

## SIEMENS LIMITED

1. This is with reference to the analyst call that Siemens Limited (the "Company") had on 19<sup>th</sup> May 2023, informing about the proposal to sell the Company's low voltage motors and geared motors businesses, including the respective customer service business (the "LVM Business") to Siemens Large Drives India Private Limited with effect from 1<sup>st</sup> October 2023 for a consideration of Rs. 2,200 crore (the "Proposed Transaction").

We would like to draw attention to the below aspects (addressed in the analyst call):

- The consideration for the Proposed Transaction is based on a valuation carried out by Grant Thornton Bharat LLP (the "Valuer"). ICICI Securities Limited, a Category I merchant banker, has given a fairness opinion certifying that the valuation of the LVM Business carried out by the Valuer is fair.
- The Valuer has applied the following methodologies:
  - discounted cash flow (DCF) method considering a weighted average cost of capital of 12.4% (the LVM Business does not have a portfolio to serve the high growth infrastructure market and is present primarily in the industrial segment); and
  - market multiple method considering the median enterprise value to trailing twelve months earnings before interest, taxes, depreciation and amortization of identified comparable companies.
- Please note the following with respect to the application of the market multiple method:
  - In the view of the Valuer, none of the Company's competitors are "pure play comparables", i.e. only active in the low voltage motors and geared motors business. At best, they generate less than half of their total volumes with similar motor products and services. Therefore, directly comparing the Business with the total multiples of those companies would not be appropriate.
  - In addition, the Valuer did feel that it was not appropriate to apply the total multiple of the Company. It would be inappropriate to assume that each segment of the Company's business has a multiple equivalent to the Company's total multiple, much less the LVM Business that contributed only to 7% of the Company's revenue from operations for FY 2022.
  - In the absence of closely comparable public listed companies, the Valuer has considered multiples of Indian listed companies operating in broadly similar industries and engaged in economic activities partially similar to the LVM Business.
- The Valuer has assigned equal weights to the values derived under DCF method and market multiple method. The Valuer has recommended a valuation in the range of Rs. 2,070 crore to Rs. 2,165 crore.
- In view of the above, the Board of Directors of the Company (the "Board of Directors"), after due deliberations, concurred with the proposal of the Valuer. The Board of Directors decided to take the higher end of the recommended valuation and further increased it to Rs. 2,200 crore.

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- The decision of the Board of Directors to sell the LVM Business now has also been made in light of the global carve-out of Siemens' LVM Business into a separate and independent entity (Innomotics GmbH, Germany), which is the owner of all IP rights relating to the LVM Business portfolio, and which may not remain a wholly owned and controlled subsidiary of Siemens AG in the future.
- The Board of Directors has also decided to consider the distribution of 100% of the sale consideration as reduced by applicable capital gains tax and any other applicable taxes, if any, on the transaction as a special dividend at the first Board meeting after completion of the proposed transaction.

The following disclosures are available on the Company's website at:

- [Stock Exchange intimation and Press Release](#)
- [Analyst Call Transcript](#)
- [Valuation Report of Grant Thornton Bharat LLP](#)
- [Fairness Opinion by ICICI Securities Limited](#)
- [Notice of Postal Ballot](#)

2. In response to queries on resolutions to be passed via Postal Ballot for re-appointment and remuneration of Whole-time Directors, in the details of related party transactions for the half-year ended 31<sup>st</sup> March 2023 (hosted on the Company's website as also filed with the stock exchanges), Rs. 152 million for Mr. Sunil Mathur and Rs. 58 million for Dr. Daniel Spindler includes accounting for fair value of stock awards of the ultimate holding company, which is dependent on the market price of Siemens AG shares and exchange rate at each period end.

The performance matrices, and payouts are as approved by the Nomination and Remuneration Committee and ranges from 0 – 200% of the target performance Pay / Variable Pay. No Commission is paid to them. Stock awards (Performance Oriented Siemens Stock Awards) of the ultimate company's holding shares are granted to them, that are tied to the performance of the ultimate holding company.

The voting on the resolutions proposed via postal ballot is currently underway and will conclude on Friday, 28<sup>th</sup> July 2023 at 5.00 p.m. (IST).