LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) / beneficial owner(s) of Siemens Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have recently sold your shares in Siemens Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed (in case of physical form) to the member of the stock exchange through whom the said sale was effected.

CASH OFFER AT Rs. 930/- (Rupees Nine Hundred and Thirty only)
PER FULLY PAID-UP EQUITY SHARE
(**"Offer Price"**)

Pursuant to The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof (the **"SEBI (SAST) Regulations"**)

TO ACQUIRE

66,829,060 fully paid-up equity shares of face value Rs. 2/- each (**"Offer"**)
representing 19.82% of the issued, subscribed and fully paid-up equity share capital (**"Offer Size"**)

OF

Siemens Limited

Registered Office: 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018
Tel: +91-22-2498 7000, Fax: +91-22-2498 7500

(the **"Target Company"**)

BY

Siemens Aktiengesellschaft

Registered Office: Wittelsbacherplatz 2, 80333 Munich, Germany
Tel: +49 (0) 89 636-00, Fax:+ +49 (0) 89 636-34-242

(the **"Acquirer"** or **"Siemens AG"**)

Note:

1. **The Offer is being made pursuant to and in accordance with the provisions of Regulation 11(2A) of the SEBI (SAST) Regulations and subsequent amendments thereto.**
2. The Offer is subject to the approval from the Reserve Bank of India (**"RBI"**) under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder (**"FEMA"**) for acquiring Equity Shares validly tendered under the Offer. On February 4, 2011, the Acquirer has filed an application with the RBI seeking its approval for acquisition of Equity Shares in the Offer from the public shareholders of Siemens Limited including non-resident Indians (**"NRIs"**) and erstwhile overseas corporate bodies (**"OCBs"**), as required, under the FEMA. No other approvals are required for the Acquirer to acquire Equity Shares tendered pursuant to this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals.
3. The procedure for acceptance of this Offer is set out in this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and transfer deed (where applicable) along with a Form of Withdrawal are enclosed with this Letter of Offer.
4. Should the Acquirer decide to revise the Offer Price and / or Offer Size upward, such upward revision will be made in terms of Regulation 26 of the SEBI (SAST) Regulations no later than March 31, 2011. If there is any upward revision in the Offer Price and / or Offer Size, the same would be notified by way of a public announcement in the same newspapers in which the public announcement relating to the Offer dated January 31, 2011 was made by the Acquirer (**"Public Announcement"** or **"PA"**). Such revised Offer Price would be payable to all shareholders who have accepted this Offer and tendered their Equity Shares at any time during the term of the Offer to the extent to which their acceptance and tenders have been found valid and accepted by the Acquirer.
5. The Acquirer may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers in which the PA appeared.
6. Shareholders who have accepted the Offer by tendering the requisite documents in accordance with the procedures set forth in the PA and this Letter of Offer can withdraw the same up to 3 working days prior to the date of closure of the Offer viz. April 7, 2011.
7. A copy of the PA and the Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) will be available on the Securities and Exchange Board of India's (the **"SEBI"**) website at www.sebi.gov.in from the Offer opening date viz. March 25, 2011. The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Offer only in jurisdictions where legally permissible. Persons outside India accessing these pages are required to inform themselves of and observe any relevant restrictions.
8. This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.
9. **If there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the Offer Price cannot be revised during the 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait until the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.**
10. **This Offer is not conditional upon any minimum level of acceptance.**
11. **This Offer is not a competitive bid. There has been no competitive bid.**
12. All future correspondence, if any, should be addressed to the Registrar to the Offer shown below.

Manager to the Offer	**Registrar to the Offer**
HSBC	KARVY Karvy Computershare Private Limited
HSBC Securities and Capital Markets (India) Private Limited 52 / 60 M.G.Road, Fort Mumbai 400 001 Telephone: +91-22-2268 1533 / 1264 Facsimile: +91-22-2263 1984 Contact Person: Mr. Jai Bhatia / Ms. Sonam Jalan Email: siemensopenoffer@hsbc.co.in	Karvy Computershare Private Limited Plot No 17-24, Vithalrao Nagar, Madhapur Hyderabad 500 081 Telephone: +91- 40- 4465 5000 / 2342 0815-23 Facsimile: +91- 40-2343 1551 Contact Person: Mr. M. Murali Krishna / Mr. Williams Email: murali@karvy.com
OFFER OPENS ON : March 25, 2011	**OFFER CLOSES ON : April 13, 2011**

(For schedule of major activities relating to the Offer, please refer to the next page)

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Activity	Schedule
Public Announcement date	January 31, 2011 (Monday)
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	February 18, 2011 (Friday)
Last date for a competitive bid	February 21, 2011 (Monday)
Date by which individual Letters of Offer will be dispatched to the shareholders	March 18, 2011 (Friday)
Offer Opening Date	March 25, 2011 (Friday)
Last date for revising the Offer Price / Offer Size	March 31, 2011 (Thursday)
Last date for withdrawal by shareholders	April 7, 2011 (Thursday)
Offer Closing Date	April 13, 2011 (Wednesday)
Date by which acceptance / rejection would be notified and the corresponding payment for the acquired Equity Shares and / or the share certificates for the rejected / withdrawn Equity Shares will be dispatched and / or credited to the beneficiary account in case of dematerialized Equity Shares	April 27, 2011 (Wednesday)

All public shareholders (registered or unregistered) of Equity Shares of the Target Company, except the Acquirer, are eligible to participate in the Offer anytime before Offer Closing Date.

RISK FACTORS

Risks related to the Offer

1) The Offer is subject to the terms and conditions set out in this Letter of Offer and receipt of the approval of the RBI for the acquisition by the Acquirer of Equity Shares held by the public shareholders of the Target Company including NRIs and erstwhile OCBs. If the RBI refuses the aforesaid approval, then the Acquirer will not acquire the Equity Shares tendered in the Offer and the Offer shall be withdrawn in accordance with Regulation 27 of the SEBI (SAST) Regulations. To the best of the knowledge of the Acquirer, no other approvals are required for the Acquirer to acquire Equity Shares tendered pursuant to this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. In the event of (a) statutory approvals not being received in a timely manner, or (b) litigation leading to a stay on the Offer, or (c) SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. In the event of a delay in the schedule of activities, the payment of consideration to the shareholders whose Equity Shares have been accepted in the Offer as well as the return of the Equity Shares not accepted by the Acquirer may be delayed. In case of delay due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence on the part of the Acquirer, grant an extension for the purpose of the completion of the Offer subject to the Acquirer agreeing to pay interest as may be specified by SEBI.

2) Shareholders should note that after the last date for withdrawal of acceptances under the Offer, viz April 7, 2011, shareholders who have tendered their shares in the Offer will not be able to withdraw them even if the acceptance of Equity Shares under the Offer and dispatch of consideration gets delayed. The tendered Equity Shares and documents will be held in trust by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

3) The Registrar to the Offer will hold in trust the Equity Shares held in physical form and in credit of the depository escrow account on behalf of the shareholders of the Target Company who have accepted the Offer till the completion of the Offer formalities, and the shareholders will not be able to trade such Equity Shares. During such period, there may be fluctuations in the market price of the Equity Shares. The Acquirer makes no assurance with respect to the market price of the Equity Shares both during the period of the Offer and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any shareholder of the Target Company on whether to participate or not to participate in the Offer.

4) In the event of oversubscription in the Offer, the acceptance of the tendered Equity Shares will be on a proportionate basis as per Regulation 21(6) of the SEBI (SAST) Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner.

5) The Acquirer accepts no responsibility for the statements made, otherwise than in the Public Announcement or the Letter of Offer or in any advertisement or any materials issued by, or at the instance of the Acquirer and anyone placing reliance on any other source of information would be doing so at his / her / their own risk. The Manager to the Offer accepts no responsibility for the statements made, otherwise than in the Public Announcement or the Letter of Offer or in any advertisement or any materials issued by the Manager to the Offer on behalf of the Acquirer and anyone placing reliance on any other source of information would be doing so at his / her / their own risk.

6) The Offer is subject to completion risks as would be applicable to similar transactions.

7) The Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to applicable law or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.

Risks related to the Target Company

1) The Acquirer does not make any assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

The risk factors set forth above are not intended to be a complete analysis of all risks in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder of the Target Company in the Offer. The shareholders of the Target Company are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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Attached: Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed (where applicable).

DEFINITIONS / ABBREVIATIONS

Acquirer or Siemens AG	Siemens Aktiengesellschaft, a public limited company incorporated under the federal laws of Germany with entry number HRB 12300 in the commercial register maintained by the local courts in Berlin Charlottenburg, Germany and entry number HRB 6684 in Munich, Germany, with its registered office at Wittelsbacherplatz 2, 80333 Munich, Germany
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services Limited
Depository Escrow Account	The depository account called **"KCPL Escrow Account – Siemens Limited Open Offer"**, opened by the Registrar to the Offer with Karvy Stock Broking Limited at National Securities Depository Limited (NSDL). The DP ID is IN300394 and the beneficiary client ID is 18055232
DP	Depository Participant
Eligible Person(s)	All public shareholders (registered and unregistered) of the Target Company except the Acquirer
Equity Shares	Equity shares of the Target Company of face value of Rs. 2 each
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder
Letter of Offer or LOF	This letter of offer to the shareholders of Siemens Limited relating to the Offer made by the Acquirer
Manager to the Offer or HSCI	HSBC Securities and Capital Markets (India) Private Limited, 52 / 60 M.G Road, Fort, Mumbai 400 001
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
Offer or Open Offer	Voluntary offer being made by the Acquirer to all Eligible Persons of the Target Company on the terms contained in this Letter of Offer
Offer Size	66,829,060 Equity Shares representing 19.82% of the Voting Share Capital
Offer Opening Date	March 25, 2011
Offer Closing Date	April 13, 2011
Offer Price	Rs. 930/- (Rupees nine hundred and thirty only) per Equity Share
Public Announcement or PA	The public announcement relating to the Offer made by the Acquirer as appeared in the newspapers on January 31, 2011
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited, Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto
SHDL	Siemens Healthcare Diagnostics Limited
Specified Date	Date for the purpose of determining the names of shareholders, as appearing in the Register of Members of the Target Company or the beneficial records of the relevant DPs, to whom the Letter of Offer will be sent. This date has been determined as February 18, 2011
Target Company	Siemens Limited, a public listed company incorporated under the laws of India, with its registered office at 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018
Voting Share Capital	337,160,200 Equity Shares, being the issued, subscribed and fully paid-up equity share capital of the Target Company

CURRENCY OF PRESENTATION

Please note that all financial data contained in Euro in this Letter of Offer has been rounded off to the nearest million and all the financial data contained in Rupees in this Letter of Offer has been rounded off to the nearest lakh or million, except where stated otherwise.

Certain financial details contained in this Letter of Offer are denominated in Euro. The Rupee equivalent quoted in each case for Euro is calculated based on the RBI reference rate of Rs. 62.73 per Euro as on January 28, 2011. (Source: RBI)

This Letter of Offer is being issued by the Manager to the Offer, on behalf of the Acquirer pursuant to Regulation 11(2A) and other applicable provisions of the SEBI (SAST) Regulations.

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SIEMENS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER OR OF THE TARGET COMPANY WHOSE EQUITY SHARES / CONTROL ARE / IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 11, 2011 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) AND RENACTMENTS THERETO. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

1. Background to the Offer

1.1 The Offer is being made by the Acquirer to the Eligible Persons pursuant to Regulation 11(2A) of the SEBI (SAST) Regulations in order to consolidate its holding in the Target Company.

1.2 The Acquirer is making the Offer to the Eligible Persons to acquire up to 66,829,060 fully paid-up Equity Shares constituting 19.82% of the Voting Share Capital of the Target Company. The Offer Size has been determined in accordance with Regulations 21(3) and 21(5) of the SEBI (SAST) Regulations. The Offer is voluntary and has not been triggered by any agreement of the Acquirer with any person for the purpose of acquisition of Equity Shares.

1.3 On November 30, 2009, the board of directors of the Target Company has approved a scheme of amalgamation under Sections 391-394 of the Companies Act, 1956 whereby SHDL will be amalgamated into the Target Company with effect from October 1, 2009 subject to approval of the High Courts of Bombay and Gujarat. In consideration of the amalgamation, shareholders of SHDL will be issued Equity Shares whereby two Equity Shares will be issued for every one equity share of SHDL. The Bombay High Court and the Gujarat High Court have, vide their orders dated January 28, 2011 and March 1, 2011 respectively, approved the scheme of amalgamation. The said amalgamation will be effective only after the certified copies of the orders of both the High Courts are filed with the respective Registrar of Companies. Consequently, the Voting Share Capital shall stand increased to Rs. 680,589,800 divided into 340,294,900 Equity Shares. The Acquirer had vide corrigendum dated March 4, 2011 to the Public Announcement ("**First Corrigendum**") increased the Offer Size to 67,025,669 Equity Shares being 19.70% of the enhanced Voting Share Capital of the Target Company in accordance with Regulations 21(3) and 21(5) of the SEBI (SAST) Regulations.

1.4 SEBI vide its letter dated March 10, 2011, (the "**SEBI Observation Letter**") issued its observations in terms of the proviso to Regulation 18(2) of the SEBI (SAST) Regulations on the draft Letter of Offer submitted with SEBI by the Acquirer. With regard to the revision of the Offer Size announced by the Acquirer vide the First Corrigendum, the SEBI Observation Letter noted that as on the date of the First Corrigendum as well as on date of the SEBI Observation Letter, the Target Company does not even have the authority to issue and allot the shares pursuant to the scheme of amalgamation, as the Target Company shareholders' meeting is scheduled on March 24, 2011. As per the SEBI Observation Letter, in view of the above, a unilateral increase in the Offer Size may take the shareholding of the Acquirer to beyond 75% (assuming full acceptance in the offer), which is prohibited under provision of Regulation 11(2A) of the SEBI (SAST) Regulations. The SEBI Observation Letter therefore advised the Acquirer to ensure compliance with the provision of Regulation 11(2A) of the SEBI (SAST) Regulations and to carry out suitable modifications at all relevant places in the Letter of Offer and also issue corrigendum to this effect.

1.5 In accordance with the directions given by SEBI, the Acquirer has duly withdrawn the increase in Offer Size made vide the First Corrigendum. A corrigendum to the Public Announcement to this effect has been issued on March 15, 2011. The Open Offer will now be for acquiring up to 66,829,060 fully paid up equity shares of the Target Company constituting 19.82% of the Voting Share Capital. In the event that the approval of the shareholders of the Target Company is received and equity shares of the Target Company are issued and allotted to the shareholders of SHDL, resulting in an increase in the Voting Share Capital of the Target Company, the Acquirer shall increase the Offer Size to 67,025,669 equity shares being 19.70% of the enhanced Voting Share Capital of the Target Company in the manner and within such time as prescribed and permitted under the SEBI (SAST) Regulations. The post Open Offer shareholding of the Acquirer shall not go beyond the maximum permissible non-public shareholding limit of 75% prescribed under the listing agreements (as amended) even assuming full acceptances.

1.6 As per Clause 40A of the listing agreements (as amended) of the Target Company with the BSE and NSE, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis.

1.7 Upon completion of the Offer, assuming full acceptances and taking into account the existing holding, the Acquirer will hold 75.00% of the Voting Share Capital of the Target Company.

1.8 The Offer is being made at a price of Rs. 930/- per Equity Share, to be paid in cash, in accordance with the provisions of the SEBI (SAST) Regulations and subject to the terms and conditions mentioned in this Letter of Offer.

1.9 The Acquirer forms part of the promoter group of the Target Company and as on the date of the PA holds 186,041,090 Equity Shares constituting 55.18% of the Voting Share Capital. There are currently no outstanding partly paid up shares or any other instruments convertible into Equity Shares at a future date.

1.10 There are no "persons acting in concert" with the Acquirer for the purpose of this Offer within the meaning of Regulation 2(1) (e) of the SEBI (SAST) Regulations.

1.11 The Acquirer is a listed company incorporated under the federal laws of Germany with entry number HRB 12300 in the commercial register maintained by the local courts in Berlin Charlottenburg, Germany and entry number HRB 6684 in Munich, Germany, with its registered office located at Wittelsbacherplatz 2, 80333 Munich, Germany, Tel: +49 (0) 89 636-00, Fax: +49 (0) 89 636-34-242.

1.12 The Target Company is a public limited company with its registered office located at 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018, Tel: +91-22-2498 7000, Fax: +91-22-2498 7500.

1.13 Neither the Acquirer nor the Target Company has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

1.14 The Acquirer does not have any intention to change the board of directors of the Target Company during the offer period as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable law.

1.15 The Manager to the Offer does not hold any Equity Shares as on the date of the PA. In terms of Regulation 24(5A) of the SEBI (SAST) Regulations, the Manager to the Offer shall not deal in the Equity Shares during the period commencing from the date of its appointment in terms of Regulation 13 of the SEBI (SAST) Regulations till the expiry of 15 days from the Offer Closing Date.

2. Details of the Offer

2.1 The Public Announcement of the Offer appeared on January 31, 2011 in the following newspapers in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Newspapers	Language	Edition
Economic Times	English	All editions
Navbharat Times	Hindi	All editions
Maharashtra Times	Marathi	Mumbai edition

A copy of the PA is also available on the SEBI website: www.sebi.gov.in

2.2 The issued, subscribed and fully paid-up equity share capital of the Target Company is Rs. 674,320,400 divided into 337,160,200 outstanding equity shares of face value of Rs. 2 each. There are currently no outstanding partly paid-up equity shares or any instruments convertible into Equity Shares at a future date.

2.3 This Offer to all Eligible Persons is to acquire 66,829,060 Equity Shares being 19.82% of the Voting Share Capital of the Target Company at the Offer Price of Rs. 930 per share, subject to the terms and conditions mentioned in this Letter of Offer.

2.4 The Offer Price will be payable in cash, subject to the terms and conditions mentioned in this Letter of Offer.

2.5 The Offer is not conditional upon any minimum level of acceptance. Accordingly, the Acquirer will accept all Equity Shares tendered by Eligible Persons pursuant to the Offer at the Offer Price, subject to the Equity Shares tendered, not exceeding 66,829,060 Equity Shares. In case the number of Equity Shares tendered exceeds this number, the acceptance will be made on a proportionate basis in terms of Regulation 21(6) of the SEBI (SAST) Regulations.

2.6 This is not a competitive bid and there has been no competitive bid to this Offer as on the date of this Letter of Offer.

2.7 The Acquirer has not acquired any Equity Shares during the 12 month period prior to the date of this PA. None of the members of the Managing Board (German equivalent to the board of directors) of the Acquirer have acquired any Equity Shares during the 12 month period prior to the date of this PA.

2.8 The Acquirer has not acquired any Equity Shares after the date of the PA and up to the date of this Letter of Offer. Under the second proviso to Regulation 20(7) of the SEBI (SAST) Regulations, the Acquirer is not permitted to acquire any Equity Shares during the Offer Period in the open market or through negotiations or in any other manner otherwise than under the Offer.

2.9 Under Regulation 11(2A) of the SEBI (SAST) Regulations, the Acquirer is required to ensure that pursuant to the offer the public shareholding in the Target Company does not fall below the minimum level permitted by the listing agreement. Any decision for the upward revision in the Offer Price and / or Offer Size by the Acquirer up to the last date of revision (March 31, 2011) or withdrawal of the Offer would be communicated by way of a public announcement in the same newspapers in which the PA had appeared. In case of an upward revision in the Offer Price, the Acquirer would pay such revised price for all the Equity Shares validly tendered at any time during the Offer and accepted under the Offer. The acquisition of Equity Shares by the Acquirer, which are validly tendered under this Offer, will take place on or before April 27, 2011, in accordance with the schedule of events set out in this Letter of Offer.

2.10 As the Offer Price cannot be revised during 7 working days prior to the Offer Closing Date, it would, therefore, be in the interest of the shareholders to wait until the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

2.11 Equity Shares that are subject to any charge, lien or encumbrance, any court order / any other attachment / dispute are liable to be rejected in the Offer. Applications in respect of Equity Shares that are the subject matter of litigation wherein the shareholders may be prohibited from transferring the Equity Shares during the pendency of such litigation are liable to be rejected if the directions / orders permitting transfer of these Equity Shares are not received together with the Equity Shares tendered under the Offer.

2.12 The Acquirer will acquire the Equity Shares free from all liens, charges and encumbrances together with all rights attached thereto, including the rights to all dividends, bonuses and rights subsequently declared. The tender by any shareholder of any Equity Shares in the Offer must be absolute, unconditional and unqualified.

2.13 The Offer will close on April 13, 2011. The record date for determining the shareholders entitled for payment of a dividend for the financial year ended September 30, 2010 in respect of Equity Shares held in electronic form was as on the closure of business hours on January 19, 2011 and in respect of Equity Shares held in physical form was on January 28, 2011. The shareholders who tender their Equity Shares in the Offer shall be eligible for receipt of the dividend declared for the financial year ended September 30, 2010 subject to other applicable conditions for the same.

2.14 The Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to applicable law or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.

3. Object of the Acquisition / Offer

3.1 Siemens AG has operations worldwide and has achieved a leading global position in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. A key objective of Siemens AG is to expand its current operations and investments in India in connection with its business strategy. To this extent, Siemens AG wishes to increase its stake in Siemens Limited in order to develop the businesses effectively.

3.2 The Siemens group wishes to further consolidate its shareholding in the Target Company to 75.00% by making this Offer to Eligible Persons in accordance with Regulation 11(2A) of the SEBI (SAST) Regulations.

3.3 The Acquirer has no plans to sell, dispose of or otherwise encumber any assets of the Target Company in the next 2 years, except to the extent required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of the Target Company for commercial reasons and to improve operational efficiencies; or (ii) in the ordinary course of business of the Target Company or (iii) the assets of the Target Company which are not material in nature.

3.4 Under the second proviso to Regulation 16(ix) of the SEBI (SAST) Regulations, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company as may be required under applicable laws.

3.5 The Acquirer does not have any intention to change the board of directors of the Target Company during the offer period as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable law.

4. Background of the Acquirer

4.1 The Acquirer

The Acquirer is a public limited company incorporated under the federal laws of Germany with entry number HRB 12300 in the commercial register maintained by the local courts in Berlin Charlottenburg, Germany and entry number HRB 6684 in Munich, Germany.

Address of principal place of business and registered office of the Acquirer are as follows:

Principal place of business	Wittelsbacherplatz 2, 80333 Munich, Germany Tel: +49 (0) 89 636-00, Fax: +49 (0) 89 636-34-242
Registered office	Nonnendammallee 101, 13629 Berlin, Germany Tel: +49 30 386-0, Fax: +49 30 386-32-403 Wittelsbacherplatz 2, 80333, Munich, Germany Tel: +49 (0) 89 636-00, Fax: +49 (0) 89 636-34-242

The shares of the Acquirer are listed on Frankfurt Stock Exchange, Stuttgart Stock Exchange, Munich Stock Exchange, Hannover Stock Exchange, Düsseldorf Stock Exchange, Berlin / Bremen Stock Exchange, Hamburg Stock Exchange, Xetra, New York Stock Exchange, London Stock Exchange and Schweizer Börse. The Acquirer's shares have been most frequently traded on the Xetra during the last 12 months. The closing price of equity shares of the Acquirer on Xetra as of January 28, 2011 was Euro 93.79 per share (equivalent to Rs. 5,883 per share based on the exchange rate as provided above under the head *Currency of Presentation*) which implies a Price Earning multiple (based on 2010 diluted Earnings Per Share) of 21.12x.

The Acquirer is not listed on any Indian stock exchange as of the date of PA.

4.1.1 Brief history & major areas of operation:

4.1.1.1 The Acquirer traces its origins to 1847. Beginning with advances in telegraph technology, the Acquirer quickly expanded its product line and geographic scope, and was already a multi-national business by the end of the 19th century. The Acquirer formed a partnership under the name Siemens & Halske AG in 1847, reorganized as a limited partnership in 1889 and as a German stock corporation in 1897. In March 1903, Siemens-Schuckertwerke GmbH was formed with the merger of the heavy-current divisions of Siemens & Halske AG and Schuckert & Co. and in 1932, Siemens-Reiniger-Werke AG was formed to bring all Siemens' medical engineering activities under one roof. On October 1, 1966, Siemens & Halske AG, Siemens-Schuckertwerke AG and Siemens-Reiniger-Werke AG merged to form "Siemens AG". In 2001, Siemens AG was listed on the New York Stock Exchange. Following its strategy to benefit from global megatrends, the Acquirer's operations are focused in three sectors: Industry, Energy and Healthcare.

4.1.1.2 The Acquirer is one of the leading global players in electronics and electrical equipment manufacturing. Its products, systems, solutions and services are focused on three core end markets: industry (automation & control / industrial and public infrastructure), energy (generation, transmission and distribution) and healthcare. The Acquirer has a strong global market position in industrial automation, power generation and medical diagnostics. The Acquirer is also a major world competitor in rail transportation systems, automotive electronics, lighting and equipment for telecommunications and networking.

A description of the types of products, services and solutions provided in each of its segments is as follows:

Industry: The Industry sector offers products, services and solutions for the efficient use of resources and energy and improvements of productivity in industry and infrastructure. It addresses primarily industrial customers, such as process and manufacturing industries, and infrastructure customers, especially in the areas of transport, buildings and utilities. The portfolio spans industry automation and drives products and services, building, lighting (OSRAM) and mobility solutions and services, and system integration and solutions for plant businesses.

Energy: The Energy sector offers products, services and solutions for the generation, transmission and distribution of power, and the extraction, conversion and transport of oil and gas. It primarily addresses the needs of energy providers, but also serves industrial companies, particularly in the oil and gas industry. The Energy sector covers the whole energy conversion chain.

Healthcare: The Healthcare sector offers customers a portfolio of medical solutions across the value-added chain – ranging from medical imaging to in-vitro diagnostics to interventional systems and clinical information technology systems – all from a single source. In addition, the Healthcare sector provides technical maintenance, professional and consulting services, and, together with Siemens Financial Services, financing to assist customers in purchasing the sector's products.

Equity Investments: It comprises equity stakes held by the Acquirer that are accounted for by the equity method, at cost or as current available-for-sale financial assets and which are not allocated to a Sector, a Cross-Sector Business, Siemens Real Estate, Pensions or Corporate Treasury for strategic reasons.

Cross-Sector businesses

- **Siemens IT Solutions and Services:** Designs, builds and operates both discrete and large scale information and communications systems and offers information technology and communications solutions from a single source both to third parties and to other entities of the Acquirer.

- **Siemens Financial Services ("SFS"):** An international provider of effective financing solutions for business-to-business customers. Leveraging its global footprint SFS finances infrastructure, equipment and working capital and acts as an expert manager of financial risks within the Group of the Acquirer.

4.1.2 Identity of promoters and major shareholders

As of September 30, 2010, the total paid-up share capital (common stock, no par value and additional paid-in capital as in the audited consolidated financial statements) of the Acquirer is Euro 8,729 million (equivalent to Rs. 5,475,702 lakhs based on the exchange rate as provided above under the head *Currency of Presentation*). As on the date of the PA, there is no controlling shareholder of the Acquirer and the Acquirer is an independently run company. The Acquirer is the ultimate parent company of the Siemens group of companies. The von Siemens Vermögensverwaltung GmbH ("**vSV**") a German limited liability company and party to an agreement with, among others, members of the Siemens family, holds, on a sustained basis, powers of attorney allowing it to vote, as of October 13, 2010, 11,459,406 shares, or approximately 1.25% of the Acquirer´s outstanding shares on behalf of members of the Siemens family whereby aforementioned shares constitute a part of the overall number of shares held by members of the Siemens family. The Werner Siemens Stiftung Zug, Switzerland, a family sponsored foundation, has notified the Acquirer that as of January 2, 2008 it held 27,739,285 shares, or 3.03% of the Acquirer´s common shares. Black Rock, Inc., New York, USA, has notified the Acquirer that as of December 1, 2009, it held, directly or indirectly, 35,834,651 shares, or 3.92% of the Acquirer´s common shares. The Acquirer has received no further notifications since those dates. As of December 31, 2010, the Acquirer has 705,393 registered shareholders.

4.1.3 Compliance with Chapter II of the SEBI (SAST) Regulations

The Acquirer has complied with Chapter II of the SEBI (SAST) Regulations. Documentary proof of compliance by the Acquirer with Chapter II of the SEBI (SAST) Regulations for the period after 2006 is available with the Acquirer. However, documentary proof of compliance with the provisions of Regulations 8(1) and 8(2) of the SEBI (SAST) Regulations between 1997 and 2006 is not available with the Acquirer. The Target Company believes that the Acquirer has regularly made the requisite filings with the Target Company under Regulations 8(1) and 8(2) of the SEBI (SAST) Regulations from 1997 till date and the filings made by the Target Company with BSE and NSE have been on the basis of the same. Nonetheless, non-availability of documents with regard to compliance with the provisions of Chapter II of the SEBI (SAST) Regulations would be deemed to be non-compliance and SEBI may initiate action for the same.

Details of compliance, by Acquirer, with the provisions of Chapter II of the SEBI (SAST) Regulations are set out in Table I of Annexure I.

4.1.4 Names and addresses of the managing board of the Acquirer are as follows:

Name	Address	Designation, date of first appointment
Peter Löscher	Wittelsbacherplatz 2, 80333 Munich, Germany	President and CEO, Appointed on July 1, 2007
Joe Kaeser	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President and CFO, Appointed on May 1, 2006
Wolfgang Dehen	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President, Appointed on January 1, 2008
Brigitte Ederer	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President, Appointed on July 1, 2010
Barbara Kux	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President, Appointed on November 17, 2008
Prof. Dr. Hermann Requardt	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President, Appointed on May 1, 2006
Prof. Dr. Siegfried Russwurm	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President, Appointed on January 1, 2008
Peter Y. Solmssen	Wittelsbacherplatz 2, 80333 Munich, Germany	Executive Vice President, Appointed on October 1, 2007

4.1.5 Details of experience and qualifications of the managing board of the Acquirer as of October 1, 2010

Peter Löscher was appointed as president and CEO of the Acquirer on July 1, 2007. He is also a member of the supervisory board of Münchener Rückversicherungs-Gesellschaft AG, Munich; chairman of APA, the Asia-Pacific Committee of German Business; vice chairman of the European Round Table of Industrialists; co-chairman of the EU-Russia Industrialists' Round Table; chairman of the board of trustees of the Siemens Stiftung; member of the board of trustees of the Ernst von Siemens Kunststiftung; member of the board of trustees of the Carl Friedrich von Siemens Stiftung and a member of the board of trustees of the Glyndebourne Arts Trust. Prior to his current position, he was the president of Global Human Health of Merck & Co., Inc. (2006) and has also held senior positions in General Electric Company, Amersham plc in UK (acquired by General Electric), Aventis Pharma Ltd. in Japan, Hoechst Group (merged with Rhone Poulenc Rohrer) and Kienbaum und Partner. Mr. Löscher has obtained an MBA from Vienna University of Economics and Business, AMP from Harvard Business School and an Honorary Doctorate of Engineering from Michigan State University.

Joe Kaeser was appointed as a member of the managing board and the CFO of the Acquirer on May 1, 2006. He also has special responsibilities for Siemens Financial Services, Siemens IT Solutions and Services, Siemens Real Estate and Equity Investments. Prior to his current position, Mr. Kaeser was the Chief Strategy Officer of Siemens AG (2004). Mr. Kaeser joined Siemens in 1980 and since then has held several senior positions in it. He has studied business administration and has obtained a diploma in business administration.

Wolfgang Dehen was appointed as a member of the managing board and CEO of the Acquirer's Energy sector on January 1, 2008. He also has special responsibilities for Asia and Australia. Prior to his current position, Mr. Dehen was the group president of Siemens VDO Automotive AG since July 2002. He was also the branch vice-president of the Switches & Detection Systems of VALEO, France (2001) and has also held senior positions in ITT Automotive GmbH (acquired by VALEO) and Alfred Teves GmbH (acquired by ITT Automotive GmbH). He has studied business administration at the University of Siegen, Siegen, Germany and obtained a diploma in business administration.

Brigitte Ederer was appointed as a member of the managing board and head of corporate human resources and labor director of the Acquirer on July 1, 2010. She also has special responsibilities for Economic Region Europe, including Germany. Prior to her current position, Ms. Ederer was the Cluster CEO for Central Eastern Europe, Siemens AG (2008); Chief Executive Officer, Siemens AG Österreich (2005); and member of the managing board, Siemens AG Österreich (2001). From January 1997 to December 2000, she was the executive city councillor of finance, economic affairs and Vienna public enterprises of the City of Vienna and a member of parliament from 1995 to 1997. She has obtained a degree in economics from the University of Vienna.

Barbara Kux was appointed as a member of the managing board and head of supply chain management and chief sustainability officer of the Acquirer on November 17, 2008. Prior to her current position, Ms. Kux was a member of the group management committee and the chief procurement officer for Royal Philips Electronics N.V, Amsterdam, Netherlands (2003) and since 2005, also responsible for its sustainability and green business. She has also held senior positions in Ford Motor Company, Vienna and Cologne, Nestlé S.A., Vevey, Switzerland, Asea Brown Boveri AG, Zurich and McKinsey & Company Inc., Düsseldorf. She has obtained an MBA with distinction from INSEAD Fontainebleau.

Prof. Dr. Hermann Requardt was appointed as a member of the managing board of the Acquirer on May 1, 2006. In addition, he was appointed as the head of the corporate technology department in October, 2006 as well as the CEO of the Healthcare sector in December 2008. Prior to his current position, he was the member of the group executive management of the Medical Solutions Group (2001). Mr. Requardt joined Siemens in 1984 and since then has held several senior positions in it. In June 2006, he was given a honorary professorship at Johann Wolfgang Goethe University in Frankfurt, Germany (Physics). He has studied physics at the Technical University of Darmstadt and University of Frankfurt (Dr. phil. nat., Dipl.-Phys.).

Prof. Dr. Siegfried Russwurm was appointed as a member of the managing board of the Acquirer on January 1, 2008. In addition, he was appointed as the CEO of the Acquirer's Industry sector in July 2010. He also has special responsibilities for Africa and C.I.S. region and the corporate security office. Prior to his current position, he was the head of corporate human resources and labor director since January 2008. Mr. Russwurm joined Siemens in 1992 and since then has held several senior positions in it. He was awarded extraordinary professorship in mechatronics by the University of Erlangen-Nuremberg in August 2009. He has studied production engineering and has obtained a Dr.-Ing., Dipl.-Ing.

Peter Y. Solmssen was appointed as a member of the managing board and general counsel of the Acquirer on October 1, 2007. He is the head of corporate legal and compliance for the Acquirer and also has special responsibilities for the Americas. Prior to his current position, he was the executive vice president and general counsel of General Electric Company – GE Healthcare, UK (2004) and has held senior positions in GE Medical Systems (2002) and GE Plastics (1998). He has obtained an A.B., magna cum laude from Harvard University, Knox Fellowship at Oxford University and J. D., cum laude, University of Pennsylvania.

4.1.6 As of the date of the PA, Mr. Wolfgang Dehen and Mr. Joe Kaeser are non-executive directors on the board of the Target Company and are also on the managing board of the Acquirer. Dr. Otmar Schmitt and Mr. Stephan Schneider, who are on the board of directors of the Target Company, serve as alternate directors to Mr. Kaeser and Mr. Dehen respectively. The above named directors may therefore be deemed to be persons having an interest in the Acquirer and hence in terms of Regulation 22(9) of the SEBI (SAST) Regulations, have recused themselves and have not participated, and will not participate, in any matters concerning or 'relating' to the Offer including any preparatory steps leading to the Offer.

4.1.7 The consolidated financial statements of the Acquirer are prepared in accordance with International Financial Reporting Standards (**"IFRS"**) as adopted by the European Union (**"EU"**) as well as with the additional requirements as set forth in section 315a(1) of the German Commercial Code (**"HGB"**). The financial statements are also in accordance with IFRS as issued by the International Accounting Standards Board (**"IASB"**). The independent auditor of the Acquirer is Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft. The financial highlights, based on the audited consolidated financial statements as of and for each of the years ended September 30, 2008, September 30, 2009 and September 30, 2010 are as follows:

	Year ended September 30,					
Profit & Loss statement	**2008**		**2009**		**2010**	
	(Euro million)	**(Rs. lakhs)**	**(Euro million)**	**(Rs. lakhs)**	**(Euro million)**	**(Rs. lakhs)**
Total revenues	77,327	48,507,227	76,651	48,083,172	75,978	47,660,999
Total expenditures [1]	(71,393)	(44,784,829)	(69,379)	(43,521,447)	(65,984)	(41,391,763)
Profit before Amortization, depreciation and impairments, Interest, Provision for tax and Income (loss) from discontinued operations, net of income taxes	5,934	3,722,398	7,272	4,561,726	9,994	6,269,236
Amortization, depreciation and impairments	(3,182)	(1,996,069)	(2,871)	(1,800,978)	(4,118)	(2,583,221)
Interest [2]	122	76,531	(510)	(319,923)	(65)	(40,775)
Profit before tax [3]	2,874	1,802,860	3,891	2,440,824	5,811	3,645,240
Provision for tax [4]	(1,015)	(636,710)	(1,434)	(899,548)	(1,699)	(1,065,783)
Income (loss) from discontinued operations, net of income taxes	4,027	2,526,137	40	25,092	(44)	(27,601)
Profit after tax [5]	5,886	3,692,288	2,497	1,566,368	4,068	2,551,856
of which:						
Net income attributable to non-controlling interests	161	100,995	205	128,597	169	106,014
Net income attributable to shareholders of Siemens AG	5,725	3,591,293	2,292	1,437,772	3,899	2,445,843
Notes: (1) "Total expenditures" comprise of the following items in the audited consolidated financial statements:						
Cost of goods sold and services rendered	(56,284)	(35,306,953)	(55,941)	(35,091,789)	(54,331)	(34,081,836)
Research and development expenses	(3,784)	(2,373,703)	(3,900)	(2,446,470)	(3,846)	(2,412,596)
Marketing, selling and general administrative expenses	(13,586)	(8,522,498)	(10,896)	(6,835,061)	(11,130)	(6,981,849)
Other operating income	1,047	656,783	1,065	668,075	856	536,969
Other operating expense	(2,228)	(1,397,624)	(632)	(396,454)	(1,611)	(1,010,580)
Income (loss) from investments accounted for using the equity method, net	260	163,098	(1,946)	(1,220,726)	(40)	(25,092)
Amortization, depreciation and impairments	3,182	1,996,069	2,871	1,800,978	4,118	2,583,221
Total	**(71,393)**	**(44,784,829)**	**(69,379)**	**(43,521,447)**	**(65,984)**	**(41,391,763)**
(2) "Interest" comprise of the following items in the audited consolidated financial statements:						
Interest income	2,404	1,508,029	2,136	1,339,913	2,161	1,355,595
Interest expense	(2,208)	(1,385,078)	(2,213)	(1,388,215)	(1,890)	(1,185,597)
Other financial income (expense), net	(74)	(46,420)	(433)	(271,621)	(336)	(210,773)
Total	**122**	**76,531**	**(510)**	**(319,923)**	**(65)**	**(40,774)**
(3) "Profit before tax" represents "Income (loss) from continuing operations before income taxes" in the audited consolidated financial statements.						
(4) "Provision for tax" represents "Income taxes" in the audited consolidated financial statements.						
(5) "Profit after tax" represents "Net income (loss)" in the audited consolidated financial statements.						

Balance sheet	September 30, 2008		2009		2010	
	(Euro million)	(Rs. lakhs)	(Euro million)	(Rs. lakhs)	(Euro million)	(Rs. lakhs)
Source of funds						
Paid-up share capital (1)	8,740	5,482,602	8,689	5,450,610	8,729	5,475,702
Retained earnings	22,989	14,421,000	22,646	14,205,836	22,998	14,426,645
Others (2)	(4,955)	(3,108,272)	(4,689)	(2,941,410)	(3,381)	(2,120,901)
Net worth (3)	**26,774**	**16,795,330**	**26,646**	**16,715,036**	**28,346**	**17,781,446**
Non-controlling interests	606	380,144	641	402,099	750	470,475
Secured and Unsecured loans (4)	14,260	8,945,298	18,940	11,881,062	17,497	10,975,868
Non-current liabilities (5)	10,372	6,506,356	12,213	7,661,215	15,643	9,812,854
Total	**52,012**	**32,627,128**	**58,440**	**36,659,412**	**62,236**	**39,040,643**
Uses of funds						
Net fixed assets (6)	11,258	7,062,143	11,323	7,102,918	11,748	7,369,520
Investments (7)	7,017	4,401,764	4,679	2,935,137	4,724	2,963,365
Other non-current assets (8)	32,946	20,667,026	35,290	22,137,417	36,707	23,026,301
Net current assets (9)	791	496,194	7,148	4,483,940	9,057	5,681,456
Total miscellaneous expenditure not written-off	--	--	--	--	--	--
Total	**52,012**	**32,627,128**	**58,440**	**36,659,412**	**62,236**	**39,040,643**
Notes: (1) "Paid-up share capital" represents "Common stock, no par value and Additional paid-in capital" in the audited consolidated financial statements.						
(2) "Others" represents the total of the following items in the audited consolidated financial statements:						
Other components of equity	(953)	(597,817)	(1,057)	(663,056)	(8)	(5,018)
Treasury shares, at cost	(4,002)	(2,510,455)	(3,632)	(2,278,354)	(3,373)	(2,115,883)
Total	**(4,955)**	**(3,108,272)**	**(4,689)**	**(2,941,410)**	**(3,381)**	**(2,120,901)**
(3) "Net worth" represents "Total equity attributable to shareholders of Siemens AG" in the audited consolidated financial statements.						
(4) “Secured and Unsecured loans” represents "Long-term debt” in the audited consolidated financial statements.						
(5) “Non-current liabilities” represents the following items in the audited consolidated financial statements:						
Pension plans and similar commitments	4,361	2,735,655	5,938	3,724,907	8,464	5,309,467
Deferred tax liabilities	726	455,420	776	486,785	577	361,952
Provisions	2,533	1,588,951	2,771	1,738,248	3,332	2,090,164
Other financial liabilities	376	235,865	706	442,874	990	621,027
Other liabilities	2,376	1,490,465	2,022	1,268,401	2,280	1,430,244
Total	**10,372**	**6,506,356**	**12,213**	**7,661,215**	**15,643**	**9,812,854**
(6) “Net fixed assets” represents “Property, plant and equipment” in the audited consolidated financial statements.						
(7) “Investments” represents “Investments accounted for using the equity method” in the audited consolidated financial statements.						
(8) “Other non-current assets” represents the following items in the audited consolidated financial statements:						
Goodwill	16,004	10,039,309	15,821	9,924,513	15,763	9,888,130
Other intangible assets	5,413	3,395,575	5,026	3,152,810	4,969	3,117,054
Other financial assets	7,785	4,883,531	10,525	6,602,333	11,296	7,085,981
Deferred tax assets	3,009	1,887,546	3,291	2,064,444	3,940	2,471,562
Other assets	735	461,066	627	393,317	739	463,575
Total	**32,946**	**20,667,026**	**35,290**	**22,137,417**	**36,707**	**23,026,301**
(9) “Net current assets” is the net of “Total current assets” and “Total current liabilities” in the audited consolidated financial statements.						

Other financial data	Year ended September 30, 2008		2009		2010	
	(Euro)	(Rs.)	(Euro)	(Rs.)	(Euro)	(Rs.)
Dividend payout ratio (%)	23%	23%	56%	56%	58%	58%
Earnings per share - basic	6.41	402.10	2.65	166.23	4.49	281.66
Earnings per share - diluted	6.39	400.84	2.63	164.98	4.44	278.52
Return on net worth (%) (1)	20.53%	20.53%	8.58%	8.58%	14.18%	14.18%
Book value per share - basic (2)	29.98	1,880.43	30.81	1,932.78	32.65	2,047.98
Book value per share - diluted (3)	29.87	1,873.86	30.57	1,917.42	32.30	2,026.42
Notes: (1) "Return on net worth (%)" is calculated as follows: "Net income attributable to shareholders of Siemens AG" for the respective year, divided by the average of the "Net worth" at the beginning and end of the respective year.						

(2) "Book value per share - basic" is calculated as follows: "Net worth" (as of Sep. 30 of the respective year) divided by the weighted average shares outstanding - basic (for the respective year) in the audited consolidated financial statements.
(3) "Book value per share - diluted" is calculated as follows: "Net worth" (as of Sep. 30 of the respective year) divided by the weighted average shares outstanding - diluted (for the respective year) in the audited consolidated financial statements.

4.1.8 Primary reasons for fall / rise in total revenues and net profit of the Acquirer are as under:

Year ended September 2010 compared to Year ended September 2009

a) Total revenues (2010: Euro 75,978 million; 2009: Euro 76,651 million)

- In fiscal 2010, revenue declined 1% year-over-year, to Euro 75,978 million.
- Revenue related to external customers declined 1% in fiscal 2010, including a double-digit drop at Siemens IT Solutions and Services. Sales in all sectors benefited from positive currency translation effects. Revenue in Industry came in just below the prior-year level, including lower sales at Industry Solutions and Drive Technologies. In contrast, revenue at OSRAM rose by double digits year-over-year. Industry, Acquirer's largest sector by volume, offset declines in its longer-cycle businesses with revenue growth in faster-recovering, shorter-cycle businesses. Within a 1% decline in Energy, a double-digit increase in revenue at Renewable Energy nearly offset declines in other divisions. Healthcare revenue came in 4% above the prior-year level, including growth at all divisions and a steady revenue increase throughout the year.
- Lower revenue at Siemens IT Solutions and Services and portfolio streamlining activities at centrally managed portfolio activities were major drivers of the overall revenue decline for the Acquirer.
- Revenue from emerging markets rose 7%, to Euro 23,142 million, accounting for 30% of Acquirer's overall revenue in fiscal 2010, compared to 28% in fiscal 2009. On a geographic basis, revenue rose 10% in Asia, Australia. This offset much of the decline in revenue in the much larger region of Europe, Commonwealth of Independent States, Africa, and the Middle East. Revenue in the Americas was nearly unchanged, as double-digit growth in the region's emerging markets largely offset a decrease in the U.S.

b) Net Income attributable to the shareholders of the Acquirer (2010: Euro 3,899 million; 2009: Euro 2,292 million)

- Income from continuing operations before income taxes was Euro 5,811 million for the current fiscal year, compared to Euro 3,891 million a year earlier. The improvement year-over-year was, primarily due to higher gross profit in all sectors and an improved financial result in fiscal 2010, partly offset by charges related to the strategic reorientation of Siemens IT Solutions and Services. While both periods included major impairments, the impact on income from continuing operations was lower in fiscal 2010.
- The effective tax rate was 29% in fiscal 2010, down from 37% in the prior year. The current-year rate was adversely affected by the goodwill impairment charges at the Diagnostics division, a majority of which was not deductible for tax purposes. This effect was more than offset by the release of tax provisions after the conclusion of tax audits, and the release of tax liabilities after the positive decision on appeal related to non-deductible expenses in connection with certain foreign dividends. For comparison, the prior-year rate was adversely affected by the significant loss from investments accounted for using the equity method, net, primarily due to Nokia Siemens Networks B.V. (**"NSN"**), partly offset by the tax-free gain on the sale of the Acquirer's stake in Fujitsu Siemens Computers (Holding) B.V. (**"FSC"**). As a result, income from continuing operations after taxes was Euro 4,112 million in fiscal 2010, up from Euro 2,457 million in the prior-year period.
- Discontinued operations primarily include former Communication (**"Com"**) activities, comprising telecommunications carrier activities transferred into NSN in the third quarter of fiscal 2007; the enterprise networks business, 51% of which was divested during the fourth quarter of fiscal 2008; and the mobile devices business sold to BenQ Corporation in fiscal 2005. Income from discontinued operations in fiscal 2010 was a negative Euro 44 million, including charges related to legal and regulatory matters, compared to a positive Euro 40 million a year earlier.

- Net income for the Acquirer in fiscal 2010 was Euro 4,068 million compared to Euro 2,497 million a year earlier. Net income attributable to shareholders of Siemens AG was Euro 3,899 million, up from Euro 2,292 million in fiscal 2009.

Year ended September 2009 compared to Year ended September 2008

a) Total revenues (2009: Euro 76,651 million; 2008: Euro 77,327 million)

- Revenue related to external customers declined 1% in fiscal 2009, as lower revenue in Industry and streamlining actions at centrally managed portfolio activities offset increases in Energy and Healthcare.

- The Industry sector reported a revenue decrease of 7% resulting from significant slowdowns in important markets such as factory automation, machine-building, automotive, construction and process industries. It reported lower sales in five of its six divisions, led by double-digit declines at Industry Automation, Drive Technologies and OSRAM. In contrast, revenue at Mobility rose 10% on increases in all regions. Fossil Power Generation and Renewable Energy were the primary drivers for a 14% revenue increase in Energy, as the sector executed projects in its substantial order backlog. Healthcare revenue rose 7% compared to fiscal 2008, due primarily to growth at Imaging & IT and Diagnostics as well as substantial positive currency translation effects.

- On a geographic basis, revenue grew in the Americas and in Asia, Australia but declined in Acquirer's largest reporting region which comprises Europe, the Commonwealth of Independent States, Africa, and the Middle East.

b) Net Income attributable to the shareholders of the Acquirer (2009: Euro 2,292 million; 2008: Euro 5,725 million)

- Income from continuing operations before income taxes was Euro 3,891 million for fiscal 2009, compared to Euro 2,874 million a year earlier. The change year-over-year was, primarily due to the broad-based reduction in selling, general and administrative expenses and the provision accrued in fiscal 2008 for legal and regulatory matters, partly offset by the Acquirer's fiscal 2009 equity investment loss related to NSN and a negative swing in financial income.

- The effective tax rate on income from continuing operations was 37% in fiscal 2009, up from 35% in the prior-year period. The current-year rate was adversely affected by the significant negative swing in income (loss) from investments accounted for using the equity method, net, primarily due to NSN, partly offset by the tax-free gain on the sale of the Acquirer's stake in FSC. For comparison, the tax rate in fiscal 2008 was adversely affected by the provision for legal and regulatory matters mentioned above. As a result, income from continuing operations after taxes was Euro 2,457 million, up from Euro 1,859 million in fiscal 2008.

- Discontinued operations include former Com activities as well as Siemens VDO Automotive, which was sold to Continental AG in the first quarter of fiscal 2008. The former Com activities comprise the telecommunications carrier activities transferred into NSN in the third quarter of fiscal 2007; the enterprise networks business, 51% of which was divested during the fourth quarter of fiscal 2008; and the mobile devices business sold to BenQ Corporation in fiscal 2005. Income from discontinued operations in fiscal 2009 was Euro 40 million, compared to Euro 4,027 million a year earlier. The difference is due mainly to Euro 5.5 billion in the prior-year period related to Siemens VDO Automotive, including operating results along with a substantial gain on the sale of the business. This positive contribution in fiscal 2008 was partly offset by negative effects related to former Com activities amounting to Euro 1,433 million, including a preliminary loss related to the divestment of the enterprise networks business of approximately Euro 1.0 billion and severance charges and impairments of long-lived assets at the enterprise networks business.

- Net income for the Acquirer in fiscal 2009 was Euro 2,497 million, compared to Euro 5,886 million a year earlier, with the difference due primarily to discontinued operations as discussed above. Net income attributable to shareholders of Siemens AG was Euro 2,292 million, down from Euro 5,725 million in the prior-year period.

4.1.9 As on September 30, 2010 and December 31, 2010 the commitments and contingent liabilities of the Acquirer are as follows:

a) Guarantees and other commitments

The following table presents the undiscounted amount of maximum potential future payments for each major group of guarantee:

	September 30,				December 31,	
	2009		2010		2010	
Guarantees	**Euro million**	**Rs. lakhs**	**Euro million**	**Rs. lakhs**	**Euro million**	**Rs. lakhs**
Credit guarantees	313	196,345	597	374,498	608	381,398
Guarantees of third-party performance	1,092	685,012	1,093	685,639	1,024	642,355
HERKULES obligations	3,490	2,189,277	3,090	1,938,357	2,690	1,687,437
Other guarantees	2,703	1,695,592	3,216	2,017,397	3,195	2,004,224
	7,598	**4,766,225**	**7,996**	**5,015,891**	**7,517**	**4,715,414**

Credit guarantees cover the financial obligations of third parties in cases where the Acquirer is the vendor and / or contractual partner. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Acquirer will be required to settle such financial obligations. In addition, the Acquirer provides credit guarantees generally as credit-line guarantees with variable utilization to joint ventures and associated and other companies. The maximum amount of these guarantees is subject to the outstanding balance of the credit or, in case where a credit line is subject to variable utilization, the nominal amount of the credit line. These guarantees usually have terms of between one and five years. Except for statutory recourse provisions against the primary debtor, credit guarantees are generally not subject to additional contractual recourse provisions. As of September 30, 2010 and 2009, the Acquirer accrued Euro 55 million and Euro 11 million, respectively, relating to credit guarantees.

Furthermore, the Acquirer issues *Guarantees of third-party performance*, which include performance bonds and guarantees of advanced payments in cases where the Acquirer is the general or subsidiary partner in a consortium. In the event of non-fulfillment of contractual obligations by the consortium partner(s), the Acquirer will be required to pay up to an agreed-upon maximum amount. These agreements span the term of the contract, typically ranging from three months to seven years. Generally, consortium agreements provide for fallback guarantees as a recourse provision among the consortium partners. As of September 30, 2010 and 2009, the Acquirer accrued Euro 70 million and Euro 50 million, respectively, relating to performance guarantees.

In fiscal 2007, the Federal Republic of Germany commissioned a consortium consisting of Siemens IT Solutions and Services and IBM Deutschland GmbH (**"IBM"**) to modernize and operate the non-military information and communications technology of the German Federal Armed Forces (Bundeswehr). This project is called HERKULES. A project company, BWI Informationstechnik GmbH (**"BWI"**), will provide the services required by the terms of the contract. Siemens IT Solutions and Services is a shareholder in the project company. The total contract value amounts to a maximum of approximately Euro 6 billion. In connection with the consortium and execution of the contract between BWI and the federal republic of Germany in December 2006, the Acquirer issued several guarantees connected to each other legally and economically in favor of the Federal Republic of Germany and of the consortium member IBM. The guarantees ensure that BWI has sufficient resources to provide the required services and to fulfill its contractual obligations. These guarantees are listed as a separate item *HERKULES obligations* in the table above due to their compound and multilayer nature. Total future payments potentially required by the Acquirer amount to Euro 3.09 billion and Euro 3.49 billion as of September 30, 2010 and 2009, respectively and will be reduced by approximately Euro 400 million per year over the remaining 7-year contract period as of September 30, 2010. Yearly payments under these guarantees are limited to Euro 400 million plus, if applicable, a maximum of Euro 90 million in unused guarantees carried forward from the prior year.

Other guarantees includes indemnifications issued in connection with dispositions of business entities. Such indemnifications, if customary to the relevant transactions, may protect the buyer from any potential tax, legal and other risks in conjunction with the purchased business entity. Indemnifications primarily relate to NSN, disposed of in fiscal 2007, as well as to Enterprise Networks Holdings B.V. (**"EN"**), disposed of in fiscal 2008, respectively. As of September 30, 2010 and 2009, the total amount accrued for guarantees in *Other guarantees* is Euro 162 million and Euro 211 million, respectively.

As of September 30, 2010 and 2009, future payment obligations under non-cancellable operating leases are as follows:

	September 30,			
	2010		2009	
Guarantees	**Euro million**	**Rs. lakhs**	**Euro million**	**Rs. lakhs**
2010	-	-	692	434,092
2011	721	452,283	516	323,687
2012	552	346,270	378	237,119
2013	417	261,584	290	181,917
2014	331	207,636	240	150,552
2015	281	176,271	-	-
After 2015 in fiscal 2010 (after 2014 in fiscal 2009)	824	516,895	682	427,819

Total operating rental expense for the years ended September 30, 2010 and 2009 was Euro 1,162 million and Euro 1,198 million, respectively.

As of September 30, 2010 and 2009, the Acquirer has commitments to make capital contributions to the equity of various companies of Euro 470 million and Euro 294 million, respectively. The September 30, 2010 and 2009 balance, includes a conditional commitment to make capital contributions to EN of Euro 172 million, representing the Acquirer's proportionate share in EN. The committed amount is due upon EN making acquisitions or investments.

The Acquirer is jointly and severally liable and has capital contribution obligations as a partner in commercial partnerships and as a participant in various consortiums.

4.1.10 Significant accounting policies followed in the preparation of the consolidated financial statements of the Acquirer as of September 30, 2010

1. Basis of consolidation

The consolidated financial statements include the accounts of Siemens AG and its subsidiaries which are directly or indirectly controlled. Control is generally conveyed by ownership of the majority of voting rights. Additionally, the Acquirer consolidates special purpose entities (**"SPE's"**) when, based on the evaluation of the substance of the relationship with the Acquirer, the Acquirer concludes that it controls the SPE. To determine when the Acquirer should consolidate based on substance, the Acquirer considers the circumstances listed in SIC-12.10 as additional indicators regarding a relationship in which the Acquirer controls an SPE. The Acquirer looks at these SIC-12.10 circumstances as indicators and always privileges an analysis of individual facts and circumstances on a case-by-case basis. Associated companies are recorded in the consolidated financial statements using the equity method of accounting. Companies in which the Acquirer has joint control are also recorded using the equity method.

2. Business combinations

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed in the period incurred. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Uniform accounting policies are applied. Changes to contingent consideration classified as a liability at the acquisition date are recognized in profit and loss. Non-controlling interests may be measured at their fair value (full-goodwill-methodology) or at the proportional fair value of assets acquired and liabilities assumed. After initial recognition non-controlling interests may show a deficit balance since both profits and losses are allocated to the shareholders based on their equity interests. In business combinations achieved in stages, any previously held equity interest in the acquiree is remeasured to its acquisition date fair value. If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interests are re-measured to fair value.

3. Associated companies

Companies in which the Acquirer has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights) are recorded in the consolidated financial statements using the equity method of accounting and are initially recognized at cost. Where necessary, adjustments are made to bring the accounting policies in line with those of the Acquirer. The excess of the Acquirer's initial investment in associated companies over the Acquirer's ownership percentage in the underlying net assets of those companies is attributed to certain fair value adjustments with the remaining portion recognized as goodwill. Goodwill relating to the acquisition of associated companies is included in the carrying amount of the investment and is not amortized but is tested for impairment as part of the overall investment in the associated company. The Acquirer's share of its associated companies' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in equity that have not been recognized in the associates' profit or loss is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associated company. When the Acquirer's share of losses in an associated company equals or exceeds its interest in the associate, the Acquirer does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of the Acquirer's net investment in the associate. Intercompany results arising from transactions between the Acquirer and its associated companies are eliminated to the extent of the Acquirer's interest in the associated company. The Acquirer determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Acquirer calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Upon loss of significant influence over the associate, the Acquirer measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

4. Foreign currency translation

The assets, including goodwill, and liabilities of foreign subsidiaries, where the functional currency is other than the Euro, are translated using the exchange rate at the end of the reporting period, while the statements of income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized.

The exchange rates of the significant currencies of non-Euro countries used in the preparation of the consolidated financial statements were as follows:

		Year-end exchange rate Euro 1 quoted into currencies specified below		Annual average rate Euro 1 quoted into currencies specified below	
		September 30,		Fiscal year	
Currency	ISO Code	2010	2009	2010	2009
U.S. Dollar	USD	1.365	1.464	1.358	1.361
British Pound	GBP	0.860	0.909	0.869	0.875
Chinese Renminbi	CNY	9.133	9.966	9.226	9.340
Indian Rupee	INR	61.247	70.001	62.754	66.335

5. Hyperinflationary accounting

Financial statements of foreign subsidiaries, where the functional currency is the currency of a hyperinflationary economy, are adjusted to reflect changes in general purchasing power. In such instances, all items which are recognized on the statement of financial position and in the statements of income are translated using the exchange rate at closing. Each non-monetary item on the statement of financial position which is carried at cost or amortized cost and each transaction in the statements of income are restated by applying a general price index from the date of acquisition or initial incurrence of these items. The cumulative effects of inflation are recognized in the retained earnings at first time adoption or as gains and losses in net income at subsequent periods.

6. Revenue recognition

Revenue is recognized for product sales when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably, and collection of the related receivable is reasonably assured. If product sales are subject to customer acceptance, revenue is not recognized until customer acceptance occurs. Revenues from construction-type projects are generally recognized under the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated contract costs, contractual milestones or performance. Revenues from service transactions are recognized as services are performed. For long-term service contracts, revenues are recognized on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are provided, i.e. generally under the percentage-of completion method. Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. Arrangements that are not in the legal form of a lease are accounted for as a lease if based on the substance of the arrangement it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset receivables from finance leases, in which the Acquirer as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method. A selling profit component on manufacturing leases is recognized based on the policies for outright sales. Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

Sales of goods and services as well as software arrangements sometimes involve the provision of multiple elements. In these cases, the Acquirer determines whether the contract or arrangement contains more than one unit of accounting. An arrangement is separated if (1) the delivered element(s) has (have) value to the customer on a stand-alone basis, (2) there is reliable evidence of the fair value of the undelivered element(s) and (3), if the arrangement includes a general right of return relative to the delivered element(s), delivery or performance of the undelivered element(s) is (are) considered probable and substantially in the control of the Acquirer. If all three criteria are fulfilled, the appropriate revenue recognition convention is then applied to each separate unit of accounting. Generally, the total arrangement consideration is allocated to the separate units of accounting based on their relative fair values. The hierarchy of fair value evidence is as follows: (a) sales prices for the component when it is regularly sold on a stand-alone basis, (b) third-party prices for similar components or, under certain circumstances, (c) cost plus an adequate business-specific profit margin related to the relevant element. By this means, reliable fair values are generally available. However, there might be cases when fair value evidence according to (a) and (b) is not available and the application of the cost plus-method (c) does not create reasonable results because the costs incurred are not an appropriate base for the determination of the fair value of an element. In such cases the residual method is used, if fair value evidence is available for the undelivered but not for one or more of the delivered elements, i.e. the amount allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of the undelivered elements. If the three separation criteria (1) to (3) are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered. The amount allocable to the delivered elements is limited to the amount that is not contingent upon delivery of additional elements or meeting other specified performance obligations.

Dividends are recognized when the right to receive payment is established. Interests are recognized using the effective interest method.

7. Functional costs

In general, operating expenses by types are assigned to the functions following the functional area of the corresponding profit and cost centers. Expenses relating to cross-functional initiatives or projects are assigned to the respective functional costs based on an appropriate allocation principle.

8. Government grants

Government grants are recognized when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are generally offset against the acquisition or production costs of the respective assets and reduce future depreciations accordingly. Grants awarded for other than non-current assets (grants related to income) are reported in the consolidated statements of income under the same functional area as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

9. Product-related expenses and losses from onerous contracts

Provisions for estimated costs related to product warranties are recorded in *cost of goods sold and services rendered* at the time the related sale is recognized, and are established on an individual basis, except for the standard product business. The estimates reflect historic trends of warranty costs, as well as information regarding product failure experienced during construction, installation or testing of products. In the case of new products, expert opinions and industry data are also taken into consideration in estimating product warranty provisions. Expected losses from onerous contracts are recognized in the period when the current estimate of total contract costs exceeds contract revenue.

10. Research and development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Acquirer intends, and has sufficient resources, to complete development and to use or sell the asset. The costs capitalized include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in *other intangible assets* as other internally generated intangible assets. Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to five years.

Government grants for research and development activities are offset against research and development costs. They are recognized as income over the periods in which the research and development costs incurred are to be compensated. Government grants for future research and development costs are recorded as deferred income.

11. Earnings per share

Basic earnings per share is computed by dividing income from continuing operations, income from discontinued operations and net income, all attributable to ordinary shareholders of the Acquirer by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by assuming conversion or exercise of all potentially dilutive securities and share-based payment plans.

12. Goodwill

Goodwill is not amortized, but instead tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses.

The goodwill impairment test is performed at the level of divisions which represent cash-generating units or groups of cash-generating units and are the lowest level at which goodwill is monitored for internal management purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the (groups of) cash-generating unit(s) that are expected to benefit from the synergies of the business combination. If the carrying amount of the division, to which the goodwill is allocated, exceeds its recoverable amount, an impairment loss on goodwill allocated to this division is recognised. The recoverable amount is the higher of the division's fair value less costs to sell and its value in use. If either of these amounts exceeds the carrying amount, it is not always necessary to determine both amounts. The Acquirer determines the recoverable amount of a division based on its fair value less costs to sell. These values are generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods if the recoverable amount exceeds the carrying amount of the (group of) cash-generating unit(s) to which the goodwill is allocated.

13. Other intangible assets

Other intangible assets consist of software and other internally generated intangible assets, patents, licenses and similar rights. The Acquirer amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives to their estimated residual values. Estimated useful lives for software, patents, licenses and other similar rights generally range from three to five years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations primarily consist of customer relationships and technology. Weighted average useful lives in specific acquisitions ranged from nine to twenty-two years for customer relationships and from seven to twelve years for technology. Intangible assets which are determined to have indefinite useful lives as well as intangible assets not yet available for use are not amortized, but instead tested for impairment at least annually.

14. Property, plant and equipment

Property, plant and equipment is valued at cost less accumulated depreciation and impairment losses. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized using the straight-line method. Residual values and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly. Costs of construction of qualifying assets, i.e. assets that require a substantial period of time to be ready for its intended use, include capitalized interest, which is amortized over the estimated useful life of the related asset. The following useful lives are assumed:

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical machinery & equipment	5 to 10 years
Furniture & office equipment	generally 5 years
Equipment leased to others	generally 3 to 5 years

15. Impairment of property, plant and equipment and other intangible assets

The Acquirer reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets with indefinite useful lives as well as intangible assets not yet available for use are subject to an annual impairment test. Recoverability of assets is measured by the comparison of the carrying amount of the asset to the recoverable amount, which is the higher of the asset's value in use and its fair value less costs to sell. If assets do not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is not performed at an individual asset level, instead, it is performed at the level of the cash-generating unit the asset belongs to. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or cash generating unit exceeds their recoverable amount. If the fair value cannot be determined, the assets' value in use is applied as their recoverable amount. The assets' value in use is measured by discounting their estimated future cash flows. If there is an indication that the reasons which caused the impairment no longer exist, the Acquirer assesses the need to reverse all or a portion of the impairment.

The Acquirer's property, plant and equipment and other intangible assets to be disposed of are recorded at the lower of carrying amount or fair value less costs to sell and depreciation is ceased.

16. Discontinued operations and non-current assets held for disposal

Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for sale or has been disposed of, if the component either (a) represents a separate major line of business or geographical area of operations or (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

The Acquirer classifies a non-current asset or a disposal group (outside discontinued operations) as held for disposal if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and its sale must be highly probable.

17. Income taxes

The Acquirer applies IAS 12, *Income Taxes*. Under the liability method of IAS 12, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement, unless related to items directly recognized in equity, in the period the new laws are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

18. Inventories

Inventory is valued at the lower of acquisition or production cost and net realizable value, cost being generally determined on the basis of an average or first-in, first-out method. Production costs comprise direct material and labour and applicable manufacturing overheads, including depreciation charges. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

19. Defined benefit plans

The Acquirer measures the entitlements of the defined benefit plans by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (**"DBO"**)). The Acquirer considers future compensation and benefit increases, because the employee's final benefit entitlement at regular retirement age depends on future compensation or benefit increases. For post-employment healthcare benefits, the Acquirer considers health care trends in the actuarial valuations.

For unfunded plans, the Acquirer recognizes a pension liability equal to the DBO adjusted by unrecognized past service cost. For funded plans, the Acquirer offsets the fair value of the plan assets with the benefit obligations. The Acquirer recognizes the net amount, after adjustments for effects relating to unrecognized past service cost and any asset ceiling, under pension liability or pension asset.

Actuarial gains and losses, resulting for example from an adjustment of the discount rate or from a difference between actual and expected return on plan assets, are recognized by the Acquirer in the consolidated statements of comprehensive income in the year in which they occur. Those effects are recorded in full directly in equity, net of tax.

20. Provisions

A provision is recognized in the statement of financial position when the Acquirer has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognized in the income statement. The present value of legal obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development or normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the useful life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognized by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Acquirer recognizes a gain or loss on settlement.

21. Termination benefits

Termination benefits are recognized in the period incurred and when the amount is reasonably estimable. Termination benefits in accordance with IAS 19 are recognized as a liability and an expense when the entity is demonstrably committed, through a formal termination plan or otherwise creating a valid expectation, to either provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or terminate employment before the normal retirement date.

22. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Acquirer mainly include cash and cash equivalents, available-for-sale financial assets, trade receivables, loans receivable, finance lease receivables and derivative financial instruments with a positive fair value. Cash and cash equivalents are not included within the category available-for-sale financial assets as these financial instruments are not subject to fluctuations in value. The Acquirer does not make use of the category held to maturity. Financial liabilities of the Acquirer mainly comprise notes and bonds, loans from banks, commercial paper, trade payables, finance lease payables and derivative financial instruments with a negative fair value. The Acquirer does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception. Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases.

Financial instruments are recognized on the statement of financial position when the Acquirer becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Finance lease receivables are recognized at an amount equal to the net investment in the lease. Subsequently, financial assets and liabilities are measured according to the category – cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading – to which they are assigned.

23. Cash and cash equivalents

The Acquirer considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

24. Available-for-sale financial assets

Investments in equity instruments, debt instruments and fund shares are all classified as available-for-sale financial assets and are measured at fair value, if reliably measurable. Unrealized gains and losses, net of applicable deferred income taxes, are recognized in *other comprehensive income*. Provided that fair value cannot be reliably determined, the Acquirer measures available-for-sale financial instruments at cost. This applies to equity instruments that do not have a quoted market price in an active market, and decisive parameters cannot be reliably estimated to be used in valuations models for the determination of fair value.

When available-for-sale financial assets incur a decline in fair value below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in equity is removed from equity and recognized in the consolidated statements of income. The Acquirer considers all available evidence such as market conditions and prices, investee-specific factors and the duration and the extent to which fair value is less than acquisition cost in evaluating potential impairment of its available-for-sale financial assets. The Acquirer considers a decline in fair value as objective evidence of impairment, if the decline exceeds 20 percent of costs or continues for more than six months. An impairment loss is reversed in subsequent periods for debt instruments, if the reasons for the impairment no longer exist.

25. Loans and receivables

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognized using separate allowance accounts. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year are being discounted.

26. Financial liabilities

The Acquirer measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

27. Derivative financial instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Derivative instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically either in net income or, in the case of a cash flow hedge, in *other comprehensive income*, net of applicable deferred income taxes. Certain derivative instruments embedded in host contracts are also accounted for separately as derivatives.

Fair value hedges - The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. Where an unrecognized firm commitment is designated as the hedged item, the subsequent cumulative change in its fair value is recognized as a separate financial asset or liability with corresponding gain or loss recognized in net income.

For hedged items carried at amortized cost, the adjustment is amortized such that it is fully amortized by maturity of the hedged item. For hedged firm commitments the initial carrying amount of the assets or liabilities that result from meeting the firm commitments are adjusted to include the cumulative changes in the fair value that were previously recognized as separate financial assets or liabilities.

Cash flow hedges – The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized in other comprehensive income, net of applicable deferred income taxes, and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

28. Share-based payment

IFRS 2 distinguishes between cash settled and equity-settled share-based payment transactions. For both types, the fair value is measured at grant date and compensation expense is recognized over the vesting period during which the employees become unconditionally entitled to the awards granted. Cash-settled awards are re-measured at fair value at the end of each reporting period and upon settlement. The Acquirer uses an option pricing model to determine the fair value of stock options. The fair value of other share-based awards, such as stock awards, matching shares, and shares granted under the 'Jubilee Share Program', is determined as the market price of the Acquirer's shares, considering dividends during the vesting period the grantees are not entitled to and certain non-vesting conditions, if applicable.

29. Prior year information

The presentation of certain prior year information has been reclassified to conform to the current year presentation. Specifically, in May 2008, the IASB issued a standard for improvements to IFRS. In the consolidated statements of cash flow, according to an amendment of IAS 7, *statement of cash flows*, cash flows to manufacture or acquire assets held for rental and subsequent sale in the course of the ordinary activities are presented as cash flows from operating activities. Previously, cash outflows in the context of operating leases have been presented as cash flows from investing activities. The amended IAS 7 is effective for annual periods beginning on or after January 1, 2009. The Acquirer applied the amendment retrospectively in the statement of cash flow in fiscal year 2010. The amended IAS 1, applied retrospectively in fiscal 2010, resulted in the reclassification of certain derivative financial instruments, not qualifying for hedge accounting, from current to non-current. As of September 30, 2008, Euro 227 million were reclassified from *other current financial assets* to *other financial assets* and Euro 334 million from *other current financial liabilities* to *other financial liabilities*. As of September 30, 2009, the reclassification from *other current financial assets and liabilities* to *other financial assets and liabilities* amounted to Euro 507 million and Euro 555 million, respectively. Beginning in fiscal 2010, the Acquirer presents total interest income and expense separately in the consolidated statements of income in accordance with Part II of the Annual Improvements Project 2008 of the IASB. Additionally, pension-related interest income (expense) as well as impairments, net of reversals of impairments, on investments accounted for using the equity method and non-current available-for-sale investments are reclassified retrospectively in the consolidated statements of cash flow to conform to the current year presentation.

Recently adopted accounting pronouncements

In January 2008, the IASB published the revised standards IFRS 3, *business combinations* (IFRS 3 (2008)) and IAS 27, *consolidated and separate financial statements* (IAS 27 (2008)) which were endorsed in fiscal 2009. The revised standards are effective for business combinations in annual periods beginning on or after July 1, 2009 and were applied by the Acquirer as of fiscal 2010 including its consequential amendments to IFRS 2, IFRS 7 and IAS 39.

IFRS 3 (2008) reconsiders the application of acquisition accounting for business combinations. Major changes relate to the measurement of non-controlling interests, the accounting for business combinations achieved in stages as well as the treatment of contingent consideration and acquisition-related costs. Based on the new regulation, non-controlling interests may be measured at their fair value (full-goodwill-methodology) or at the proportional fair value of assets acquired and liabilities assumed. In business combinations achieved in stages, any previously held equity interest in the acquiree is remeasured to its acquisition date fair value. Any changes to contingent consideration classified as a liability at the acquisition date are recognized in profit and loss. Acquisition-related costs are expensed in the period incurred.

Major changes in relation to IAS 27 (2008) relate to the accounting for transactions which do not result in a change of control as well as to those leading to a loss of control. If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interests are re-measured to fair value. Based on the amended standard, non-controlling interests may show a deficit balance since both profits and losses are allocated to the shareholders based on their equity interests.

In September 2007, the IASB issued IAS 1, *Presentation of Financial Statements: A Revised Presentation (IAS 1 revised)*. IAS 1 revised replaces IAS 1, *Presentation of Financial Statements (revised in 2003)*, as amended in 2005. The revision is aimed at improving users' ability to analyze and compare the information given in financial statements. IAS 1 revised sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The new standard is effective for fiscal periods beginning on or after January 1, 2009. The Acquirer retrospectively applied *IAS 1 revised* in fiscal 2010 for all periods presented.

In fiscal 2010, the Acquirer also adopted IAS 7 *Statements of Cash Flows* (retrospectively) and IAS 16 *Property, Plant and Equipment* in conjunction with the 2008 Improvements to IFRSs as well as IAS 23 *Borrowing Costs (as revised 2007).*

In March 2009, the IASB issued *Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)* which enhances disclosures about fair value measurements of financial instruments. A three-level fair value disclosure hierarchy is introduced, that distinguishes fair value measurements by the significance of the inputs used and reflects the availability of observable market inputs when estimating fair values. Amendments are also made to enhance disclosures on liquidity risks, by clarifying the scope of liabilities to be disclosed in a maturity analysis. The Acquirer decided to early adopt the amendment in its fiscal 2009 consolidated financial statements.

Recent accounting pronouncements, not yet adopted

The following pronouncement, issued by the IASB, is not yet effective and has not yet been adopted by the Acquirer:

In November 2009, the IASB issued IFRS 9 *Financial Instruments*. This standard is the first phase of the IASB's three phase project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 amends the classification and measurement requirements for financial assets, including some hybrid contracts. It uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the different impairment methods in IAS 39. The new standard is applicable for annual reporting periods beginning on or after January 1, 2013; early adoption is permitted. The European Financial Reporting Advisory Group postponed its endorsement advice, to take more time to consider the output from the IASB project to improve accounting for financial instruments. The Acquirer is currently assessing the impacts of the adoption on the Acquirer's consolidated financial statements.

The IASB issued various other pronouncements. These recently adopted pronouncements as well as pronouncements not yet adopted did not have a material impact on the Acquirer's consolidated financial statements.

4.1.11 Details of earlier acquisitions made by the Acquirer in the Target Company, change in shareholding pursuant to such acquisitions and status of compliance with the SEBI (SAST) Regulations, other applicable regulations under the SEBI Act and other statutory requirements, as applicable, are as below:

Particulars	No. of Equity Shares acquired / (sold)	Capital as on date of acquisition / sale (Rs.)	Resultant shareholding	Status of compliance with SEBI (SAST) Regulations and other relevant statutory requirements
Subscription to Memorandum of Association on 05.03.1957[(1)]	20	60,000	33.33%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Private placement on 05.03.1957 [(1)]	1,330	3,000,000	45.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with

Private placement on 01.10.1960 (1)	1,000	5,000,000	47.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Private placement on 10.06.1965 (1)	3,890	12,000,000	52.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Sub-division of par -value of share from Rs.1000 to Rs. 10 on 01.02.1971 (2)	624,000	12,000,000	52.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with.
Public issue at par on 04.05.1971 (2)	600,000	24,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 1:1 on 03.09.1975 (2)	1,224,000	48,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 2:1 on 25.08.1977 (2)	1,224,000	72,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 2:1 on 16.06.1982 (2)	1,836,000	108,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 4:1 on 05.06.1987 (2)	1,377,000	135,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Rights issue of 2:1 on 01.10.1987 (2)	3,706,680	207,680,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Right issue of 3:1 on 02.08.1993 (2)	3,890,790	283,970,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Right issue of 4:1 on 26.11.1999 (2)	3,620,617	354,941,970	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Buyback from June 2001 to June 2002(2,4)	--	331,384,030	54.63%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Merger of Siemens VDO Automotive Ltd. with Siemens Limited in a ratio of 12:1 on 14.03.2006 (2,5)	501,022	337,160,200	55.18%	SEBI (SAST) Regulations and all other applicable statutes have been complied with
Share split in the ratio of 5:1 on 21.06.2006 (3)	93,020,545	337,160,200	55.18%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with.
Bonus issue in the ratio of 1:1 on 12.03.2008 (3)	93,020,545	674,320,400	55.18%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with

(1) Face value of Rs. 1,000
(2) Face value of Rs. 10
(3) Face value of Rs. 2
(4) Due to the buyback, Acquirer's holding in the Target Company increased from 51% to 54.63%
(5) Equity Shares were allotted to 100% subsidiary of the Acquirer which subsequently merged with the Acquirer
Source: Siemens Limited

4.1.12 Current status of corporate governance of the Acquirer

The Acquirer is a stock corporation incorporated in the federal republic of Germany under the German Stock Corporation Act. The Acquirer is registered in the commercial register maintained by the local courts in Berlin Charlottenburg, Germany, under the entry number 12300, and in Munich, Germany, under the entry number 6684. Copies of the Acquirer's Articles of Association are publicly available from the commercial register in Berlin and Munich and can also be found in German on the Acquirer's website www.siemens.com/investor/de/corporate_governance.htm and in English at www.siemens.com/investor/en/corporate_governance.htm.

a) Management and control structure

i) Supervisory board

As a German stock corporation, the Acquirer is subject to German corporate law. It has a two-tier management and oversight structure, consisting of a managing board and a supervisory board. As required by the German Codetermination Act, the Acquirer's shareholders and its employees each select one-half of the supervisory board's members. The term of office of the current members of the supervisory board expires at the close of the annual shareholders' meeting in 2013.

According to the bylaws for the supervisory board, the shareholder representatives on the supervisory board must be independent. Some supervisory board members hold, or held in the past year, high-ranking positions at other companies with which the Acquirer does business; nevertheless, the Acquirer's sales and purchases of products and / or services to or from such companies are carried out on an arm's length basis. The Acquirer believes that these dealings do not compromise the independence of the relevant supervisory board members.

The supervisory board oversees and advises the managing board in its management of the Acquirer's business. At regular intervals, it discusses business development, planning, strategy and implementation. It reviews the annual stand-alone financial statements of the Acquirer, the consolidated financial statements of Siemens worldwide, management's discussion and analysis of these financial statements and the proposal for the appropriation of net income. It also discusses the Acquirer's quarterly and half-yearly reports and approves the annual stand-alone financial statements of the Acquirer as well as the consolidated financial statements of the Acquirer, taking into account both the audit reports issued by the independent auditors thereon and the results of the review conducted by the audit committee. In addition, it is responsible for monitoring the Acquirer's adherence to statutory provisions, official regulations and internal company policies (compliance); the compliance committee performs the compliance duties assigned to it by a decision of the supervisory board and pursuant to the bylaws for the compliance committee. In addition, the supervisory board appoints the members of the managing board and determines each member's duties. Important managing board decisions – such as major acquisitions, divestments and financial measures – require supervisory board approval, unless the bylaws for the supervisory board specify that such authority is delegated to the finance and investment committee of the supervisory board. In the bylaws for the managing board, the supervisory board has established rules that govern the work of the managing board, in particular the allocation of duties among individual managing board members, matters reserved for the managing board as a whole, and the required majority for managing board decisions.

The supervisory board currently has six committees:

- The chairman's committee
- The audit committee
- The compliance committee
- The nominating committee
- The mediation committee
- The finance and investment committee

ii) Managing board

The managing board, as the Acquirer's top management body, is committed to serving the interests of the Acquirer and achieving sustainable growth in Acquirer value. The members of the managing board are jointly responsible for the entire management of the Acquirer and decide on the basic issues of business policy and corporate strategy as well as on the annual and multi-year planning.

The managing board prepares the Acquirer's quarterly and half-yearly reports, the annual stand-alone financial statements of the Acquirer and the consolidated financial statements of the Acquirer. In addition, the managing board is responsible for monitoring the Acquirer's adherence to statutory provisions, official regulations and internal company policies (compliance) and works to achieve compliance with these provisions and policies within the Siemens group. The managing board cooperates closely with the supervisory board, informing it regularly, promptly and fully on all issues related to Acquirer strategy and strategy implementation, planning, business development, financial position, earnings, compliance and risks. When filling managerial positions in the Acquirer, the managing board takes diversity into consideration and, in particular, aims for an appropriate consideration of women.

The bylaws for the managing board provide for the establishment of committees to deal with specific tasks. Currently, there is one managing board committee, the equity and employee stock committee. It is comprised of three members of the managing board and oversees the utilization of authorized capital in connection with the issuance of employee stock and the implementation of various capital measures. Furthermore, the committee determines the scope and conditions of the share-based compensation components and / or programs for employees and managers (with the exception of the managing board).

b) Shareholder relations

Four times a year, the Acquirer reports to shareholders on its business development, financial position and earnings. An ordinary annual shareholders' meeting normally takes place within the first four months of each fiscal year. The managing board facilitates shareholder participation in the meeting through electronic communications – in particular the internet – and enables shareholders who are unable to attend the meeting to vote by proxy. The managing board may provide for the shareholders to participate in the shareholders' meeting without the need to be present at the venue and without a proxy, and to exercise some or all of their rights fully or partially by means of electronic communication. Furthermore, the managing board may provide for the shareholders to exercise their right to vote, without participating at the meeting, in writing or by means of electronic communication. The reports, documents and information required by law, including the Annual Report, may be downloaded from the internet. The same applies to the agenda for the annual shareholders' meeting and to possible counterproposals or shareholders' election nominations, if any, that are required to be disclosed.

Among other things, the annual shareholders' meeting decides on the appropriation of net income, ratification of the acts of the managing and supervisory boards, and the appointment of the independent auditors. Amendments to the Articles of Association and measures which change the Acquirer's capital stock are approved exclusively at the annual shareholders' meeting and are implemented by the managing board. Shareholders may submit counterproposals to the proposals of the managing and supervisory boards and may contest decisions of the annual shareholders' meeting. Shareholders owning the Acquirer's stock with an aggregate notional value of Euro 100,000 or more may also demand the appointment of special auditors to examine specific issues.

As part of the Acquirer's investor relations activities, the Acquirer informs its investors comprehensively about developments within the Acquirer. For communication purposes, the Acquirer makes extensive use of the internet: at www.siemens.com/investor, quarterly, half-yearly and annual reports, ad hoc announcements, analyst presentations, and press releases are published, as is the financial calendar for the current year which contains the publication dates of all significant financial communications and the date of the annual shareholders' meeting.

c) Business conduct guidelines and code of ethics

The Acquirer's business conduct guidelines and code of ethics for financial matters form the basis of its compliance program.

The business conduct guidelines, introduced by the managing board in 2001 and amended and restated in 2009, contain binding standards for law-abiding behavior and precise rules regarding, among others, compliance with applicable fair competition and anticorruption laws, handling of donations and gifts, avoidance of conflicts of interest, prohibition of insider trading, and protection of company assets. They also specify procedures for dealing with complaints. The business conduct guidelines are binding on all the Acquirer's employees and managing board members worldwide. The members of the Acquirer's supervisory board also comply with these guidelines where applicable.

Furthermore, in 2003 the managing board and the supervisory board implemented a code of ethics for financial matters, as required by the Sarbanes-Oxley Act (**"SOA"**) rules. This code of ethics for financial matters has been amended and restated by the Acquirer with effect from September 24, 2010.

Both the business conduct guidelines and the code of ethics for financial matters are available on the Acquirer's internet website.

The business conduct guidelines and the code of ethics for financial matters are complemented by numerous other rules that are applicable company-wide.

The Acquirer's Articles of Association, the bylaws for the supervisory board and its most important committees, the bylaws for the managing board, all declarations of conformity with the code, the report on compliance with the provisions of the code and various other corporate governance related documents may be found on the Acquirer's internet website at www.siemens.com/investor/en/corporate_governance.htm.

d) Objects and purposes

According to Section 2 of the Acquirer's Articles of Association, the objects and purposes of the Acquirer are:

i) to manufacture, distribute and supply industrial products in the fields of electrical engineering and electronics, mechanical engineering, precision mechanics as well as related sectors of engineering, including research and development in these fields;

ii) to develop, plan, distribute, supply, assemble and commission trade-specific and customer-specific systems, solutions and facilities in the fields of electrical engineering and electronics, mechanical engineering and precision mechanics as well as related sectors of engineering; and

iii) to render industrial and other business-related services.

The Acquirer's Articles of Association authorize its to engage in business of any kind and to take any and all measures related to, or which are directly or indirectly useful in promoting its objects. The Acquirer may also operate both domestic and foreign factories, establish branch offices, found, acquire, consolidate with, or participate in other companies, conclude or participate in other management contracts and enter into joint ventures.

e) Directors

Under German law, the Acquirer's supervisory board members and managing board members owe duties of loyalty and care to the Acquirer. They must exercise the standard of care of a prudent and diligent businessman and bear the burden of proving they did so if their actions are contested. Both boards have a duty to take into account the interests of the Acquirer's shareholders and the Acquirer's workers and, to some extent, are also required to observe the public interest. Those who violate their duties are jointly and severally liable to the Acquirer for any damage that their violations have caused unless their actions were validly approved by a resolution at a prior shareholders' meeting with a simple majority of the votes cast.

No board member may vote on a matter that concerns formal approval of his or her own acts or in which he or she has a material interest, and no member of either the Acquirer's supervisory board or managing board may receive loans from the Acquirer.

There is no mandatory retirement age for members of either board under the Acquirer's Articles of Association. According to the managing board's bylaws, however, the age of a member of the managing board shall not exceed 65 years. Similarly, the bylaws of the supervisory board set forth that only persons who are not older than 70 years shall be nominated to be elected as members of the supervisory board.

4.1.13 Pending material litigations involving the Acquirer

The Acquirer is not subject to any litigation that could be expected to adversely affect its ability to perform its obligations in connection with the Offer. Details of legal proceedings which are material to the Acquirer as of March 10, 2011 are set out below:

a) Public corruption proceedings

i) Governmental and related proceedings

Public prosecutors and other government authorities in jurisdictions around the world are conducting investigations of the Acquirer and certain of its current and former employees regarding allegations of public corruption, including criminal breaches of fiduciary duty such as embezzlement, as well as bribery, money laundering and tax evasion, among others. These investigations involve allegations of corruption at a number of Acquirer's business units.

On December 15, 2008, the Acquirer announced that legal proceedings against it arising from allegations of bribing public officials were concluded on the same day in Munich, Germany, and in Washington, DC. The Munich public prosecutor announced the termination of legal proceedings alleging the failure of the former managing board of Siemens AG to fulfill its supervisory duties. The investigations of former members of the managing board, employees of the Acquirer and other individuals remain unaffected by this resolution. In Washington, DC, the Acquirer pleaded guilty in federal court to criminal charges of knowingly circumventing and failing to maintain adequate internal controls and failing to comply with the books and records provisions of the U.S. Foreign Corrupt Practices Act (**"FCPA"**). In related cases, three of the Acquirer's foreign subsidiaries, Siemens S.A. (Argentina), Siemens Bangladesh Ltd. and Siemens S.A. (Venezuela), pleaded guilty to individual counts of conspiracy to violate the FCPA. At the same time, the Acquirer settled a civil action against it brought by the U.S. Securities and Exchange Commission (**"SEC"**) for violations of the FCPA. The agreement reflects the U.S. prosecutors' express recognition of the Acquirer's extraordinary cooperation as well as the Acquirer's new and comprehensive compliance program and extensive remediation efforts. Based on these facts, the lead agency for U.S. federal government contracts, the Defense Logistics Agency, issued a formal determination that the Acquirer remains a responsible contractor for U.S. government business.

Under the terms of the plea and settlement agreements reached in the United States, the Acquirer has engaged Dr. Theo Waigel, former German federal minister of finance, as compliance monitor to evaluate and report, for a period of up to four years, on the Acquirer 's progress in implementing and operating its new compliance program.

In the fourth quarter of fiscal 2008, the Acquirer accrued a provision in the amount of approximately Euro 1 billion in connection with the discussions with the Munich public prosecutor, the SEC and the United States Department of Justice for the purpose of resolving their respective investigations. Cash outflows relating to the fines and disgorgements referred to above during the first quarter of fiscal 2009 amounted to Euro 1.008 billion.

In October 2007, the Munich public prosecutor terminated a similar investigation relating to the Acquirer's former Communications Group. The Acquirer paid Euro 201 million in connection with the termination of this investigation. This brings the total amount paid to authorities in Germany in connection with these legal proceedings to Euro 596 million.

The public prosecutor in Wuppertal, Germany is conducting an investigation against the Acquirer's employees regarding allegations that they participated in bribery related to the awarding of an EU contract for the refurbishment of a power plant in Serbia in 2002. In April 2010, the public prosecutor discontinued the investigation.

Siemens Zrt. Hungary and certain of its employees are being investigated by Hungarian authorities in connection with allegations concerning suspicious payments in connection with consulting agreements with a variety of shell corporations and bribery relating to the awarding of a contract for the delivery of communication equipment to the Hungarian Armed Forces.

The Vienna, Austria, public prosecutor is conducting an investigation into payments between 1999 and 2006 relating to Siemens AG Austria and its subsidiary Siemens VAI Metal Technologies GmbH & Co. for which valid consideration could not be identified.

Authorities in Russia are conducting an investigation into alleged misappropriation of public funds in connection with the award of contracts to the Acquirer for the delivery of medical equipment to public authorities in Yekaterinburg in the years 2003 to 2005. The Acquirer is cooperating with the authorities.

In August 2007, the Nuremberg-Fuerth public prosecutor began an investigation into possible violations of law in connection with the United Nations Oil-for-Food Programme. In December 2008, the public prosecutor discontinued the investigation with respect to all persons accused.

The Sao Paulo, Brazil, public prosecutor conducted certain investigations of the Acquirer relating to the use of business consultants and suspicious payments in connection with the former Transportation Systems Group in or after 2000. In 2009, the authority discontinued the investigation.

On March 9, 2009, the Acquirer received a decision by the Vendor Review Committee of the United Nations Secretariat Procurement Division (**"UNPD"**) suspending the Acquirer from the UNPD vendor database for a minimum period of six months. The suspension applies to contracts with the UN Secretariat and stems from the Acquirer's guilty plea in December 2008 to violations of the U.S. Foreign Corrupt Practices Act. The Acquirer does not expect a significant impact on its business, results of operations or financial condition from this decision. On December 22, 2009, the Acquirer filed a request to lift the existing suspension. On January 14, 2011, the Acquirer was informed that the Vendor Review Committee of the UNPD had recommended that the existing suspension be lifted and that the Acquirer be invited to re-register with the UNPD.

In April 2009, the Acquirer received a "Notice of Commencement of Administrative Proceedings and Recommendations of the Evaluation and Suspension Officer" from the World Bank, which comprises the International Bank for Reconstruction and Development as well as the International Development Association, in connection with allegations of sanctionable practices during the period 2004 – 2006 relating to a World Bank-financed project in Russia. On July 2, 2009, the Acquirer entered into a global settlement agreement with the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation and the Multilateral Investment Guarantee Agency (collectively, the **"World Bank Group"**) to resolve World Bank Group investigations involving allegations of corruption by the Acquirer. In the agreement, the Acquirer voluntarily undertakes to refrain from bidding in connection with any project, program, or other investment financed or guaranteed by the World Bank Group (**"Bank Group Projects"**) for a period of two years, commencing on January 1, 2009 and ending on December 31, 2010. The Acquirer is not prohibited by the voluntary restraint from continuing work on existing contracts under Bank Group Projects or concluded in connection with World Bank Group corporate procurement provided such contracts were signed by the Acquirer and all other parties thereto prior to January 1, 2009. The agreement provides for exemptions to the voluntary restraint in exceptional circumstances upon approval of the World Bank Group. The Acquirer also had to withdraw all pending bids, including proposals for consulting contracts, in connection with Bank Group Projects and World Bank Group corporate procurement where the World Bank Group has not provided its approval prior to July 2, 2009. Furthermore, the Acquirer is also required to voluntarily disclose to the World Bank Group any potential misconduct in connection with any Bank Group Projects. Finally, the Acquirer has undertaken to pay USD 100 million to agreed anti-corruption organizations over a period of not more than 15 years. In fiscal 2009, the Acquirer took a charge to *"other operating expense"* to accrue a provision in the amount of Euro 53 million relating to the global settlement agreement with the World Bank Group. In November 2009, Siemens Russia OOO and all its controlled subsidiaries were, in a separate proceeding before the World Bank Group, debarred for four years from participating in Bank Group Projects. Siemens Russia OOO did not contest the debarment.

The Norwegian anti-corruption unit, Oekokrim, conducted an investigation against Siemens AS Norway and two of its former employees related to payments made for golf trips in 2003 and 2004, which were attended by members of the Norwegian Department of Defense. On July 3, 2009, the trial court in Oslo, Norway, found the two former employees not guilty. Oekokrim stated on July 16, 2009, that the proceedings against Siemens AS Norway have also been discontinued.

In November 2009 and in February 2010, a subsidiary of Siemens AG voluntarily self-reported possible violations of South African anti-corruption regulations in the period before 2007 to the responsible South African authorities.

The public prosecutor in Milan, Italy, had filed charges against a current and a former employee of Siemens S.p.A., Siemens S.p.A., and one of its subsidiaries in November 2007, alleging that the two individuals made illegal payments to employees of the state-owned gas and power group ENI. Charges were also filed against other individuals and companies not affiliated with the Acquirer. The two individuals, Siemens S.p.A., and its subsidiary entered into a *"patteggiamento"* (plea bargaining agreement without the recognition of any guilt or responsibility) with the Milan public prosecutor which was confirmed by the Milan court on April 27, 2009. Under the terms of the patteggiamento, Siemens S.p.A. and the subsidiary were each fined Euro 40.0 thousand and ordered to disgorge profits in the amount of Euro 315.562 thousand and Euro 502.370 thousand, respectively. The individuals accepted suspended prison sentences. The decision is final and the proceedings are closed.

The Argentinean Anti-Corruption Authority is conducting an investigation into corruption of government officials in connection with the award of a contract to the Acquirer in 1998 for the development and operation of a system for the production of identity cards, border control, collection of data and voters' registers. Searches were undertaken at the premises of Siemens Argentina and Siemens IT Services S.A. in Buenos Aires in August 2008 and in February 2009. The Acquirer is cooperating with the Argentinean Authorities. The Argentinean investigative judge also requested judicial assistance from the Munich public prosecutor and the federal court in New York repeatedly.

On August 17, 2009, the Anti-Corruption Commission of Bangladesh (**"ACC"**) filed criminal charges against two current and one former employee of Siemens Bangladesh's Healthcare business. It is alleged that the employees colluded with employees of a public hospital to overcharge for the delivery of medical equipment in the period before 2007.

On December 30, 2009, the ACC sent a request for information to Siemens Bangladesh Ltd. (**"Siemens Bangladesh"**) related to telecommunications projects of the Acquirer's former Com Group undertaken prior to 2007. On January 4, 2010, Siemens Bangladesh was informed that in a related move the Anti Money Laundering Department of the Central Bank of Bangladesh is conducting a special investigation into certain accounts of Siemens Bangladesh and of former employees of Siemens Bangladesh in connection with transactions for Com projects undertaken in the period from 2002 to 2006. On February 16, 2010, the ACC sent a request for additional information.

On June 23, 2010, the Frankfurt public prosecutor searched premises of the Acquirer in Germany in response to allegations of questionable payments relating to an Industry project in Thailand. The Acquirer is cooperating with the authority.

In August 2010, the Inter-American Development Bank (**"IADB"**) issued a notice of administrative proceedings against, among others, Siemens IT Solutions and Services Argentina alleging fraudulent misstatements and antitrust violations in connection with a public invitation to tender for a project in the province of Cordoba, Argentina, in 2003. The Acquirer is cooperating with the IADB.

Also in August 2010, the IADB issued a notice of administrative proceedings against, among others, Siemens Venezuela alleging fraudulent misstatements and public corruption in connection with a public invitation to tender for healthcare projects in the Venezuelan provinces of Anzoategui and Merida in 2003. The Acquirer is cooperating with the IADB.

In February 2010 a Greek Parliamentary Investigation Committee (**"GPIC"**) was established to investigate whether any politicians or other state officials in Greece were involved in alleged wrong-doing of the Acquirer in Greece. GPIC's investigation is focused on possible criminal liability of politicians and other state officials. Greek public prosecutors are separately investigating certain fraud and bribery allegations involving – among others – former board members and former executives of Siemens A.E. Greece (**"Siemens A.E."**) and Siemens AG. Both investigations may have a negative impact on civil proceedings currently pending against Siemens AG and Siemens A.E. and may affect the future business activities of the Acquirer in Greece. In January 2011, the GPIC stated in a letter to the Acquirer that the alleged damage suffered by the Greek state amounts to at least Euro 2 billion. The Acquirer responded to the GPIC rejecting this allegation. According to publicly available information, on January 24, 2011 the GPIC issued a report. To date, the Acquirer has not been provided with an official copy of the GPIC report. Also on January 24, 2011, the Hellenic Republic Minister of State indicated in a letter to the Acquirer that the Greek state will seek compensation from the Acquirer for the alleged damage. The Acquirer intends to defend itself vigorously against these allegations.

The Nigerian Economic and Financial Crimes Commission (**"EFCC"**) was conducting an investigation into alleged illegal payments by the Acquirer to Nigerian public officials between 2002 and 2005. In October 2010, the EFCC filed charges with the Federal High Court in Abuja and the High Court of the Federal Capital Territory against – among others – Siemens Ltd. Nigeria (**"Siemens Nigeria"**), Siemens AG and former board members of Siemens Nigeria. On November 22, 2010, the Nigerian Government and Siemens Nigeria entered into an out of court settlement, obligating Siemens Nigeria to make a payment in the mid double-digit Euro million range to Nigeria in exchange for the Nigerian Government withdrawing these criminal charges and refraining from the initiation of any criminal, civil or other actions – such as a debarment – against Siemens Nigeria, Siemens AG, and Siemens employees.

The Acquirer remains subject to corruption-related investigations in several jurisdictions around the world. As a result, additional criminal or civil sanctions could be brought against the Acquirer itself or against certain of its employees in connection with possible violations of law. In addition, the scope of pending investigations may be expanded and new investigations commenced in connection with allegations of bribery and other illegal acts. The Acquirer's operating activities, financial results and reputation may also be negatively affected, particularly as a result of penalties, fines, disgorgements, compensatory damages, third-party litigation, including with competitors, the formal or informal exclusion from public invitations to tender, or the loss of business licenses or permits. Additional expenses and provisions, which could be material, may need to be recorded in the future for penalties, fines, damage or other charges in connection with the investigations.

The Acquirer is following up on evidence of bank accounts and the amounts of the funds deposited therein in various locations. Certain funds have been frozen by authorities. During fiscal 2010, the Acquirer recognized an amount of Euro 40 million in "*other operating income*" from the agreed recovery of funds from one of these accounts.

ii) Civil litigation

Siemens AG asserted claims for damages against former members of its managing and supervisory board. The Acquirer based its claims on breaches of organizational and supervisory duties in view of the accusations of illegal business practices that occurred in the course of international business transactions in the years 2003 to 2006 and the resulting financial burdens for the Acquirer. On December 2, 2009 the Acquirer reached a settlement with nine out of eleven former members of the managing and supervisory board. As required by law, the settlements between the Acquirer and individual board members were subject to approval by the annual shareholders' meeting. The Acquirer reached a settlement agreement with its directors and officers (**"D&O"**) insurers regarding claims in connection with the D&O insurance of up to Euro 100 million. The annual shareholders' meeting approved all nine settlements between the Acquirer and the former members of the managing and supervisory board on January 26, 2010. The shareholders also agreed to the settlement with respect to claims under the D&O insurance. During the second quarter of fiscal 2010, Siemens AG received certain benefits as required under the aforementioned settlement agreements with the result that an amount of Euro 96 million net of related cost was recognized primarily in *Other operating income*. Thereof Euro 84 million resulted from the settlement agreement with the D&O insurers and Euro 12 million resulted from settlement agreements with former board members. The former board members used claims they had against the Acquirer to offset a portion of their obligations under the aforementioned settlement agreements. The remaining amount was or will be settled by the former board members in cash. On January 25, 2010, Siemens AG filed a lawsuit with the Munich District Court I against the two former board members who were not willing to settle, Thomas Ganswindt and Heinz-Joachim Neubürger. The complaint was served upon the defendants. The defendants asked Siemens AG to produce certain documents.

An alleged holder of Siemens American Depositary Shares filed a derivative lawsuit in February 2007 with the Supreme Court of the State of New York against certain current and former members of the Acquirer's managing and supervisory boards as well as against the Acquirer as a nominal defendant, seeking various forms of relief relating to the allegations of corruption and related violations at the Acquirer. The alleged holder of Siemens American Depository Shares voluntarily withdrew the derivative action in September 2009.

In June 2008, the Republic of Iraq filed an action requesting unspecified damages against 93 named defendants with the United States District Court for the Southern District of New York on the basis of findings made in the "Report of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme." Siemens S.A.S. France, Siemens A. Ş. Turkey and OSRAM Middle East FZE, Dubai, are among the 93 named defendants. Process was served upon all three of the Acquirer's subsidiaries. The three subsidiaries will defend themselves against the action.

The Acquirer had filed a request for arbitration against the Republic of Argentina (Argentina) with the International Center for Settlement of Investment Disputes (**"ICSID"**) of the World Bank. The Acquirer claimed that Argentina had unlawfully terminated its contract with the Acquirer for the development and operation of a system for the production of identity cards, border control, collection of data and voters' registers (**"DNI project"**) and thereby violated the Bilateral Investment Protection Treaty between Argentina and Germany (**"BIT"**). The Acquirer sought damages for expropriation and violation of the BIT of approximately USD 500 million. A unanimous decision on the merits was rendered by the ICSID arbitration tribunal on February 6, 2007, awarding the Acquirer compensation in the amount of USD 217.8 million, plus compound interest thereon at a rate of 2.66% since May 18, 2001. The tribunal also ruled that Argentina is obligated to indemnify the Acquirer against any claims of subcontractors in relation to the project (amounting to approximately USD 44 million) and, furthermore, that Argentina would be obligated to pay the Acquirer the full amount of the contract performance bond (USD 20 million) in the event this bond was not returned. The time period set by the tribunal for returning the contract performance bond subsequently elapsed without delivery. Argentina subsequently filed applications with the ICSID aiming at the annulment and reversal of the decision and a stay of enforcement of the arbitral award. On August 12, 2009, Argentina and the Acquirer reached an agreement to mutually settle the case and discontinue any and all civil proceedings in connection with the case without acknowledging any legal obligations or claims. No payment was made by either party.

The Acquirer has been approached by a competitor to discuss claims it believes it has against the Acquirer. The alleged claims relate to allegedly improper payments by the Acquirer in connection with the procurement of public and private contracts. The Acquirer and the competitor continue to be engaged in discussions.

A securities class action was filed in December 2009 against the Acquirer with the United States District Court for the Eastern District of New York seeking damages for alleged violations of U.S. securities laws. The Acquirer is defending itself against the action.

b) Antitrust proceedings

In June 2007, the Turkish Antitrust Agency confirmed its earlier decision to impose a fine in an amount equivalent to Euro 6 million on Siemens A.Ş. Turkey based on alleged antitrust violations in the traffic lights market. Siemens A.Ş. Turkey has appealed this decision and this appeal is still pending.

In February 2007, the Norwegian Competition Authority launched an investigation into possible antitrust violations involving Norwegian companies active in the field of fire security, including Siemens Building Technologies AS. In December 2008, the Norwegian Competition Authority issued a final decision that Siemens Building Technologies AS had not violated antitrust regulations.

In February 2007, the European Commission launched an investigation into possible antitrust violations involving European producers of power transformers, including the Acquirer and VA Technologie AG (**"VA Tech"**), which the Acquirer acquired in July 2005. The German Antitrust Authority (Bundeskartellamt) has become involved in the proceeding and is responsible for investigating those allegations that relate to the German market. Power transformers are electrical equipment used as major components in electric transmission systems in order to adapt voltages. The Acquirer is cooperating in the ongoing investigation with the European Commission and the German Antitrust Authority. On October 7, 2009, the European Commission imposed fines totaling Euro 67.644 million on seven companies with regard to a territorial market sharing agreement related to Japan and Europe. The Acquirer was not fined because it had voluntarily disclosed this aspect of the case to the authorities. The German Antitrust Authority continues its investigation with regard to the German market.

In April 2007, the Acquirer and VA Tech filed actions before the European Court of First Instance in Luxemburg against the decisions of the European Commission dated January 24, 2007, to fine the Acquirer and VA Tech for alleged antitrust violations in the European Market of high voltage gas-insulated switchgear between 1988 and 2004. Gas-insulated switchgear is electrical equipment used as a major component for turnkey power substations. The fine imposed on the Acquirer amounted to Euro 396.6 million and was paid by the Acquirer in 2007. The fine imposed on VA Tech, which Siemens AG acquired in July 2005, amounted to Euro 22.1 million. VA Tech was declared jointly liable with Schneider Electric for a separate fine of Euro 4.5 million. In March 2011, the European Court of First Instance denied the motions of the Acquirer and VA Tech. In addition to the proceedings mentioned in this document, authorities in Brazil, the Czech Republic and Slovakia are conducting investigations into comparable possible antitrust violations. In October 2010, the High Court of New Zealand dismissed corresponding charges against the Acquirer. The decision is still appealable by the New Zealand authorities.

On October 25, 2007, upon the Acquirer's appeal, a Hungarian competition court reduced administrative fines imposed on the Acquirer for alleged antitrust violations in the market of high-voltage gas-insulated switchgear from Euro 0.320 million to Euro 0.120 million and from Euro 0.640 million to Euro 0.110 million regarding VA Technologie AG. The Acquirer and the Competition Authority both appealed the decision. In November 2008, the Court of Appeal confirmed the reduction of the fines. On December 5, 2008, the Competition Authority filed an extraordinary appeal with the Supreme Court. In December 2009, the Acquirer was notified that the Supreme Court had remanded the case to the Court of Appeal, with instructions to take a new decision on the amount of the fines. The extraordinary appeal from the Competition Authority was rejected with legally binding effect by the Court of Appeal on January 27, 2010. On April 6, 2010, the Competition Authority filed another extraordinary appeal with the Supreme Court.

In connection with the January 24, 2007 decision of the European Commission regarding alleged antitrust violations in the high-voltage gas-insulated switchgear market, claims are being made against the Acquirer. Among others, a claim was filed by National Grid Electricity Transmission Plc. (**"National Grid"**) with the High Court of England and Wales in November 2008. Twenty-one companies have been named as defendants, including the Acquirer and various of its subsidiaries. National Grid asserts claims in the aggregate amount of approximately GBP 249 million for damages and compound interest. The Acquirer believes National Grid's claim to be without merit. The European Commission's decision has been appealed to the European Court of First Instance. On June 12, 2009, the High Court granted a stay of the proceedings pending before it until three months after the outcome of the appeal to the European Court of First Instance and any subsequent appeals to the European Court of Justice. On June 26, 2009, the Acquirer's defendants filed their answers to the complaint and requested National Grid's claim to be rejected. Discovery is ongoing.

The South African Competition Commission investigated alleged antitrust violations in the market of high-voltage gas-isolated switchgear. In May 2009, the Acquirer was notified that the Competition Commission will not pursue the prosecution of this matter.

A suit and motion for approval of a class action was filed in Israel in December 2007 to commence a class action based on the fines imposed by the European Commission for alleged antitrust violations in the high-voltage gas-insulated switchgear market. Thirteen companies were named as defendants in the suit and motion, among them Siemens AG Germany, Siemens AG Austria and Siemens Israel Ltd. The class action alleged damages to electricity consumers in Israel in the amount of approximately Euro 575 million related to higher electricity prices claimed to have been paid because of the alleged antitrust violations. At a hearing on December 11, 2008, the plaintiff requested to withdraw from the action and from the motion to certify the action as a class action. The court approved the request and dismissed the action and the motion to certify.

In January 2010, the European Commission launched an investigation related to previously reported investigations into potential antitrust violations involving producers of flexible current transmission systems in New Zealand and the USA including, among others, Siemens AG. In April 2010, authorities in Korea and Mexico informed the Acquirer that similar proceedings had been initiated. Siemens AG is cooperating with the authorities. On June 1, 2010, the New Zealand Commerce Commission notified Siemens AG that their investigation had been closed. On September 13, 2010, the European Commission notified Siemens AG that their investigation had been closed. On November 17, 2010, the Korean antitrust authority notified Siemens AG that their investigation had been closed.

On February 11, 2010, the Italian Antitrust Authority searched the premises of several healthcare companies, including Siemens Healthcare Diagnostics S.r.l. and Siemens S.p.A., in response to allegations of anti-competitive agreements relating to a 2009 public tender process for the supply of medical equipment to the procurement entity for the public healthcare sector in the Italian region of Campania, So.Re.Sa. The Acquirer is cooperating with the authority.

On November 16, 2010, the Greek Competition Authority searched the premises of Siemens S.A. in Athens, in response to allegations of anti-competitive practices in the field of telecommunication and security. The Acquirer is cooperating with the authority.

On December 15, 2010, the Turkish Antitrust Authority searched the premises of several diagnostic companies including, among others, Siemens Healthcare Diagnostik Ticaret Limited Sirketi in Istanbul, in response to allegations of anti-competitive agreements. The Acquirer is cooperating with the authority.

c) Other proceedings

Starting in December 2006, the Acquirer and Qisda Corp. (formerly named BenQ Corp.), a Taiwanese company, were parties in an arbitration proceeding before the International Chamber of Commerce **(“ICC”)** relating to the purchase by Qisda of the Acquirer’s mobile devices business in 2005. The parties subsequently resolved their disputes and, upon joint request of the parties, the ICC issued an Award by Consent in March 2009.

On November 25, 2008, the Acquirer and the insolvency administration of BenQ Mobile GmbH & Co. OHG announced that they had reached a settlement after constructive discussions that began in 2006. In the settlement agreement, the Acquirer agreed to a gross payment of Euro 300 million, which was made in December 2008. However, ultimately, the settlement is expected to result in a total net payment of approximately Euro 255 million after taking into account the claims against the debtor’s estate, which were filed by the Acquirer and acknowledged by the insolvency administrator. Since the Acquirer had made sufficient provisions for the expected settlement, the settlement did not have a material negative impact on the Acquirer’s results of operations for fiscal 2009.

The Acquirer is a member of a supplier consortium that has contracted to construct the nuclear power plant “Olkiluoto 3” in Finland for Teollisuuden Voima Oyj (**“TVO”**) on a turnkey basis. The Acquirer’s share of the consideration to be paid to the supplier consortium under the contract is approximately 27%. The other member of the supplier consortium is a further consortium consisting of Areva NP S.A.S. and its wholly-owned subsidiary, Areva NP GmbH. The agreed completion date for the nuclear power plant was April 30, 2009. Completion of the power plant has been delayed for reasons which are in dispute. In December 2008, the supplier consortium filed a request for arbitration against TVO demanding an extension of the construction time, additional compensation and damages in the amount of now approximately Euro 1.23 billion. TVO rejected the demand for an extension of time and made counterclaims against the supplier consortium. These consist primarily of damages due to the delay, claimed to amount to approximately Euro 1.43 billion based on estimated completion of the plant in June 2012 with a delay of 38 months. Assuming the full cooperation of all parties involved, nuclear fuel is expected to be loaded into the reactor at the end of 2012 commencing the commissioning phase of the overall plant. This testing phase will last several months. As of today, completion is expected to occur by the end of the 2013 calendar year.

In early 2009 the Acquirer terminated its joint venture with Areva S.A. (**"Areva"**). Thereafter the Acquirer entered into negotiations with the State Atomic Energy Corporation Rosatom (**"Rosatom"**) with a view to forming a new partnership active in the construction of nuclear power plants, in which it would be a minority shareholder. In April 2009, Areva filed a request for arbitration with the ICC against the Acquirer. Areva seeks an order enjoining the Acquirer from pursuing such negotiations with Rosatom, a declaration that the Acquirer is in material breach of its contractual obligations, a reduction of the price payable to the Acquirer for its stake in the Areva NP S.A.S. joint venture and damages in an amount to be ascertained. The Acquirer filed its answer in June 2009, primarily seeking a dismissal of Areva's claims and a price increase. The arbitral tribunal has been constituted and the main proceedings have commenced. On November 17, 2009, the arbitral tribunal issued an interim order which imposes certain provisional restrictions on the Acquirer with respect to the negotiation process and the planned partnership with Rosatom; the order does not preclude the Acquirer from continuing its discussions with Rosatom during the arbitration. In its last submissions Areva did not uphold its request for damages. In September 2010 the hearing on the merits was held. The outcome of the main proceedings remains open.

A Mexican governmental control authority had barred Siemens S.A. de C.V. Mexico (**"Siemens Mexico"**) from bidding on public contracts for a period of three years and nine months beginning November 30, 2005. This proceeding arose from allegations that Siemens Mexico did not disclose alleged minor tax discrepancies when it was signing a public contract in 2002. Upon several appeals by Siemens Mexico, the execution of the debarment was stayed, the debarment subsequently reduced to a period of four months, and in June 2009 the Acquirer was finally informed by the relevant administrative court that the debarment was completely annulled.

In July 2008, Mr. Abolfath Mahvi filed a request for arbitration with the ICC seeking an award of damages against Siemens AG in the amount of DM 150 million (or the equivalent in euro, which is approximately Euro 77 million) plus interest. Mr. Mahvi's claim is based on a contract concluded in 1974 between a company that was then a subsidiary of the Acquirer and two other companies, one domiciled in the Bermudas and the other in Liberia. Mr. Mahvi alleged that he is the successor in interest to the Bermudan and Liberian companies and that the companies assisted the Acquirer in the acquisition of a power plant project in Bushehr, Iran. On August 24, 2010, the arbitration award was served upon the Acquirer. All claims of Mr. Mahvi were rejected. The plaintiff must bear the costs of the arbitration proceeding.

In July 2008, Hellenic Telecommunications Organization Société Anonyme (**"OTE"**) filed a lawsuit against the Acquirer with the district court of Munich, Germany, seeking to compel the Acquirer to disclose the outcome of its internal investigations with respect to OTE. OTE seeks to obtain information with respect to allegations of undue influence and / or acts of bribery in connection with contracts concluded between the Acquirer and OTE from 1992 to 2006. In May 2009, OTE was granted access to the public prosecutor's files in Greece. At the end of July 2010, OTE expanded its claim and requested payment of damages by the Acquirer of at least Euro 57.07 million to OTE for alleged bribery payments to OTE-employees. The Acquirer has filed its written statement of defense relating to the expansion of the claim and rejected the claim. A first oral hearing took place in February 2011.

Siemens A.E. entered into a subcontract agreement with Science Applications International Corporation, Delaware, USA, (**"SAIC"**) in May of 2003 to deliver and install a significant portion of a security surveillance system (the **"C4I"** project) in advance of the Olympic Games in Athens, Greece. Siemens A.E. fulfilled its obligations pursuant to the subcontract agreement. Nonetheless, the Greek government claimed errors related to the C4I-System and withheld amounts for abatement in the double- digit million euro range. Furthermore the Greek government withheld final payment in the double-digit million euro range, only recently claiming that the system has not been finally accepted. Although Siemens A.E. is not a contractual party of the Greek government, under Siemens A.E's subcontract agreement with SAIC non-payment by the Greek government economically affects Siemens A.E. as well. SAIC has filed for arbitration contesting all the Greek government's claims and ability to withhold payments. The Greek State filed inter alia a motion to stay the arbitration pursuant to the ongoing criminal investigations conducted by the Greek public prosecutor. Resolution of this dispute has been complicated by bribery and fraud allegations against Siemens A.E. in Greece, which have resulted in extensive negative media coverage concerning the C4I system. The Greek tax authorities have audited

Siemens A.E.'s books for the 1997 to 2003 and 2004 to 2007 tax years. In the third quarter of fiscal 2010, based on a preliminary communication of the findings of the tax audits, Siemens A.E. made payments under a tax law enacted in April 2010 to settle certain matters for which provisions had been established. Siemens A.E. does not expect any further material findings by the Greek tax authorities which would require Siemens A.E. to make additional material payments.

In December 2008, the Polish Agency of Internal Security (**"AWB"**) remanded into custody an employee of Siemens Healthcare Poland, in connection with an investigation regarding a public tender issued by the hospital of Wroclaw in 2008. According to the AWB, the Siemens employee and the deputy hospital director are accused of having manipulated the tender procedure. In October 2010, the investigation was closed.

In April 2009, the Defense Criminal Investigative Service of the U.S. Department of Defense conducted a search at the premises of Siemens Medical Solutions USA, Inc. in Malvern, Pennsylvania, in connection with an investigation relating to a contract of the Acquirer with the U.S. Department of Defense for the provision of medical equipment.

In June 2009, the Acquirer and two of its subsidiaries voluntarily self-reported, among others, possible violations of U.S. Export Administration Regulations to the responsible U.S. authorities.

Since July 2009 the EU Anti-Fraud Office OLAF, its Romanian equivalent DELAF and the Romanian public prosecutor DNA have been investigating allegations of fraud in connection with the 2007 award of a contract to FORTE Business Services (now Siemens IT Solutions and Services Romania) to modernize the IT infrastructure of the Romanian judiciary. On September 2, 2010, OLAF put the matter on monitoring status and decided not to open formal proceedings. DELAF referred the matter to DNA and closed its investigations.

In addition to the investigations and legal proceedings described above, the Acquirer and its subsidiaries have been named as defendants in various other legal actions and proceedings arising in connection with their activities as a global diversified group. Some of the legal actions include claims or potential claims for punitive damages or claims for indeterminate amounts of damages. The Acquirer is from time to time also involved in regulatory investigations beyond those described above. The Acquirer is cooperating with the relevant authorities in several jurisdictions and, where appropriate, conducts internal investigations regarding potential wrongdoing with the assistance of in-house and external counsel. Given the number of legal actions and other proceedings to which the Acquirer is subject, some may result in adverse decisions. The Acquirer contests actions and proceedings when it considers it appropriate. The Acquirer currently does not expect its business, results of operations and financial condition to be materially affected by the additional legal matters not separately discussed in this paragraph.

4.1.14 Details of acquisitions / mergers involving the Acquirer during the last 3 years ended September 30, 2010, 2009 and 2008 and in the first quarter of fiscal 2011

In fiscal 2010, 2009 and 2008, the Acquirer completed a number of acquisitions. These acquisitions have been accounted for under the acquisition method and have been included in the Acquirer's consolidated financial statements since the date of acquisition.

a) Acquisitions in fiscal 2010

At the beginning of November 2009, the Acquirer acquired a controlling interest of 100% in Solel Solar Systems Ltd., Beit Shemesh / Israel (**"Solel"**), in a share deal transaction. Solel is a solar technology company focusing on the concentrated solar power (**"CSP"**) market. Solel develops, designs, manufactures and installs equipment for solar thermal power plants. Besides that, Solel is also developing the Lebrija 1 (50MW) solar thermal power plant in Spain (Lebrija 1). The rationale for the acquisition was to expand the product portfolio of the Acquirer in the field of CSP to become a leading CSP product and solution provider. Solel, which was consolidated as of November 2009, has been integrated into the sector Energy Renewable division of the Acquirer. The aggregate consideration amounts to approximately Euro 279 million (including Euro 14 million cash acquired).

In fiscal 2010, the Acquirer additionally acquired various entities, which were not material, either individually or in aggregate.

b) Acquisitions in fiscal 2009

In fiscal 2009, the Acquirer acquired various entities, which were not material, either individually or in aggregate.

c) Acquisitions in fiscal 2008

At the beginning of November 2007, the Acquirer completed the acquisition of Dade Behring Holdings, Inc., USA (**"Dade Behring"**), a leading manufacturer and distributor of diagnostic products and services to clinical laboratories. Dade Behring, which was consolidated as of November 2007, has been integrated into sector Healthcare's Diagnostics division and complements the acquisitions of Diagnostic Products Corporation and Bayer Diagnostics. The aggregate consideration, including the assumption of debt, amounts to Euro 4.9 billion (including Euro 69 million cash acquired).

In fiscal 2008, the Acquirer completed the acquisitions of a number of entities which are not significant individually including BJC, Spain, a supplier of switches and socket-outlets at sector Industry, Building Technologies division; Innotec, a leading software provider for lifecycle management solutions at sector Industry's Industry Automation division; and the rolling mill technology specialist Morgan Construction Co., USA, at sector Industry, Industry Solutions division. The combined purchase price of these acquisitions amounts to Euro 299 million.

4.1.15 Divestments

a) Dispositions in first quarter of fiscal 2011

In December 2010, the Acquirer and Atos Origin S.A. (**"Atos"**) signed an option agreement which grants Atos the right to acquire Siemens IT Solutions and Services. On February 1, 2011, Atos announced that a final binding agreement was signed with the Acquirer to acquire Siemens IT Solutions and Services and to proceed with the global partnership. Subject to customary conditions precedent, including approval from the relevant anti-trust authorities and from Atos shareholders at an Extraordinary Shareholders Meeting, the transaction is expected to close by July 2011.

In December 2010, the Acquirer completed the transfer of its 19.8% stake in GIG Holding GmbH (owner of all shares of Gigaset Communications GmbH) to ARQUES Industries AG.

In December 2010, the Acquirer announced an agreement to sell its 49% stake in Krauss-Maffei Wegmann GmbH & Co. KG to the Wegmann Group. This transaction closed in January 2011, after the close of the first quarter.

In January 2011, the Acquirer closed the sale of its electronics assembly systems business.

b) Dispositions in fiscal 2010

At the end of December 2009, the Acquirer sold its 25% minority stake in Dräger Medical AG & Co. KG to the majority shareholder Drägerwerk AG & Co. KGaA. The sale proceeds include a cash component, a vendor loan component and an option component, which is dependent on the share-price performance of the Drägerwerk AG & Co. KgaA.

At the beginning of November 2009, the sector Industry's Mobility Division sold its Airfield Solutions Business and Roke Manor activities in the U.K.

Other dispositions: held for disposal

In January 2009, the Acquirer announced that it will terminate the Shareholders Agreement of the joint venture Areva NP S.A.S., and sell its 34% interest in Areva NP S.A.S. to the majority shareholder Areva S.A. under the terms of a put agreement. The carrying amount of the interest in Areva NP S.A.S. amounts to Euro 190 million. The required approval of antitrust authorities has been obtained in October 2009. The Acquirer expects to receive the expert opinion regarding the valuation of Areva NP S.A.S. within calendar year 2010, which is a necessary precondition to close this transaction.

c) Dispositions in fiscal 2009

At the beginning of October 2008, the Acquirer completed the transfer of an 80.2% stake in Siemens Home and Office Communication Devices GmbH & Co. KG (**"SHC"**) to ARQUES Industries AG. The transaction resulted in a preliminary net loss of Euro 108 million (including an impairment loss of Euro 78 million) of which the majority was recorded in fiscal 2008.

At the beginning of November 2008, the Acquirer signed an agreement to sell its 50% stake of FSC to Fujitsu Limited. The transaction closed at the beginning of April 2009. The transaction resulted in a pre-tax gain, net of related costs of Euro 327 million.

d) Dispositions in fiscal 2008

At the end of July 2008, the sector Industry's division OSRAM completed the sale of its Global Tungsten & Powders unit. The transaction resulted in a pre-tax gain of Euro 130 million, net of related costs.

At the end of May 2008, the Acquirer sold its wireless modules business, which was part of the division Industry Automation in the sector Industry. The transaction resulted in a pre-tax gain of Euro 131 million, net of related costs.

At the beginning of December 2007, the Acquirer sold its Siemens VDO Automotive activities to Continental AG, Hanover, Germany for a sales price of €11.4 billion. The transaction resulted in a gain, net of related costs of €5,522., which was included in discontinued operations. In addition, the historical results of Siemens VDO Automotive are reported as discontinued operations and included in the consolidated statements of income for fiscal 2008.

At the end of September 2008, the Acquirer sold a 51% stake in SEN to The Gores Group, a U.S. based financial and operational management firm. The Gores Group contributed two businesses into EN, which complement the business of SEN. The transaction resulted in a loss of €1,015 in fiscal 2008 and a gain of €117 in fiscal 2009, which is included in discontinued operations. In addition, the historical results of SEN are reported as discontinued operations and included in the consolidated statements of income for fiscal 2008.

4.1.16 Name and contact details of the Compliance Officer Asia-Pacific of the Acquirer

Name: Frank Schmidt
Designation: Compliance Officer Asia-Pacific
Address: Wittelsbacherplatz 2, 80333 Munich, Germany
Tel: +49 (0) 89 636-00, **Fax:** +49 (0) 89 636-34-242

4.2 Disclosure in terms of Regulation 16(ix)

4.2.1 On November 30, 2009, the board of directors of the Target Company has approved a scheme of amalgamation under Sections 391-394 of the Companies Act whereby SHDL will be amalgamated into the Target Company with effect from October 1, 2009 subject to approval of the High Courts of Bombay and Gujarat. In consideration of the amalgamation, shareholders of SHDL will be issued Equity Shares whereby two Equity Shares will be issued for every one equity share of SHDL. The Bombay High Court and the Gujarat High Court have, vide their orders dated January 28, 2011 and March 1, 2011 respectively, approved the scheme of amalgamation. The said amalgamation will be effective only after the certified copies of the orders of both the High Courts are filed with the respective Registrar of Companies.

4.2.2 The Acquirer has no plans to sell, dispose of or otherwise encumber any assets of the Target Company in the next two years, except to the extent required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of the Company for commercial reasons and to improve operational efficiencies; or (ii) in the ordinary course of business of the Target Company or (iii) the assets of the company which are not material in nature.

4.2.3 Under the second proviso to Regulation 16(ix) of the extant SEBI (SAST) Regulations, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company as may be required under applicable laws.

4.3 Future plans / strategies of the Acquirer with regard to the Target Company

4.3.1 Siemens AG has operations worldwide and has achieved a leading global position in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. A key objective of Siemens AG is to expand its current operations and investments in India in connection with its business strategy. To this extent, Siemens AG wishes to increase its stake in Siemens Limited in order to develop the businesses effectively. The Siemens group wishes to further consolidate its shareholding in the Target Company to 75.00% by making this Offer to public shareholders of the Target Company in accordance with Regulation 11(2A) of the SEBI (SAST) Regulations.

5. Option in terms of Regulation 21(3) of the SEBI (SAST) Regulations

5.1 The Offer to Eligible Persons is made in accordance with Regulation 11(2A) of the SEBI (SAST) Regulations for further consolidating the holding of the Siemens group, including the Acquirer, in the Target Company to 75.00% of the Voting Share Capital.

5.2 As per Clause 40A of the listing agreements (as amended) of the Target Company with the BSE and NSE, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis.

5.3 Based on the existing Offer Size and the current shareholding of the promoter group of the Target Company, the public shareholding of the Target Company will not fall to less than 25% of the Voting Share Capital upon the successful closure of this Offer even assuming full acceptances.

6. Background of the Target Company

6.1 The Target Company is a public limited company incorporated on March 2, 1957 under the laws of India.

6.2 Address of the principal place of business and registered office of the Target Company are as follows:

Principal place of business	130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018, Tel +91-22-2498 7000, Fax +91-22-2498 7500
Registered and Corporate office	130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018, Tel +91-22-2498 7000, Fax +91-22-2498 7500.

Source: Siemens Limited

6.3 Brief history & major areas of operations

The Target Company was incorporated on March 2, 1957 as Siemens Engineering & Manufacturing Co. of India Private Ltd and became a public limited company in 1961, subsequent to which the Target Company's name was changed to Siemens Engineering & Manufacturing Co. of India Ltd. on April 29, 1961. On October 23, 1967, the name was further changed to Siemens India Limited. The name of the company again changed from Siemens India Ltd., to Siemens Limited, with effect from March 31, 1987.

The Equity Shares are listed on the BSE and NSE. The Equity Shares have been listed on the BSE since 1971 and on NSE since 1995. The Target Company voluntarily delisted from the Madras Stock Exchange with effect from May 5, 2004 and from the Delhi Stock Exchange with effect from March 31, 2004. Formalities for delisting the Equity Shares from the Calcutta Stock Exchange (**"CSE"**) were completed in 2004. Confirmation of delisting has not yet been received from CSE. However, the Target Company does not consider CSE while determining the 'Totals' for the stock exchange code in the annual return (Form 20B – Schedule V) filed with the Registrar of Companies.

The Target Company is engaged in the field of electrical and electronics engineering and provides technology enabled solutions operating in the core business segments of industry, energy and healthcare. The Target Company has manufacturing plants at 9 locations in India and has an extensive network of sales and service offices. The Target Company is headquartered in Mumbai and, as at September 30, 2010, employed 7,488 people.

The business of the Target Company is divided into eleven segments. The business of each segment comprises of:

- Industry Automation: Provides automation products & systems, industrial automation systems & low-voltage Switchgears.
- Drive Technologies: Provides large and standard drives and motors, special purpose motors, process and motion control systems

- Building Technologies: Provides electrical installation technologies, i.e. products for building, e.g. miniature circuit breakers, distribution boards, residual current circuit breakers etc.
- Industry Solutions: Undertakes turnkey projects in the industrial and infrastructure sectors over the entire life cycle including concept, engineering, procurement, supplies, installation, commissioning and after sales services.
- Mobility: Provides solutions for rail automation, railway electrification, light and heavy rail, locomotives, trains, turnkey projects and integrated services.
- Fossil Power Generation: Offers products and solutions for power generation based on fossil fuels. They range from individual gas and steam turbines and generators, to turnkey power plants. The division also develops instrumentation and control systems for every type of power plant.
- Oil & Gas: Offers products and solutions that are used for the extraction, conversion and transport of oil and gas. The division portfolio also includes solutions for power generation and distribution, compressors with electrical and mechanical drives, process and automation technologies, and integrated IT solutions for pipeline and storage applications.
- Power Transmission: Offers products and solutions in the high-voltage field – such as High Voltage Direct Current transmission systems, substations, switchgear and transformers.
- Power Distribution: Provides solutions for the automation of power grids, to products like medium-voltage switchgear and components.
- Healthcare: Provides diagnostic, therapeutic and life-saving products in computer tomography, magnetic resonance imaging, ultrasonography, nuclear medicine, digital angiography, patient monitoring systems, digital radiography systems, radiology networking systems, lithotripsy and linear accelerators.
- Real Estate: Provides comprehensive real estate management services.

6.4 Location and other details of manufacturing facilities

Location		Details of Products
Maharashtra		
Aurangabad Works	E-76 & F54, Waluj, MIDC Area, Aurangabad - 431 136	Electrical products and transformers
Nashik Works	Plot No. C-1, Additional Industrial Area, MIDC, Ambad, Nashik - 422 010	Railway products
Kalwa Works	Thane - Belapur Road, Thane - 400 601	Switchgears, motors, switchboards and transformers
Goa		
Goa Works	L-6, Verna Industrial Area, Panjim-Margao Highway, Verna - 403 722	Switchboards and medical equipment
	Plot No. C21, 23, 25 & 26, Phase -1A, Verna Industrial Area, Verna - 403 722	
Gujarat		
Vadodara Works	Maneja Village, Opp. Makarpura Railway Station, Vadodra - 390 013	Turbines and accessories
Andhra Pradesh		
Hyderabad Works	Plot No. 89 & 90, IDA, Gandhinagar, Post Balanagar, Hyderabad - 500 037	Power products
Karnataka		
Bangalore Works	Devanahalli Road, Off Old Madras Road, Virgaonkar Post, Bangalore - 560 049	Servicing of turbines
West Bengal		
Kharagpur Works	Industrial Growth Centre, PO: Rakhajungle, Kharagpur - 721 301	Gear units
Tamil Nadu		
Puducherry Works	R.S No 16/8, Kurumbapet Village, Villianur Commune, Puducherry - 605 007	Building security products
	R.S No 23/2A, Uruvaiyaru Road, Abishegapakkam, Puducherry - 605 007	

6.5 Share capital structure of the Target Company

Paid-up Equity Shares	No. of Equity Shares / voting rights	% of Equity Shares / voting rights
Issued, Subscribed and Fully Paid-up Equity Shares(1)	337,160,200	100%
Issued, Subscribed and Partly Paid-Up Equity Shares	--	--
Total Paid-up Equity Shares	337,160,200	100%
Total Voting Rights in Target Company	337,160,200	100%

(1) Issued Equity Shares comprises of 338,024,465 Equity Shares leading to a difference of 864,265 Equity Shares between the issued Equity Shares and the issued, subscribed and fully paid-up Equity Shares on account of 854,000 Equity Shares remaining unsubscribed during the 1986-87 rights issue and 10,265 Equity Shares kept in abeyance during the 1999 rights issue.

Source: Audited financial statements of Siemens Limited as of and for the year ended September 30, 2010.

The Target Company does not have any partly paid-up or forfeited Equity Shares.

6.6 Build up of the current equity capital structure of the Target Company since inception and disclosure of status of compliance with the applicable provisions of the SEBI (SAST) Regulations, other applicable regulations under the SEBI Act and other statutory requirements, as applicable is as follows:

Date of allotment / Change in capital	No. & % of shares issued		Cumulative paid up capital		Mode of allotment	Identity of allottes (promoters / ex-promoters / others)	Status of compliance
	No. of shares	% of the paid up capital	Rs.	As on			
05.03.1957	60	100.0%	60,000	05.03.1957	Subscribers to Memorandum of Association	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
05.03.1957	2,940	98.0%	3,000,000	05.03.1957	Private placement	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
01.10.1960	2,000	40.0%	5,000,000	01.10.1960	Private placement	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
10.06.1965	7,000	58.3%	12,000,000	10.06.1965	Private placement	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
01.02.1971	1,200,000	Not applicable	12,000,000	01.02.1971	Sub-division of par value of Equity Shares from Rs. 1000 To Rs. 10	Promoters and others	SEBI (SAST) Regulations are not applicable. Complied with statutory requirements.
04.05.1971	1,200,000	50.0%	24,000,000	04.05.1971	Public Issue at par	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
03.09.1975	2,400,000	50.0%	48,000,000	03.09.1975	Bonus issue (1:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
25.08.1977	2,400,000	33.3%	72,000,000	25.08.1977	Bonus issue (2:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.

16.06.1982	3,600,000	33.3%	108,000,000	16.06.1982	Bonus issue (2:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
05.06.1987	2,700,000	20.0%	135,000,000	05.06.1987	Bonus issue (4:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
01.10.1987	7,268,000	35.0%	207,680,000	01.10.1987	Rights issue (2:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
02.08.1993	7,629,000	26.9%	283,970,000	02.08.1993	Rights issue (3:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
26.11.1999	7,096,674	5.0%	354,936,740	26.11.1999	Rights issue (4:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
28.04.2000	523	0.0%	354,941,970	28.04.2000	Rights issue (4:1)	Others (against shares held in abeyance)	SEBI (SAST) Regulations not applicable. Complied with statutory requirements..
From June 2001 to June 2002	(2,355,794)	(7.1%)	331,384,030	13.06.2002	Buyback	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
14.03.2006	577,617	1.7%	337,160,200	14.03.2006	Merger of Siemens VDO Automotive Ltd. with Siemens Limited (Ratio 12:1)	Promoters and others	SEBI (SAST) Regulations and all other statutory requirements complied with.
21.06.2006	168,580,100	Not applicable	337,160,200	21.06.2006	Sub-division of par value of Equity Shares from Rs.10 to Rs. 2	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
12.03.2008	168,580,100	50.0%	674,320,400	12.03.2008	Bonus issue (1:1)	Promoters and others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.

Source: Siemens Limited

The Target Company had issued preference shares of face value of Rs. 10 each between 1997 and 1999 which were redeemed by 1999. The table below provides the details of the preference shares issued by the Target Company since inception and disclosure of status of compliance with the applicable provisions of the SEBI (SAST) Regulations / other applicable regulations under the SEBI Act and other statutory requirements, as applicable.

Date of allotment / Change in capital	No. & % of shares issued		Cumulative preference share capital		Mode of allotment	Identity of allottes (promoters / ex-promoters / others)	Status of compliance
	No. of shares	% of the preference share capital	Rs.	As on			
15.09.1997	50,000,000	100.0%	500,000,000	15.09.1997	Preference shares issued	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
16.09.1998	(10,000,000)	(25.0%)	400,000,000	16.09.1998	Preference shares redeemed	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
28.09.1998	67,000,000	62.6%	1,070,000,000	28.09.1998	Preference share issued	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
15.03.1999	20,000,000	15.7%	1,270,000,000	15.03.1999	Preference share issued	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
15.03.1999	(20,000,000)	(18.7%)	1,070,000,000	15.03.1999	Preference shares redeemed	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
30.03.1999	32,000,000	23.0%	1,390,000,000	30.03.1999	Preference share issued	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
30.03.1999	(32,000,000)	(29.9%)	1,070,000,000	30.03.1999	Preference shares redeemed	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.
29.11.1999	(107,000,000)	--	--	29.11.1999	Preference shares redeemed	Others	SEBI (SAST) Regulations not applicable. Complied with statutory requirements.

Source: Siemens Limited

6.7 The trading of Equity Shares has not been suspended either on the BSE or NSE.

6.8 There have been no instances of non-listing of some and / or all Equity Shares allotted by the Target Company at any stock exchange. Furthermore, no penal / punitive action has been taken against the Target Company by any of stock exchanges on which the Equity Shares of the Target Company are listed.

6.9 As of the date of the PA, the Target Company has no outstanding warrants, fully convertible debentures, partly convertible debentures, partly paid-up Equity Shares, employee stock options or any other instruments convertible into Equity Shares at a future date. None of the Equity Shares are subject to any lock-in.

6.10 Compliance with Chapter II of the SEBI (SAST) Regulations

The Target Company is in compliance with Chapter II of the SEBI (SAST) Regulations, with the exception of delays in making filings in terms of Regulations 6(2) and 6(4) in the year 1997 (340 days) and Regulation 8(3) in the years 2003 (15 days) and 2004 (124 days). In addition, it should be noted that the Target Company does not have records of compliance with Regulation 8(3) for the year 1997. SEBI may view the delay in filing and the non availability of records for 1997 as a contravention of the SEBI (SAST) Regulations and may initiate proceedings against the Target Company.

The Acquirer (who forms part of the promoter group in terms of filings made under Clause 35 of the listing agreement) is in compliance with Chapter II of the SEBI (SAST) Regulations except as set out in paragraph 4.1.3.

Details of compliance, by the Target Company, with the provisions of Chapter II of the SEBI (SAST) Regulations are set out in Table II of Annexure I.

6.11 The Target Company has been in compliance with the listing requirements of the BSE and NSE, and no penal actions (including suspension) have been initiated by any of the stock exchanges against the Target Company. The Target Company has duly complied with the various requirements of Clause 49 relating to corporate governance under the listing agreements with the BSE and NSE, as amended from time to time.

6.12 Names and addresses of board of directors of the Target Company as on the date of PA are as follows:

Name	Address	Designation, date of first appointment and Director Identification Number ("DIN")
Deepak S. Parekh	9/B, Darbhanga Mansion, 12 Carmicheal Road, Mumbai 400 026	Chairman, Appointed on November 7, 2003 (DIN: 00009078)
Dr. Armin Bruck	DSK Durgamata Tower Co.Op. Housing Society, Flat No.2801 and 2901, CTS No.80, Nathalal Parekh Marg, Opp.Hotel Resident, Colaba, Mumbai - 400 005	Managing Director and Chief Executive Officer Appointed on October 1, 2007 (DIN: 01663706)
Sunil D. Mathur	B-1/29-30, Prithvi Apartments, Altamount Road, Off Anstey Road, Mumbai - 400026	Executive Director and Chief Financial Officer Appointed on July 22, 2008 (DIN: 02261944)
Darius C. Shroff	Moonlight, Flat No.8 158, Maharshi Karve Road, Mumbai - 400 020	Independent Director, Appointed on February 20, 1997 (DIN: 00170680)
Yezdi H. Malegam	Goolestan,37, 2nd floor, Cuffe Parade Mumbai - 400 005	Independent Director, Appointed on April 1, 1998 (DIN: 00092017)
Narendra J. Jhaveri	C-42 Samprat Residency, Opp-Parivar Society, Near Maharaja Farm, Premchandnagar Road, Bodakdev, Ahmedabad 380 015	Independent Director, Appointed on November 9, 2000 (DIN: 00198912)
Keki Dadiseth	8-A Manek, L D Ruparel Marg, off.Nepensea Marg,Malabar Hill, Mumbai 400 006	Independent Director, Appointed on January 27, 2006 (DIN: 00052165)
Pradip V. Nayak	71,7th floor, Antariksha K .Gadgil Road, Prabhadevi , Mumbai 400 025	Independent Director, Appointed on January 27, 2006 (DIN: 00032403)
Joe Kaeser	Wittelsbacherplatz 2, 80333 Munich, Germany	Director, Appointed on October 1, 2006 (DIN: 00867264)
Wolfgang Dehen	Wittelsbacherplatz 2, 80333 Munich, Germany	Director, Appointed on December 19, 2008 (DIN: 02463586)
Vijay V. Paranjape	"Mauli" 2nd Floor, Highway Co-operative Housing Society, Gawand Path, Navpada, Thane (W) - 400602	Whole-time Director, Appointed on February 1, 2007 (DIN: 00370451)
Dr. Otmar Schmitt	Wittelsbacherplatz 2, 80333 Munich, Germany	Alternate Director to Mr. Joe Kaeser, Appointed on October 1, 2006 (DIN: 00261983)
Stephan Schneider	Wittelsbacherplatz 2, 80333 Munich, Germany	Alternate Director to Mr. Wolfgang Dehen, Appointed on December 19, 2008 (DIN: 01663759)

Source: Siemens Limited

6.13 Mr. Wolfgang Dehen and Mr. Joe Kaeser are non-executive directors on the board of the Target Company and are also on the managing board of the Acquirer. Dr. Otmar Schmitt and Mr. Stephan Schneider, who are on the board of directors of the Target Company, serve as alternate directors to Mr. Kaeser and Mr. Dehen respectively. The above named directors may therefore be deemed to be persons having an interest in the Acquirer and hence in terms of Regulation 22(9) of the SEBI (SAST) Regulations, have recused themselves and have not participated, and will not participate, in any matters concerning or 'relating' to the Offer including any preparatory steps leading to the Offer.

6.14 Details of experience and qualifications of the board of directors of the Target Company

Deepak Parekh is an independent director of the Target Company since November 7, 2003. He is the chairman of the Target Company since August 1, 2004. Mr. Parekh is a member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants – England & Wales. He has worked in India and abroad with organizations like Ernst & Ernst Management Consultancy Services, ANZ Grindlays Bank and Chase Manhattan Bank. He is a part of the board of directors of several companies. Education qualification: B Com; FCA (England & Wales).

Dr. Armin Bruck was a whole time director of the Target Company from October 1, 2007 to December 31, 2007. He is the managing director and chief executive officer of the Target Company since January 1, 2008. He has worked with the Siemens group for over 20 years and has held various senior level positions with various Siemens companies. Educational qualification: Doctorate in operations research, business degree in economics and informatics.

Sunil D. Mathur is the executive director of the Target Company since July 22, 2008. Additionally, he became the chief financial officer of the Target Company since December 1, 2008. Mr. Mathur has worked with the Siemens group for over 20 years and was the chief financial officer of Siemens Electrium Ltd., U.K. Educational qualification: BSc., CA.

Darius C. Shroff is an independent director of the Target Company since February 20, 1997. Mr. Shroff is a senior partner of M/s. Crawford Bayley & Co and has over forty years of experience in the legal profession. Education qualification: B.A (Hons), LLB, Attorney-at-law and Solicitor.

Yezdi H. Malegam is an independent director of the Target Company since April 1, 1998. Mr. Malegam is a member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants – England & Wales. Till 2004, he was the senior partner of M/s. S. B. Billimoria & Co., a leading firm of Chartered Accountants in India. Mr. Malegam is also a member of the central board and the western India local board of the RBI. He has served as Chairman / Member on many important committees set up by the RBI and SEBI. Education qualification: B Com; FCA (England & Wales).

Narendra J. Jhaveri is an independent director of the Target Company since November 9, 2000. After a brief stint with NCAER, Mr. Jhaveri joined the RBI. He subsequently joined ICICI as chief economist in 1974 and rose to the position of joint managing director. In 1993, he moved to ICICI Securities, a joint venture investment bank between ICICI and J.P. Morgan, as executive chairman. Thereafter, he was associated with the Kotak Mahindra group. Education qualification: Masters degree in economics from Gujarat University, M.Sc in economics from the London School of Economics.

Keki Dadiseth is an independent director of the Target Company since January 27, 2006. He has vast experience in finance, business management and merger & acquisitions, and has been a director of various companies. Educational qualification: B Com; FCA (England & Wales).

Pradip V. Nayak is an independent director of the Target Company since January 27, 2006. Mr. Nayak has been involved in human resources and corporate communication roles and has been a director of several companies. Educational qualification: Degree in economics & politics from the University of York, England, Read Law at Gray's Inn, London.

Joe Kaeser is a non-executive director of the Target Company since October 1, 2006. He is also a member of the managing board and the head of Corporate Finance and Controlling of the Acquirer since May 1, 2006 with special responsibilities for Siemens Financial Services, Siemens IT Solutions and Services, Siemens Real Estate and Equity Investments. Mr. Kaeser was also the chief strategy officer of Siemens AG (2004) and has held various senior level positions during his 29 years of tenure in the house of Siemens. Educational qualification: Has studied business administration, obtained a diploma in business administration.

Wolfgang Dehen is a non-executive director of the Target Company since December 19, 2008. He is also a member of the managing board and CEO of the Acquirer's Energy sector since January 1, 2008 with special responsibilities for Asia and Australia. Prior to his current position, Mr. Dehen was the group president of Siemens VDO Automotive AG since July 2002. He was also the branch vice-president of the Switches & Detection Systems of VALEO, France (2001) and has also held senior positions in ITT Automotive GmbH (acquired by VALEO) and Alfred Teves GmbH (acquired by ITT Automotive GmbH). Educational qualification: Has studied business administration at the University of Siegen, Siegen, Germany and obtained a diploma in business administration.

Vijay V. Paranjape is a whole-time director of the Target Company since February 1, 2007. He is currently the CEO of the Industry sector of the Target Company. Mr. Paranjpe has been associated with the Target Company for over 38 years. Prior to being appointed to the board of directors of the Target Company. He was executive vice president and head of automation & drives division of the Target Company. Educational qualification: BE (Elect) degree.

Dr. Otmar Schmitt was appointed as an alternate director to Mr. Joe Kaeser on October 1, 2006. He is an expert in corporate governance, financing of subsidiaries, management of equity risks and undertaking quality management for accounting processes. Educational qualification: PhD in National Economics.

Stephan Schneider was appointed as an alternate director to Mr. Wolfgang Dehen on December 19, 2008. He is responsible for developing and implementing regional strategies & competitiveness and market penetration, strategy planning, controlling and marketing. Educational qualification: Finance and Business Administration.

6.15 General Body Meetings of the Target Company (Last 3 AGMs):

AGM	Financial year	Date and time	Venue of AGM
53rd	FY10	January 28, 2011 3:00 P.M.	Yashwantrao Chavan Pratishthan Auditorium Y. B. Chavan Centre General Jagannathrao Bhonsle Marg Nariman Point, Mumbai - 400 021
52nd	FY09	January 29, 2010 3:00 P.M.	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
51st	FY08	January 30, 2009 3:00 P.M.	Yashwantrao Chavan Pratishthan Auditorium Y. B. Chavan Centre General Jagannathrao Bhonsle Marg Nariman Point, Mumbai - 400 021

Source: Annual Report of Siemens Limited as of and for the year ended September 30, 2010.

6.16 Details of merger / de-merger / spin-offs / investment / divestment during last 3 years involving the Target Company

The Karnataka High Court vide its order dated September 25, 2008 sanctioned the scheme of amalgamation of Siemens Industrial Turbomachinery Services Private Limited, a wholly owned subsidiary of the Target Company with the Target Company. As per the scheme of amalgamation, the appointed date was April 1, 2008.

On June 25, 2009, the Target Company sold its 51% equity stake comprising of 2,123,800 Equity Shares of Rs.10/- each in Siemens Information Processing Services Pvt. Limited to Siemens Corporate Finance Pvt. Limited (**"SCFPL"**), a subsidiary of the Acquirer, for a consideration of Rs. 228 million.

On January 7, 2009, the Target Company acquired second tranche of 6.83% stake in its subsidiary Siemens Building Technologies Pvt. Ltd. (**"SBTPL"**), comprising of 254,843 Equity Shares of Rs.10/- each from the promoters of SBTPL (Mr. Anand Mecheri, Mr. Rajeev Mecheri and Mr. Avnish Gupta) for a consideration of Rs. 791.06 million. Subsequent to this acquisition, the Target Company's shareholding in SBTPL increased to 86.15%. The Target Company on January 8, 2010 acquired the balance 13.85% stake comprising of 517,209 Equity Shares of Rs. 10 each in SBTPL for a consideration of Rs. 702.51 million. With this acquisition, SBTPL became a 100% subsidiary of the Target Company.

The Madras High Court vide its Order dated September 3, 2010 read with order dated October 5, 2010 sanctioned the scheme of amalgamation of 100% subsidiaries i.e. SBTPL and Vista Security Technics Private Limited (**"Vista"**) (a wholly owned subsidiary of SBTPL), with the Target Company. With effect from October 1, 2010, (Appointed Date), SBTPL and Vista stood amalgamated with the Target Company and the legal entity of SBTPL and Vista stood dissolved without winding up. Further, the entire business and undertaking of SBTPL and Vista were transferred to and in the name of the Target Company.

On June 25, 2009, the Target Company sold its 100% equity stake comprising of 6,815,000 Equity Shares of Rs.10/- each in Siemens Information System Limited (**"SISL"**) to SCFPL for a consideration of Rs. 2,794 million.

Siemens Nixdorf Information Systems Pvt. Ltd. (**"SNISL"**) was a 100% subsidiary of SISL and being a subsidiary of a subsidiary, SNISL was considered as a subsidiary of the Target Company. On June 2, 2009, SISL sold its 100% equity stake in SNISL to SCFPL.

On July 31, 2009, the Target Company acquired the balance 50% stake in Flender Ltd., comprising of 2,160,000 Equity Shares of Rs.10/- each from A.Friedr.Flender AG, a subsidiary of the Acquirer, for a consideration of Rs. 910 million. With this acquisition, Flender Ltd. became a 100% subsidiary of the Target Company. The Calcutta High Court vide its order dated March 16, 2010 sanctioned the scheme of amalgamation of Flender Ltd. with the Target Company. The "Appointed Date" is October 1, 2009. Thus, with effect from October 1, 2009, Flender Ltd. stood amalgamated with the Target Company and its entire business and undertaking was transferred to and vested in the Target Company. The final hearing for the dissolution of Flender Ltd., without winding up is pending in the Calcutta High Court.

On November 30, 2009, the board of directors of the Target Company has approved a scheme of amalgamation under Sections 391-394 of the Companies Act whereby SHDL will be amalgamated into the Target Company with effect from October 1, 2009 subject to approval of the High Courts of Bombay and Gujarat. In consideration of the amalgamation, shareholders of SHDL will be issued Equity Shares whereby two Equity Shares will be issued for every one equity share of SHDL. The Bombay High Court and the Gujarat High Court have, vide their orders dated January 28, 2011 and March 1, 2011 respectively, approved the scheme of amalgamation. The said amalgamation will be effective only after the certified copies of the orders of both the High Courts are filed with the respective Registrar of Companies.

Siemens Rolling Stock Pvt. Ltd. (**"SRSPL"**), a 100% subsidiary of the Target Company, which was set up with the objective of catering to the rolling stock business in India, is also in the process of amalgamating with the Target Company. The petition has been admitted in the Bombay High Court. The appointed date of the scheme of amalgamation is October 1, 2009. The amalgamation is subject to all the necessary statutory / regulatory approvals including the approval of the Bombay High Court.

Other than, the above, there have been no investment, divestment, merger, de-merger or spin-offs involving the Target Company during the last 3 years.

6.17 Change of name since incorporation / listing and dates thereof

The Target Company was incorporated on March 2, 1957 as Siemens Engineering & Manufacturing Co. of India Private Ltd and became a public limited company in 1961, subsequent to which the Target Company's name was changed to Siemens Engineering & Manufacturing Co. of India Ltd on April 29, 1961. On October 23, 1967, the name was further changed to Siemens India Limited. The name of the company again changed from Siemens India Limited, to Siemens Limited, with effect from March 31, 1987.

6.18 The audited consolidated financial statements of the Target Company are prepared in accordance with Indian generally accepted accounting standards. The independent auditor of the Target Company is S.R. Batliboi & Associates. The financial highlights based on the audited consolidated financials for the years ended September 30, 2008, September 30, 2009 and September 30, 2010 are as follows:

	Year ended September 30,		
Profit & Loss statement	**2008**	**2009**	**2010**
	(Rs. lakhs)	**(Rs. lakhs)**	**(Rs. lakhs)**
Net Sales(1)	967,982	928,645	962,007
Other income(2)	5,968	7,416	12,293
Total income	973,950	936,061	974,301
Total expenditures(3)	(881,731)	(829,757)	(842,338)
Profit before depreciation, interest and taxes(4)	92,220	106,303	131,962
Depreciation / amortisation	(16,169)	(17,327)	(16,871)
Interest expenses(5)	5,822	4,845	5,572
Net exceptional items (Income / Expense)	12,352	15,010	--
Profit before tax	94,225	108,832	120,663
Provision for tax(6)	(34,828)	(39,599)	(45,007)
Share of profit of Associate	746	817	--
Minority interest	(188)	411	121
Profit after tax	59,397	69,233	75,656
Notes:			
(1) "Net Sales" is the total of "Sales and services (net)" and "Commission income" in the audited consolidated financial statements.			
(2) "Other Income" is the total of "Other operating income, net" and "Other income" in the audited consolidated financial statements.			
(3) "Total expenditures'" comprise the following items in the audited consolidated financial statements:			

Cost of sales and services	(696,433)	(658,468)	(703,246)
Personnel costs	(92,034)	(94,438)	(70,523)
Other costs, net	(93,264)	(76,851)	(68,569)
Total expenditures	**(881,731)**	**(829,757)**	**(842,338)**
(4) "Profit before depreciation, interest and taxes" is calculated as "Total income" minus "Total expenditures".			
(5) "Interest expenses" is the calculated as "Interest income" minus "Interest expense" in the audited consolidated financial statements.			
(6) "Provision for tax" comprises "Current tax", "Deferred tax credit", "Fringe benefit tax" and "Minimum Alternate Tax" in the audited financial statements.			
NOTE: The Rupee figures in the table above have been rounded to the nearest lakh, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.			

	As of September 30,		
Balance sheet	**2008**	**2009**	**2010**
	(Rs. lakhs)	**(Rs. lakhs)**	**(Rs. lakhs)**
Source of funds			
Paid-up share capital	6,743	6,743	6,743
Reserves and surplus (excl. revaluation reserve)	220,857	271,254	321,106
Revaluation reserve	140	132	123
Net worth (1)	227,741	278,129	327,972
Secured loans	1,018	5	1
Unsecured loans	106	59	24
Minority Interest	1,474	563	-
Deferred tax liability (Net)	-	-	-
Total	**230,338**	**278,757**	**327,998**
Uses of funds			
Net fixed assets (2)	90,162	108,847	124,012
Investments	24,503	1	0
Net current assets	101,054	157,945	189,712
Deferred tax assets (Net)	14,619	11,964	14,274
Total miscellaneous expenditure not written off	-	-	-
Total	**230,338**	**278,757**	**327,998**
Notes: (1) "Net Worth" is the total of "Paid-up Share Capital", " Reserves and surplus (excl. revaluation reserve)" and "Revaluation reserve".			
(2) "Net fixed assets" is the total of "Net Block" plus "Capital Work in Progress including capital advances" in the audited consolidated financial statements.			
NOTE: The Rupee figures in the table above have been rounded to the nearest lakh, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.			

	Year ended September 30,		
Other financial data	**2008**	**2009**	**2010**
	(Rs.)	**(Rs.)**	**(Rs.)**
Dividend (%) (1)	16.87%	23.93%	22.25%
Earnings per share – basic and diluted	17.78	20.90	22.48
Return on net worth (%)(2)	29.19%	27.86%	25.00%
Book Value per share (3)	67.55	82.49	97.27
Notes: (1) "Dividend (%)" is calculated as "Proposed Dividend" for the respective year divided by the corresponding "Profit After Tax" for the year, as presented in the audited financial statements.			
(2) "Return on net worth (%)" is calculated as follows: "Profit after tax" for the respective year, divided by the average of the "Net Worth" at the beginning and end of the respective year.			
(3) "Book Value per Share" is calculated as follows: "Net Worth" divided by the number of "Issued, Subscribed and Paid Up shares" as per Sep. 30 of the respective year, as disclosed in the audited consolidated financial statements.			

Source: Audited financial statements of Siemens Limited as of and for the years ended September 30, 2008, 2009 and 2010.

6.19 Primary reasons for fall / rise in Total income and Profit after tax

Year ended September 2010 compared to Year ended September 2009

Total income

Total income during the year was at Rs. 974,301 lakhs registering an increase of 4.1% over the previous year's Total income of Rs. 936,061 lakhs due to increase in order intake despite tough market conditions.

Profit after tax

Profit after tax was higher at Rs. 75,777 lakhs as compared to Rs. 70,460 lakhs in the previous year. Profits for the year are strictly not comparable to last year's financials as in the last year there was one time increase in financing & investment income arising from the sale of the Target Company's erstwhile subsidiaries Siemens Information Systems Ltd. and Siemens Information Processing Services Pvt. Ltd.

Year ended September 2009 compared to Year ended September 2008

Total income

Total income during the year was at Rs. 936,061 lakhs registering a decline of 3.9% over the previous year's Total income of Rs. 973,950 lakhs due to significant pricing pressure in a challenging market environment.

Profit after tax

Profit after tax was higher at Rs. 70,460 lakhs as compared to Rs. 59,955 lakhs in the previous year. This increase was primarily on account of a substantial one-time increase in financing & investment income resulting from the Target Company's sale of Siemens Information Systems Ltd. and Siemens Information Processing Services Pvt. Ltd..

6.20 Pre and post offer shareholding pattern of the Target Company is as follows:

Shareholder Category	Shareholding / Voting rights prior to the Offer (as on December 31, 2010)		Equity shares/Voting rights to be acquired in the Offer (assuming full acceptances)		Shareholder/Voting rights after the Offer (assuming full acceptances)	
	(A)		(B)		(A+B)	
	No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%
(1) Promoter and Promoter group						
Siemens Aktiengesellschaft, Germany	186,041,090	55.18%	66,829,060	19.82%	252,870,150	75.00%
Total (1)	**186,041,090**	**55.18%**	**66,829,060**	**19.82%**	**252,870,150**	**75.00%**
(2) Public (other than Acquirer)			(66,829,060)	(19.82%)		
Institutions			Nil			
Mutual Funds & UTI	21,357,212	6.33%				
Banks, Financial Institutions	813,623	0.24%				
Insurance Companies	55,279,577	16.40%				
FIIs	15,560,361	4.62%				
Central Government / State	1,750	0.00%	Nil			
Government(s)			Nil		Will depend on response to the Offer	
Sub Total	93,012,523	27.59%				
Indian Public	45,211,939	13.41%				
Others						
Bodies Corporate	11,590,614	3.44%				
Directors and relatives	36,598	0.01%				
NRIs	1,233,227	0.37%				
Trusts	34,209	0.01%				
Sub Total	12,894,648	3.82%				
Total (2)	**151,119,110**	**44.82%**	**Nil**		**84,290,050**	**25.00%**
GRAND TOTAL (1 + 2)	**337,160,200**	**100.00%**			**337,160,200**	**100.00%**

(1) Equity shares of Rs.2 each
Source: NSE

The total number of public shareholders of the Target Company as on December 31, 2010 is 156,185.

6.21 The Acquirer has not acquired any Equity Shares after the Public Announcement up to the date of the Letter of Offer.

6.22 Details of change in shareholding of Promoters and the status of compliance with applicable provisions of the SEBI (SAST) Regulations, other applicable regulations under the SEBI Act and other statutory requirements, as applicable, since inception (as and when it happened) are as follows:

Particulars	No. of Equity Shares acquired / (sold)	Capital as on date of acquisition / sale (Rs.)	Resultant shareholding	Status of compliance with SEBI (SAST) Regulations and other relevant statutory requirements
Subscription to Memorandum of Association on 05.03.1957(1)	20	60,000	33.33%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Private placement on 05.03.1957 (1)	1,330	3,000,000	45.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Private placement on 01.10.1960 (1)	1,000	5,000,000	47.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Private placement on 10.06.1965 (1)	3,890	12,000,000	52.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Sub-division of par -value of share from Rs.1000 to Rs. 10 on 01.02.1971 (2)	624,000	12,000,000	52.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with.
Public issue at par on 04.05.1971 (2)	600,000	24,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 1:1 on 03.09.1975 (2)	1,224,000	48,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 2:1 on 25.08.1977 (2)	1,224,000	72,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 2:1 on 16.06.1982 (2)	1,836,000	108,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Bonus issue in the ratio of 4:1 on 05.06.1987 (2)	1,377,000	135,000,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Rights issue of 2:1 on 01.10.1987 (2)	3,706,680	207,680,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Right issue of 3:1 on 02.08.1993 (2)	3,890,790	283,970,000	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Right issue of 4:1 on 26.11.1999 (2)	3,620,617	354,941,970	51.00%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Buyback from June 2001 to June 2002(2,4)	--	331,384,030	54.63%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with
Merger of Siemens VDO Automotive Ltd. with Siemens Ltd. in a ratio of 12:1 on 14.03.2006 (2,5)	501,022	337,160,200	55.18%	SEBI (SAST) Regulations and all other applicable statutes have been complied with
Share split in the ratio of 5:1 on 21.06.2006 (3)	93,020,545	337,160,200	55.18%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with.
Bonus issue in the ratio of 1:1 on 12.03.2008 (3)	93,020,545	674,320,400	55.18%	SEBI (SAST) Regulations is not applicable. All other applicable statutes have been complied with

(1) Face value of Rs. 1,000
(2) Face value of Rs. 10
(3) Face value of Rs. 2
(4) Due to the buyback, Acquirer's holding in the Target Company increased from 51% to 54.63%
(5) Equity Shares were allotted to 100% subsidiary of the Acquirer which subsequently merged with the Acquirer
Source: Siemens Limited

6.23 There are no material pending litigations / contingent liabilities of the Target Company, except as disclosed below:

a) Material pending litigation of the Target Company is as under:

i) Unity Infraprojects Ltd. vs. Siemens Limited, before the Sole Arbitrator Mr. Satish Shah (Date of Filing: Nov., 2010)

Arbitration proceedings relates to Unity's claim for additional costs incurred and damages suffered by Unity for the construction of the factory at Kalwa. Unity had filed a statement of claim. The Target Company's reply to be filed. *Total Liabilities / Receivables: Rs. 87,446,762.*

ii) Shapoorji Pallonji & Co. Ltd vs. Siemens Limited (Date of Filing: Mar., 2010)

In the engineering, purchase and construction work being executed by Target Company for the Sugen Combined Cycle Power Plant Project, Shapoorji Pallonji & Co. Limited (**"SPCL"**) was acting as a civil contractor for the Target Company. While executing the project, several deficiencies on the part of SPCL were noticed by the Target Company. Further, SPCL caused substantial delays in execution of work. This resulted in the Target Company incurring large expenditures in overcoming deficiencies and having to pay huge penalties to the customer. SPCL, on the other hand have also lodged several counter-claims on the Target Company on the grounds for not giving extension of time, acceleration of work etc.

SPCL had approached the president of Zurich Chamber of Commerce for appointment of adjudicator. An adjudicator was appointed on May 31, 2010. The Adjudicator gave a decision on January 14, 2011. The Target Company was awarded Rs. 418,319,522 plus interest at 5%. SPCL was awarded Rs. 368,137,146. SPCL has contested the order of the Adjudicator and have initiated arbitration. *Total Liabilities / Receivables: Rs. 737,228,694*

iii) Siemens Limited vs. Elpro International Ltd. - PTD/H3, Hyderabad Works (Date of Filing: Nov. 2009)

Arbitration initiated by the Target Company for the disputes between the Target Company and Elpro International Ltd. at Mumbai on purchase price adjustment issue.

The Target Company has filed its statement of claim and Elpro International Ltd. has filed its counter claim. *Total Liabilities / Receivables: Rs. 38,000,000.*

iv) Power Grid Corporation of India vs. Siemens Limited, before the Delhi High Court - OMP No. 355 / 2009 - ET & HS (Date of Filing: May, 2009)

On refusal by Power Grid to reimburse the extra cost incurred by the Target Company for additional work, the Target Company initiated arbitration. The arbitral tribunal passed an unanimous award in favour of the Target Company and against Power Grid Corporation of India.

Against passing of award by the arbitral tribunal, Power Grid Corporation of India has preferred objections before the Delhi High Court. Reply affidavit stands filed by the Target Company and the matter is pending. *Total Liabilities / Receivables: Rs. 28,088,628 + 15% interest p.a. w.e.f. November 1, 2007 onwards till realisation, receivable by the Target Company*

v) Siemens Limited vs. Delhi Metro Rail Corporation (**"DMRC"**) (Date of Filing: Mar. 2008)

The subject matter of the dispute relates to non-reimbursement of service tax amount by DMRC to the Target Company and breach of contractual obligations by DMRC. The matter has been referred to arbitration and is pending final hearing. *Total Liabilities / Receivables: Rs. 39,757,943.*

vi) In the Calcutta High Court: Jugal Kishore Sarda vs. Flender Limited (Merged with the Target Company), before the Calcutta High Court (Date of Filing: 2002)

The suit was filed by Jugal Kishore Sarda for his claim for supplies made to Flender Limited. Flender Limited has filed a written statement and affidavit of documents. The suit is pending final disposal. *Total Liabilities / Receivables: Rs. 34,976,709.*

vii) Siemens Limited vs. Union Of India & Ors., before the Delhi High Court (Date of Filing: Dec. 1999)

The dispute relates to exemption notification on imports of software. The duty amount to be recovered from the Target Company was a point of contention. The Target Company has filed a writ petition before the Delhi High Court.

The writ petition admitted and the matter is pending before the division bench of the Delhi High Court. *Total Liabilities / Receivables: Rs. 120,000,000.*

viii) Sarvodaya Medical Research Centre Pvt. Ltd. vs. Siemens Limited & 20th Century Finance Corp., before the Delhi High Court (Date of Filing: Aug., 1996)

Suit filed before the Delhi High Court by Sarvodaya Medical Research Centre Pvt. Ltd. for the recovery of the damages against Target Company & another on account of unsatisfactory performance of medical equipment supplied.

The matter is pending before the Delhi High Court and is fixed for remaining evidence of the plaintiff. *Total Liabilities / Receivables: Rs. 15,000,000*

b) A summary of show cause, demand, prosecution notices and penalty notices of material importance has been provided below:

i) A criminal complaint was filed against the Target Company, Mr. Abhijit Chakraborty (employee) and Mr. O. P. Narula (ex-director) for alleged violations of the Contract Labour (Regulation & Abolition) Act, 1970 i.e. for not maintaining the required records stipulated in the Contract Labour (Regulation & Abolition) Act, 1970. The Jharkhand High Court, after hearing the arguments, stayed the proceedings pending before the Magistrate Court at Jamshedpur, until further orders. The proceedings were filed in 2007.

ii) Police complaint (FIR) filed in Bhubaneswar, Orissa against 5 government officials of the Bid Evaluation Committee and the Target Company, alleging that they in collusion defrauded the government by supplying 30 costlier X-Ray machines. The Target Company has moved the Orissa High Court for quashing of the FIR. The matter is still pending before the Orissa High Court. The proceedings were filed in 2008.

iii) The Labour Enforcement Officer, Chaibasa filed a criminal complaint against Dr. Bruck and Mr. Dixit in the Court of Saraikela, Jharkhand alleging violations under the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. The Target Company has filed applications before the Jharkhand High Court seeking quashing of the complaint filed by the Labour Enforcement Officer. An interim stay has been granted by the High Court and the proceedings before the Saraikela court has been stayed. The matter is yet to be listed for final hearing. The proceedings were filed in 2010.

iv) An ex- employee of the Target Company has filed a complaint against the present MD, CFO, ex – CFO and other members of the management of the Target Company before the police at Worli, Mumbai for his alleged dues not being received from the Target Company. The police have not yet registered the complaint. The Target Company has informed the police that his grievance is of civil nature. The complaint was filed in December 2010.

v) The Target Company has filed a compounding application before the RBI in connection with alleged violation of Foreign Direct Investment guidelines while making downstream investment in an 'Indian Company' from internal accruals. The application was filed on November 23, 2010 and is pending disposal of the RBI.

vi) Acting upon the order of an Additional Metropolitan Magistrate, Mumbai in a criminal complaint filed by one Bharat Bhogilal Patel, the jurisdictional Police Station in Mumbai registered a First Information Report against the Target Company and an earlier Managing Director of the Target Company of an alleged offence of infringement of registered patents and have started an investigation in the matter. The Target Company has submitted a detailed reply to the Police. The Police investigation is still in progress.

c) Subsequent to last audited financials viz. September 30, 2010, the following income tax assessment orders have been received by the Target Company:

Assessment year	Demand amount (Rs.)
2001-02	162,971,663
2002-03	242,965,681
2003-04	112,718,132

2004-05	226,774,623
2007-08	834,377,245

The Target Company has filed appeals before the Commissioner of Income Tax (Appeals) against the orders passed for assessment years 2001-02 to 2004-05. The Target Company has received the assessment order for the financial year 2007-08 and is in the process of filing an appeal..

The Target Company has also received an order directing conduct of a special audit for the assessment year 2006-07. The Target Company has filed a writ petition in the Bombay High Court challenging the said order.

d) Pending litigation relating to Sales Tax / VAT

i) A writ petition has been filed by Target Company relating to claims of exemption on account of sale in transit in project contract supplies before the Court of Andhra Pradesh. The petition was admitted by the High Court and absolute stay has been granted on November 11, 2010. The demand of the Assistant Commissioner - VAT, Secunderabad Division, Hyderabad is a sum of Rs. 99,784,055/-. The Court has directed the authorities to file counter and the issue is currently pending before the High Court of Andhra Pradesh.

ii) The Target Company has received a demand letter dated November 4, 2010 for Rs. 99,784,055/- towards penalty from the Assistant Commissioner - VAT Secunderabad Division, Hyderabad related to the aforesaid claims of exemption on account of sale in transit involved in project contract supplies. The Target Company filed its objections to the demand on November 15, 2010 and the issue is currently pending before the said authority for adjudication.

iii) The Target Company has filed an Appeal against the demands dated November 30, 2010 raised by the Joint Commissioner of Sales Tax / VAT, West Bengal mainly for disallowance of sales in transit and sales in the course of imports and non-receipt of Forms. The amount involved is Rs. 87,003,821/- for the period from April 2007 to March 2008; and Rs. 21,181,552/- for the period from April 2007 to March 2008.

iv) The Target Company has received a letter from the Commissioner of Central Excise, Belapur, Navi Mumbai dated September 7, 2010 seeking disallowance of service tax credit availed on services like canteen services, car hire, garden maintenance, bus transport, house keeping etc. The matter is pending before the Commissioner of Central Excise, Belapur, Navi Mumbai. It involves an amount of Rs. 12,086,017/- for the period August 2005 to August 2009.

v) The Target Company has received an order dated December 10, 2010 passed by the Commissioner of Central Excise, Belapur, Navi Mumbai relating to reversal of CENVAT credit of goods cleared to SEZ developers. The duty involved is Rs. 2,73,56,612/- along with an interest of the same amount. The Target Company is required to reply to the order on or before March 23, 2011.

e) Commitments and contingent liabilities as of September 30, 2010 are as under:

Commitments and contingent liabilities	September 30, 2010
Commitments	**Rs. lakhs**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	15,917.02
Contingent liabilities	**Rs. lakhs**
Taxation matters (excluding interest) - In respect of certain completed assessments where matters are under appeal by the Target Company	4,327.06
Excise / sales tax liabilities, under dispute	5,414.27
Customs liabilities, under dispute	1,200.00
Claims against the Target Company not acknowledged as debts	806.42

6.24 Status of corporate governance of Target Company

Committees of Directors

a) Mandatory Committees of the Target Company

i) Audit Committee of Directors (**"Audit Committee"**): The powers and terms of reference of the Audit Committee are as mentioned in the Clause 49 II (C), (D) & (E) of the listing agreement and Section 292A of the Companies Act, 1956. The terms of reference are briefly described below:

- Oversight of the Target Company's financial reporting process and disclosure of financial information.
- Recommend the appointment, re-appointment and, if required, replacement or removal of statutory auditors, fixation of audit fees and approving payments for any other services.
- Review with management the annual and quarterly financial statements before submission to the Board.
- Review with management, performance of statutory and internal auditors and adequacy of internal control systems
- Review the adequacy of internal audit function.
- Discussions with internal auditors of any significant findings and follow-ups thereon.
- Review the findings of any internal investigations by the internal auditors
- Discussions with statutory auditors before the audit commences, of the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Review the functioning of the whistle blower mechanism.
- Review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses;
  - The appointment, removal and remuneration of the Chief Internal Auditor; and
  - The financial statements, in particular, the investments made by unlisted subsidiary companies.

In addition to the above, the following disclosures are made to the Audit Committee, as and when applicable:

- Basis of related party transactions;
- Disclosure of accounting treatment; and
- Utilisation / application of proceeds from public issues, rights issues, preferential issues, etc., if any

The Audit Committee is vested with the necessary powers, as defined in its charter, to achieve its objectives.

ii) Investors Grievance Committee of Directors (**"Investors Grievance Committee"**): The Investors Grievance Committee has been constituted to attend to and redress the investors' grievances. The Target Company and TSR Darashaw Ltd., Registrar & Share Transfer Agent, attend to all grievances of the investors received directly or through SEBI, stock exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

b) Non-mandatory / Other Committees of the Target Company

i) Remuneration Committee of Directors (**"Remuneration Committee"**): The following are the terms of reference for the Remuneration Committee of the Target Company:

- Determine the Target Company's policy on specific remuneration packages for Whole-time Directors / Executive Directors including pension rights and any compensation payment
- Decide the actual salary, salary grades, overseas allowance, perquisites, retirals and increment of Whole-time Directors
- Define and implement the 'Performance Linked Incentive Scheme' (including ESOP of the Target Company and / or Siemens AG) and evaluate the performance and determine the amount of incentive of the Whole-time Directors for that purpose

- Decide the amount of commission payable to the Whole-time Directors
- Periodically review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view the performance of the Target Company, standards prevailing in the industry, statutory guidelines, etc.

ii) Corporate Governance Committee of Directors (**"Corporate Governance Committee**"): The Corporate Governance Committee has been constituted, inter-alia, to consider, review and decide the matters relating to corporate governance as per the listing agreement and applicable laws and regulations and recommending best practices in the areas of Board governance, corporate governance and disclosure policies considering the interest of the stakeholders.

iii) Investment Committee of Directors (**"Investment Committee"**): The role of the Investment Committee includes reviewing guidelines for investing surplus funds of the Target Company, reviewing proposals of mergers and acquisitions, valuations, investment proposals and periodical monitoring of investments, authorizing negotiation of the terms and conditions of the various credit / financial facilities and carrying out such other function as may be delegated by the Board of Directors from time to time.

6.25 Name and details of the Compliance Officer of the Target Company:

Name: Mr. Ajai Jain
Designation: Vice President (Legal) & Company Secretary
Address: 130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018
Tel: +91-22-6757 2418, **Fax:** +91-22-2498 7043

7. Offer Price and Financial Arrangements

7.1 Justification of Offer Price

7.1.1 The Equity Shares are listed on the BSE and NSE. .

The annualised trading turnover in the Equity Shares on BSE and NSE based on trading volume during the period July 1, 2010 – December 31, 2010 (six calendar months preceding the month of this PA) is as follows.

Stock Exchange	Total number of Equity Shares traded during the 6 calendar months prior to the month in which the PA was made (July 1, 2010 to December 31, 2010)	Total Equity Shares listed	Trading turnover (annualized) (% of total Equity Shares listed)
BSE	8,006,365	337,160,200	4.75%
NSE	49,861,312	337,160,200	29.58%

The annualised trading turnover in the Equity Shares on NSE is more than 5% of the total number of listed Equity Shares and on BSE is less than 5% of the total number of listed Equity Shares. Therefore, the Equity Shares are deemed to be frequently traded on the NSE and infrequently traded on the BSE (within the meaning of explanation (i) of Regulation 20(5) of the SEBI (SAST) Regulations).

7.1.2 The Offer Price of Rs. 930 is justified in terms of Regulation 20(4) and 20(5) of the SEBI (SAST) Regulations. As per Regulation 20(4) and 20(5), the minimum Offer Price should be the highest of the following:

(a) Negotiated price under an agreement for acquisition of Equity Shares or voting rights in the Target Company by the Acquirer– Not applicable

(b) Highest price paid by the Acquirer for acquisition of Equity Shares during the 26 week period prior to the date of the PA – Not applicable

(c) The Offer Price computed under Regulation 20(4) (c) of the SEBI (SAST) Regulations:

The average of the weekly high and low of the closing prices* of the Equity Shares during the 26 week period preceding the date of the PA	Rs. 772.0
The average of the daily high and low of the prices* of the Equity Shares during the 2 week period preceding the date of the PA	Rs. 735.4

*The share price data of Siemens Limited is sourced from the NSE, where it is most frequently traded preceding the date of the PA. Source: NSE website, www.nseindia.com

(d) The offer price computed under Regulation 20(5)(c) of the SEBI (SAST) Regulations:

Parameter	(Rs./ Share)
Return on Networth[(1)]	25.00%
Book value per Share[(2)]	97.27
Earning per Share[(3)]	22.48
Price earning multiple (based on Offer Price)[(4)]	41.37x
Industry Price earning multiple[(5)]	24.10x
Implied price based on Industry Price earning multiple [(6)]	Rs. 541.77

(1). Return on Networth calculated as Profit after tax / Average of the Networth at the beginning and end of the year.
(2). Book value per equity share calculated as Networth / Number of outstanding Shares (subscribed and paid-up) as at the end of the year.
(3). Earning per Share (EPS) calculated as Net Profit attributable to equity holders/ weighted average number of basic Equity Shares.
(4). Calculation based on trailing 12 (twelve) months EPS of 22.48 per equity share from the Offer Price of Rs. 930.
(5). Source: Capital Market Vol XXV/24, Jan 24 - Feb 06, 2011.
(6). Calculation based on trailing 12 (twelve) months EPS of 22.48 per equity share multiplied by Industry Price earning multiple.

7.1.3 The 26 weeks average of weekly high and low of NSE closing prices prior to date of the PA:

Week	Week ending	Low (Rs.)	High (Rs.)	Average (Rs.)	Volume [(1)]
1	January 28, 2011	724.25	745.50	734.88	1,929,814
2	January 21, 2011	731.20	740.45	735.83	1,486,364
3	January 14, 2011	754.20	771.70	762.95	1,827,619
4	January 07, 2011	788.45	829.75	809.10	2,032,889
5	December 31, 2010	809.20	820.45	814.83	2,029,436
6	December 24, 2010	777.85	809.50	793.68	2,097,231
7	December 16, 2010	776.75	787.90	782.33	964,895
8	December 10, 2010	764.05	788.20	776.13	1,492,570
9	December 03, 2010	745.05	783.25	764.15	1,695,491
10	November 26, 2010	750.50	796.05	773.28	2,492,546
11	November 19, 2010	789.95	820.45	805.20	1,294,032
12	November 12, 2010	825.50	835.70	830.60	1,470,438
13	November 05, 2010	828.75	840.60	834.68	1,787,759
14	October 29, 2010	817.55	839.30	828.43	2,434,757
15	October 22, 2010	802.80	837.65	820.23	2,391,085
16	October 15, 2010	814.80	837.95	826.38	1,763,849
17	October 08, 2010	815.35	836.15	825.75	1,874,702
18	October 01, 2010	785.50	834.35	809.93	5,117,510
19	September 24, 2010	763.45	788.60	776.03	3,670,246
20	September 17, 2010	721.55	758.60	740.08	5,067,885
21	September 9, 2010	706.50	713.40	709.95	3,321,362
22	September 03, 2010	692.60	699.20	695.90	1,556,136
23	August 27, 2010	713.70	717.65	715.68	2,248,391
24	August 20, 2010	698.05	707.95	703.00	1,567,642
25	August 13, 2010	689.75	700.80	695.28	1,388,285
26	August 06, 2010	701.30	712.85	707.08	1,724,116

(1). Volume is calculated as the sum of the total number of shares traded on the BSE and NSE for the corresponding week.

The average of the weekly high and low of the closing price of the Equity Shares as quoted on the NSE during the 26 week period preceding the date of the PA is Rs. 772.0.

The 2 weeks average of daily high and low of NSE daily prices prior to the date of the PA:

Week	Date	Low (Rs.)	High (Rs.)	Average (Rs.)	Volume [1]
1	January 17, 2011	736.00	759.00	747.50	414,007
2	January 18, 2011	733.25	746.95	740.10	245,794
3	January 19, 2011	725.10	746.00	735.55	279,610
4	January 20, 2011	718.25	737.80	728.03	292,476
5	January 21, 2011	721.35	743.90	732.63	254,477
6	January 24, 2011	723.00	733.00	728.00	232,096
7	January 25, 2011	727.10	746.00	736.55	288,102
8	January 27, 2011	736.00	766.90	751.45	617,085
9	January 28, 2011	690.65	747.00	718.83	792,531

(1). Volume is calculated as the sum of the total number of shares traded on the BSE and NSE as on that day.

The average of the daily high and low of the Equity Shares during the 2 week period preceding the date of the PA is Rs. 735.4.

7.1.4 On the basis of the above, i.e. paragraphs 7.1.1, 7.1.2 and 7.1.3, the Offer Price of Rs. 930 per equity share is in full compliance with and is justified in terms of Regulation 20 of the SEBI (SAST) Regulations.

7.1.5 There is no non-compete agreement entered into by the Acquirer with any person in connection with the Offer.

7.1.6 As per the SEBI (SAST) Regulations, the Acquirer can revise the Offer Price and /or Offer Size up to 7 working days (i.e. by March 31, 2011) prior to the Offer Closing Date and the revision, if any, would be announced in the same newspapers where the Public Announcement has appeared and the revised price, if applicable will be paid for all Equity Shares acquired pursuant to this Offer.

7.2 Financial Arrangements

7.2.1 As per its latest Annual Report for the year ended September 30, 2010, the Acquirer has consolidated cash and equivalents amounting to Euro 14,108 million (equivalent to Rs. 8,849,948 lakhs based on the exchange rate as provided above under the head *Currency of Presentation*). The Acquirer has adequate resources to meet the financial requirements of the Offer in terms of SEBI (SAST) Regulations and has made firm financial arrangements to meet its obligations in full under the Offer.

7.2.2 The total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of up to 66,829,060 Equity Shares held by shareholders in the Target Company at Rs. 930 per Equity Share is Rs. 6,215,10,25,800 (Rupees six thousand two hundred and fifteen crores, ten lakhs, twenty five thousand and eight hundred only) (**"Total Consideration"**).

7.2.3 HSBC Bank plc, incorporated in United Kingdom, with its main office at 8 Canada Square, London, United Kingdom E14 5HQ, who are the bankers of the Acquirer, has issued a letter dated January 28, 2011 confirming that the Acquirer has sufficient means and financial capability for the purpose of acquiring in cash up to 66,829,060 fully paid up Equity Shares (being 19.82% of the Voting Share Capital of the Target Company) at the Offer Price for the Total Consideration.

7.2.4 S.R. Batliboi & Associates (Membership no. 101049W) located at Jalan Mills Compound, Ground floor, 95 G K Marg, Lower Parel (W), Mumbai 400013, Maharashtra, India, have vide their letter dated February 10, 2011, certified that the Acquirer has adequate resources to meet the financial obligations for the purpose of acquiring in cash up to 66,829,060 fully paid up Equity Shares (being 19.82% of the Voting Share Capital of the Target Company) at the Offer Price for the Total Consideration.

7.2.5 The Acquirer has by a certificate dated January 28, 2011 given an undertaking to the Manager to the Offer to meet their financial obligations under the Offer.

7.2.6 By way of security for performance of the Acquirer's obligations under the SEBI (SAST) Regulations, an unconditional, irrevocable and on-demand bank guarantee dated January 28, 2011 (**"Bank Guarantee"**) has been issued by HSBC Bank plc (Registered office: 8 Canada Square, London, United Kingdom E14 5HQ), on behalf of the Acquirer in favour of the Manager to the Offer which is valid up to and including July 27, 2011 for an amount up to Rs. 636,51,02,580 (Rupees six hundred and thirty six crores, fifty one lakhs, two thousand, five hundred and eighty only) being the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., 25% of the first Rs. 100 crores and 10% thereafter. The Acquirer has subsequently established an amended Bank Guarantee dated March 1, 2011 ("Amended Bank Guarantee") through HSBC Bank plc (Registered office: 8 Canada Square, London, United Kingdom E14 5HQ) on behalf of the Acquirer in favour of the Manager to the Offer for Rs. 638,33,87,217 (Rupees six hundred and thirty eight crores, thirty three lakhs, eighty seven thousand, two hundred and seventeen only). In the event the Offer process is delayed beyond the schedule indicated in this Letter of Offer, the Acquirer and the Manager to the Offer shall as may be required under Regulation 28(6) of the SEBI (SAST) Regulations ensure that the Bank Guarantee shall be valid at least for a period commencing from the date of the PA until twenty days after the revised closing date of the Offer.

7.2.7 Further, the Acquirer has created an Escrow Account named "Siemens Limited Open Offer Escrow Account" (**"Escrow Account – Cash"**) with the Hongkong and Shanghai Banking Corporation Limited (Shiv Building, Plot No. 139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle (East), Mumbai – 400 057) (**"Escrow Bank"**), and has deposited a sum of Rs. 62,71,20,000 (Rupees sixty two crores, seventy one lakhs and twenty thousand only) in the said Escrow Account – Cash, being the amount required under Regulation 28(10) of the SEBI (SAST) Regulations, i.e., in excess of 1% of the Total Consideration on the basis of an open offer escrow agreement dated January 28, 2011 entered into by and between the Acquirer, HSCI and the Escrow Bank. The Bank Guarantee and Escrow Account – Cash are together referred to as **"Escrow Accounts"**.

7.2.8 HSCI as the Manager to the Offer has been duly authorized to realize the value of the aforesaid Escrow Accounts in terms of the SEBI (SAST) Regulations.

7.2.9 Based on the above, HSCI is satisfied with the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

8. Terms and Conditions of the Offer

8.1 The Letter of Offer, together with a Form of Acceptance-cum-Acknowledgement and Form of Withdrawal, will be mailed on or before March 18, 2011 to all public shareholders of the Target Company whose names appear in the Register of Members of the Target Company and the beneficial owners of the Equity Shares, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on February 18, 2011 (the **"Specified Date"**). This Offer is open to all persons, except the Acquirer, who own shares of the Target Company at any time prior to the Offer Closing Date but may or may not be the registered shareholders. Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is or should be made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.

8.2 The Offer shall open on March 25, 2011 and will remain open until April 13, 2011 (the **"Offer Closing Date"**)

8.3 The acceptance of the Offer is entirely at the discretion of the shareholders of the Target Company and each shareholder of the Target Company to whom the Offer is being made, is free to offer his shareholding in the Target Company, in whole or in part while accepting the Offer. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.4 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Applications in respect of Equity Shares that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the Equity Shares during the pendency of the said litigation are liable to be rejected if the directions / orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

8.5 Shareholders having their beneficiary account in CDSL will, in addition, have to use an inter - depository delivery instruction slip.

8.6 All owners (registered or unregistered) of Equity Shares are eligible to participate in the Offer at any time before the Offer Closing Date.

8.7 Locked-in-Equity Shares: There are no locked-in-Equity Shares.

8.8 The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of the Offer.

8.9 All Equity Shares tendered in the Offer will be acquired by the Acquirer, subject to the terms and conditions set out in the Letter of Offer.

9. Statutory and Other Approvals

9.1 The Offer is subject to the approval from the RBI under the FEMA for acquiring Equity Shares validly tendered under the Offer. On February 4, 2011, the Acquirer has filed an application with the RBI seeking its approval for acquisition of Equity Shares in the Offer from the public shareholders of Siemens Limited including NRIs and erstwhile OCBs, as required, under the FEMA.

9.2 There are no other statutory approvals required to implement the Offer other than the one specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. The Acquirer will, in terms of Regulation 27 of the SEBI (SAST) Regulations, have the right to not proceed with the Offer in the event any of the statutory approvals required are refused.

9.3 Subject to the receipt of statutory and other approvals, the Acquirer shall complete all procedures relating to the Offer, including payment of consideration within a period of 15 days from the Offer Closing Date (as defined hereinafter) to those shareholders whose share certificates and / or other documents are found valid and in order and are approved for acquisition by the Acquirer.

9.4 In case of delay due to the non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant an extension for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay to the shareholders interest as may be specified by SEBI for any delay beyond 15 days.

9.5 However, if the delay occurs on account of the willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

9.6 The Acquirer does not require any approvals from financial institutions or banks for the Offer.

10. Procedure for Acceptance and Settlement

10.1 Procedure for accepting the Offer by Eligible Persons, unregistered shareholders, owners of Equity Shares who have sent them for transfer or those who did not receive the Letter of Offer is as below.

10.2 Shareholders of the Target Company, who wish to accept this Offer are free to offer their shareholding, in whole or in part, and should forward the under-mentioned documents to the Registrar to the Offer at their office at Karvy Computershare Private Limited, Unit: Siemens Limited – Open Offer, (Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081, Tel: +91 40 4465 5000 / 2342 0815-23, Fax: +91 40 2343 1551, E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna/ Mr. Williams) (**"Registrar"**) either by hand delivery on weekdays or by registered post, on or before the Offer Closing Date, i.e., no later than April 13, 2011. They can also tender their Equity Shares by hand delivery at any of the collection centers mentioned in paragraph no. 10.13, so as to reach the Registrar to the Offer / collection centers on or before the close of business hours, i.e., no later than 4:00 pm on April 13, 2011 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect; otherwise, the same is liable to be rejected. In the case of dematerialized Equity Shares, the shareholders are advised to ensure that their Equity Shares are credited in favour of the special depository account before the Offer Closing Date. The Form of Acceptance-cum-Acknowledgement of such dematerialized Equity Shares, not credited in favour of the special depository account before the Offer Closing Date, will be rejected.

10.3 For Equity Shares held in physical form:

a) Shareholders of the Target Company who are holding Equity Shares in physical form and who wish to tender their Equity Shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer, Karvy Computershare Private Limited, Unit: Siemens Limited – Open Offer, (Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081, Tel: +91 40 4465 5000 / 2342 0815-23, Fax : +91 40 2343 1551, E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna/ Mr. Williams), either by hand delivery on weekdays or by registered post, so as to reach the Registrar on or before the Offer Closing Date, i.e., no later than 4:00 pm on April 13, 2011 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. They can also tender their Equity Shares by hand delivery at any of the collection centers mentioned in paragraph no. 10.13 below.

b) Unregistered shareholders of the Target Company can send their application in writing to the Registrar to the Offer, on plain paper stating the name, address, number of Equity Shares held, number of Equity Shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Equity Shares and valid share transfer forms as received from the market. No indemnity is required from the unregistered owners. The unregistered shareholders should not sign the transfer deed and the transfer deed should be valid for transfer.

10.4 For Equity Shares held in dematerialized form:

Beneficial owners (holders of Equity Shares in dematerialized form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-Acknowledgement, along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant (**"DP"**), in favour of the special depository account **"KCPL Escrow Account - Siemens Limited Open Offer"**. For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement. The credit for the delivered Equity Shares should be received in the special depository account on or before the Offer Closing Date, i.e., no later than 4:00 pm on April 13, 2011. The above-mentioned documents needs to be sent to the Registrar to the offer, Karvy Computershare Private Limited, Unit: Siemens Limited – open offer, (Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081, Tel: +91 40 4465 5000 / 2342 0815-23, Fax: +91 40 2343 1551, E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna/ Mr. Williams), either by hand delivery on weekdays or by registered post acknowledgement due, so as to reach the Registrar on or before the Offer Closing Date, i.e., no later than April 13, 2011 (by 4:00 pm) in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. They can also tender their Equity Shares by hand delivery at any of the collection centers mentioned in paragraph no 10.13 below.

10.5 The Registrar to the Offer has opened a special depository account called **"KCPL Escrow Account - Siemens Limited Open Offer"** with Karvy Stock Broking Ltd at NSDL. The DP ID is IN300394 and the Client ID is 18055232. Shareholders of the Target Company having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favor of the special depository account with NSDL.

10.6 Shareholders who have sent their Equity Shares for dematerialization need to ensure that the process of getting their Equity Shares dematerialized is completed in time for the credit in the special depository account on or before the Offer Closing Date, i.e., no later than April 13, 2011 (by 4:00 p.m.), or else their application will be rejected.

10.7 The shareholders should also provide all relevant documents which are necessary to ensure transferability of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

a) duly attested death certificate and succession certificate / probate / letter of administration (in case of single shareholder) if the original shareholder is no more;

b) duly attested power of attorney if any person apart from the shareholder has signed the application form and / or transfer deeds;

c) in case of companies, the necessary corporate authorization (including certified copy of board resolutions); and

d) any other relevant documents.

10.8 Equity shares and other relevant documents should not be sent to the Acquirer / Target Company / Manager to the Offer.

10.9 In case of non-receipt of the Letter of Offer, the Eligible Persons may (i) download the Letter of Offer and Form of Acceptance-cum-Acknowledgement from the SEBI website, (http://www.sebi.gov.in) (ii) obtain a copy of the same by writing to the Registrar to the Offer, or (iii) send their consent to the Registrar to the Offer, on plain paper stating the name, address, number of Equity Shares held, distinctive numbers, folio number, number of Equity Shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the Offer Closing Date, i.e., no later than 4:00 pm on April 13, 2011, or in case of beneficial owners, they may send the application in writing to the Registrar, on plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, **"KCPL Escrow Account - Siemens Limited Open Offer"**, so as to reach the Registrar, on or before the Offer Closing Date, i.e., no later than April 13, 2011 (by 4:00 p.m.). Unregistered shareholders should not sign the transfer deed and the transfer deed should be valid for transfer.

10.10 All shares tendered and accepted under the Offer will be acquired by the Acquirer subject to the terms and conditions set out in this Letter of Offer. If the aggregate of the valid responses to the Offer exceeds the Offer size of 66,829,060 Equity Shares (representing 19.82% of the Voting Share Capital), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The Equity Shares are compulsorily traded in dematerialized form, hence the minimum acceptance will be one Equity Share.

10.11 While tendering the Equity Shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit, along with the Form of Acceptance-cum-Acknowledgement, the previous RBI approvals (specific or general) that they may have been required to obtain prior to acquiring the Equity Shares. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered.

10.12 Tax to be deducted at source

As per the provisions of section 195(1) of the Income Tax Act, 1961 (**"Income Tax Act"**) any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). The consideration received by the shareholders for Equity Shares accepted in the Offer may be chargeable to tax in India either as capital gains under section 45 of the Income Tax Act, 1961 or as business profits, as the case may be, depending on the facts and circumstances of the case. The Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate as per the Income Tax Act. Shareholders may please note the following:

a) While tendering their Equity Shares under the Offer, NRIs / OCBs / other non-resident shareholders will be required to submit a No Objection Certificate (**"NOC"**) or Tax Clearance Certificate (**"TCC"**) or Certificate for Deduction of Tax at Lower Rate issued by the income tax authorities under the Income Tax Act, along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the maximum marginal rate, as may be applicable, to the relevant category to which the shareholder belongs under the Income Tax Act, 1961 on the entire consideration amount payable to such shareholder.

b) As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act. However, the interest payment for delay in payment of consideration, if any, will not be governed by this provision.

c) For interest payments, if any, NRIs / OCBs / other non-resident shareholders will be required to submit a NOC or TCC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act, along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the Income Tax Act, on the entire consideration amount payable to such shareholder.

d) In case of resident shareholders, unless otherwise specified under the Income Tax Act, tax will be deducted only on the interest component exceeding Rs. 5,000 at the applicable current prevailing rates. If the resident shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such shareholders will be required to submit a NOC or TCC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted or a self-declaration in form 15G of Form 15H as may be applicable, along with the Form of Acceptance-cum-Acknowledgement. Resident shareholders eligible to receive interest component exceeding Rs. 5,000 would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.

e) No tax will be deducted at source for any other category of shareholders who are residents in India.

f) Securities transaction tax will not be applicable to the Equity Shares accepted in the Offer.

Shareholders are advised to consult their tax advisors with regard to the tax consequences of tendering their Equity Shares in the Offer and the appropriate course of action that they should take. The Acquirer, the Manager to the Offer and the Registrar to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

10.13 In addition to the above-mentioned address of the Registrar to the Offer, the shareholders of the Target Company who wish to accept the Offer can also deliver the Form of Acceptance-cum-Acknowledgement, along with all of the relevant documents, to any of the collection centers specified below in accordance with the procedure as set out in this Letter of Offer on or before the Offer Closing Date, i.e., no later 4:00 pm on April 13, 2011. All of the centers of the Registrar mentioned herein below will be open as follows: (Monday to Friday - 10:00 am to 4:00 pm and Saturday - 10:00 am to 1:00 pm). *The centers will be closed on Sundays and Public Holidays.*

#	Collection center	Address of Collection Centers	Contact person	Phone no.	Fax	Mode of delivery
1.	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 24, Maharashtra Chamber. of Commerce. Lane, Opp. MSC Bank, Nr Kalaghoda, Behind Rythm House Fort Mumbai – 400 023	Ms.Nutan Shirke	022-66381747 & 66382666	022-66331135	Hand Delivery
2.	New Delhi	Karvy Computershare. Pvt Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi -110 001	Mr. Rakesh Kr Jamwal / Vinod Singh Negi / John Mathew	011-43681700 / 1798	011-41036370	Hand Delivery
3.	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203,Shail,Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad 380 006	Mr.Aditya Gupta/ Robert Joeboy	079- 66614772 / 9374491873	079-26565551	Hand Delivery
4.	Chennai	Karvy Computershare. Pvt Ltd. No. 33/1, Venkatraman Street, T.Nagar, Chennai - 600017	Ms. Janaki	044 - 45900900/902	044-28153181	Hand Delivery
5.	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-/ 44655000 / 23420815-23	040-23431551	Hand Delivery/ Regd Post
6.	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bengaluru	Karvy Computershare. Pvt Ltd. No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. Kumaraswamy/ Ms.V Sudha	080- 26621192	080-26621169	Hand Delivery
8.	Vadodara	Karvy Computershare Pvt Ltd. Sb-5, Mangaldeep Complex, Opp. Masonic hall, Bpc road, Alkapuri, Vadodara-390007	Mr. Rahul Patel	0265-6640870/87 1	N A	Hand Delivery
9.	Pune	Karvy Computershare Pvt Ltd. Shrinath Plaza, B Wing,Office No.58&59, 3rd Floor, Dyaneshwar Paduka Chowk,S No.184/4, Off: F C Road Pune 411 004	Ms. Sandhya Gholkar	020 25532078-25533 592	020 25533742	Hand Delivery
10.	Jaipur	Karvy Computershare Pvt Ltd, S-16/A,Land mark.Opp: Jaiclub Mahaveer Marg C-Scheme, Jaipur, 302001	Mr. Pratik Bhardwaj Mr .Vinod	0141-2375099	N A	Hand Delivery

10.14 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders of the Target Company desirous of withdrawing the acceptance tendered by them in the Offer may do so up to 3 working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before April 7, 2011.

a) The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with the Letter of Offer.

b) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application to the Registrar to the Offer, along with the following details:

- In case of physical Equity Shares: name, address, distinctive numbers, folio number, number of Equity Shares tendered; and

- In case of dematerialized Equity Shares: name, address, number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the special depository account.

c) Shareholders can also download the Form of Withdrawal placed on the SEBI website www.sebi.gov.in and send in their withdrawal by filling the same.

d) The withdrawal of Equity Shares will be available only for the share certificates / shares that have been received by the Registrar to the Offer / special depository account. The notification of returned Equity Shares to the shareholders will be at the address, through registered post, as per the records of the Target Company / Depository as the case may be. In case of partial withdrawal of Equity Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Target Company. Partial withdrawal of tendered Equity Shares can be done only by the registered shareholders / beneficial owners. In the case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect. Shareholders holding Equity Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

10.15 In case of delay due to the non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant an extension for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay to the shareholders interest as may be specified by SEBI for any delay in dispatch of consideration or providing instructions to the clearing system for payment of consideration through Electronic Mode beyond April 27, 2011. However, if the delay occurs on account of the willful default or neglect or inaction or non-action of the Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

10.16 Payment of consideration will be made through Electronic Mode as detailed below or by way of a crossed account payee cheque / demand draft / pay order and sent by registered post incase of payment of a value in excess of Rs.1,500/- and ordinary post incase of payment of a value less than Rs.1,500/-, to those shareholders / unregistered owners and at their own risk, whose shares / share certificates and other documents are found in order and accepted by Acquirer. In case of joint registered holders, cheques / demand drafts will be drawn and sent in the name of the sole / first named holder at their own risk. In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note. It is desirable that shareholders provide bank details in the Form of Acceptance–cum-Acknowledgment, so that the same can be incorporated in the cheque / demand draft.

10.16.1 Payment of Consideration through electronic mode:

Credit for the consideration will be paid to the shareholders who have tendered Equity Shares in the Offer by Electronic Mode or crossed account payee cheques / pay orders / demand drafts.

The payment of consideration, if any, would be done through any of various modes as given hereunder:

- NECS: Payment of consideration would be done through NECS for applicants who have provided their complete bank account details including the Magnetic Ink Character Recognition (**"MICR"**) code in the Form of Acceptance-cum-Acknowledgement.

- Direct Credit: Applicants having bank accounts with the same bank through which payment consideration shall be made shall also be eligible to receive consideration through direct credit in their respective bank accounts as mentioned in the Form of Acceptance-cum-Acknowledgement.

- RTGS: Applicants whose payment consideration exceeds Rs. 2 lakhs, have the option to receive funds through RTGS. Such eligible applicants who indicate their preference to receive consideration through RTGS are required to provide the Indian Financial System Code (**"IFSC"**) code, type of account and account number in the Form of Acceptance-cum-Acknowledgement. In the event the same is not provided, payment consideration shall be made through other electronic modes or by cheques, pay orders or demand drafts payable.

- NEFT: Payment of consideration shall be undertaken through NEFT wherever the shareholders bank has been assigned the IFSC, which can be linked to a MICR code, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder has registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the applicants through this method. The process flow in respect of consideration by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

- For all other applicants, including those applicants whose payment consideration is not credited by NECS / direct credit due to technical errors or incomplete / incorrect bank account details, payment consideration will be dispatched by registered post incase of payment of a value in excess of Rs.1,500/- or by ordinary post incase of payment of a value less than Rs.1,500/-, at the shareholder's sole risk. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered.

  In case payment consideration is rejected through the NECS / direct credit facility, the Registrar to the Offer would endeavor to dispatch the payment consideration within three (3) working days of such rejection.

  The bank account details for NECS / Direct Credit / RTGS / NEFT will be directly taken from the depositories' database or from the details as mentioned by the shareholders in the Form of Acceptance-cum-Acknowledgement.

10.17 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post / speed post at the shareholder's / unregistered owner's sole risk to the sole / first shareholder. Unaccepted Equity Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.

10.18 The Registrar to the Offer will hold in trust the shares / share certificates, shares held in credit of the special depository account, Form of Acceptance-cum-Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company who have accepted the Offer, until the cheques / drafts for the consideration or the unaccepted shares / share certificates are dispatched / returned.

10.19 The marketable lot of the Equity Shares is one Equity Share.

11. Documents for Inspection

11.1 The following documents are regarded as material documents and are available for inspection at the office of HSBC Securities and Capital Market (India) Private Limited, 52 / 60 M.G.Road, Fort, Mumbai 400 001 from 10.30 am to 3.00 pm on any day, except Saturdays, Sundays, and Public / Bank Holidays until the Offer Closing Date:

a) Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer;
b) Letter from S.R. Batliboi & Associates (Membership No. 101049W) dated February 10, 2011 certifying that the Acquirer has adequate resources to meet the financial obligations for the purpose of the Offer;
c) Audited annual reports of the Target Company for the years ending September 30, 2008, 2009 and 2010;

d) Audited annual reports of the Acquirer for the years ending September 30, 2008, 2009 and 2010;
e) Copy of the Bank Guarantee issued by HSBC Bank plc (Registered office: 8 Canada Square, London, United Kingdom E14 5HQ) dated January 28, 2011 for Rs. 636,51,02,580 (Rupees six hundred and thirty six crores, fifty one lakhs, two thousand, five hundred and eighty only);
f) Copy of the Amended Bank Guarantee issued by HSBC Bank plc (Registered office: 8 Canada Square, London, United Kingdom E14 5HQ) dated March 1, 2011 for Rs. 638,33,87,217 (Rupees six hundred and thirty eight crores, thirty three lakhs, eighty seven thousand, two hundred and seventeen only);
g) Copy of the letter dated January 29, 2011 from The Hongkong and Shanghai Banking Corporation Limited (Shiv Building, Plot No. 139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle (East), Mumbai 400 057) confirming the amount of Rs. 62,71,20,000 (Rupees sixty two crores, seventy one lakhs and twenty thousand only) kept in the Escrow Account – Cash and that a lien has been marked in favour of the Manager to the Offer;
h) Copy of the Public Announcement dated January 31, 2011;
i) Copy of the letter dated March 10, 2011 from SEBI in terms of provision to Regulation 18(2) of the SEBI (SAST) Regulations;
j) Copy of the RBI approval for the Acquirer to acquire 66,829,060 shares in the Offer will be made available for inspection post receipt of the same;
k) Copy of the agreement between the Registrar to the Offer and Acquirer as the Depository Participant for opening the Depository Escrow Account for the purpose of the Offer;
l) Copy of the escrow agreement dated January 28, 2011 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank;
m) Copy of the board resolution dated January 27, 2011 passed by the Acquirer;
n) Copy of the letter dated January 28, 2011 issued by HSBC Bank plc, incorporated in United Kingdom, with its main office at 8 Canada Square, London, United Kingdom E14 5HQ, who are the bankers of the Acquirer, confirming that the Acquirer has sufficient means and financial capability to meet its obligations under the Offer.

12. Declaration by the Acquirer

12.1 The Acquirer and its directors accept full responsibility for the information contained in this Letter of Offer and are also responsible for fulfillment of obligations under the SEBI (SAST) Regulations. However, in respect of information relating to the Target Company, the Acquirer has relied on information obtained from the Target Company.

Acquirer:

Name: Mr. Marco Stuelpner	Name: Mr. Christian Bleiweiss
Place: Munich, Germany	Place: Munich, Germany
Date: March 18, 2011	Date: March 18, 2011

The persons signing the Letter of Offer are duly and legally authorized by the Acquirer to sign the Letter of Offer.

Enclosed:

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holding Equity Shares in physical form

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
Siemens Limited Open Offer

OFFER OPENS ON	**:**	**Friday, March 25, 2011**
OFFER CLOSES ON	**:**	**Wednesday, April 13, 2011**

From:
Folio No. / DP ID No. / Client ID No.:
Address:
Tel no:
Fax no:
Email ID:

To,
The Acquirer
C/o Karvy Computershare Private Limited
Unit: Siemens Limited – Open Offer
Plot No 17-24, Vithalrao Nagar
Madhapur, Hyderabad 500 081

Please tick () shareholders status (For taxation / TDS purpose)	
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income upto Rs. 10,00,000
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income exceeding Rs. 10,00,000
	Person resident in India who is a partnership firm
	Person resident in India who is a domestic company
	Person resident outside India who is a company
	Person resident outside India who is an individual / association of persons having an aggregate income upto Rs. 10,00,000
	Person resident outside India who is an individual / association of persons having an aggregate income exceeding Rs. 10,00,000
	Domestic venture capital fund and mutual fund which is a domestic company
	International venture capital fund which is a domestic company
	International venture capital fund which is a foreign company
	Person resident outside India which is a partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify)

Dear Sir,

Subject: Open Offer by Siemens AG ("Acquirer") to the equity shareholders of Siemens Limited ("Target Company") to acquire 66,829,060 equity shares, pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Open Offer")

I / We refer to the Letter of Offer dated March 18, 2011 for acquiring the equity shares held by me / us in Siemens Limited. I / We, the undersigned have read the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

 SHARES IN DEMATERIALIZED FORM

I / We, holding equity shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant (**"DP"**) in respect of my shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No. of equity shares

Depository Name	National Securities Depository Limited
DP Name	Karvy Stock Broking Ltd
DP ID Number	IN300394
Client ID	18055232
Beneficiary Account Name	KCPL Escrow Account - Siemens Limited Open Offer
ISIN	INE003A01024
Market	Off market

- -TEAR ALONG THIS LINE -

ACKNOWLEDGEMENT SLIP
Siemens Limited Open Offer

Received from Mr. / Ms. / M/s.___________________ residing at ____

a Form of Acceptance-cum-Acknowledgement for shares along with :

 Copy of delivery instruction slip from DP ID_________________________ Client ID _____________________________

 _________Share Certificate(s) ____________transfer deed(s) under folio number (s) ____________for accepting the Offer made by the Acquirer

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

I / We note and understand that the equity shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I / We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

. □ **SHARES IN PHYSICAL FORM**

I / We, accept the Offer and enclose the original share certificate (s) and duly signed transfer deed(s) in respect of my / our equity shares as detailed below:

S. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of equity shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details) **Total No. of Equity Shares**					

I / We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me / us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I / We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For NRIs / OCBs / FIIs / Foreign Shareholders:

I / We have enclosed the following documents:

□ No Objection Certificate / Tax Clearance Certificate / Certificate for Deduction of Tax at Lower Rate from Income Tax Authorities.

□ RBI approvals for acquiring equity shares of Siemens Limited hereby tendered in the Offer.

□ Copy of Permanent Account Number / PAN Card

I / We, confirm that the tax deduction on account of equity shares of Siemens Limited held by me / us is to be deducted on (tick whichever is applicable):

□ Long-term capital gains

□ Short-term capital gains

□ Trade Account

In order to avail the benefit of lower rate of tax deduction under the applicable Double Taxation Avoidance Agreement (**"DTAA"**), if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence

For FII Shareholders:

I / We, confirm that the equity shares of Siemens Limited are held by me / us on (select whichever is applicable):

□ Investment / Capital Account

□ Trade Account

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the DTAA entered into between India and your country of residence. Where the tax is to be deducted on account of long-term capital gains, the shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the equity shares have been held for more than one year. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the appropriate income tax authorities certifying the net income chargeable to capital gains tax. In the absence of the above tax would be deducted at the maximum marginal rate on the entire consideration paid to the shareholders.

For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take actions based on the certification submitted along with this Form of Acceptance-cum-Acknowledgment by the shareholders. NRI / OCB / other non-resident shareholders should provide certification as to their residential status along with this Form of Acceptance-cum-Acknowledgment. Declarations in this Form of Acceptance-cum-Acknowledgment as to the fact whether the shares are held, by the NRI / OCB / other non-resident shareholders, on investment / capital account or on trade account and whether the equity shares are held as long-term capital asset or short-term capital asset should be accompanied with appropriate evidences. In case the Acquirer is of the view that the information / documents provided by the shareholder is inaccurate or incomplete or insufficient, then tax may be deducted at source at the applicable maximum marginal rate on the entire consideration paid to the shareholders.

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding equity shares in physical form should provide details of bank account of the first / sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For equity shares that are tendered in demat form, the Bank account as obtained from the beneficiary download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank		Branch	
Account No.		Current / Savings / (Others : please specify)	
9 Digit MICR Code		IFSC Code	

Details for RTGS / NEFT

In addition to the above Bank Details, Shareholders opting for the RTGS / NEFT option should provide the following details:

Payment through RTGS (Yes / No): ____

Payment through NEFT (Yes / No): ____

IFSC Code of the Branch where account is maintained: ____

I / We confirm that the equity shares of Siemens Limited, which are being tendered herewith by me / us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever. I / We authorize the Acquirer to accept the equity shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I / we further authorize the Acquirer to return to me / us, Share certificates(s) / equity shares in respect of which the Offer is not found valid / not accepted without specifying the reasons thereof.

I / We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by registered post / UPC as may be applicable at my / our risk, the draft / cheque / warrant, in full and final settlement of the amount due to me / us and / or other documents or papers or correspondence to the sole / first holder at the address mentioned below. In case I / we have tendered my equity shares in dematerialised form, I / we authorize Acquirer and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I / We authorize the Acquirer to accept the equity shares so offered or such lesser number of equity shares that it may decide to accept in terms of the Letter of Offer and I / we authorize the Acquirer to split / consolidate the share certificates comprising the equity shares that are not acquired to be returned to me / us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	**SIGNATURE(S)**
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First / Sole Shareholder:
Place:
Date:

- -TEAR ALONG THIS LINE -

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID / Client ID

Karvy Computershare Private Limited
Unit: Siemens Limited – Open Offer
Plot No 17-24, Vithalrao Nagar
Madhapur, Hyderabad 500 081
Tel: +91 40 4465 5000 / 2342 0815-23, Fax: +91 40 2343 1551
E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna/ / Mr. Williams

FORM OF WITHDRAWAL
Siemens Limited Open Offer

OFFER OPENS ON : Friday, March 25, 2011
LAST DATE OF WITHDRAWAL : Thursday, April 7, 2011
OFFER CLOSES ON : Wednesday, April 13, 2011

From:
Folio No. / DP ID No. / Client ID No.:
Address :
Tel no:
Fax no:
Email ID:

To,
The Acquirer
C/o Karvy Computershare Private Limited
Unit : Siemens Limited – Open Offer
Plot No 17-24, Vithalrao Nagar
Madhapur, Hyderabad 500 081

Please tick () shareholders status (For taxation / TDS purpose)	
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income upto Rs. 10,00,000
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income exceeding Rs. 10,00,000
	Person resident in India who is a partnership firm
	Person resident in India who is a domestic company
	Person resident outside India who is a company
	Person resident outside India who is an individual / association of persons having an aggregate income upto Rs. 10,00,000
	Person resident outside India who is an individual / association of persons having an aggregate income exceeding Rs. 10,00,000
	Domestic venture capital fund and mutual Fund who is a domestic company
	International venture Capital Fund who is a domestic Company
	International venture Capital Fund who is a foreign Company
	Person resident outside India which is a Partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify _______________________)

Dear Sir,

Subject: Open Offer by Siemens AG ("Acquirer") to the equity shareholders of Siemens Limited ("Target Company") to acquire 66,829,060 equity shares, pursuant to the SEBI ("Substantial Acquisition of Shares and Takeovers") Regulations, 1997 ("Open Offer")

I / We refer to the Letter of Offer dated March 18, 2011 for acquiring the equity shares held by me / us in Siemens Limited. I / We, the undersigned have read the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocable to withdraw my / our equity shares from the Offer and I / we further authorize the Acquirer to return to me / us, the tendered Share Certificate(s) / Share (s) at my / our sole risk.

I / We note that upon withdrawal of my / our equity shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. Thursday, April 7, 2011.

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialized form in the DP account due to inaccurate / incomplete particulars / instructions.

I / We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) / equity shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

- -TEAR ALONG THIS LINE -

ACKNOWLEDGEMENT SLIP
Siemens Limited Open Offer

Received from Mr. / Ms. / M/s.___________________ residing at ____

a Form of Withdrawal for ____shares along with :

- Copy of delivery instruction slip from DP ID_________________________ Client ID _____________________________
- Copy of acknowledgement slip issued when depositing dematerialized equity shares
- Copy of acknowledgement slip issued when depositing physical equity shares for withdrawing from the Offer made by the Acquirer

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

The particulars of tendered original share certificate (s) and duly signed transfer deed(s) are detailed below:

S. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of equity shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details)				**Total No. of Equity Shares**	

I / We hold the following equity shares in dematerialized form and had executed an off-market transaction for crediting the equity shares to the "KCPL Escrow Account – Siemens Limited Open Offer". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our equity shares have been tendered are as follows:

DP Name	DP ID	Client ID	Beneficiary Name	No. of equity shares

I / We note that the equity shares will be credited back only to that depository account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct.

In case of dematerialized equity shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First / Sole Shareholder: ____

Place:

Date:

- -TEAR ALONG THIS LINE -

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID / Client ID

Karvy Computershare Private Limited
Unit: Siemens Limited – Open Offer
Plot No 17-24, Vithalrao Nagar
Madhapur, Hyderabad 500 081
Tel: +91 40 4465 5000 / 2342 0815-23, Fax: +91 40 2343 1551
E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna/ Mr. Williams

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