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Transcript of Call with Analysts / Institutional Investors dated 4th March, 2016

Dear Sirs,

This is with reference to the call organized by the Company with Analysts / Institutional Investors on 4th March, 2016.

With respect to the same, please find enclosed a copy of the transcript of the said call. The same has also been uploaded on the Company's website www.siemens.co.in under 'Investor Relations' section.

Kindly take the above information on record and acknowledge receipt.

Yours faithfully,

For Siemens Limited



Ketan Thaker
Company Secretary

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Siemens Limited Conference Call March 4, 2016

**Management: Mr. Sunil Mathur – Managing Director and
Chief Executive Officer, Siemens Limited**

Moderator:

Good day, ladies and gentlemen and welcome to the Siemens Limited's Conference Call. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your Touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Sunil Mathur – Managing Director and Chief Executive Officer of Siemens Limited. Thank you and over to you, Sir.

Sunil Mathur:

Ladies and gentlemen, a very good evening to you all. This afternoon the Board of Directors of Siemens Limited approved the sale and transfer of its healthcare undertaking as a going concern on a slump sale basis for a consideration of Rs. 30.5 billion to Siemens Healthcare Private Limited, a subsidiary of Siemens AG subject to requisite regulatory, statutory and shareholder approvals. The consideration for the proposed transaction as recommended by the audit committee is based on a valuation done by two independent valuers Deloitte Touche Tohmatsu India LLP and KPMG India Private Limited.

In addition, the Board of Directors has also decided to consider the distribution of 50% of the sale consideration as reduced by applicable capital gains tax and dividend distribution tax as a special dividend at the first board meeting after the completion of the proposed transaction.

Now let me share the rationale for this proposal with you. In May 2014, Siemens AG announced an internal reorganization in to nine divisions and one independently operated unit being healthcare. The key rationale for the separation of the healthcare segment globally was the following.

One, to enable the Healthcare business to focus flexibly on the changing global market requirements where, for example, there is an increasing conversion happening in diagnostics and therapy with increasing regulatory requirements and where business models are shifting towards outcome based reimbursements. Two, to enable the Healthcare business to invest in growth opportunities to respond to paradigm shifts where, for example, the next generation healthcare IT could well include big data analytics in imaging and In vitro diagnostics and where greater emphasize could be on molecular diagnostics and life science tools.

Both of the above would reduce synergies with the rest of Siemens' businesses and may also require enhanced capital allocations. The Indian healthcare market is also witnessing the changing scenario in terms of different business models and customer expectations which requires significant investments to venture into newer areas in order to grow. Government spending in healthcare is increasing and there is a rising preference for locally manufactured products. Here it must be noted that the Indian medical devices market is only approximately 4.4% of the total Indian healthcare market.

Siemens is active within this medical devices market only to the extent of 32%. In other words, Siemens' market within the overall Indian healthcare market is approximately 1.4% or approximately Rs. 75 billion. The current draft medical device policy promotes local manufacturing and total customs duty on imports of medical devices has recently been increased from 11.76% to 19.13%. Further growth is primarily being driven by tier 2 and tier 3 cities with preference for value products where Siemens Limited is currently not competitive due to large import content.

In addition, the emergence of different business models such as PPP could result in increased risks for equipment suppliers. There is an increasing industrialization in the sector with corporate chains investing in new facilities and acquisitions to increase reach and bargaining power. Siemens Limited's healthcare undertaking is highly depended on Siemens AG and its subsidiaries for products and technical knowhow as it has a largely important product portfolio predominantly catering to the high end market.

Currently the turnover of the healthcare undertaking of Siemens Limited consists of more than 85% of the products being imported from Siemens AG and its subsidiaries. Given the heavy dependence of the Indian Healthcare business on the parent and for long term sustainability and growth of the healthcare undertaking in India substantial investments in R&D and development of products and solutions unique to India are required.

The returns on these investments are expected to be realized over an extended period of time given the need for strict regulatory approvals and could also entail new risks some of which could have a contingent impact on Siemens Limited's other businesses. This transaction will enable Siemens Limited to concentrate its resources to further grow in Power Generation, Transmission and Distribution, Mobility, Industrial Automation and Smart

Cities while enabling Siemens Germany to increase its management focus on and provide further resources to the Healthcare business in India to ensure that it is able to use its global synergies to grow the business in India.

The healthcare undertaking contributed 13.6% of the Company's financial year 15 revenues, 10.9% of the total EBITDA and 8.5% of the total EBIT. In financial year 15 the healthcare undertaking generated an EBIT margin of 4.7% as against 7.5% for Siemens Limited as a whole. Consequently, the proposed transaction will be margin accretive for Siemens Limited. The transaction is subject to regulatory statutory and shareholder approvals including approval by an ordinary resolution and is expected to close on July 1, 2016.

With this I open it up for questions. Thank you very much.

Moderator: Thank you very much, sir. Ladies and gentleman, we will now begin the question-and-answer session.

We have the first question from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir, firstly wanted to basically understand that while proposing and approving the structure of slump up sale on a going concern basis did the Company consider alternate structures of having a possible stake in this new arm from Siemens India or probably this seemed to be the most appropriate structure?

Sunil Mathur: Yes, alternative structures were reviewed by the board/audit committee and after considering all the pros and cons of the alternative structures it was concluded that a lump sum sale on a going concern basis would be the most appropriate structure for Siemens Limited.

Renu Baid: And second, what proportion of the current business stream or the revenue stream that we see is derived in terms of recurring service income from the current installed base for Siemens India?

Sunil Mathur: So let me explain, the total revenue structure of the Healthcare business roughly as on September 2015 roughly 87% of the revenue came from imported equipment which was sold basically on a trading basis in the country. The remaining 13% included a mixture of some local manufacturing which was probably to the extent of around 4% or 5% and service income which is probably in the range of 10% or so.

- Renu Baid:** And typically this would because service income where Siemens India would have had the distinction in terms of the margin and profitability and not governed by the transfer pricing for which that the other part of the business?
- Sunil Mathur:** That is correct, although as you are aware the total business is subject to transfer pricing. So while there may be a higher profitability on the service part, on the product part it is much lower and in totality both, the service as well as the product sale as well as the local manufacture all put together are subject to transfer pricing regulations.
- Renu Baid:** Will it be possible for you to give a slight perspective on how the service income had grown in the last couple of years or was it broadly still steady?
- Sunil Mathur:** The service income has grown over the last couple of years in line with the business that has grown.
- Renu Baid:** And sir, the last question. As the business unit is now demarked as a separate entity valuations at approximately two times last year sales. What would be the impact with respect to the headcount that will be moving out of Siemens India into this separate arm?
- Sunil Mathur:** So roughly 890 people will migrate to the new company.
- Renu Baid:** And any large fixed assets base which would be transferred?
- Sunil Mathur:** There is no large asset base which will be transferred to the new company. Our business model involves certain machines which are used for urine sampling and blood tests etcetera which are seeded with customers, and the revenue is made out of reagents that are sold to operate these machines. So these machines which are part of the asset base of healthcare and which are actually lying with the customers already will be the primary part of the assets that will be transferred.
- Moderator:** Thank you. The next question is from the line of Girish Nair from BNP Paribas Securities. Please go ahead.
- Girish Nair:** My first question is could you walk us through the rationale for the valuation that of Rs. 30.5 billion as wanted to understand how you got to that number?
- Sunil Mathur:** Well, the rationale is let us put it this way: The valuation has been done by two agencies as I mentioned, KPMG and Deloitte. Both of them have used

more or less the same parameters; one of it being DCS, Discounted Cash Flow System and the other being the Market Price Method. Based on that, both of them have come up with [broad] ranges. The valuation reports have also been put up on the website so you will be able to see that the [valuation ranges]. But effectively the valuation is in the range of in terms of both of them between around Rs. 29 billion to Rs. 32 billion. Based on the ranges provided in the valuation report, the Board has decided on a figure of Rs. 30.5 billion and after negotiation with the parent company.

Girish Nair:

And secondly, I wanted to understand what would you be doing with the proceeds? First of all I wanted to know what will be the gain that you will recognize from the sale?

Sunil Mathur:

As mentioned earlier, the board has decided that once the transaction is closed there will be a board meeting where the board would like to consider distributing 50% of the sale proceeds less capital gains tax less dividend distribution tax back to the shareholders. The remaining 50% shall be used as capital allocation for the growth plans for the rest of our business.

Moderator:

Thank you. The next question is from the line of Gagan Thareja from Comgest India. Please go ahead.

Gagan Thareja:

In the last few years Siemens in India is embarked upon a localization program you denominated in the name of Smart Projects. I would like to understand given the scope in healthcare what hindered or what was the strategic reason for not going ahead with the same degree of localization in this segment?

Sunil Mathur:

Look, there are two triggers: the first trigger was essentially that Siemens AG has taken decision back in May 2014 that they would like to have a separate company to manage the Healthcare business and that this company should be a global healthcare company primarily because market trends are changing around the world and we need to be flexible in approaching that market. Second, substantial investments may be required considering that business models are changing.

Coming to the Indian part of the business let us look at the way the business has been done. I think it is fair to say that in the last decade there has been almost no capital expenditure that has been made on the Healthcare business in India. And that reflects in the fact that the imported components in

2013 was as high as 89% of revenues of the Healthcare business and it has been fluctuating between 87% to 89% in the last three years.

Now as the tier 1 and tier 2 markets are beginning to get saturated it does become critical to start looking at alternative options. Now the problem has been as far as the market is concerned here in the country we have to go down to the tier 2 and tier 3 markets. Now if we have to go down to tier 2 and tier 3, we have to start developing localized solutions for these high end products. The products relating to the Healthcare business that we have been selling in India are primarily imaging and diagnostic products.

Now the technology in these products is actually advancing in to the high end part of the business of the technology, whereas the Indian market is requiring a much lower end product. Now Siemens to be fair does not have currently the technology for the low end market which would mean a whole lot of R&D would be required in order to get into the low end market and to find appropriate price levels which are relevant to the relevant market let us say tier 2, tier 3 markets.

Now linked to this R&D, substantial investments in manufacturing will also be required. Now because these products are medical products regulatory approvals take more time than normal as well. So put that all together getting an R&D solution for which is equivalent to a high end solution for a low end market linked to the fact that regulatory approvals and the manufacturing process could take time. We are looking at an extended period of time before returns will start coming in. Whether those returns will be margin dilutive or margin accretive to Siemens Limited business is the question we had to address within the Siemens India board.

And this is of course unknown territory for us right now, and therefore when Siemens Germany wanted to have a completely separate company, the Indian board reviewed its options and came to the conclusion rather than investing in R&D and manufacturing over a long period of time with uncertainty and about our ability to reach the margin levels that would be accretive to Siemens Limited's current margin levels it would be more prudent to take that into account in the business case and then build that into the price and recover that amount from the buyer. And that is what is therefore been the conclusion to and also the conclusion or recommendation then to distribute part of it to the principal shareholders or to all the shareholders.

Gagan Thareja: Just an additional question again on an extension to the same question. India would be just one of the so-called emerging markets with similar requirements diagnostics and imaging with the threshold quality but at a much of audible price/affordable price? So would the decision to localized manufacturing or sort of do the R&D requisite for this kind of requirement not have been thought of in that context. And at the same time if you feel can you give some inputs or your opinion on how Siemens' peers have also sort of tackled this dilemma in the healthcare diagnostics and imaging market?

Sunil Mathur: So yes, you are right. There are markets outside of India which are also low end markets. Frankly speaking none of these markets have been approached with low end products either and most of our competitors are attempting to reach these markets with higher end products. Now this is where the whole question lay and this is where the Indian board had to take a call. Does it make sense for us to start massive investment over here with R&D etcetera and try and develop lower end products which would sell in the Indian and other markets without really having synergies to the rest of our business?

So there is no synergy for example between healthcare and power generation business. But we had to take the call, is this a road that we want to go down in terms of long term investments which could be substantial investments with possibly lower than normal margins that we are currently used to within Siemens business or alternatively do we leave that decision to the parent company to take to try and grow the business through their own investments and using their own governance systems and procedures. Please note all the 22 other factories that we have put up and localization activities that we have had have been the result of technologies that have already been available which we have then adapted to the Indian environment. Unfortunately, over here with that technology is not available for the low end market.

Coming to the second part of your question in terms of what are our competitors doing. Our main competitors in India firstly are 100% healthcare companies. They are not conglomerates the way we are with our businesses. They are a 100% healthcare companies. Secondly, all of them are importing the same equipment that we are. There is one company that has a very localized solution to one product which we do not manufacture. But other than that most of the competition is also importing what we are importing.

Moderator: Thank you. The next question is from the line of Harish Bihani from Kotak. Please go ahead.

Harish Bihani: Sir, if you look at the cash balance as of today plus the operating cash flow which you will generate over the next two, three years broadly and the CAPEX which is there, is it better to kind of give a higher dividend payout in this particular scenario because the cash already is significant in the balance sheet? And in case the second question related would be are you looking at lower improvement in terms of an operating cash flow and that is why you would want more cash or are you increasing your CAPEX you are setting up more factories which would require more CAPEX?

Sunil Mathur: So let us look at the businesses that will remain within Siemens. We are looking at power generation, transmission, distribution and our mobility business. Our mobility business looks at metros, looks at high speed trains, looks at locomotives. And then we have Smart Cities. Now all of these businesses as you know are capital goods are also capital intensive are also capital allocation intensive. So as the market develops and we know the market is going to develop here in India, we will need to allocate substantial capital into these businesses as new business models emerge and if we want to bring in lot of the technologies that are available globally and will eventually be required here in the country.

So the distribution of dividend has been taken on the basis or the recommendation and by the way this is only a consideration that the board is making to distribute 50%. The rest of it will be used for growth plans and putting in finding financing models, finding CAPEX models for the rest of our business for which we are very, very upbeat.

Harish Bihani: Sorry, but if I want to persist on this if you look at the CAPEX maximum CAPEX which we have done in the last 10 years if I look at is Rs. 4.4 billion, about Rs. 4 billion for two year is what you did. In the operating cash flow generation which possibly you can do in the next two, three years and the CAPEX requirement that will itself take care of that plus you will have a free cash flow generation. So I am a little unsure that you may require such high capital cash balance. In case the financing model which you talked about is there a thought process on getting some Siemens financing which already is done by one of the parent company or something of that thought of in the Siemens Limited listed company?

Sunil Mathur: So look, we are in to very high CAPEX, right. We are into HVDC plants, we are into locomotives, we are into high speed trains and we are into metros. All of these businesses are going to require substantial local CAPEX. All of these

businesses are also going to work at much different working capital cycles than we have been currently working at and used to. So looking at our growth plans in the country, looking at the growth plans of the country we are very upbeat and we would like to address these markets aggressively and therefore we believe that the distribution that we are doing right now that we are proposing is a fair distribution.

Moderator: Thank you. The next question is from the line of Manish Goyal from Enam Holdings. Please go ahead.

Manish Goyal: So continuing from the previous question. Basically I have the similar concern on the capital requirement. So you mean to say that going forward especially in mobility we will probably look to invest large money for probably setting up facilities for locomotives or high speed trains?

Sunil Mathur: Without giving a forward looking statement we are definitely looking at all technologies that we can address here in the country. We have as Siemens AG has our parent company as you know we do work in high speed trains, we do work in metros, we do work in locomotives. And those are technologies that we would like to bring into India at some point in time as well.

Manish Goyal: Yes sir, exactly. Because recently we have already been seeing that in locomotives two multinational have already been selected to setup facilities and on metro side already we have couple of large players and a domestic player present. So would not be like it will become very competitive for Siemens to put large capital in businesses which probably can generate low returns?

Sunil Mathur: Look, we are looking at every business case that we get from the perspective of what is going to be the return on investment very clearly. And you mentioned the two locomotives projects that we have been awarded you know the value of those projects and you know the amount of CAPEX that is going to have to go into those projects. And that is only the beginning of the railway business. Now as you are also aware the global CEO of Siemens came in September and made an announcement that Siemens wants to invest €1 billion in business here in the country. And plans are in place over the next five to seven years of how we intent to do that.

Manish Goyal: So which can be the other areas say apart from mobility where we could probably look to deploy such large capital? Because last year also we had

sold our metal business where we got large cash and now even from healthcare. So just want to know which are the other areas where you can probably look to invest large money?

Sunil Mathur: Yes, and thank you for mentioning the metal business. Here we were very clear at that point in time that, that was the business that will not bring in returns into the Company and a year later I think exactly what we had projected has materialized and the steel market is down and that business would have been a major burden on our bottomline. And that is basically going to say when we are doing transactions of this sort we are looking very carefully at what the bottomline will be while making investment in the business.

Manish Goyal: No sir, what I was probably looking at is that which are the other areas where you can probably look to invest or say apart from mobility?

Sunil Mathur: So we are looking at power generation, we are looking at transmission and distribution. We are looking at the area of Smart Cities. We are looking at 'Make in India' factories, factory automation. We are looking at making energy efficient solutions. There are lots of areas that we believe that we can contribute to the government's program of growth in the country.

Moderator: Thank you. The next question is from the line of Misal Singh from Religare. Please go ahead.

Misal Singh: So Sir, in 2011 there was a business which was amalgamated in Siemens Limited that was Siemens Healthcare. So what part of the business that you have sold was Siemens Healthcare that time?

Sunil Mathur: So at the time you are right, Siemens Healthcare Diagnostics Limited was acquired in 2011. Today this business is about 30% of the Healthcare business. And this is the Diagnostic business that I was mentioning to you where machines are seeded with customers and we sell reagents for them.

Misal Singh: So you are saying this 30% was the Diagnostic business?

Sunil Mathur: Yeah.

Misal Singh: Sir, and you gave some numbers on the medical devices market. So you said Rs. 75 billion is the addressable market for Siemens Healthcare?

Sunil Mathur: That is right.

Misal Singh: So that corresponds to about 1.4% of the total medical devices market?

Sunil Mathur: That is correct. Of the total Healthcare market, not of the medical devices market. So let me go again. By the way everything that I mentioned to you is on the website. We have a pack over there which will give all these details on the market as well. So let me start again. The total market of our Healthcare is Rs. 54 billion, total market. But this covers areas where Siemens is not necessarily prevalent. Now in that market the medical devices market out of that is roughly 4.4% which translates to about Rs. 240 billion.

This is just the medical devices. The rest of it is a whole lot of consumer parts and hospitals and all that over which we are not participating. Of the medical devices which is 4.4% of the total Healthcare market Siemens India serves 1.4% of the total market or other words 32% of the medical devices market which is Rs. 75 billion.

Misal Singh: Finally, on this whole thing that because if you go back to 2011 there was also VAI Metals Technologies which was merged with Siemens Limited. And there was also Healthcare. So after the new management or after the new CEO has come in at the parent level so now this is you are reversing all of that which had happened around 2011 is that one way to look at it?

Sunil Mathur: No, I do not think it is. Let me just give you the rationale. I think it is important for everyone on the call to understand we are a multinational company. We benefit from the research and developments activities of the parent we benefit from the technology that is derived out from the parent and we benefit also from the reach that the parent has around the world and the experience that they have in setting up factories and doing business around the world.

Now on the other hand there are certain things that we have to also accept as being part of a multinational which is when the global parent in the global interests decides to carve in or carve out make an acquisition or make an exit from certain businesses due to global reasons. Then unfortunately we also have to live with the fallout of those decisions. Now while we live with the upside of the technology transfers for which we are not paying R&D, we are not paying any incurring any cost over here.

We also need to live with the downsides which is even though our business may or may not be particularly good for us here in the country if on a global

scale that business is good or bad for the global organization then we will have to live with the fallout of those decisions. Now if you go back to the 2011 transaction the 2011 transaction first started with an acquisition that had taken place in Siemens Germany many years prior to that of the VAI business as you are aware.

Now they did a global acquisition for the metals business and that global acquisition had included a subsidiary in India of VAI India. Now at that point in time we had the option as Siemens India management do we leave this business outside the flagship company and not live with the synergies that could be derived out of that or do we merge this and acquire this. And we decided in the overall interest of the Indian shareholders in 2011 I think it was to acquire this business which was already there in the country was a 100% subsidiary of the parent we said let us bring it in to the Indian flagship company Siemens Limited so that we can maximize on the shareholding.

Subsequently, a global decision again was taken that Siemens wants to exit the metals business because we do not consider it to be the core business of Siemens which should be electrification, automation and digitalization. The metals business came under mechanical part. And therefore globally the parent decided to enter into a joint venture with Mitsubishi for this particular business.

We therefore had to follow that rationale here in the country and do exactly the same thing. Practically, in the case of the metals business we supported the rationale because the same reasons that applied globally where it was margin dilutive was also applying here in India. The business was margin dilutive we did not see the metals business growing in the short medium term and it was dilutive. We felt it would be dilutive to the rest of our businesses and that is why we did it.

On hindsight you can say it was a right thing to do because the metals business and the steel making business is not making money today and would have actually been further margin dilutive. And this is the rationale that is followed. Now we have the Healthcare business where again a global decision has been taken to carve out the Healthcare into a separate company and we are following that decision. Again, the Healthcare business in India will benefit out of that because it will get full transparency, full focus and the full systems that will now be set in place to make a fully integrated Healthcare

company whereas here with Siemens Limited there was no synergy with the rest of our businesses.

For us in India, I explained the rationale for you. It also make sense to do because of the declining price levels over here because of our heavy dependence on imports because of the fact that all our technical knowhow is depended on Siemens Germany and because of the fact if we have to continue market share topline and bottomline we will have to ensure that there are significant investments done in R&D. The returns on which may come over a longer than expected period of time and those are the rationales that we use here and I am being completely transparent with all of you.

Moderator: Thank you. The next question is from the line of Aman Batra from Goldman Sachs Asset Management. Please go ahead.

Aman Batra: If you can just highlight the assumption behind the DCF valuation which was done by the independent valuers. What I am looking for is that is the assumption that in terms of valuation is that Siemens is not willing to invest in India and therefore the growth rate will be moderate and that is how the DCF will pan out or the assumption was that as an independent company you will make the necessary investments, do the R&D, do the CAPEX required for new factories for localized production. And therefore the DCF will have a different value. So if you can give the perspective on that DCF valuation?

Sunil Mathur: To give you a specific answer the latter is what has been used for DCF. The audit committee and the board of Siemens Limited would not have accepted anything else.

Moderator: Thank you. The next question is from the line of Tanuj Makhija from Bank of America Merrill Lynch. Please go ahead.

Tanuj Makhija: Just one short question. Can you just tell us who are the competitors that have been able to localize imaging and diagnostic products at the lower end level?

Sunil Mathur: None of the competitors have been able to localize the products that we have.

Tanuj Makhija: So who are these competitors at the lower end who import?

Sunil Mathur: Sorry, I did not get the question?

- Tanuj Makhija:** Who are the competitors who have high import content at the lower end level? I just want their names?
- Sunil Mathur:** High import content at the lower end level I am not aware of any competitors who have got high import content for the low end level.
- Moderator:** Thank you. The next question is from the line of Amit Mishra from Macquarie. Please go ahead.
- Amit Mishra:** This is Amit here. So my question is did you have any discussion with the Siemens AG on the current existing portfolio I mean in the medium term do we see the current portfolio stable or do we see any of the segments going out too?
- Sunil Mathur:** You mean the remaining portfolio that is within Siemens?
- Amit Mishra:** Yeah, remaining portfolio within Siemens Limited?
- Sunil Mathur:** I think we have to grow these businesses. There is a commitment that has been made where we are very clearly in power for all which is power generation, transmission and distribution. We are very clearly in Make In India with our digital factories and process industries and drives business. We are very clearly in our building technology business which is a part of the Smart Cities initiative and we are most definitely in our mobility business which will include as I mentioned metros, locomotives and high speed rail. The global strategy of Siemens is to be a full fit in terms of electrification, automation and digitalization. And Siemens India is basically following exactly that road map.
- Moderator:** Thank you. The next question is from the line of Bhavin Vithlani from Axis Capital. Please go ahead.
- Bhavin Vithlani:** After this transaction which would be the other entities outside of the listed entity which will be wholly or partially owned by the parent?
- Sunil Mathur:** So look right now again it depends on which acquisitions will be done globally. Right now as of today I have no other major acquisition out of let us say existing companies that are owned by Siemens on my horizon.
- Bhavin Vithlani:** My question was like VAI is a partially owned by parent outside of the listed entity present in India. Which are the other entities present in India but not part of listed entity but either will be wholly or partially owned by the parent?

Sunil Mathur: So there is the Siemens Technology Services Private Limited which is our R&D which is the Siemens R&D and Shared Services wing of Siemens. There is Siemens PLM which is basically the software company dealing with digital factories and there is Dresser-Rand which has been a recent acquisition of Siemens globally in the oil and gas business which was acquired by Siemens about a year, year-and-a-half ago. And there are couple of other smaller companies which I do not necessarily remember off-the-cuff. There is of course non-banking financial company Siemens Financial Services Private Limited.

Bhavin Vithlani: So a follow up on that. What would be the total revenues of these companies which are not part of the listed entities?

Sunil Mathur: We are not disclosing them but they are not material.

Moderator: Thank you. The next question is from the line of Ruchir Khare from Kotak. Please go ahead.

Ruchir Khare: Sir, my question is regarding the renewable space. Now since we also have enough cash with us and globally we have a significant presence in this space. So do we have plans for investing in the renewables primarily wind energy in India in terms of CAPEX?

Sunil Mathur: So a couple of years ago one of the companies that we did invest in or there were two companies that you will recall that again was a global acquisition and Siemens in India bought those companies. One of them was Flender, the other one was Winergy. Both of those companies were merged into Siemens six to seven years ago as part of the global acquisition process also. Both of these businesses are doing extremely well and both of them are contributing to the wind segment of renewables.

So we already are doing the drives business, drives and gears for the wind business out of Chennai and out of Kharagpur. So we are currently in the renewable business and other than wind generation we do everything from the transmission to distribution in the renewables business. On the generation side we are on the wind and we are examining that business as well.

Moderator: Thank you. The next question is from the line of Pranav Gokhale from Religare. Please go ahead.

Pranav Gokhale: Sir, you had changed accounting policy for the Healthcare business in FY15. Is this policy also in line with what is the global practice?

Sunil Mathur: Yes.

Pranav Gokhale: And the valuations are also considering this lower profitability which might come in because of the change in accounting norm, right sir, versus the earlier reported numbers?

Sunil Mathur: No, this change in accounting only had an impact on topline. So it is not a bottomline change. What I mean is that if you go back to what the valuation companies have projected, they are essentially looking at DCF which is basically forward looking as you know in terms of the calculations. And if you read their valuation report which are also on the website they have indicated their WACC ranges over there as well. The other method that they have used is the market price method which is basically taking the enterprise value of the business and taking that as a comparison to the enterprise value of Siemens Limited as a whole and looking at the EBIT multiples in both sides.

And I just like to draw the attention of all those on the call that the EBIT multiples of the Healthcare business that have been valued over there are more or less in the same range as the EBIT multiples for Siemens Limited. Even though the Healthcare business is margin dilutive to the Siemens Limited margins even though the business is roughly 90% imports or 85% to 90% imports even though it is heavily depended on technology from the parent and finally but by no means least even though there are severe investments that will need to be made in to this business in the future.

So putting it all on that perspective we are firmly of the opinion that it is a fair market price, it is a very fair price and takes into account really the interest of the shareholders in being able to participate in the sale of this upfront rather than possibly having to live with delayed returns which could even be dilutive to the main business.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Mathur for his closing comments.

Sunil Mathur: So thank you, ladies and gentlemen, for taking time out and being here on the analyst call. I am sure if there are further questions that you would like to ask, please feel free to contact our Investor Relations Group. A lot of what I have mentioned to you on this call is already on the website. We have the Investor

Relations pack with much more details and what I mentioned to you on this call including the rationale, including the market, including the employee details etcetera. We have the synopsis of the valuation report also on the Investor Relations pack and a press release that has gone out also on the website. So please visit our website to get further details and thereafter any questions we will be happy to answer.

Moderator:

Thank you very much, Mr. Mathur. Ladies and gentlemen, on behalf of Siemens Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.