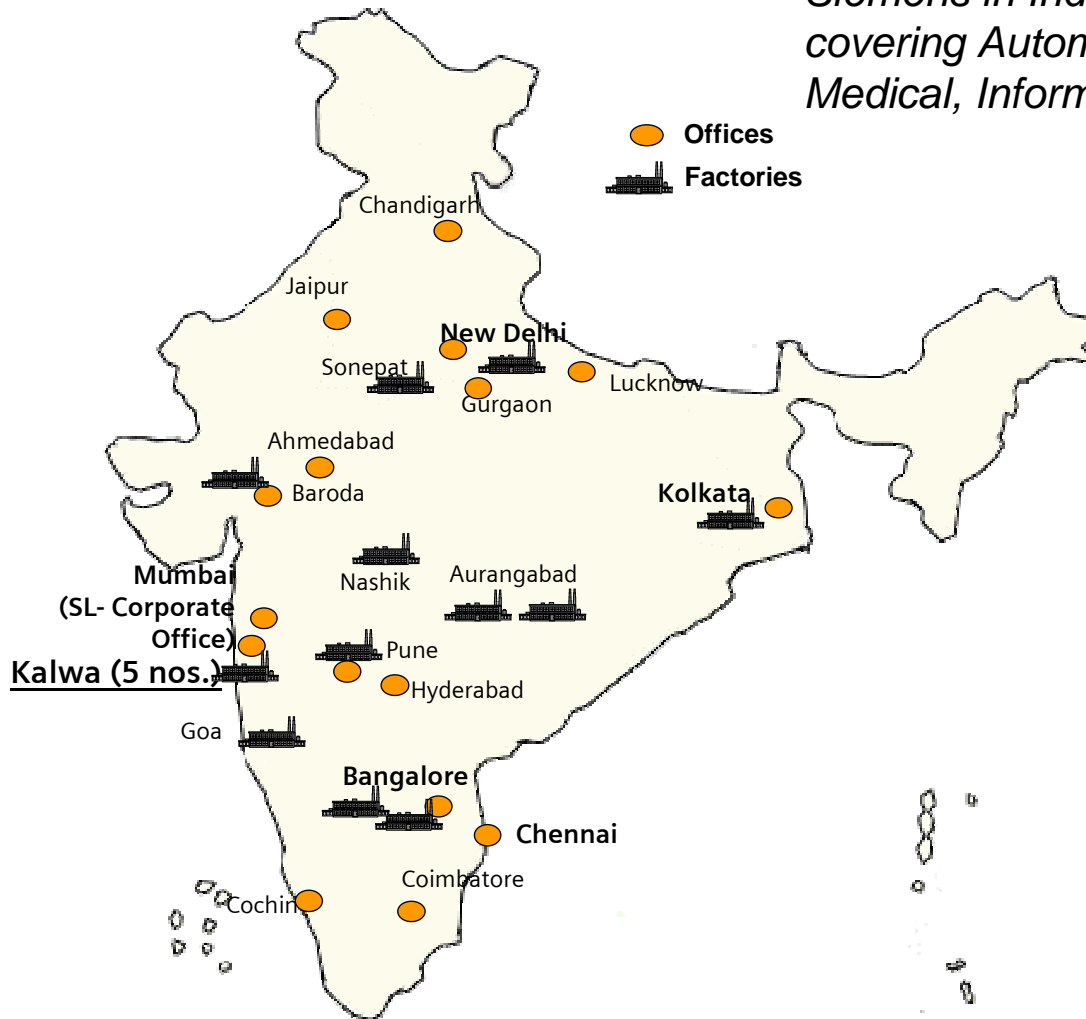
15 Factories in India ~ 3100 employees



Siemens has a wide spread 'Nationwide Network' of establishments



Siemens in India mirrors complete portfolio of SAG, covering Automation and Control, Power, Transportation, Medical, Information & Communications and Lighting



- 12 legal entities
- 16 sales offices
- 12 factories + 1 Workshop
- 3 Greenfield factories under construction
- 12,700 Employees (~3,100 workers) as on December 2005
- 380 Dealers, 75 System Houses, 205 Service Centres, 1,700 Retailers

We are also in the process of adding 10x city offices across non-metro cities

Siemens is operating through 12 legal entities in India, of which Siemens Ltd. is listed company in India



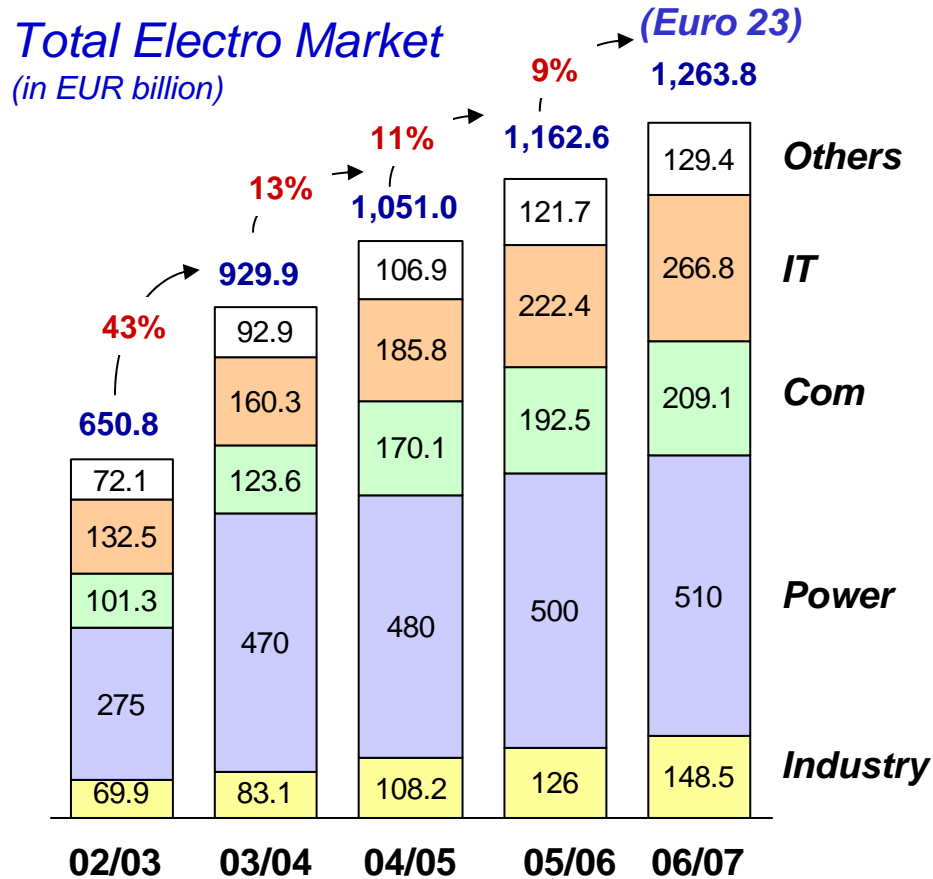
Companies with Manufacturing or Centre of Competence	Companies without manufacturing	IT, ITES, BPO & other Companies
<ol style="list-style-type: none"> 1. Siemens Ltd. (SL) 2. Siemens Public Communication Networks Pvt. Ltd. (SPCNL) 3. Osram 	<ol style="list-style-type: none"> 1. Siemens Industrial Turbomachinery Services Pvt. Ltd. (SITS) 2. Power Performance Improvement Ltd. (PPIL) 3. Siemens Hearing Instruments Pvt. Ltd. (SHIL) 4. Torrent Power Services Pvt. Ltd. (TPSL) 5. Bangalore International Airport Ltd. (BIAL) 	<ol style="list-style-type: none"> 1. Siemens Information Systems Ltd. (SISL) 2. Siemens BPO Services Pvt. Ltd. (SBPO) 3. Siemens Power Engineering Pvt. Ltd. (SPEL) 4. Siemens Corporate Finance Pvt. Ltd. (SCF)
<p> Siemens Ltd. subsidiaries SAG subsidiaries / joint ventures in India </p>		

We mirror the complete Siemens AG Portfolio in India

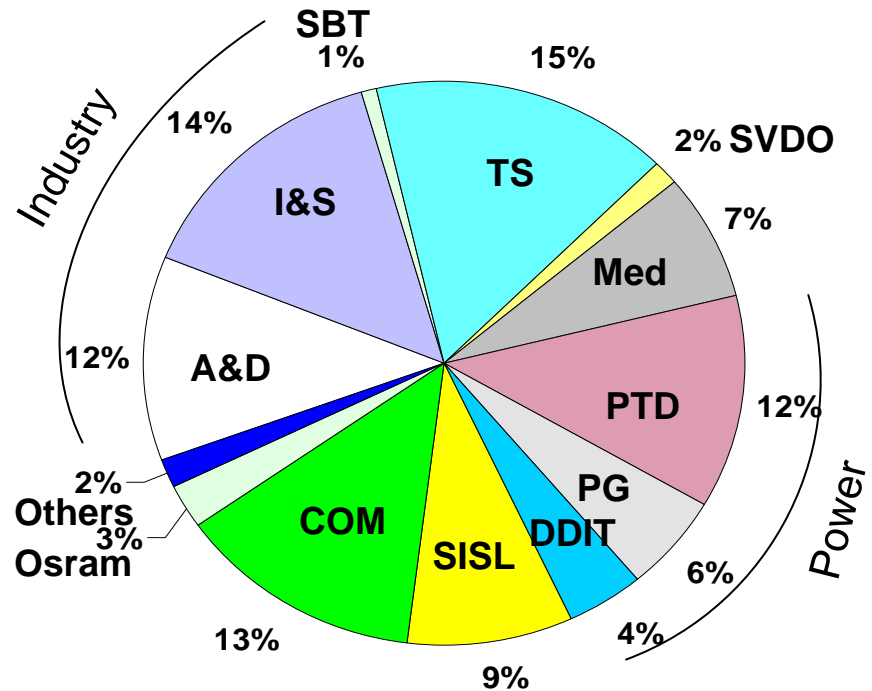


Infrastructure & industry market in India growing healthily with huge demand forecasts

Our portfolio is unique & diverse and most suited to capitalise on the growth in Indian market



Order Value FY 2005 – INR 76 bn (including Exports) Euro 1.4 bn



Others include SBPO, SHIL, SITS and SPEL

Most multi-nationals aggressive in India and competing with Local Players, And . . with Local Strategies.



MNCs in India

Local Indian Companies

SISL			TATA CONSULTANCY SERVICES		NIIT	
SPCNL						
A&D						
I&S						
SBT						
PTD						
PG						
TS						
MED						
COM EN						
SV						
Osram						

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Siemens Ltd. Group : Organisation Structure



Industry

Automation & Drives (A&D)

Industrial Solutions & Services (I&S)

Building Technologies (SBT)

VDO Automotive (SVDO)

Power

Power Generation (PG)

Power Transmission & Distribution (PTD)

Demag Delaval Industrial turbomachinery Pvt.Ltd. (DDITL)

Siemens Industrial Turbomachinery Services Pvt. Ltd (SITS)

Communication

Enterprise Networks and Devices (Com EN)

Siemens Public Communication Networks Pvt. Ltd. (SPCNL)

IT

Siemens Information Systems Ltd. (SISL)

Healthcare

Medical Solutions (Med)

Transportation

Transportation Systems (TS)

Real Estate

Siemens Real Estate (SRE)

Factories (12+3)

Switchgear Kalwa

Switchgear Aurangabad

Electronics Nashik

Motors Kalwa

Traction Motors Kalwa

Switchboards Kalwa

HV Switchgear Aurangabad

Gas Turbine Service Bangalore

Steam Turbine Vadodara

Transformer Kalwa

SPCNL Kolkata

SVDO Bangalore

SVDO Manesar

SVDO Pune

Medical Goa

Indian Market Sectors, we cater to, are doing very well . .



Energy ☺

- Investments in the industry/infrastructure is driving power generation as well as T&D
- **Market growth¹⁾ ~17% p.a.**

Major Opportunities

- Plans to add 61 GW generation capacity in 11th Plan (2007-2012)
- Setting up of National Grid by 2012
- Focus on distribution reforms
- Focus on rural electrification

Govt. Policies

- Introduced Electricity Act 2003 to give boost to Power Sector

Industry ☺

- Major investments are foreseen in key sectors like Metals, Refinery & Petrochemicals, Chemicals, Textiles, Cement, Buildings etc.
- **Market growth¹⁾ ~21% p.a.**

Major Opportunities

- Investments are driven both by strong domestic demand as well as exports
- Market is growing in green field as well as R&M

Govt. Policies

- Government is pushing infrastructure investments which would give impulse to this sector

Information & Communication ☺

- IT Market mostly driven by ITES²⁾, offshore software development
- Highly competitive market place with massive GSM rollout
- **Market growth¹⁾ at ~19% p.a.**

Major Opportunities

- Migration of existing Switching Network to Next Generation
- Home Entertainment Solutions
- Investment in broadband

Govt. Policies

- Conducive policies helped lower telecom tariff

Healthcare ☺

- Increased demand for medical equipment due to huge investments in healthcare segment
- Insurance opened for private sector
- **Market growing¹⁾ at ~11% p.a.**

Major Opportunities

- Investment growth in private hospitals
- India promoted as Health Tourism destination

Govt. Policies

- Privatisation of health insurance
- Many State governments provide subsidised health insurance for all

Transportation ☺

- Railways thrust is on upgradation on existing technology & safety related investments
- **Market growth¹⁾ ~13% p.a.**

Major Opportunities

- Upgradation to 3 phase & IGBT technology, Electronic interlocking, Digital Axle counters
- Implementation of Mass Transit Rapid Systems & Metros for suburban transport

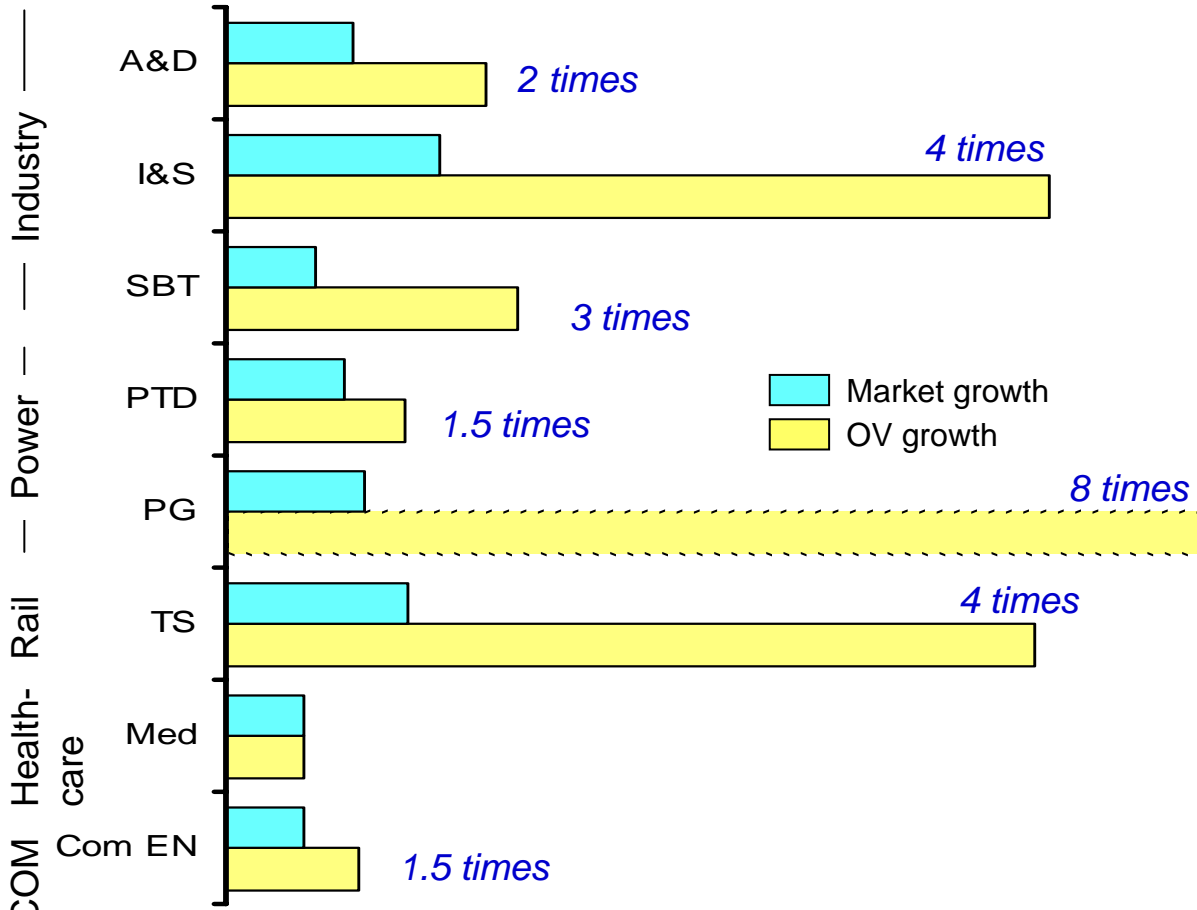
Govt. Policies

- Reduce subsidies, increase fares
- Reduce the number of unviable routes

Most of Siemens Ltd. Divisions have grown faster than Market during FY 05. In spite of price pressures, we have achieved a balanced growth



Comparison for FY 2005 over FY 2003 Domestic Order Value Growth (w/o exports) vs. Market Growth



PG growth is after considering Sugem project OV in 04/05

* Domestic order value is Total OV less Exports OV

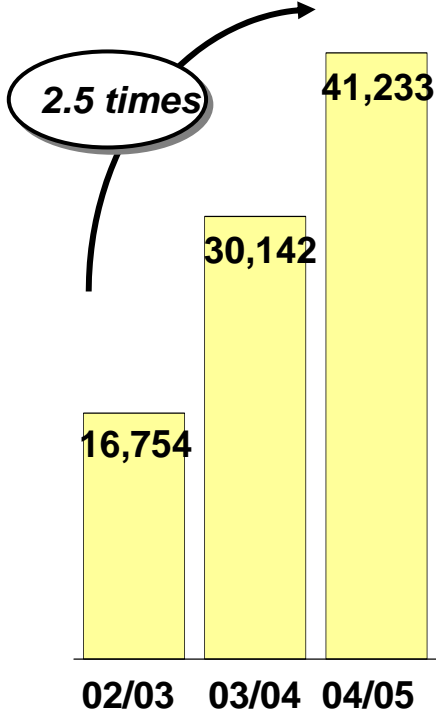
Overview of FY05

- Robust Indian economy with spurt in investments led to growth in our market
- Our complete product portfolio enabled us to encash on this opportunity
- In majority of our businesses, we have grown faster than the market
- We have no.1 position in terms of market share in TS, Med and A&D whereas no. 2 position in I&S and SBT
- We gained significantly in project related businesses

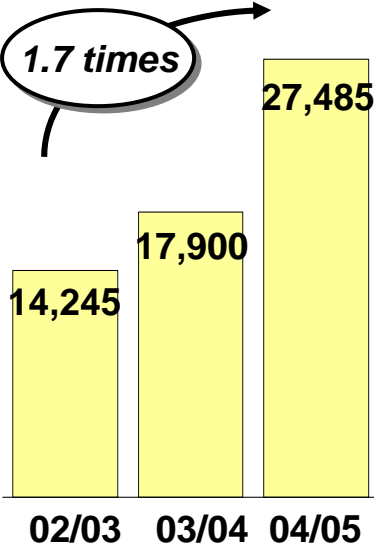
Siemens Ltd. performance shows strong growth



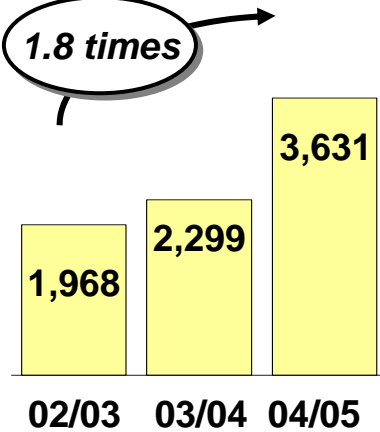
New Orders



Sales



PBT



all figures in INR million

Source: Siemens Ltd. Annual Results



Siemens Limited Performance looks very impressive

all figures in INR million	Sep-04	Sep-05	Change YoY
New orders	30,142	41,233	37%
Sales	17,900	27,485	54%
UOV	21,334	38,139	79%
Profit from Operations (PFO)	1,641	2,535	54%
Financing and Investment income	658	1,096	67%
Profit before tax	2,299	3,631	58%
PBT to Sales (%)	12.8	13.2	3%
Profit after tax	1,514	2,548	68%
Cash from Operations	2,538	3,533	39%
EVA	317	740	

- ▶ Orders increase drivers were A&D, I&S, PTD and TS. W/o large orders, increase by 40%.
- ▶ Profit from Operations to sales is at 9.2% for both the years
- ▶ UOV reach is 20 months compared to 16 in 2004
- ▶ Cash from operations has increased mainly due to advances from power projects, improved margins and better collections.



Siemens Limited FY 05/06 Q1 Performance

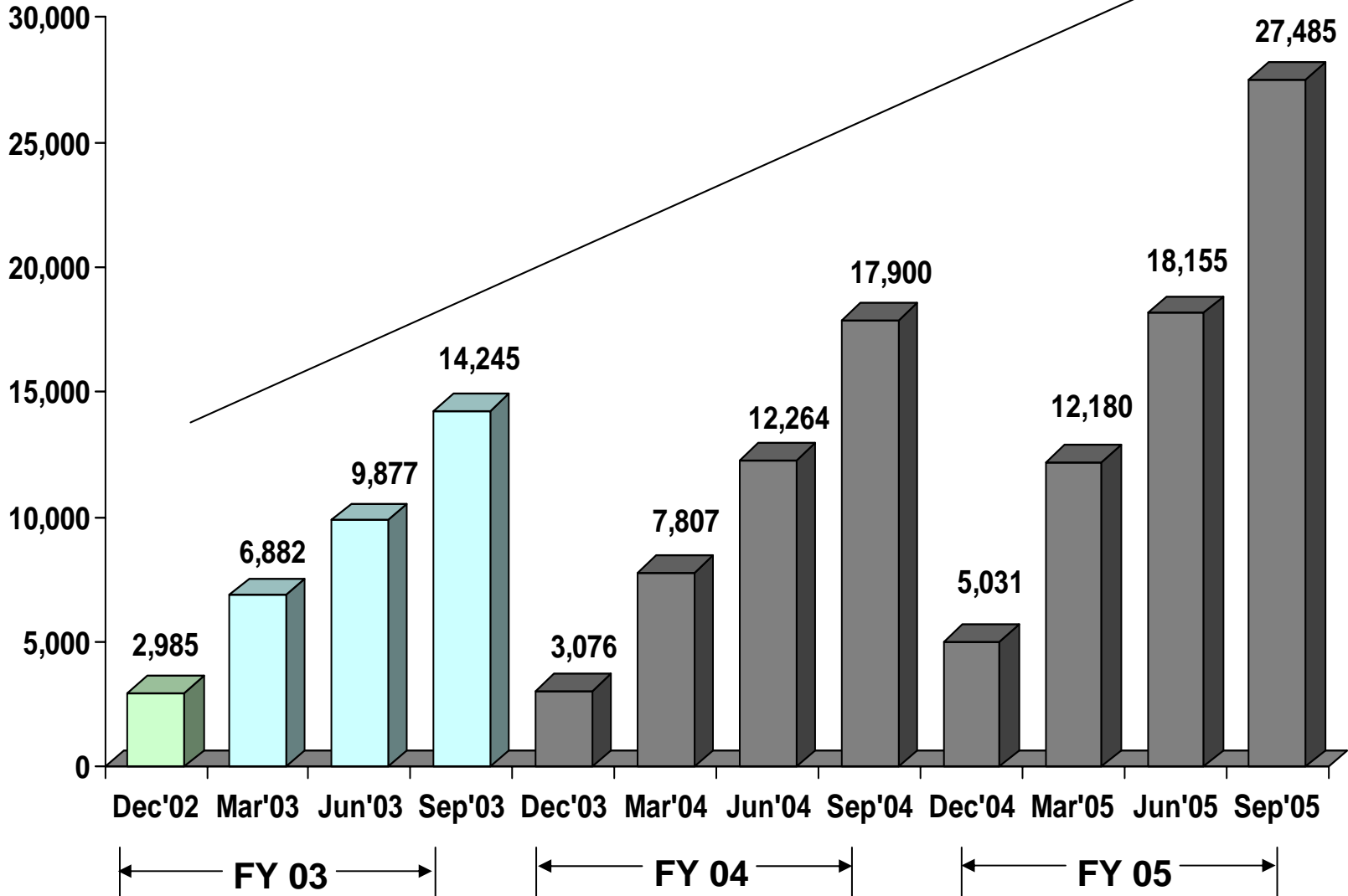
all figures in INR million	Q1 2006	Q1 2005	+/-%
New orders	40,860	8,171	400%
Sales	8,511	5,031	69%
UOV	70,579	24,540	188%
Profit from Operations (PFO)	641	392	64%
Financing and Investment income	64	53	21%
Profit before tax (PBT)	705	445	58%
Profit after tax	490	314	56%
Cash from Operations	2,660	-123	>2000%
EVA	405	201	101%

- ▶ Major orders received during Q1 2006 were:
 - Qatar INR 22.4 bn,
 - Torrent . INR 8.9 bn
 - Bangladesh INR 473 mn.
- ▶ Without these, increase in Orders is 21%.
- ▶ UOV reach is 18 months vis a vis 14 months for Q1 05
- ▶ Cash has improved considerably due to the large advances from Power Projects.

Revenue Growth has been consistent quarter by quarter



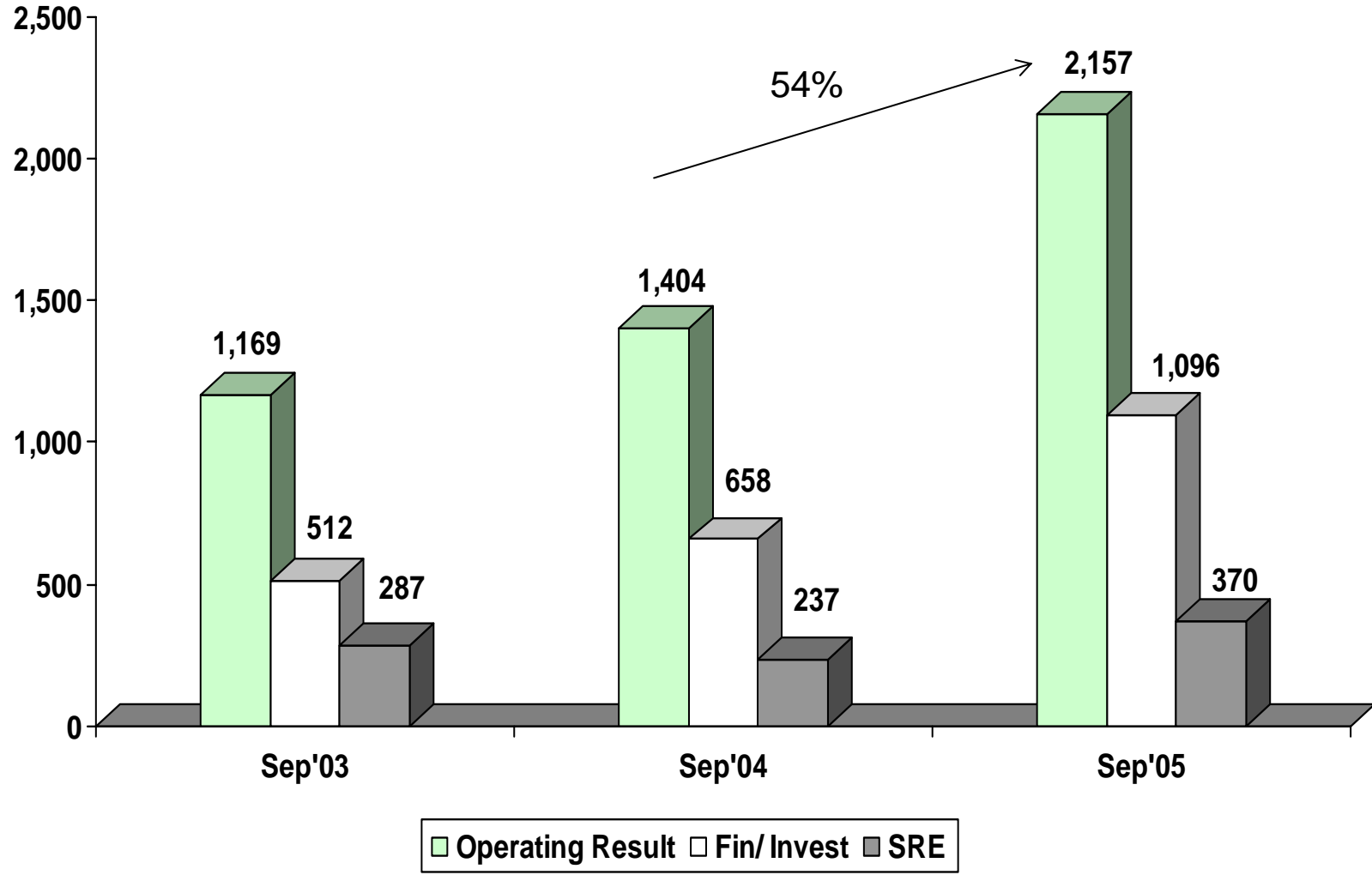
all figures in INR million



Operating Income has grown



all figures in INR million





Result of Process improvements is seen thru improvement in Asset Turnover Ratios

	Sep-04	Sep-05
Capital Employed Turns	2.9	3.3
Working Capital Turns	6.4	11.0
Receivables	5.0	4.5
Inventories	9.9	10.2

- Capital Employed and Working Capital turns have improved mainly due to overall better asset management and advances from customers
- Receivable has slightly gone down due to high retentions in project businesses and increase in turnover. However, there has also been good collections of current as well as past receivables.
- Inventories has improved due to the fast roll over to sales to meet the project related sales demands.

Siemens Ltd. Exports



all figures in INR million

	Sep-04	Sep-05	Change (%)
Export Turnover	1,220	3,767	209
% to Total Turnover	7	15	
Key Regions	Germany, Bangladesh, Qatar	Germany, Bangladesh, Qatar, China, Sri Lanka, Indonesia, Africa	



Major Highlights of Siemens Ltd. in FY 2005

- ❑ Order Intake up 37% over FY 2004
- ❑ Revenue up 54% over FY 2004
- ❑ Profitability & Cash flow improved
- ❑ Major successes on domestic front, in Industry, Transportation and Power Sectors
- ❑ Exports doubled
- ❑ Debt free company being recognised with a AAA rating
- ❑ Market Capitalization up by 114% in last one year
- ❑ Siemens Ltd. won the 'Best Regional Company Award 2005' in the recent top+ Siemens Awards Global Competition
- ❑ Siemens Ltd. ranked 10th among the top 500 companies in India by The Economic Times (ET), the 2nd largest financial daily in the world, ahead of competitors
- ❑ Siemens Ltd. has been recognized as one of the best companies for its Financial Reporting by the Institute of Chartered Accountants of India

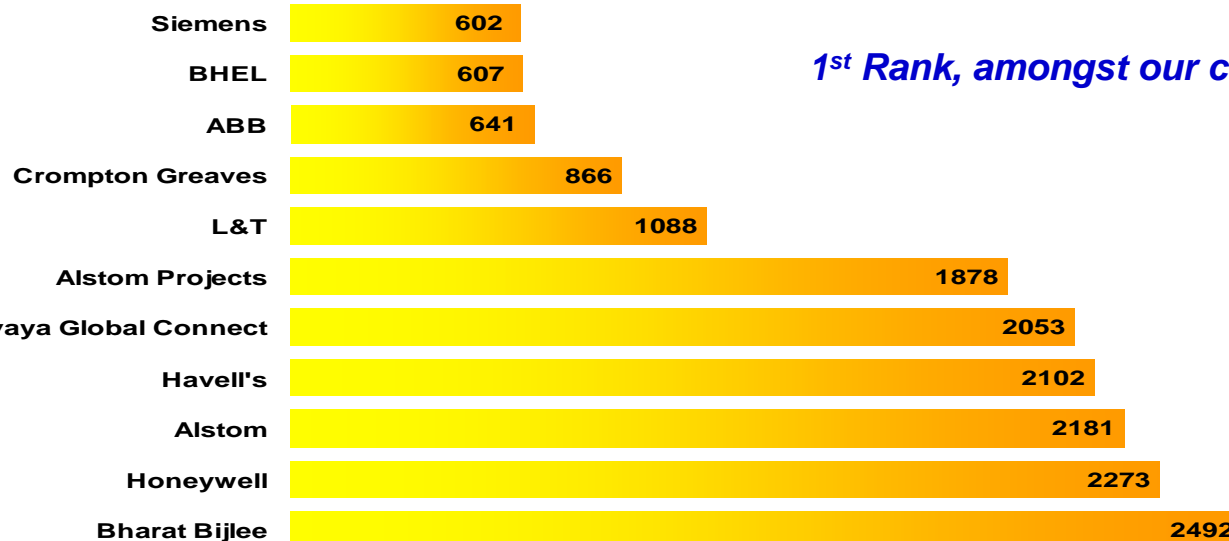
Due to our all round performance, we were ranked No.10, amongst all Indian Companies, ahead of our competitors, in the latest ET 500 study



32		ET500										
ET500 RANK	NAME	MKT Cap Apr '05 (Rs Cr)	RANK	MKT Cap Apr '04 (Rs Cr)	MKT Cap Chg (Rs Cr)	RANK	Sales 4 Trailing Qtrs Up To Dec '04 (Rs Cr)	RANK	Sales - 4 Trailing Qtrs Up To Dec '03 (Rs Cr)	Sales Chg (Rs Cr)	RANK	
1	INFOSYS TECHNOLOGIES	58,059	3	34,907	23,152	1	6,268	31	4,472	1,797	22	
2	WIPRO	46,283	5	33,758	12,525	2	6,759	29	4,707	2,052	20	
3	BHARTI TELE-VENTURES	39,111	6	31,122	7,989	6	7,271	26	4,456	2,815	16	
4	ITC	34,244	7	26,882	7,363	7	7,190	27	6,108	1,082	33	
5	NATIONAL MINERAL DEVT CORP	14,789	19	4,536	10,253	5	2,038	88	1,213	825	40	
6	MOTOR INDUSTRIES	6,882	43	4,292	2,589	19	2,404	75	1,940	464	63	
7	TATA STEEL	21,384	12	14,720	6,664	8	13,835	10	10,167	3,668	11	
8	SAIL	25,972	11	14,463	11,509	4	26,525	7	20,822	5,703	8	
9	ONGC	126,414	1	122,773	3,640	13	42,522	5	36,176	6,346	7	
10	SIEMENS	5,677	53	3,467	2,210	24	1,986	89	1,434	552	53	
11	HDFC BANK	17,099	17	10,885	6,213	9	2,892	65	2,432	461	55	
12	BHEL	18,417	13	15,661	3,756	12	8,749	21	7,509	1,240	31	
13	HERO HONDA MOTORS	10,617	32	10,002	615	110	7,162	28	5,382	1,780	24	
14	SATYAM COMPUTERS	13,148	20	9,965	3,183	16	3,232	59	2,359	872	37	
15	ABB	5,174	60	3,375	1,799	35	2,264	82	1,468	795	43	
16	BHARAT FORGE	5,218	59	3,000	2,218	37	1,088	158	704	384	84	
17	HDFC	17,797	16									
18	ACC	6,510	45									
19	GLAXOSMITHKLINE PHARMA	6,189	46									
20	GUJARAT AMBUJA CEMENT	7,427	39									
21	PUNJAB NATIONAL BANK	12,282	23									
22	STERLITE INDUSTRIES	8,938	34									
23	ESSAR STEEL	2,890	90									
24	CIPLA	7,580	38									
25	ISPAT INDUSTRIES	3,525	76									
26	NICHOLAS PIRAMAL	4,263	69									
27	JINDAL VIJAYANAGAR STEEL	4,753	64									

ET* 500 Score is calculated based on following parameters:

1. Market Capitalisation,
2. Change in Market Capitalisation
3. Sales in last 4 trailing quarters,
4. Change in Sales in last 4 trailing quarters,
5. Net Profit,
6. Change in Net Profit,
7. Price to Earnings Ratio,
8. Return on Net worth



1st Rank, amongst our competitors

Source: ET 500, June 2005

Siemens Ltd. has outperformed the Sensex by a large margin

... Share Price has multiplied over 20 times since Oct 02 !



Siemens Ltd. Share Price growth, indexed against BSE Stock Index growth

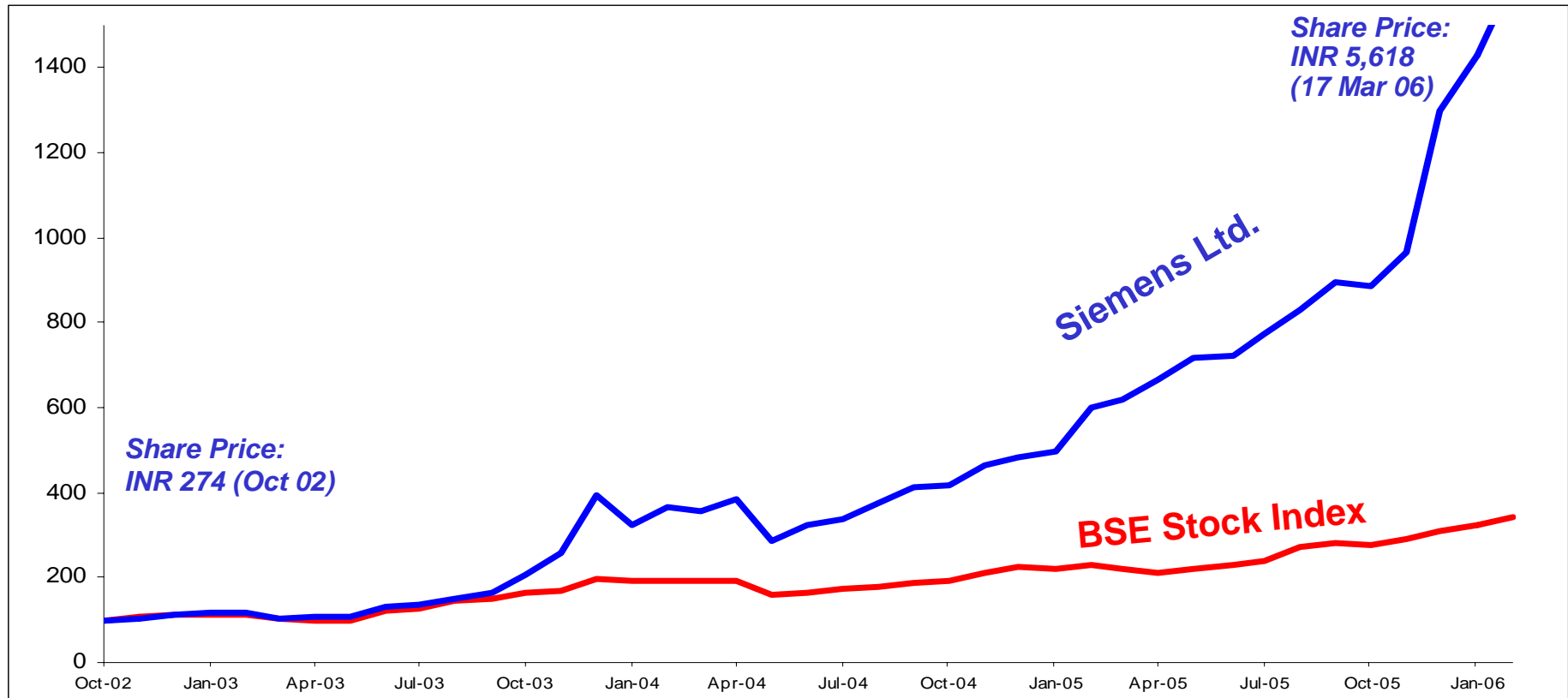
(as on Mar 17, 2006)

Market Capitalization

INR Billion

9.14

189.43



**Share Price:
INR 274 (Oct 02)**

**Share Price:
INR 5,618
(17 Mar 06)**

Siemens Ltd.

BSE Stock Index

Siemens Ltd. is a Public Ltd. company- Actively traded in the stock market

- 55.18%: Siemens AG, Group

- 44.82%: ca.49,000 shareholders

Siemens Ltd. was awarded *top+* Award as The Best Regional Company in 2005 - in Siemens world-wide competition



top+ award

*Our success was recognized
And more important . . . 'our success
factors' were acknowledged*



1. Our 4-Point Program
2. Our deep Market & Competitor knowledge
3. Our Strategic Planning Systematic
4. Our standardized & regular Controlling & Monitoring Mechanism
5. *top+* Program, as an extension of Strategic Planning Exercise & its implementation
6. Our Comprehensive Communication, both external & internal



Four Point Program is our basic framework for “Continuous Improvement”

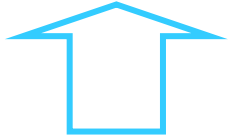


top+

Healthy Growth

2002-onwards

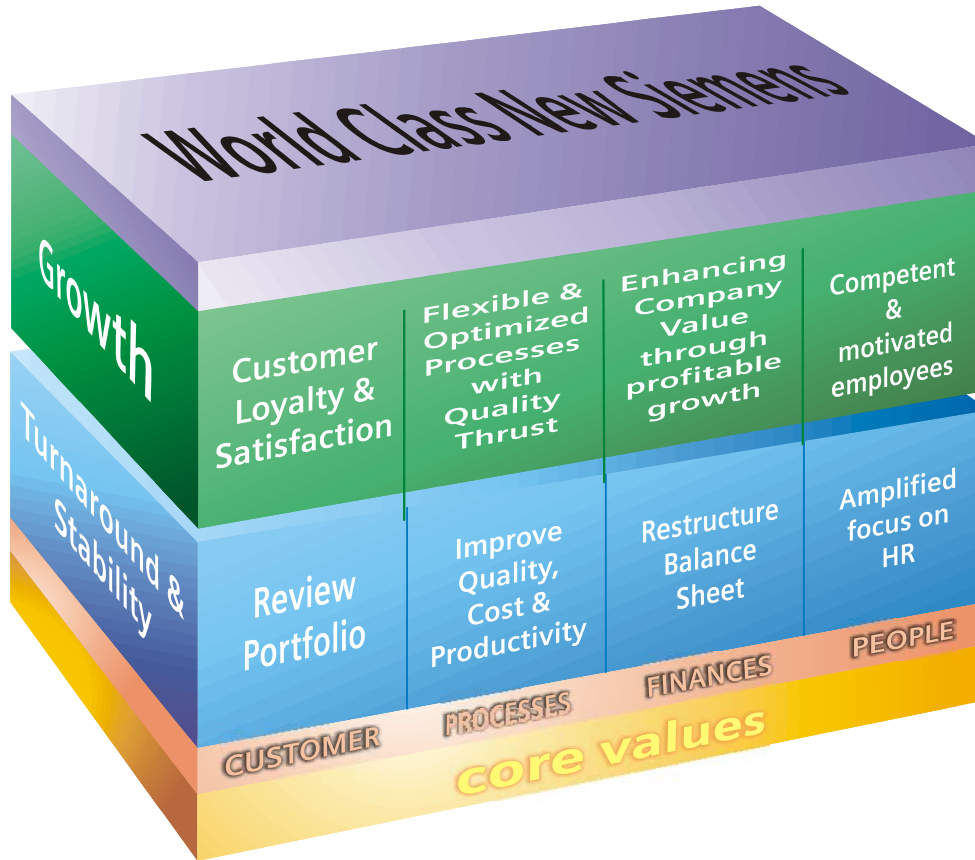
Phase 2



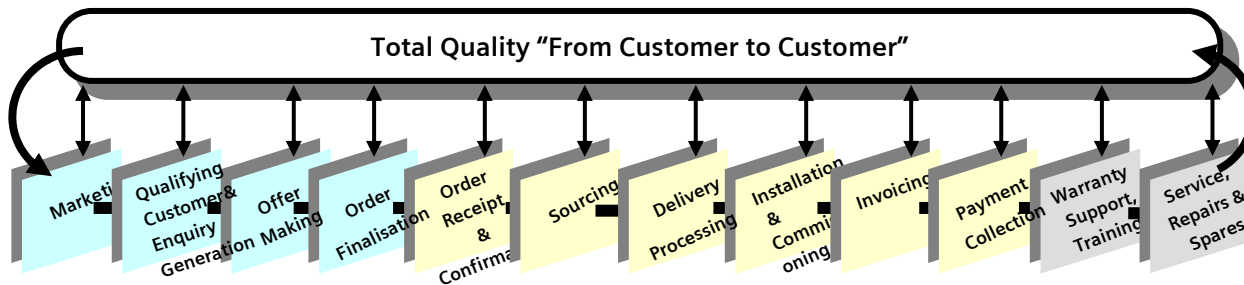
Phase 1

1997 - 2001

Turnaround & Stabilisation



- Four point program was first formulated in 1997
- We have successfully used this framework during our Turn-around as well as Stabilization phases
- After a major Turnaround, we adapted ourselves to the new philosophy of the four values, to re-orient our thinking to the Growth Strategy
- We continuously based our all our improvement initiatives on “From the Customer-to-the Customer” processes



Source: CD S5

We have a Systematic Strategic Planning Process, which has helped us in meeting current growth challenges



We know our Customers & Market very well

We analyze our Market Potential and identify Portfolio gaps

Strategies are formulated for each GG, each Division

All Business Strategies are translated into Goals

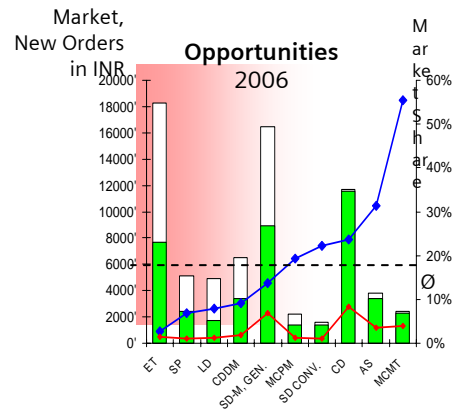
We know our Customers & Market very well

- Customer by customer
- Project by Project
- Demand for every product (GG/GZ)
- Through Direct / Indirect Channels
- For every Office in the Region

At Regional level GG/GZ wise demand

At Division level GG/GZ wise demand

Market estimation for Product/Projects/Systems Office wise and GG wise



The present weak product spectrum in PTD will improve with introduction of and 420 kV Breakers Transformers

Strengths

- Good Brand Equity and support from SAG

Weaknesses

- Low Cost competitiveness

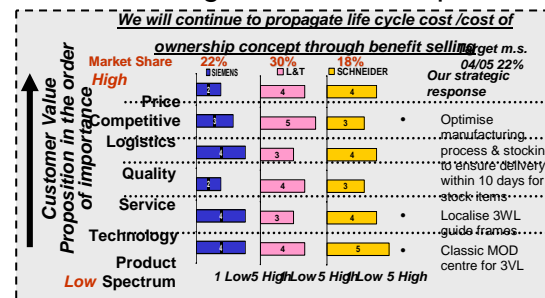
Opportunities

- Large investments proposed by Govt / Private sector in T&D

Threats

- Price erosion due to severe competition

Benchmarking w.r.t. best competitors



XXX will retain its No.1 position

- Grow 2 times market
- Target > 10 billion sales
- Improve VA/pers.cost by at least 10% in factories
- Achieve double digit operational EBIT Margin

All **top+** initiatives (Customer to Customer) are aligned with the Strategic objectives of the Divisions



A&D will grow faster than the market through Customer Focus initiatives

A&D: Summary of top+ Projects – Growth

	FC	Mkt. Gr.	OV @	Plan	Extra OV
Own	04/05	05 to 06	Mkt. Gr.	05/06	Planned
OV	8'300'	17%	9'711'	10'680'	969'

New Products	✓	✓
Existing Customers / Markets	✓	✓

GG	No.	Growth Projects* 1) 2)	Project Owner	Target TO	Realisation from (D14)
A&D	1	Increase market extraction in Automobile industry	Mr Verma	430'	Oct-05
A&D	2	Increase market extraction in Food & Beverage industry	Mr Verma	130'	Oct-05
A&D	3	Increase ma			
LD	4	Volume imp			
LD	5	Volume imp			
LD	6	Volume imp			
AS	7	Increase ma			
ET	8	Volume imp			

A&D will improve Cost Position through Kaizen

A&D Summary of top+ Projects – Cost Reduction

Effect of Inflation: 300'
Euro impact: 54'

GG	No.	Cost Reduction Projects* 1)	Project Owner	Target	Factored in Plan 05/06	Realisation from (D14)
WSGR	1	Cost Rationalization projects	Mr Dalal	29'	29'	Oct-05
WMOT	2	Cost Rationalization projects	Mr Agarwal	39'4	39'4	Oct-05
AW	3	Cost Rationalization projects	Mr Venkataraman	10'8	10'8	Oct-05
NW	4	Cost Rationalization projects	Mr Pate	20'	20'	Oct-05
	5	Cost Rationalization	Mr Roy	12'	12'	Oct-05
	6	Kaizen process improvement projects	Mr Dalal	22894	No	Oct-05

1. Separate projects for domestic and
2. Please copy the sheet, in case you

Our Growth Projects clearly quantify how the planned growth over market growth will be achieved. Each Project is required to achieve at least its target potential included in plan. Hence knowing the realisation date of the project is also essential.

Our Cost Reduction Projects must first cover Inflation and additionally provide improvement in profitability

2003
3rd Award
Region
Siemens Ltd.

2000
3rd Award
Asset Management
Siemens Ltd.

1999
1st Award
Asset Management
Siemens Ltd.

Improve EVA through Optimal Asset Management

Com EN : Summary of top+ Projects – Asset Management

	FC	Plan	
TO	880'	972'	
EBIT Assets	180'0	187'0	
Ratio	4.9 x	5.2 x	

- Receivable Management
- Inventory Management

GG	No.	Asset Management Projects* 1)	Project Owner	Area of Influence	Target	Realization from (D14)
EN	1	Improve Inventory Rotation factor	Anil Jain	Finished Goods +GIT	13.4 times	
EN	2	Average Debtors days improvement	Shashi Naik +Reg. Mgmt.	Debtors	100	
EN	3	Channel Financing - Increase volume usage	Shashi Naik +Reg. Mgmt.	Channel Receivable	4	

1. Please copy the sheet, in case you need

*Asset Management Projects should be clearly targeted towards better asset utilization.

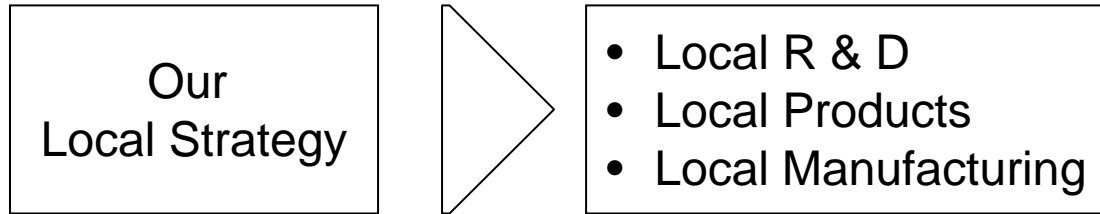
Our Asset Management Projects are targeted towards improving the Asset rotations



India is an emerging market and Indian customer always looks for “Maximum value at Lowest price”



Siemens has deployed local strategy to be ahead of our competitors



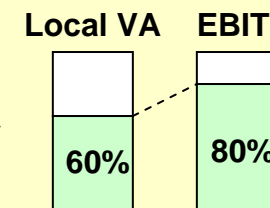
Siemens has invested in as many as 15 factories in India till date



- *Manufacturing in India now completes 50 years in 2006*
- *We have 3100 employees in our factories*
- *We have full depth of manufacturing and a strong vendor base*
- *We have been continuously investing in our factories*
- *All our factories are fully loaded and positive*
- *Our major share of profit comes from products manufactured locally*

And our result tells everything . .

In India, 80% of our EBIT comes from 60% Local VA

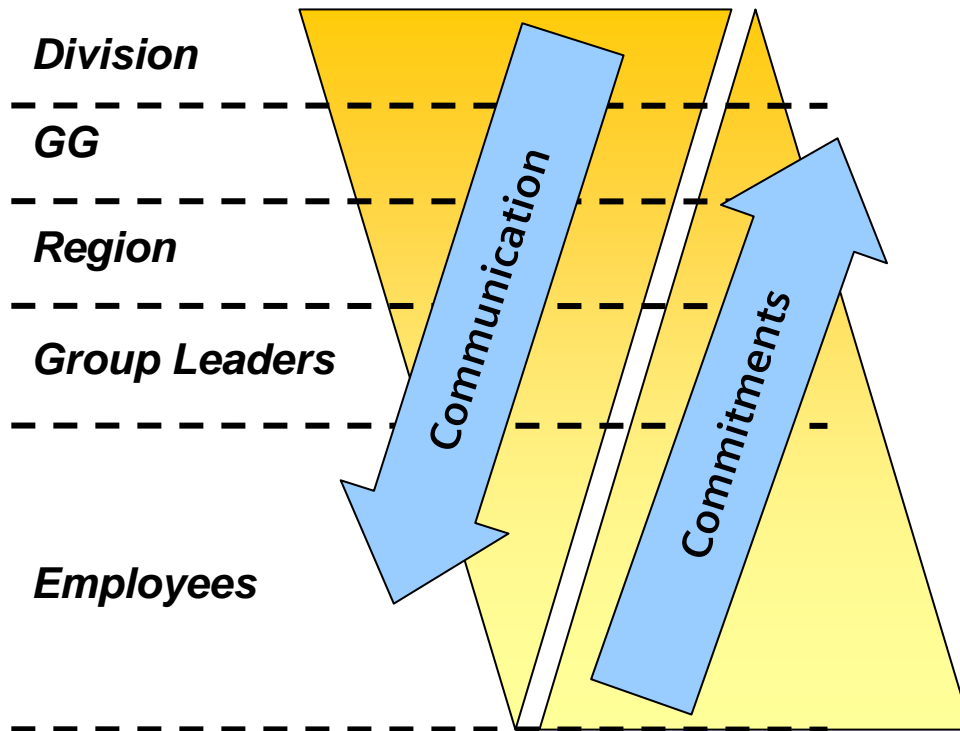


**Our employees are the major driving force behind our success
We engage them all in building this great company!**



At all Levels

**top down
Goals**



**Bottom-up
Agreements**

- Our employees are very much a part of our strategy process
- Each one has his own part to play and is driven by his personal as well as team targets
- Continuous top down communication and transparency has helped us to build teams
- Our employees have sense of belongingness for the company and pride in its success

In short, our Four-Point Program & **top+** covers . .

All actions backed by Continuous Communication

1. Deep Market knowledge & continuous assessment

2. Detail GG-wise Strategic Planning Exercise

clear strategy

ambitious goals

3. Ambitious Business Targets & Regular Monitoring Mechanism

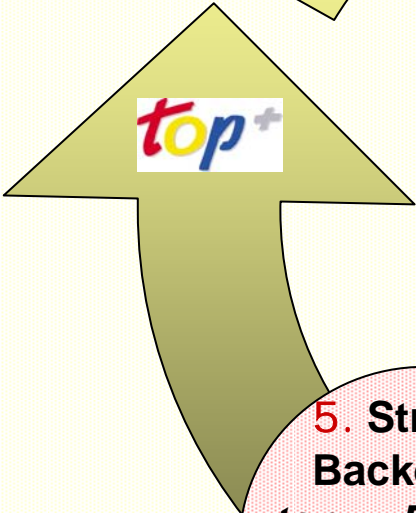
measurements

4. Divisional Targets cascaded down to every individual

involvement

5. Strategy Backed by top+ , Process, And Quality Improvement projects

motivation

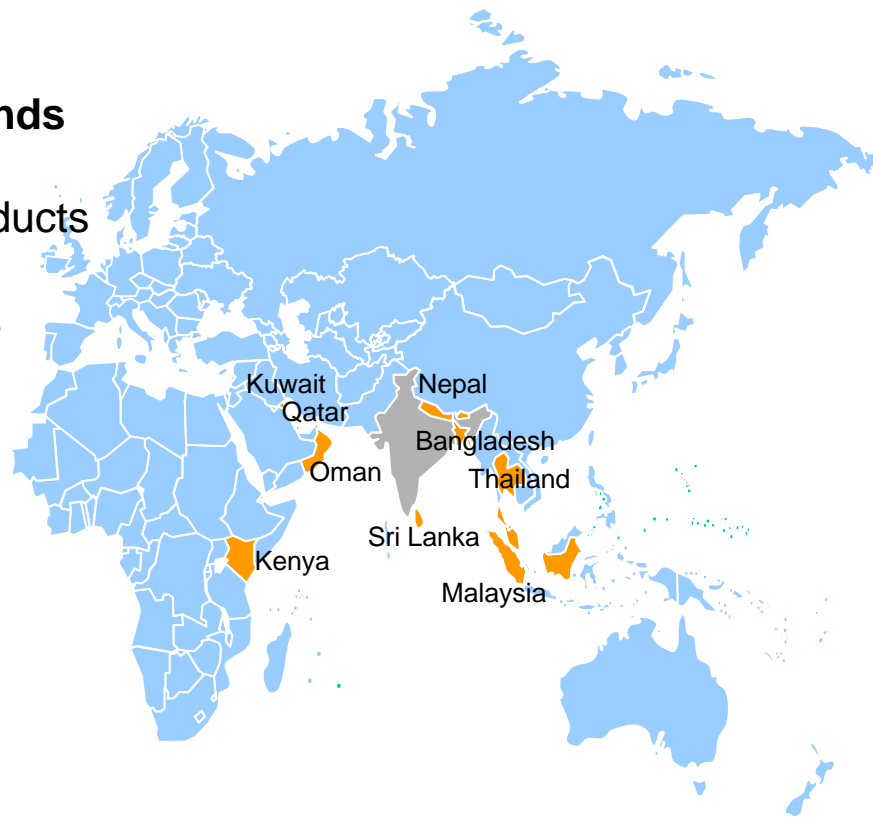




Indian market is different from European Market

Indian Market demands

- Price sensitive products
- Quality products
- With basic features
- Robust products



We are also responsible for exporting to similar requirement countries like

- Sri Lanka
- Bangladesh
- Nepal
- Thailand
- Malaysia
- Selected countries in Middle East (Qatar etc.)

This has led to,

- development of local products for local markets
- simultaneously high-tech imports grew >2 times in last three years

We have competencies from R&D, designing, engineering and manufacturing to meet local needs



Local products for local market, meeting the buying power of local customers!

We have to develop many products locally to suit Indian customer's requirements & face local competition

Our locally designed products are competitive and provide value for money

A & D

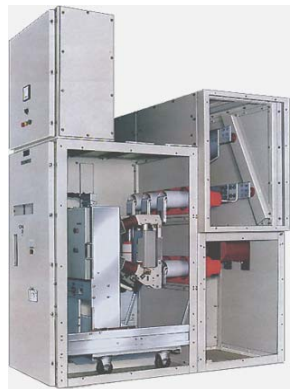
1.25 MW Generator



Local cost
40% lower

PTD

8BK80 (6.6.KV to 36 KV)



Local cost
30% lower

Medical

High Frequency Mobile X-Ray machine



Local cost
66% lower

TS

Inverter for Air Conditioned Passenger Coaches

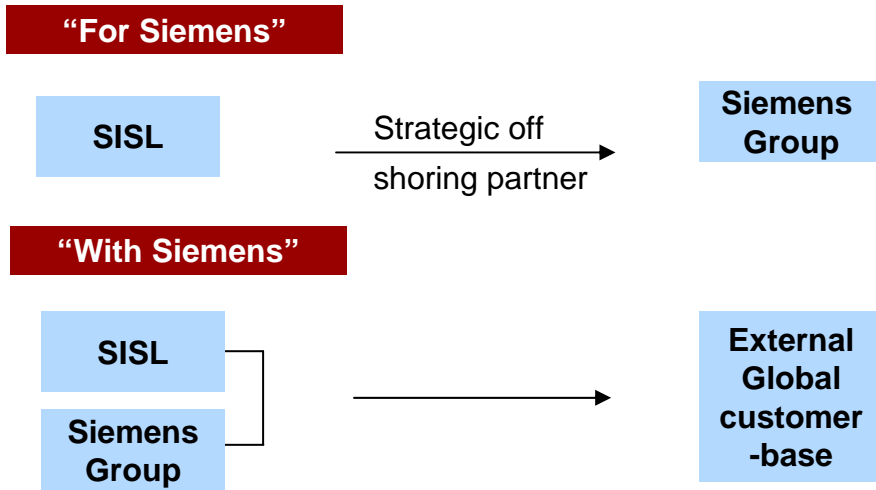


Local cost
63% lower

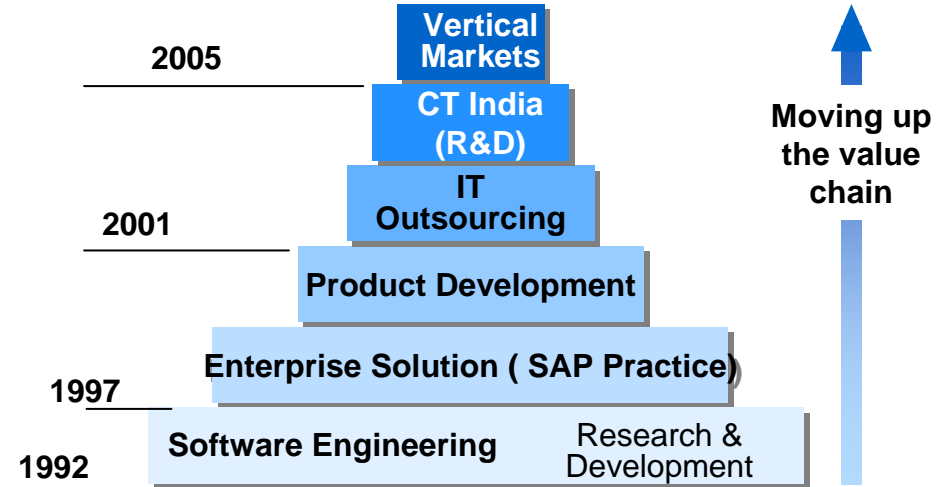
Strategic Approach of SISL India in software development has also led to an impressive growth



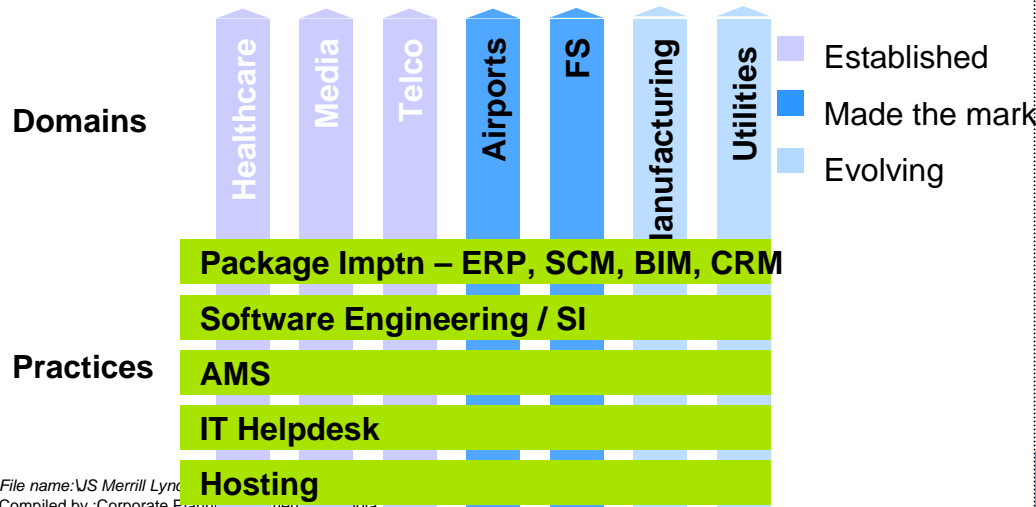
Our Approach to Market



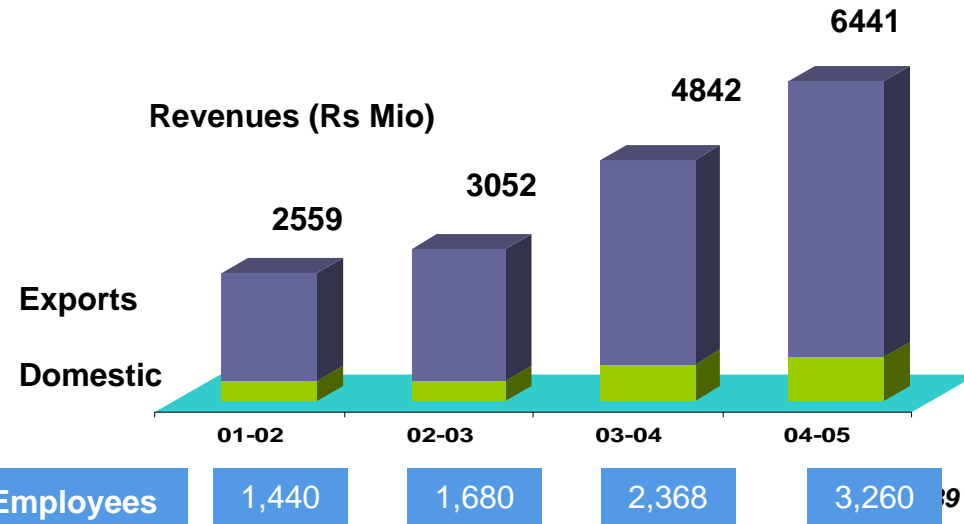
Evolution of Services



Consulting Led Industry Approach – Our Value Engine



SISL Revenue Growth



Siemens Communications in India

Footprints in India

- Over 8 million EWSD Lines. 350 PSTN Switches
- ISP Networks for BTNL, Mantra Online, Nepal Telecom
- 210K DSL (Digital Subscribers Lines) lines
- Broadband Wireless for Reliance, Dishnet, Bharti & Tata
- IP/MPLS based nationwide backbone network for Reliance
- Over 5,000 optical SDH equipment delivered
- Optical Fibre Cable backbones
- Major orders for ATM switches for Defence
- AMC Contract for EWSD switches with BSNL
- 42 MSCs installed
- Intelligent Networks for Mobile and Fixed Operators
- Present with all major operators in India for Mobile Solutions
- EDGE network for Idea Cellular
- Attained market leadership in GSM-R
- Acheived first GSM project in Nepal



Vision

- Migrate existing fixed line to Next Generation Networks
- Expand services in Home Entertainment Solution, DSL and Carrier Ethernet
- Achieve Market Leadership in 3G Infrastructure
- Become the direct supplier of Mobile Network infrastructure for all private and public operators
- Introduce rural solutions based on WiMax and other emerging technologies
- Indigenization of telecom equipment through local manufacturing
- Provide end-to-end telecom solutions including network management

Siemens in India



Merrill Lynch Great India Industrial Tour, 21.03.2006

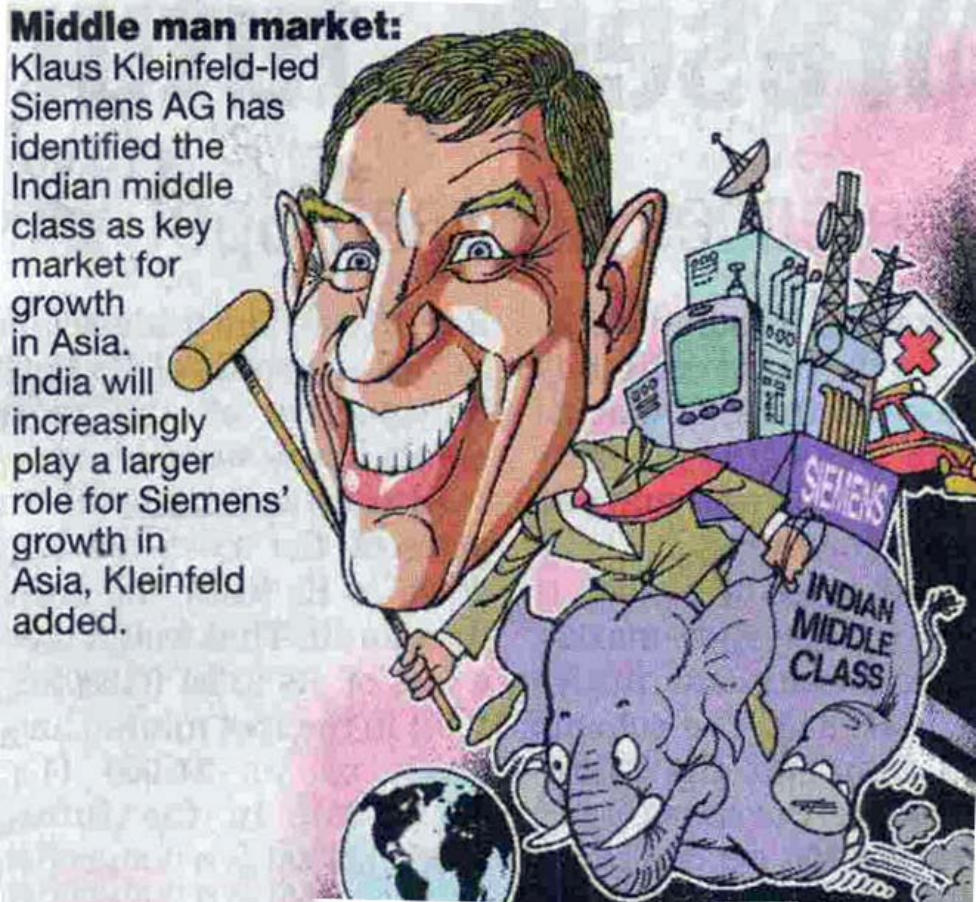
<i>Political and Economic situation in India</i>	3
<i>Siemens Group in India</i>	10
<i>Siemens Ltd. Companies in India</i>	16
Future Outlook	41



Future Outlook

- India is a focus country for Siemens for Asia
- Our financial situation is healthy and we are growing faster than the market
- We shall continue on “investment led growth strategy” with prime thrust on organic growth
However, we will keep our eyes open for M&A opportunities
- We are looking intensively in new business areas with potential
- We shall consolidate business with our existing customers through a “Siemens One Strategy”. Our unique portfolio gives us advantage of providing complete package under one roof
- Our strategy will be to increase market penetration, by further intensifying our sales channels. We shall also actively look at opportunities in the export market
- We shall continue with our strategic frame-work of Four Point Program
- We shall continue to fulfill our commitment towards society

India will increasingly play a larger role for Siemens' growth in Asia!



Source: Times Of India, New Delhi, 3rd Dec 2005



Reconciliations and definitions

"Group profit from Operations" is reconciled to "Income before income taxes" of Operations under "Reconciliation to financial statements" on the table "Segment information." See "Financial Reports/Fiscal 2005, Quarter 4 / Financial Statements" at our Investor Relations website under www.siemens.com

"ROE" (Return on equity) margin for SFS was calculated as SFS' income before income taxes divided by the allocated equity for SFS. Allocated equity for SFS as of September 30, 2005 was €983 million. See also Siemens' Form 20-F at our Investor Relations website under www.siemens.com

The allocated equity for SFS is determined and influenced by the respective credit ratings of the rating agencies and by the expected size and quality of its portfolio of leasing and factoring assets and equity investments and is determined annually. This allocation is designed to cover the risks of the underlying business and is in line with common credit risk management standards in banking. The actual risk profile of the SFS portfolio is monitored and controlled monthly and is evaluated against the allocated equity.

Siemens ties a portion of its executive incentive compensation to achieving economic value added (EVA) targets. EVA measures the profitability of a business (using Group profit for the Operating Groups and income before income taxes for the Financing and Real estate businesses as a base) against the additional cost of capital used to run a business, (using Net capital employed for the Operating Groups and risk-adjusted equity for the Financing and Real estate businesses as a base). A positive EVA means that a business has earned more than its cost of capital, and is therefore defined as value-creating. A negative EVA means that a business is earning less than its cost of capital and is therefore defined as value-destroying. Other organizations that use EVA may define and calculate EVA differently.

A reconciliation of EVA may be found on our Investor Relations website under www.siemens.com

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