

Siemens Limited

Exhibit A to the Stock Exchange Announcement dated 8th November, 2014 for sale of Metals Technologies Business

The Company's parent company, Siemens Aktiengesellschaft, Germany ("**SAG**") has entered into an agreement dated 6th May, 2014 with Mitsubishi-Hitachi Metals Machinery, Inc. ("**MHMM**") and Mitsubishi Heavy Industries ("**MHI**") for setting up a Joint Venture ("**JV Co.**"): a) to operate in the business of metallurgical industry as a complete provider of plant, products and services for the iron, steel and aluminum industry ("**MT Business**"); and b) pursuant to the aforementioned agreement the parties of such Agreement have agreed to transfer their existing MT Businesses including the MT Business of the Siemens group worldwide (including the MT Business of Siemens Limited) to JV Co. According to the agreement, MHMM will hold a 51% and SAG a 49% stake in JV Co.

Consequent to the above, SAG would be transferring all its sales and IPR rights, including rights vested by SAG in Siemens Limited ("**SL**" or the "**Company**"), for the MT Business to JV Co., in which it has a minority stake.

Pursuant to the decision of SAG to transfer its MT Business globally to JV Co., SAG vide its letter dated 2nd June, 2014 informed the Company regarding the same. Consequently, the Board of Directors (the "**Board**") of the Company at its meeting held on 3rd June, 2014 approved in principle to sell and transfer the Metals Technologies business of the Company to a designated entity subject to such terms and conditions as may be decided later on.

Pursuant to the Order of the Hon'ble High Court of Judicature at Bombay dated 17th August, 2012 Siemens VAI Metals Technologies Private Limited ("**VAI Metals**") (a 100% subsidiary of Siemens VAI Metals Technologies GmbH, Austria) and its wholly owned subsidiary Morgan Construction Company India Private Limited ("**Morgan**") amalgamated with the Company. The Appointed Date and Effective Date for the said Amalgamation were 1st October, 2011 and 1st October, 2012, respectively. SL was engaged, amongst others, in the business of Electrics and Automation for steel making plants. The operations of VAI Metals included providing Metallurgical Plant Building Technology catering services. Morgan was engaged in the business of design & engineering, equipment supply and supervision of erection & commissioning of wire rods and bar mills. The objective of the amalgamation was to achieve forward integration and lead to a more efficient utilization of capital and create a stronger base for future growth of the Company as also significant synergies to the benefit of shareholders of the Company. Consequent to the amalgamation, the Metals Technologies business ("**MT Business India**") was carried on as an integrated activity by the Company.

The Valuers - Grant Thornton had recommended a ratio of exchange of 1,318 Equity Shares of the Company of Rs. 2/- each fully paid for every 100 Equity Shares of VAI Metals of Rs. 100/- each fully paid based on a valuation of Rs. 10,232.7 million of VAI Metals (including Morgan). The market price of the Equity Shares of the Company based on the higher of the 26 week high low average price and 2 week high low average price was fixed at Rs. 871.5 per share. The valuation was arrived at by

using Discounted Cash Flow basis and future revenues were considered as a combination of three elements:

- a) The existing business
- b) A new manufacturing activity to be started with the help of SAG
- c) Expected export earnings through SAG offices worldwide. Siemens Limited

ICICI Securities Limited had given a Fairness Opinion certifying that the aforementioned valuation done by M/s Grant Thornton was fair and reasonable.

The published Unaudited Financial Results (subjected to limited review) for the 3rd Quarter / Nine Months ended 30th June, 2014 of the Company, included the financial results of MT Business India as discontinued operations, as under:

(Rs. in Lakhs)

Particulars	Unaudited quarter ended			Unaudited nine month ended		Audited Year ended
	30.06.2014	31.03.2014	30.06.2013	30.06.2014	30.06.2013	
Revenue	18,654.82	18,396.37	22,376.70	55,811.62	59,371.48	84,555.52
Profit / (Loss) before tax	44.74	(1,233.61)	(2,823.72)	(1,387.65)	(4,332.38)	(1,334.41)
Capital employed	27,007.16	22,059.07	35,104.04	27,007.16	35,104.04	23,032.46

The reasons for these losses have been the general economic slump and particularly in the Steel Industry as also the fact that the new manufacturing activity has not commenced and the expected exports have not materialized due to the world economic slowdown.

The MT Business India constitutes about 5% of the worldwide Metals business of SAG. Further, currently the MT Business India forms less than 7% of the total business of the Company and employs about 750 employees. The Company currently has unexecuted orders of approximately Rs.19 billion which would take two to three years to complete.

Consequent to the transfer of the Metals Technologies business globally, all know-how, licenses and overall business expertise of SAG and/or its group company(ies) pertaining to the metals business will be transferred to the JV Co.

The MT Business India has been valued by Deloitte Touche Tohmatsu India Private Limited ("Deloitte") at Rs. 7.0 billion approximately (copy of this report would be available on the website of the Company). The Company had discussions with SAG and represented that the value of Rs. 7.0 billion was much lower than the value assigned to the MT Business India in 2011 and this was due to following three reasons:

- a) the slow-down in the Indian economy and particularly in the steel industry which was reflected in the losses incurred in the MT Business India.
- b) the delay in starting the new manufacturing activity with the help of SAG.
- c) the absence of the anticipated export sales which were expected through SAG offices.

The Company had suggested to SAG that while they can accept the lower value to the extent it is affected by the slow down, if the last two factors had not been considered in 2011, the valuation at that date would have been lower by Rs. 1.67 billion and requested SAG to consider this factor. SAG considered the request of the Company and agreed that while it was not possible to transfer the business to the JV Co. at any value other than the value determined by Deloitte, namely Rs. 7.0 billion, they would purchase the business at a value of Rs. 8.57 billion through a 100% subsidiary in India which would later transfer the business to the JV Co.

The Board at its Meeting held on 7th August, 2014 and the Committee of the Board at its Meeting held on 8th August, 2014, approved the sale and transfer of MT Business India along with all its employees as well as assets and liabilities including all concerned licences, permits, consents and approvals whatsoever, to Siemens Postal and Parcel Logistics Technologies Private Limited (the then proposed name), a 100% subsidiary of SAG with effect from the close of business hours on 30th September, 2014 as "going concern" and by way of a slump sale for a lump sum consideration of Rs. 8,572 million.

The aforementioned proposal for sale of the MT Business India to the subsidiary of SAG was therefore recommended for approval by the shareholders by way of Postal Ballot in terms of Notice dated 8th August, 2014. SAG (along with its subsidiary) holding 75% of the share capital and being an interested party could not vote. In response thereon, the Company received votes representing 6% of the total shares of the Company out of which 54.01% voted in favour of the resolution and 45.99% voted against the resolution. The said resolution being a Special Resolution required not less than three-fourth of the number of the valid votes to be in favour of the resolution. Accordingly, the said resolution was not approved by the shareholders by requisite majority.

The Company is largely dependent on technological support from the parent company with regard to design engineering and manufacturing competence as also project management and commissioning expertise for executing projects pertaining to MT Business India. Accordingly, if MT Business India is not sold, the following consequences will follow:

- a) Once SAG and/or its Group company transfers the business to the JV Co., which starts the metals business in India through its own subsidiary, the Company will have no choice but to discontinue the MT Business India as it is largely dependent on technological support from SAG and/or its Group company with regard to MT Business India as the sale of the products is covered by Agency & Distributorship Agreement as also License Agreement relating to know-how and intellectual property relating to construction, manufacture and sale of certain products which will be terminated and without such technological support, the Company will not be able to continue the operations relating to MT Business India.
- b) Accordingly, the Company would face difficulties in executing the pending orders which it holds and to which it is committed and the failure to execute the pending orders may invite heavy penalties and damages apart from the reputational loss.
- c) The above would impact about 750 persons employed in the MT Business India with consequential financial implications.

The above factors would result in the Company incurring substantial losses.

In the meantime, SAG have vide their letter dated 6th November, 2014 while noting with deep disappointment that the required level of approval from shareholders was not received, have without precedence, offered to increase the consideration to Rs. 10,232.7 million which, as stated above, was the value assigned to the business at the time of the amalgamation of VAI Metals and its subsidiary (Morgan) with the Company, as it is of highest interest for them to conclude the matter.

The Board considered that the revised offer from SAG is more than fair and that the sale of the MT Business India to SAG at Rs. 10,232.7 million would be in the best interest of the Company and therefore recommends the proposal for consideration of the shareholders.