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The Board of Directors,
Siemens Limited
130, Pandurang Budhkar Marg
Worli, Mumbai - 400 018

4March 2016

Sub:Valuationof the Healthcare Division of Siemens Limited

Dear Sir,

We refer tothe engagement letter ("LoE"), wherein KPMG India Private Limited ("KPMG", "Us", "We") has been appointed as an independent valuer by Siemens Limited ("Siemens India", "the Client", "the Company", or "You") in relation to carrying out a valuation of its healthcare division ("Healthcare Division"/ "Target") as on the agreed date of valuation ("Engagement") for the purpose of evaluating potential sale of the Healthcare Division.

SCOPE AND PURPOSE OF THEVALUATION REPORT

Siemens India focuses on the areas of electrification, automation and digitalization. It is one of the leading producers of technologies for combined cycle turbines for power generation; power transmission and distribution solutions; infrastructure solutions for smart cities and mobility; automation and software solutions for industry, and also supplier of healthcare equipments.

The equity shares of the Company are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). The Company is headquartered in Mumbai.

The management of Siemens India ("the Management")is evaluating potential sale of the Healthcare Division ("Transaction") and in this connection has approached KPMG to carry out a valuation of the Healthcare Division, on a going concern basis, as on 31 December 2015 ("Valuation").

The Healthcare Division is engaged in trading of imported healthcare equipment and offers installation, maintenance, networking and clinical application support to its customers. Further, it also assembles equipment's and sells mainly in the domestic market.

This valuation report ("Valuation Report") is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

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SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the followinginformation:

- Management Business Plan of the Healthcare Division for the period from 1 January 2016 to 30 September 2025.
- Carved out provisional financial statements of Healthcare Division for the period from 1 October 2012 to 31 December 2015.
- Interviews and discussions with the Management to augment our knowledge of the operations of the Healthcare Division.
- Other information, explanations and representations that were required and provided by the Management.
- Such other analysis, review and enquires, as we considered necessary.

For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Management. We have not independently verified the accuracy or timeliness of the same.

The Management has been provided with the opportunity to review the draft valuation report for this Engagement to make sure that factual inaccuracies are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The service does not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Valuation Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our Engagement; and (ii) are based on the carved out balance sheet of the Healthcare Division as on 31 December 2015. A valuation of this nature is necessarily based on prevailing financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

The Valuation is based upon information furnished by the Management to us until 1 March 2016 and other sources. Our Valuation will however not be used as a sole basis for any purchase /sale decision.

In the course of the Valuation, we were provided with both written and verbal information, including market, technical, financial and operating data.

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In accordance with the terms of our Engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and (ii) the accuracy of the information of the Healthcare Division, made available to us by the Management. We have not carried out a due diligence or audit of the Healthcare Division for the purpose of this Engagement, nor have we independently investigated or otherwise verified the data provided. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management is accurate. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by the Healthcare Division. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements in the information provided to us may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors or omission in the information furnished by the Management and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the HealthcareDivision. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

ThisValuation Report assumes that the HealthcareDivision is fully compliant with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that itis managed in a competent and responsible manner. Further, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the provisional balance sheet of the Healthcare Division.

This Valuation Report does not look into the business/commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, thisValuation Report does not address the relative merits of the Transaction as compared with any other alternative business transactions, or other alternatives, or whether or not such alternatives could be achieved or are available. The decision on whether or not to proceed with the Transaction solely rests with the Company.

No investigation of the HealthcareDivision's claim to title of assets has been made for the purpose of this Valuation Report and the Management's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The book values of the assets and liabilities of the Healthcare Division have been considered as representative of their intrinsic value in the absence of any report of external valuers.

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We must emphasize that realization of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the financial forecast. Since the financial forecast relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Company which has engaged us and nobody else.

Any other party intending to provide finance/ invest in the Healthcare Division/ shares of the Company or the Siemens group companies, shall complete its own due diligence to the extent it considers necessary and seek their own professional advice to ensure that they are making an informed decision. It should be understood that the reading of the Valuation Report does not substitute such party's due diligence.

We do not accept any liability to any third party in relation to the issue of this Valuation Report.

This Valuation Report is subject to the laws of India.

The Valuation Report will be issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without our prior written consent, except as agreed in the LoE.

Our Valuation Report is confidential to the Client and will be used by the Client in connection with the Transaction only. You have informed Us that it may be necessary for you to provide a copy of our Valuation Report to regulatory authorities, stock exchanges and Company's shareholders. Also, a copy of the Valuation Report would be uploaded on the website of the Company for information purposes only. Further,

- We are responsible only to the Client for the services provided and expressly disclaim assuming responsibility or liability to any other party, including the shareholders of the Company;
- Access to the Valuation Report is provided only for information purposes and does not entitle any other party to rely upon the contents of the Valuation Report;
- Any disclosure of the Valuation Report is solely for the purpose of the Transaction and not for any other purpose.

Any other party reading the Valuation Report shall not make any claim on KPMG for matters arising out of or consequent upon the reading of the Valuation Report.

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The values at which investments are made or price paid in a transaction may differ from the values presented in this report on account ofvarious factors, interalia, the negotiation skills, financing/ structuring of the transaction, motivation of the buyer, stake acquired etc, which are unique to the transaction.

In addition, this report does not in any manner address the prices at which equity shares of SiemensIndia will trade following consummation of the Transaction.We express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

BACKGROUND OF THE TRANSACTION

Siemens India is listed on the NSE and BSE and is headquarted in Mumbai. Shareholding pattern of the Company as on 31 December 2015 is as follows:

Particulars	**Shareholding (%approx.)**
Promoters and promoter group	75.00
Public shareholding:	
Institutional	13.95
Non – institutional	11.05
Total	**100.00**

Source: NSE, Companyfilings

The Healthcare Division is engaged in trading of imported healthcare equipment and offers installation, maintenance, networking and clinical application support to its customers. Further, it also assembles equipment's and sells mainly in the domestic market.

The Healthcare Division operates in three business segments, namely:

- Imaging – Magnetic resonance imaging, computer tomography, angiography systems, etc.
- Consumer products – X-ray equipments, ultrasound systems, mammography, surgery systems, etc.
- Diagnostics – In vitro diagnostics, in vivo diagnostics, reagents and consumables, etc.

The Healthcare Division predominantly provides services in tier I cities currently. Future plans include increased focus on tier II and tier III cities.

APPROACH - BASIS OF TRANSACTION

The Transactioncontemplates the potential sale of the Healthcare Division.

There are several commonly used and accepted methods for determining the value of a company/ target, which have been considered in the present case, to the extent relevant and applicable, including:

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1. Discounted Cash Flow method
2. Comparable Company' Multiples method / Guideline Company method
3. Comparable Transaction method
4. Market Price method
5. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control.In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company/ Healthcare Division.In addition, theValuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Company/ Healthcare Division, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done.Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Discounted Cash Flows ("DCF") Method

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit

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forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.

We have used discounted cash flow method in our valuation. For the purpose of DCF analysis, the free cash flow forecast is based on financial projections and assumptions therein of the Healthcare Division, for the period 1 January 2016 to 30 September 2025, provided by the Management.We have thereafter considered the terminal value of the Healthcare Division.

Based on our analysis of the Healthcare Division, we have considered a WACC in the range of 10.86 per cent to 11.36 per cent.

Comparable Companies' Multiple (CCM) / Guideline Company method

Under this method, value of a company/ target is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

The value of shares/business of the company/target under the Comparable Companies method is determined based on market multiples of publicly traded comparable companies. Although, no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company/target. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

Given the absence of listed companies in the publicly traded space, which would have nature of operations / business model materially similar to that of the Healthcare Division, we have not adopted this approach in the Valuation.

Comparable Transactions Multiple (CTM)

Under this method, valuationof a company/target is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifest through the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

The value of shares/business of a company under the Comparable Transactions method is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company/ target. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

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We have not used comparable transactions method considering different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts etc. embedded in transaction values.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in.

The value of a company is arrived at considering the market price of the company based on the daily moving averages of the volume traded weighted average price on the stock exchange where the company's shares are most frequently traded.

Given that the Healthcare Division is not a listed company,we have considered the market price of Siemens India which is listed on NSE and BSE.We have estimated the EV/EBIT multiple for Siemens India, based on 60 trading days and 1 month volume weighted average pricesand applied the same on the EBIT of the Healthcare Division.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, on a book value or realizable value or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the asset base dominates earnings capability. Considering the aforementioned, we have not considered this method for the Valuation.

BASIS OF VALUATION

The basis of valuation of the Healthcare Division would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of valuation it is necessary to arrive at a range of values for the Healthcare Division. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have used the Discounted Cash Flow method and the Market Price method for the Valuation.

We have assigned appropriate weightages to the values arrived at using the DCF methodand the Market Price Method for the valuation of the Healthcare Division, on going concern basis.

The Valuation has been arrived at based on the various methodologies explained herein and various qualitative factors relevant to the HealthcareDivision and the business dynamics and growth potential

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of the HealthcareDivision, having regard to information base, key underlying assumptions and limitations.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a company/target. This concept is also recognised in judicial decisions.

Based on the information and explanation provided to us, and considering all the relevant factors and circumstances as discussed and outlined hereinabove, the valuation of the Healthcare Division, on going concern basis as at 31 December 2015, in our opinion is estimated to be in the range of INR 29,376 million to INR 31,994 million.

Respectfully submitted.

For KPMG India Private Limited

Amit Jain
Partner – Deal Advisory - Valuations

Dated: 4March 2016

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