SIEMENS

Press Information

Mumbai
January 13, 2009

Further to the announcement made by Siemens Ltd. on January 9, 2009 regarding the transfer of its 100% stake in Siemens Information Systems Ltd. (SISL) to a subsidiary of Siemens AG, the company states the following:

Globally, in November 2008, Siemens AG had announced the bundling of its software development capabilities for its three sectors Industry, Energy and Healthcare by creating a central software house under the umbrella of Corporate Technology (CT) department for its captive business. Consequently, the business of our software subsidiary, SISL has been aligned with the parent group, wherein, SISL will have a dual mandate. First, it will serve as a software factory for the company's R&D and product development initiatives globally. Second, SISL will continue to operate as an offshore development centre for Siemens IT Solutions and Services group globally for its external customers, while continuing to cater to the domestic market in niche segments.

Currently, about 70% revenues of SISL are from captive business coming from the parent company, which decides the product development strategies and market focus. The global realignment meant that the business model changed from an 'entrepreneurial' to a 'factory' model to leverage India's cost advantage making it globally competitive. This resulted in lower profit margins for SISL. For the year ended September 2008, Sales revenue for SISL were Rs 994 crore with Profit Before Tax (PBT) of Rs 73 crore as compared to Rs 1,023 crore and Rs 160 crore respectively for the corresponding period ended September 2007.

In view of the above, the Board has approved the transfer of the SISL business in India to a subsidiary of Siemens AG at a price of Rs. 449 crore. An independent internationally reputed firm, Grant Thornton was appointed for the valuation.

According to Dr Armin Bruck, Managing Director, Siemens Ltd., "The realignment of software business is primarily keeping in mind interest of our shareholders by separating out the low margin business and focusing on acquiring higher margin businesses that strategically fit the portfolio, as well as expanding capacities in our core sectors. Portfolio review is an on-going process to ensure market competitiveness and profitable growth."

Siemens Ltd.

Dr Armin Bruck
Managing Director
130, Pandurang Budhkar Marg,
Worli, Mumbai - 400 018.
Tel. : (022) 24987000
Fax : (022) 24987500

Reference No. CC/PR/CRP 01/2009

Corporate Communication - Press Office
Ms. Kavita Ghatge
130, Pandurang Budhkar Marg,
Worli, Mumbai - 400 018.
Tel. : (022) 24987024 / 24987535
Fax : (022) 24968085