SIEMENS

SIEMENS LIMITED

CIN : L28920MH1957PLC010839

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Notice pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014

Dear Member(s),

NOTICE is hereby given pursuant to Section 110 of the Companies Act, 2013 (the "**Act**") read with the Companies (Management and Administration) Rules, 2014 ("**Chapter VII Rules**") including any statutory modifications, re-enactments or amendments thereto, that Siemens Limited (hereinafter referred to as "**SL**" or "**Siemens**" or the "**Company**") proposes to sell and transfer its Metals Technologies Business, which in all material respects, is the business acquired in the year 2012 pursuant to a Scheme of Amalgamation of Siemens VAI Metals Technologies Private Limited and Morgan Construction Company India Private Limited with the Company ("**MT Business India**") as "going concern" and by way of a slump sale to a subsidiary (which is being incorporated) of Siemens VAI Metals Technologies GmbH, Germany with effect from the close of business hours on 31st December, 2014 ("**Proposed Transaction**") for a lump sum consideration of Rs. 10,232.7 million.

In terms of Section 2(76) of the Act and Clause 49 of the Listing Agreement entered into with the Stock Exchanges (**"Clause 49"**), any other subsidiary company of the Company's holding company i.e. Siemens AG would qualify as a related party of the Company. Further, as the Proposed Transaction is a related party transaction, approval of members by way of a Special Resolution pursuant to the provisions of Section 188 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 ("**Chapter XII Rules**") (as amended from time to time) and Clause 49 would be required. Accordingly, the proposed special resolution ("**Resolution**") and the Statement setting out the material facts thereof is being sent to you along with a Postal Ballot Form (**"Form"**) for your consideration.

In compliance with the provisions of Section 110 of the Act read with Chapter VII Rules and the Listing Agreement entered into with the Stock Exchanges, the Company also offers e-voting option to all the Members. For this purpose, the Company has made an arrangement with National Securities Depository Limited ("**NSDL**") for facilitating e-voting as an alternate for the Members to enable them to cast their vote electronically instead of returning the duly completed Form.

The Members are requested to read the instructions printed on the Form carefully for the voting via physical ballot / electronic mode. The Members who opt for voting via physical ballot are requested to send the Form duly completed and signed, in the enclosed postage prepaid self-addressed envelope so as to reach the Scrutinizer on or before the close of working hours on Friday, 12th December, 2014.

In accordance with Chapter VII Rules, the Notice of the Postal Ballot would also be uploaded on the Company's website www.siemens.co.in under 'Investor Relations' section. The Board of Directors of the Company has appointed Mr. P. N. Parikh of Messrs Parikh Parekh & Associates, Practicing Company Secretaries, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny of the Postal Ballots and the result thereof will be announced on Monday,15th December, 2014 at the Registered Office of the Company and intimated to the Stock Exchanges where the shares of the Company are listed. Additionally, the result will also be uploaded on the Company's website www.siemens.co.in and published in the newspapers.

In the event the Resolution is approved by requisite majority of Members, the date of declaration of the result shall be deemed to be the date of passing of the said Resolution.

RESOLUTION:

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, applicable provisions, if any, of Clause 49 of the Listing Agreement entered into with National Stock Exchange of India Limited and BSE Limited (including any statutory modification, re-enactments and amendments thereof for the time being in force) and Memorandum and Articles of Association of the Company and subject to other approvals, consents, permissions and sanctions as may be required from the concerned statutory / regulatory authorities and subject to such terms and conditions as may be imposed by them, if any, consent of the Company, be and is, hereby accorded to the Board of Directors of the Company (the "**Board**", which expression shall include any committee thereof) to sell and transfer the Company's Metals Technologies Business, which in all material respects, is the business acquired pursuant to a Scheme of Amalgamation of Siemens VAI Metals Technologies Private Limited and Morgan Construction Company India Private Limited with the Company (**"MT Business India")**, along with all the employees as well as all assets and liabilities of MT Business India including the concerned licenses, permits, consents, approvals whatsoever, as "going concern" and by way of a slump sale to a subsidiary (which is being incorporated) of Siemens VAI Metals Technologies GmbH, Germany with effect from the close of business hours on 31st December, 2014 for a lump sum consideration of Rs. 10,232.7 million.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalizing the terms and conditions, methods and modes in respect thereof, determining the exact effective date, if needed to be changed and finalizing and executing necessary documents, including contracts, schemes, agreements, deeds of assignment / conveyance and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including Governmental authorities in this regard, and deal with any matters, take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board, be and is, hereby authorised to delegate all or any of the powers herein conferred, to any Director or Company Secretary or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects."

By Order of the Board of Directors and Committee of Directors
For **Siemens Limited**



Ketan Thaker
Company Secretary

Mumbai
8th day of November, 2014

Registered Office: 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.

Notes:

1) Statement setting out material facts as provided under Section 102(1) of Companies Act, 2013 (the **"Act"**) is annexed hereto.

2) Notice along with the Statement setting out Material Facts and the Postal Ballot Form is being sent to members:

   (a) whose names appeared as Beneficial Owners as at the end of business hours on 31st October, 2014 in the list of Beneficial Owners furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in dematerialized form; and

   (b) whose names appeared as Members in the Register of Members of the Company on 31st October, 2014.

3) As per Section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot may be served on the Members, *inter-alia,* through electronic means. Members, who have registered their e-mail IDs with depositories or with the Company, are being sent this Notice of Postal Ballot by e-mail and the members who have not registered their e-mail IDs will receive Notice of Postal Ballot alongwith Postal Ballot Form through post/courier. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Form may download the Form attached in the email or from the link www.evoting.nsdl.com or from the 'Investor Relations' section on the Company's website www.siemens.co.in and send the duly completed and signed form to the Scrutinizer.

Statement setting out Material Facts pursuant to Section 102(1) of the Companies Act, 2013 (the "Act")

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

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 months ended		Audited Year ended
	30.06.2014	31.03.2014	30.06.2013	30.06.2014	30.06.2013	30.09.2013
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 is 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.

Consequently, the Board at its Meeting held on 5th November, 2014 and the Committee of the Board at its Meeting held on 8th November, 2014 approved the sale and transfer of the MT Business India, which in all material respects is the business acquired consequent upon amalgamation of VAI Metals and Morgan with the Company, along with all its employees as well as assets and liabilities including all concerned licences, permits, consents and approvals whatsoever, to a subsidiary (which is being incorporated) of Siemens VAI Metals Technologies GmbH, Germany with effect from the close of business hours on 31st December, 2014 (**"Proposed Transaction"**) as "going concern" and by way of a slump sale for a lump sum consideration of Rs. 10,232.7 million (being a negotiated price, which is higher than the external valuation conducted by Deloitte and equivalent to the value assigned to the business at the time of the amalgamation of VAI Metals and Morgan with the Company).

The proposed sale and transfer will be in conformity with the proviso to Section 25FF of the Industrial Disputes Act, 1947, ensuring that the services of concerned employees presently numbering about 750 engaged in MT Business India will be transferred with continuity of service and on the terms and conditions of service, no less favorable than the existing ones.

The Proposed Transaction is a related party transaction under Section 188 of the Act as also under Clause 49 of the Listing Agreement entered into with the Stock Exchanges (**"Clause 49"**). The Company is accordingly proposing this resolution for the consideration of the Members.

The Board is of the opinion that based on the reasons elucidated above; it would be in the best interest of the Company, concerned employees and its shareholders to sell and transfer the MT Business India and hence recommends the Resolution for your approval. Except Mr. Joe Kaeser, Dr. Roland Busch, Mr. Johannes Apitzsch and Ms. Mariel von Drathen being representatives of SAG, none of the other Directors and/or any Key Managerial Personnel of the Company and/or their relatives are concerned or interested in this Resolution.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

(a) **Name of the Related Party** – a subsidiary (which is being incorporated) of Siemens VAI Metals Technologies GmbH, Germany.

(b) **Name of the Director or Key Managerial Personnel who is related, if any** – None except Mr. Joe Kaeser, Dr. Roland Busch, Mr. Johannes Apitzsch and Ms. Mariel von Drathen being representatives of SAG on the Board of the Company.

(c) **Nature of Relationship** – The proposed buyer would be a subsidiary of Siemens VAI Metals Technologies GmbH, Germany which in turn is a subsidiary of SAG, to which the Company is also a subsidiary.

(d) **Nature, Material Terms, Monetary Value and Particulars of the contract or arrangement** – The Proposed Transaction involves sale and transfer of the MT Business India of the Company to a subsidiary of Siemens VAI Metals Technologies GmbH – Germany, from the close of business hours on 31st December, 2014 as "going concern" and by way of a slump sale for a lump sum consideration of Rs. 10,232.7 million.

(e) **Any other information relevant or important for the members to take a decision on the proposed resolution** - All important information forms part of the Statement setting out Material Facts pursuant to Section 102(1) of the Companies Act, 2013 which have been mentioned in the foregoing paragraphs.

By Order of the Board of Directors and Committee of Directors
For **Siemens Limited**



Ketan Thaker
Company Secretary

Mumbai
8th day of November, 2014

Registered Office: 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.

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