

# Chairman's Statement

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Dear Shareholders,

During the financial year 2018-19, the global macro-economic and geo-political situation remained volatile and uncertain. The Indian markets mirrored the global scenario, with the business environment remaining challenging, particularly impacting manufacturing growth that slowed down across several sectors. The situation was accentuated by concerns on liquidity conditions and the risk averseness that prevailed amongst lending institutions. This in turn had spillover effects into other sectors of the economy.

In spite of pressures from global market conditions, India has over the years continued to remain one of the fastest growing major economies. It, however, needs to be emphasized that sectors such as power, infrastructure, transportation, steel and cement are in need of continuous capital investments to drive consistent, all-round economic growth. Only then would capacity utilization and investments in the manufacturing sector improve.

Despite these challenges, Siemens Limited performed well across businesses, delivering strong order growth. With its wide ranged portfolio, market-oriented organization structure, global technology leadership and a strong local competence, the Company is in a good position to partner the country in sustainable growth.

## Financial Performance – Highlights

For the financial year ended 30<sup>th</sup> September 2019, the Company received New Orders valued at ₹ 132,377 million, a 3.9 percent increase over ₹ 127,404 million in the financial year ended 30<sup>th</sup> September 2018. The Order Backlog as of 30<sup>th</sup> September 2019 stood at ₹ 118,795 million. Sales were up by 8.4 percent to ₹ 133,231 million, compared to ₹ 122,927 million in the previous year.

Profits from Operations stood at ₹ 12,584 million compared to ₹ 11,194 million in the previous year.

For the year ended 30<sup>th</sup> September 2019, the Company's Profit before Tax stood at ₹ 16,416 million compared to ₹ 13,912 million in the previous year, an increase of 18 per cent. The Profit after Tax for the year was ₹ 10,869 million, increase by 21.6 percent compared to ₹ 8,939 million in the previous year.

The Board of Directors of the Company has recommended a dividend of ₹ 7/- per equity share of face value of ₹ 2/- each for the Financial Year ended 30<sup>th</sup> September 2019.

## Business Performance – Highlights

From an operational perspective, the Company continued to focus on profitable growth, introducing innovative solutions to the market, and efficient working capital management.

Among the key highlights during the financial year, the Company was awarded an order to upgrade India's oldest HVDC link from Power Grid Corporation of India. The Company launched the Digital Experience and Application Center (DEX), a full-fledged testing, simulation and training center for the machine tool industry. The Company's Vadodara factory achieved a key milestone during the year when it rolled out the 1,000<sup>th</sup> steam turbine. It also built the 9000 HP propulsion system to boost Indian Railways' electrification and haulage capabilities which was entirely designed, built and manufactured in India. The Company also got an order to upgrade and modernize Hindustan Zinc Limited's Power Asset Fleet with state-of-the-art technology.

## Continued focus on Digitalization

The Company continued its commitment to generate sustainable value for its customers by leveraging technology solutions. In the financial year 2018-19, the Company expanded its set of digitalization reference projects. It now has over 100 reference cases delivered for over 50 customers across market segments. Many of these projects have brought substantial value to Siemens' customers in the form of productivity improvement, performance monitoring, process optimization, remote monitoring, energy efficiency, grid stability, remote diagnostics and process analytics.

It installed a state-of-the-art Remote Diagnostic Services (RDS) for GAIL (India) Limited covering 29 gas turbines across multiple locations in India. Real-time data analysis from these gas turbines helps the customer increase availability, reduce forced outages and enable proactive, predictive maintenance.

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Digital solutions for a global automotive original equipment manufacturer contributed to reduction of costs and enhancing productivity. With India's automotive industry competing in the global market, such companies need to transition to Industry 4.0 to reduce production costs, minimize defects, boost efficiency and shorten time to market for new products.

During the financial year 2018-19, the Company also launched a new MindSphere Application Center, a state-of-the-art digitalized technology center, supported by Siemens' MindSphere, an open, cloud-based IoT operating system that lets customers connect machines and physical infrastructure to the digital world and its thermodynamic digital twin. The MindSphere Application Center launched in Gurgaon, is the first in the world, specifically aimed at digital solutions for coal and steam-based power plants.

### **Business Responsibility**

The Company is committed to acting responsibly to achieve economic, environmental and social progress. It has been transforming communities across India through Corporate Citizenship initiatives through access to technology, access to education and sustaining communities. During the financial year 2018-19, the Company continued with its contribution to society and the environment through various initiatives.

In the area of education, the Company's scholarship program completed its seventh year and so far has provided holistic development support to 585 engineering students from 65 government engineering colleges across 23 States of India. Fifty percent of these scholarships are offered to girls. The Company also signed Memorandums of Understanding with two State governments – West Bengal and Gujarat – for propagation of Dual Vocational Education & Training (VET) in Government Industrial Training Institutes (ITIs). The program so far has positively impacted 87 ITIs and over 5,500 trainees. The Company's STEM Project (to promote curiosity-based learning in Science, Technology, Engineering and Mathematics) has been scaled up during the year – it now involves over 20,000 students in 75 schools across the country.

In the area of sustainable communities and environment, the Company's Project Asha focuses on 72 villages in Palghar and Aurangabad through interventions in education, healthcare, sanitation, water conservation, energy, livelihood and governance. Twenty-five of these villages were added in the financial year 2018-19. The Project has helped provide potable water as well as water for irrigation in numerous villages – over 150 million liters of rainwater has been harvested and over 1,100 acres of arable land brought under irrigation in the two districts.

### **People Excellence**

During the financial year, the company continued its focus on retention and development of talent, launching various programs specially in the areas of digitalization. Many initiatives have been taken by the Company to make it an employer of choice and a great place to work. The initiatives, which are ongoing, are centered around learning and development, health management, environment protection, health and safety.

### **Outlook**

While there are challenges in any business environment, India's overall macro fundamentals continue to remain stable. The government's efforts to introduce favorable reforms and policies have resulted in improved rankings on the ease of doing business. India also improved its ranking in the global innovation index, which is a positive, considering the role technology will play in improving India's economy. However, it is imperative that domestic demand picks up for economic growth to sustain, which will require government investments in infrastructure and large projects. India has to continue working on improving the ease of doing business and ensure a fair and stable business environment.

The Company has technology solutions and competence, which support and cater to the visionary programs of the government such as Make in India, Digital India, Power for All and Smart Cities. The Company will endeavor to increase its focus on providing digital solutions to enable greater productivity and be the preferred choice for customers across all segments of our business.

The Company has taken measures to increase its competitiveness and strengthen its capabilities and offerings. The strategy has been focused on prudence, profitable growth and operational excellence. India has been one of the top performing countries and the parent company's Managing Board has been very supportive towards its growth.

In conclusion, I would sincerely thank our customers, the board, the management, unions and most importantly, the dedicated employees for their consistent support and commitment to Siemens Limited during another challenging year.

**Deepak Parekh**  
Chairman