SIEMENS

REPORT OF THE MEETING OF COMMITTEE OF INDEPENDENT DIRECTORS OF SIEMENS LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN SIEMENS LIMITED AND SIEMENS ENERGY INDIA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON TUESDAY, 14TH MAY 2024 AT 12.53 P.M.

The following Independent Directors were present:

1.	Mr. Shyamak R. Tata	-	Chairman
2.	Mr. Anami Roy	-	Member
3.	Ms. Sindhu Gangadharan	-	Member

1. Background

1.1. A meeting of the Committee of Independent Directors of Siemens Limited ("**Company**" or "**Demerged Company**") was held on 14th May 2024 to *inter alia* recommend the draft Scheme of Arrangement between Siemens Limited and Siemens Energy India Limited ("**Resulting Company**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").

1.2. The Company is a public company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

1.3. The Resulting Company is a public company incorporated under the provisions of the Act and it is a wholly owned subsidiary of the Company.

1.4. This report of the Committee of Independent Directors is made in order to comply with the requirements of the Paragraph A.2.(i) of Part I of SEBI Master Circular on Scheme of Arrangement dated 20 June 2023 bearing reference no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 ("**SEBI Master Circular**") read with Securities and Exchange Board of India ("**SEBI**") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

1.5. In connection with the Scheme, *inter alia*, the following documents, duly initialed by the Company Secretary of the Company for the purpose of identification, were placed before the Committee of Independent Directors:

(a) Draft Scheme;

(b) Share entitlement ratio report dated 14th May 2024 issued by Ernst & Young Merchant Banking Services LLP (Registration No. IBBI/RV-E/05/2021/155), Registered Valuer ("**Share Entitlement Ratio Report**"), describing the methodology adopted in arriving at the share entitlement ratio;

(c) Fairness opinion report dated 14th May 2024 issued by Axis Capital Limited (SEBI Merchant Registration No. MB/INM000012029), an Independent SEBI registered Merchant Banker ("**Fairness Opinion**"), providing its opinion on the share entitlement ratio specified in the Share Entitlement Ratio Report;

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(d) Draft certificate issued by Price Waterhouse Chartered Accountants LLP, Chartered Accountants, (Firm Registration No. 012754N/ N500016), the Statutory Auditors of the Company, confirming the accounting treatment prescribed in the Scheme; and

(e) Draft certificate issued by Price Waterhouse Chartered Accountants LLP, Chartered Accountants, (ICAI Firm Registration No. 012754N/ N500016), Statutory Auditors of the Company certifying the undertaking clearly stating the reasons for non-applicability of conditions specified in Paragraph A.10.(b) read with Paragraph A.10.(a) of Part I of the SEBI Master Circular.

2. Proposed Scheme of Arrangement

2.1. Need for the Demerger and Rationale of the Scheme

(i) The Demerged Company is part of the Siemens group, a technology group that is globally active, focusing on the areas of automation and digitalization in the process and manufacturing industries, intelligent infrastructure for buildings and distributed energy systems, and smart mobility solutions. Siemens Aktiengesellschaft ("**Siemens AG**"), incorporated in Germany, is the parent company of the Siemens group. The Demerged Company is one of India's largest multi-national conglomerates with interests in multiple businesses.

(ii) Siemens AG demerged its energy business globally in the year 2020 and in continuation of the aforesaid strategy, it is now proposed to demerge the Energy Business of the Demerged Company into an independent company whose equity shares will be listed on the Stock Exchanges (i.e. the Resulting Company).

(iii) The demerger is proposed with the aim to ensure that both the Energy Business and the Remaining Business focus on their core activities, portfolios and capital allocation. This will enable both businesses to have independent and focussed management and adopt a clear, direct and tailored go-to-market and operational approach for the respective businesses to leverage the full potential of the Indian and export markets.

(iv) The strategic and operational separation of the Energy Business from the Remaining Business of the Demerged Company will help the businesses achieve strategic independence, financial flexibility, reduce complexities and dependencies and will sharpen strategic profiles of both the businesses.

(v) The nature and competition involved in the Energy Business is distinct from the other businesses within the Demerged Company. In order to foster the growth of the Energy Business, differentiated strategy aligned to industry specific risks, market dynamics and focused approach is required.

(vi) The following benefits are expected to accrue on demerger of the Energy Business:

(a) formation of a company focussing solely on Energy Business will strengthen the investment and risk profile of the business;

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(b) the changing market environment requires constant decision making on the strategic orientation of the Energy Business, and as an autonomous and independent company, the Energy Business will be able to react to short term market and industry trends in a more flexible, quicker and resolute manner resulting in a strong, focused company with operations spanning the entire energy value chain including the service business;

(c) better capital allocation in accordance with the focused strategic orientation of the business;

(d) create greater visibility of the business and strengthen the internal and external identity thereby defining its corporate profile and its perception in the greater public;

(e) such specialised company can attract different sets of investors, strategic partners and other stakeholders having a specific interest in the Energy Business; and

(f) unlocking the value of the Energy Business for the shareholders of the Demerged Company through an independent market driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme.

(vii) The Scheme is in the interests of all stakeholders of the Demerged Company and the Resulting Company.

2.2. Synergies of business of the Companies involved in the Scheme

The background and information of the Company and the Resulting Company is, *inter-alia*, as under:

(a) The Company is a technology company focused on industry, infrastructure, transport as well as transmission and generation of electrical power. From more resource-efficient factories, resilient supply chains, and smarter buildings and grids, to cleaner and more comfortable transportation, the Company creates technology with purpose adding real value for customers. By combining the real and the digital worlds, the Company empowers its customers to transform their industries and markets, to transform the everyday for people.

(b) The Resulting Company is incorporated to carry on the Energy Business (*as defined in the Scheme*) of the Company; and

(c) Upon demerger, the benefits and synergies as mentioned in Paragraph 2.1 above shall be derived by the Company.

2.3. Impact of the Scheme on the Company and its shareholders and Scheme not detrimental to the shareholders of the Company

(a) Pursuant to the Scheme, it is proposed to demerge, transfer and vest the Demerged Undertaking (*as defined in the Scheme*) from the Company into the Resulting Company, on a *going concern* basis and the Scheme will result in benefits and/or synergies to the Company as listed in Paragraph 2.1 and 2.2 of this report;

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(b) Further, in consideration for the transfer and vesting of the Demerged Undertaking of the Company to the Resulting Company, all the equity shareholders (promoter and non-promoter) of the Company, as on the Record Date (*as defined in the Scheme*) shall receive equity shares of the Resulting Company in the same proportion as their holding in the Company. There will be no change in the economic interest of the shareholders of the Company, before and after Scheme. Further, once the Scheme is effective, the Resulting Company will have replica/ mirror shareholding of the Company; and

(c) Upon the effectiveness of the Scheme and subject to receipt of regulatory approvals, the equity shares of the Resulting Company issued as consideration to the shareholders of the Company in terms of the Scheme, will be listed on BSE Limited and the National Stock Exchange of India Limited.

3. Recommendation of the Committee of Independent Directors

The Committee of Independent Directors after due deliberations and detailed discussions, and *inter alia* taking into consideration the draft Scheme, Share Entitlement Ratio Report, Fairness Opinion and draft certificates to be issued by the Statutory Auditor of the Company, have noted the rationale, benefits and the impact of the Scheme on shareholders and other concerned. Based on the foregoing, the Committee of Independent Directors is of the informed opinion that the Scheme is not detrimental to the shareholders of the Company, and hereby recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Committee of Independent Directors

For and on Behalf of
Siemens Limited

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Shyamak R. Tata
Chairman of the Meeting
Committee of Independent Directors
DIN: 07297729

Place: Mumbai
Date: 14th May 2024