SIEMENS

20th May, 2024

National Stock Exchange of India Limited
BSE Limited

<u>Scrip Code –</u>

National Stock Exchange of India Limited: SIEMENS EQ
BSE Limited: 500550

Information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir / Madam,

Pursuant to Regulation 30, 46 and other applicable regulations of the Listing Regulations, please find enclosed the transcript of the Company’s Analysts / Institutional Investors call held on 14th May, 2024.

The said transcript is also available on the website of the Company at https://www.siemens.com/in/en/company/investor-relations/analyst-meet.html.

Kindly take the above information on record.

Yours faithfully,

For **Siemens Limited**

Ketan Nandkishor Thaker
Digitally signed by Ketan Nandkishor Thaker
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Ketan Thaker
Company Secretary

Encl.: as above

Siemens Limited

Analyst Call

14th May 2024

Management:

- Mr. Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited
- Mr. Wolfgang Wrumnig – Executive Director and Chief Financial Officer, Siemens Limited
- Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited
- Mr. Venkatesh S – Head of Investor Relations, Siemens Limited

Mr. Venkatesh S – Head of Investor Relations, Siemens Limited:

- Welcome to the Siemens Limited Quarter 2 FY4 Analyst Call. I hope you are all in good health. Before we start this call, let me give you a few instructions about the technology that we are using here.

- So by default, everyone's microphone and camera will be disabled. At the commencement of the Q&A session, the speaker analyst must raise their hands in the MS Teams call. We will enable the microphone for the person in that order. After enabling the microphone on our end, the speaker must also enable it on their device and then start talking. Each analyst speaker will have a maximum of two questions. After asking the question, the speaker's microphone will be disabled.

- We have with us Mr. Sunil Mathur - Managing Director and Chief Executive Officer of Siemens Limited and Mr. Wolfgang Wrumnig- Executive Director and Chief Financial Officer of Siemens Limited who would present the operational and financial overview of the Company's performance. Post that we will have the Q&A sessions.

- Before I hand over to Mr Mathur, let me begin with the safe harbour statement, that you can see it on the screen as well.

- This presentation has been prepared solely for use at the investor/analyst call. By attending the call where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:

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Mr. Sunil Mathur - Managing Director & Chief Executive Officer, Siemens Limited:

- Ladies and gentlemen, a very good evening and a warm welcome to you all. Thank you for joining us. You may have already read about the three announcements that we made earlier this evening.
- The first one is announcing the Q2 FY 2024 results of the Company. The second is announcing the CAPEX investment in two of our Businesses and the third is the announcement of the approval by the Board of Directors of Siemens Limited to the proposal to demerge its Energy Business into a separate legal entity – Siemens Energy India Limited, which will be subsequently listed upon the receipt of requisite approvals.
- First, a comment on the economy.
- A year ago, many experts predicted a prolonged downturn in the global economy and a possible recession. That did not materialize in spite of the geo-political tensions. In fact, we had a better-than-expected economic scenario in 2024 – with higher growth forecasts for global GDP and trade for both 2024 and 2025. With inflation softening and interest rates expected to ease, capital investments are expected to continue. However, we cannot ignore the downside risks as a result of an escalation in geo-political tensions.
- As you are all aware, the government's thrust on capital expenditure in infrastructure was reflected further in the Interim Budget 2024 with the capital outlay for FY 2025 being increased by 11% to Rs. 11.1 lakh crore, while the Railway outlay is at an all-time high of Rs. 2.55 lakh crore.
- As Government focus continues on CAPEX spending in infrastructure, we maintain that private CAPEX will follow.
- This is evident through increasing capacity utilization levels in the private sector and in the announcements of investments by various corporates across sectors such as Data Centers, Power, Metals, Cement, Automotive, E-Vehicles, Pharmaceuticals, Railways, Semiconductors, Batteries, Electronics, and Green hydrogen.
- For Siemens Limited, the second quarter of Fiscal Year 2024 showed a robust growth in Revenues built off a strong Order Backlog. Some large orders have been deferred. There has also been a slowdown in ordering of industrial automation products due to normalization of demand following shorter delivery cycles. Our growth in profits include volume and price effects, continued productivity measures as also gains on account of sale of property and dividend received from subsidiaries. Overall, our Q2 FY 2024 results reflect the continued robustness in the economy led by Government spending in infrastructure, which has resulted in increased capacity utilization and the beginning of capacity expansions by the private sector.

- Our growth plans for the year remain intact and, as you see reflected in the words of our Global CEO, Dr. Roland Busch, the growth rates in the past years have demonstrated that India is indeed on a growth path and is attracting more high quality and complex products for manufacturing in this country.
- With that, let me hand you over to our CFO, Wolfgang Wrumnig to give an overview of the Financials for Q2 and the Half year. As you are aware, Wolfgang took over as the CFO of Siemens Limited with effect from March 1, 2024.
- Over to you, Wolfgang.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited:

- Thank you, Sunil. Good evening from my side as well. Today I will give you a quick update on our financial performance in Q2 and H1 of this fiscal year. I will start with Q2. We have finished Q2 with strong revenue growth of 19.3% driven by all businesses. Three out of our four businesses have generated double-digit revenue growth and I need to call out Smart Infrastructure at 29% and our Mobility business even at 59%. Key drivers have been excellent backlog conversion and robust project execution. Our new orders are below prior year level, but last year we booked the large locomotive order with more than Rs. 250 billion order value.
- We have also seen a few orders slipping from Q2 into Q3. Another highlight of this quarter was EBITDA at 15%. This represents an increase of 240 bps vs. PY quarter. Volume increase, a positive product and business mix and price enforcement have contributed to the margin expansion. Profit before Tax is at 22.2% and Profit after Tax at 17.1%, also representing a significant increase vs. the previous year. Earnings per Share in Q2 is at Rs. 25.2.
- Now I am going to talk about H1 of this fiscal year. Revenue is up 20.6% vs. PY, with growth rates north of 20% in three out of our four businesses. We continue to strive for flawless execution of our projects in the interest of our customers and we have been able to turn the orders of the past quarters into profitable revenue. We do see a very positive development in orders of our Energy business with 34% growth vs. PY, while we still see the destocking effect in our industrial Automation business. The large locomotive order we booked last year also impacts the growth rate for H1 significantly..
- Our EBITDA for the first six month is at 13.6%, on a similar level as last year. On a comparable basis by excluding FX and Commodity Hedging impact our EBITDA margin improved by 340 bps. Profit before Tax stands at 18.5% and Profit after Tax is at 14.1%. As a point of reference: our Profit before Tax as of March 31, 2023 was 15.9% and the Profit after Tax was 11.9%. I would say a very good performance so far. We have also seen improvements in our cash generation in the first 6 months.
- Our focus on net working capital, especially inventory optimization and cash collections have paid off and we could increase our Cash from Operations vs. previous year by Rs. 1.3 billion to Rs. 4.3 billion. All in all, we are on a good track so far to top our results from fiscal year 2023. Thank you. With this I give it back to Sunil.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:

- This brings us to the second item which is announcing the CAPEX in two of our Businesses – Smart Infrastructure and Mobility:
    - Siemens Limited's Smart Infrastructure Business is expanding its factory footprint in Goa in order to meet the rapidly increasing need for critical components of the industry, infrastructure and power distribution sectors. The total investment will be Rs. 333 crore and this will be the largest investment by Siemens in Goa.
    - The factory will bring to market state-of-the-art Gas Insulated Switchgear and Clean Air GIS (Blue GIS) technologies. These products will help customers in sectors such as data centers, metro rail, oil & gas, steel, transmission & distribution to meet their sustainability goals.
    - Sustainable transportation is the key enabler for sustainable cities. To address demand of growing Metro Rail networks globally, Mobility Business is investing Rs. 186 crore to build a state-of-the-art Metro train manufacturing facility at Aurangabad. This is in addition to the existing bogie manufacturing facility at the same location.
    - This facility will be equipped with the latest technologies, locally procured components and skilled technical workforce, and can adapt to changing customer requirements. Going forward, the facility will play a key role as an export hub for Metro Turnkey projects.
- This is in addition to the capacity expansions of the Power Transformer factory in Kalwa and Vacuum Interrupter factory in Goa announced by the Company in November 2023. With this, total CAPEX investment is expected to exceed Rs 1,000 crore.
- Both factories will rank among leading globally benchmarked sustainable factories while also contributing to the Government of India's Make in India and Aatmanirbhar programs through localization. The factories are designed as per the LEED Gold standards, are carbon neutral and water positive using various sustainable technologies, which include PV solar, microgrid, EV charging, battery energy storage systems (BESS) and rainwater harvesting, and will be built with recycled materials and circular construction techniques.
- I now come to the third item approved by the Board, which is the demerger of the Energy Business of Siemens Limited.
- As you are aware, Siemens Limited operates in India through four major businesses – Digital Industries, Smart Infrastructure, Mobility and Energy. In terms of Sales in financial year 2023, Digital Industries reported Sales of Rs. 43.4 billion, Smart Infrastructure came in at Rs. 54 billion and Mobility at Rs. 19.7 billion. The Energy Business, which is proposed to be demerged, clocked Sales of Rs. 59.9 billion. EBITDA Margins in financial year 2023 of Digital Industries was at 14.8%; Smart Infrastructure at 13.6% and Energy at 12.7%, the Mobility EBITDA Margins were at 3.5%, due to the large investments in manufacturing capacity that we are putting in.
- I have shared details of each Business in the Analyst Meet in December 2023. These details are also available on the Company website.
- As a background, based on a request made by the promoter shareholders of the Company to consider, evaluate and thereafter start taking exploratory steps towards a potential demerger of the Company's Energy Business into a separate entity, the Company's Board had, on 18 December 2023, taken note

of such request and had authorized the Company's management to commence exploratory steps as may be required to examine a potential demerger of the Company's Energy Business subject to further consideration and deliberation by the Board at the relevant point in time. The Board had at such meeting also approved the incorporation of a wholly owned subsidiary (Siemens Energy India Limited) on the basis that such subsidiary may be required if and when the Board decides to implement the aforesaid demerger.

- The Board of Directors of Siemens Limited today approved the proposal to demerge the Company's Energy Business into Siemens Energy India Limited, a wholly owned subsidiary of the Company currently, which will get listed pursuant to the proposed demerger, subject to requisite regulatory, statutory, shareholders and creditors approvals.
- Post the demerger, both companies would have identical shareholding – 69% by Siemens AG, 6% by Siemens Energy and 25% by the public. Shareholders of Siemens Limited will receive one share of Siemens Energy India Limited for every one share held in Siemens Limited. A Share Entitlement Report from an independent valuer – Ernst & Young – and a Fairness Opinion from a registered merchant banker – Axis Capital – were placed before the Audit Committee, Committee of Independent Directors and has been approved by the Board of Directors of Siemens Limited, on recommendation of the said Committees.
- The strategic rationale for the demerger are the following.
- The demerger will lead to the creation of two strong and independent **listed** entities.
- Siemens Limited would continue to be a leading technology-focused company in Industry, Infrastructure and Mobility while Siemens Energy India Limited will focus on being the most-valued energy technology company supporting customers in transitioning to a more sustainable world.
    - Both entities will have sharper business focus – in other words, the proposed demerger will create two strong, independent companies, focusing on their core activities, portfolios and capital allocation.
    - Both entities will have stronger market focus – as independent entities, they will be able to execute their own strategy, with a tailored go-to-market and operational approach to leverage the full potential of the Indian market.
    - As two listed entities, Siemens Limited and Siemens Energy India Limited will unlock shareholder value – the proposed demerger will unlock the value of the Energy business for the shareholders through an independent, market-driven valuation.
- We expect the entire process of demerger and listing to be completed in CY 2025. Next steps include regulatory filings and approvals, NCLT filings and approvals (including respective shareholders and creditors approvals for both entities, i.e. Siemens Limited and Siemens Energy India Limited), ROC filing and listing of Siemens Energy India Limited on BSE Limited and National Stock Exchange of India Limited.
- Over the next few slides, I will touch upon the growth opportunities for the Energy Business.
- The continued high growth of the Indian economy will undoubtedly mean an increased demand for energy. The energy market in India is also boosted by policy reforms and investments in green growth.

- The Government and the private sector prioritizing decarbonization and sustainability presents highly-attractive growth opportunities for sustainable technology solutions.
- With its integrated portfolio of technology solutions, the Energy Business is well-positioned to take advantage of these opportunities.
- The Energy Business is thus well-poised for a growth trajectory supported by prudent CAPEX planning and successful acquisition of large projects.
- I will speak about these in detail in the next few slides.
- As I mentioned earlier, the Indian economy is expected to continue growing at a high pace. If it continues at this rate, India will soon be the third-largest economy at $5 trillion, from its current position of Number 5 in the world.
- The Government of India, taking cognizance of the increased energy demand resulting from this high rate of growth, has undertaken mega reforms in the form of the National Infrastructure Pipeline, Gati Shakti, Production-Linked Incentive Scheme, National Hydrogen Mission, COP 27 strategy and Transmission Plan 2030. All these measures will mean higher power generation and transmission capacity.
- In line with the fast-growing economy, the Energy Market in India is expected to grow at a CAGR of 9% till 2030. Generation capacity would almost double from the current 434 Gigawatt to 820 Gigawatt by 2030. Transmission would grow to 1,827 Giga-Volt Ampere (GVA) by 2026-27.
- These are opportunities for Siemens Energy India Limited.
- Siemens Energy India Limited will provide solutions across the entire energy value chain – from power and heat generation, transmission to storage through a portfolio that includes conventional and renewable energy technology such as gas and steam turbines, hybrid power plants operated with hydrogen as well as power generators and transformers.
- Customers for its comprehensive portfolio include transmission utilities, independent power producers, transmission system operators and industries.
- Its technology solutions include Grid technologies (66kV to 800 kV) with high voltage GIS and AIS, automation and digitalization solutions for transformation of industry, Gas services for gas turbines, project management for generation, transmission and industrial projects, high voltage power transformers, industrial steam turbines, modernization and upgradation of steam turbines and high voltage AC and DC substations.
- Thus, with its strong technology leadership and product portfolio aligned to the needs of customers, Siemens Energy India Limited would be perfectly positioned to take advantage of market opportunities and fuel growth.
- The new company's efforts to take advantage of the opportunities provided by growing domestic and export markets will be further strengthened by capital investments. In November 2023, we announced plans to double the power transmission capacity from 15 GVA to 30 GVA with a CAPEX investment of Rs. 3,600 million over the next 2-3 years.
- As a separate listed legal entity, Siemens Energy India Ltd will have the freedom to align its investments with its growth plans.

- In the first two quarters of FY 2024, the Energy Business has successfully acquired several marquee projects. To name a few:
    - It won an order from a leading oil exploration and production company to modernize and upgrade gas turbines.
    - It is executing an EPC substation construction project for a 400 KV gas insulated switchgear for a leading power producer and for a 220 KV gas insulated switchgear for a leading oil company
    - As part of an export order, it will be supplying a 400 KV gas insulated switchgear product for a power company outside India.
- The order book for the Energy Business as of March 31, 2024 stands at Rs.97.4 Billion.
- Coming to the major businesses that will remain a part of Siemens Limited – Digital Industries, Smart Infrastructure and Mobility.
- The Digital Industries Business focuses on consulting and supporting customers from the discrete and process industries in their digital transformation thereby enabling customers to be more resource efficient through increased flexibility and productivity while providing higher levels of quality. The Business has been growing at approximately 33% with an average EBITDA of approximately 12%.
- The Smart Infrastructure Business intelligently connects energy systems, buildings and industries enhancing the living and work conditions while significantly improving energy efficiency and sustainability. This Business has been growing at approximately 28% with an EBITDA of approximately 11%.
- The Mobility Business enables connectivity for road and rail and enables mobility operators to make their infrastructure intelligent and increase their value sustainably. This Business has been growing at approximately 33% with an EBITDA of approx. 7%, partly also due to the high investments that we are making in this Business.
- Digital Industries comprises market-leading business units that address customers' needs for software, automation and services. As India's economy continues on its growth trajectory towards the next milestone of $5 trillion, the contribution of the manufacturing sector would also grow, so will demand for technologies such as digital twins, industrial edge, 5G, smart manufacturing, etc. The Digital Industries Business of Siemens Limited has process automation solutions for process industries as well as factory automation for discrete industries. Digitalization makes up a significant component for both. For instance, digital CNC software that can help machine builders simulate and test process workflows in a completely virtual environment.
- With its portfolio and technology strengths, Digital Industries is uniquely positioned to drive the digital transformation of customers. A holistic "Digital First" approach can revolutionize the way we manufacture – optimizing every phase of a product's lifecycle – from design to end-of-life. Technology to make this happen is already available and it was showcased at the recent Hannover Messe, the global fair focusing on industrial transformation.
- With its unique end-to-end portfolio, Siemens Limited's Digital Industries is capable of combining the digital and real worlds, and accelerating the digital transformation of customers.

- We will continue to see growth in manufacturing driven by government investments, policy support such as PLI scheme, incentives and CAPEX investments by the private sector supported by the rising capacity utilization and improving balance sheets. Sectors like Metals, Chemical and Pharmaceuticals would contribute to the growing demand for automation projects.
- Coming to Smart Infrastructure, the Business supports the entire electrification process within an infrastructure project, be it malls, stadiums, airports, ports or factories. With its technologies, it is supporting the transition from fossil energy sources today to renewable energy sources and contributing to the growth of eMobility. Smart Infrastructure provides customers with a comprehensive end-to-end automation and digitalization portfolio from a single source – with products, systems, solutions, and services from point of power generation all the way to consumption.
- A significant contributor to the demand for Smart Infrastructure solutions would be the rapid pace of India's urbanization – again this is happening in parallel to India's race to be the world's third-largest economy. Increasing investments are expected to flow in toward modernization of the power distribution networks and integration of renewables. Urban infrastructure growth is seen in the burgeoning commercial building sector, healthcare and in urban transportation.
- Government programs such as PLI are boosting investments into manufacturing. Data centers are expected to double in capacity in the next three years. Smart Infrastructure technologies are part of all these as well as in e-charging infrastructure, a crucial element supporting the increasing adoption of e-vehicles, both by public transportation authorities and consumers.
- The Company's Mobility Business has technology solutions such as rolling stock, rail automation, rail electrification, software, turnkey systems and related services. It has a constantly innovating portfolio that includes intelligent transport solutions. With a focus on enhancing passenger experience, guaranteed availability and sustainable transportation, the Mobility Business has been supporting the transformation of India's transportation sector.
- The capital outlay for Railways in this year's Union Budget was at Rs. 2.55 lakh crore, the highest so far, with investments being made in electrification and upgrading infrastructure such as freight and high traffic density corridors as well as port connectivity. The Government's PM Gati Shakti projects that are aimed at improving logistics efficiency and improving operations provide huge opportunities for the transportation solutions from Mobility – for instance, Metros, locomotives, trainsets, bogies, signaling and electrification.
- The Mobility Business also has digital products in its portfolio that have proven to be effective in making infrastructure intelligent.
- Around four years ago, Siemens globally had embarked on a strategy to move from an electrical and automation company to a technology company by combining the digital and real worlds. Many of our customers in India have evinced interest in partnering with Siemens, due to our unique strength and expertise in integrated IT and OT, in accelerating their digital transformation journey. A key driver for this is the sustainability targets that the customers have set out to achieve – tangible as resource and energy efficiency measures, among others.
- Siemens Xcelerator, launched by Siemens in India in 2022, has made rapid strides since its launch. Customers expect solutions to their real problems, and Siemens Xcelerator has proven to be an ideal

solution as it provides repeatable answers to a recurring customer problem. As evidence of this success, we already have 108 digital use cases and are rapidly growing the number of reference cases across market verticals.

- A few of these successes include:
    - A reputed educational institution was facing challenges of high electricity bills and maintenance costs, resulting in high operating expenditure. With a solution comprising Siemens' building management system and the Building X Operations Manager for efficient energy monitoring, it was able to reduce the number of unexpected breakdowns of equipment and also improve its carbon emissions.
    - A reputed chain of hotels found a solution for lowering its energy consumption by optimizing its chiller plant operation, increasing uptime and identifying inefficiencies through real-time IOT sensor data. The solutions used here were Building Services, Smart Building Assessment, Demand Flow, Asset and Maintenance Optimization.
- These are solutions that can be replicated and scaled up not only within the enterprise but also within the vertical and across verticals. What allows Siemens Xcelerator, an open digital business platform, to stand apart is that it allows customers to find solutions and partners to address their problems.
- Let me now hand over to Wolfgang to give an overview of the Financials of each of these businesses.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited:

- Thank you, Sunil! I start with the Energy Business. A very robust financial performance. All financial KPIs demonstrate a strong basis for success. Orders have been up in 2023 by 9% and looking at this year's performance, we started very strong into the new fiscal year. Q1 orders have been outstanding and our growth in Q2 of 12% just confirmed the positive dynamic in this market and our capability to win orders.
- Year-to-date our order growth shows an impressive 34% increase versus the previous year. With regards to Revenue, we do see a very similar picture. Our backlog conversion and robust project execution results in Revenues of Rs. 27.7 billion in the first six month of this fiscal year, up 4% vs. the previous year. Last year we have seen a revenue growth of 29% and we continue this path in the current year. Not only did we grow Revenue, we did it with positive impact to our EBITDA.
- Last year, we finished with an EBITDA of 12.7%, an improvement of 80 bps. After a weaker Q1 we reconfirmed our aspirations of continuous improvements and finished the second quarter with an EBITDA margin of 15%, an increase by 240 bps vs. Q2 of the previous year.
- Moving on to the other businesses, Digital Industries, Smart Infrastructure and Mobility. All Businesses are doing well, despite a few challenges. In Digital Industries we still see destocking effects after two years of high order volumes due to long lead-times and supply shortages.
- On a positive note, we do see sequential growth over the last three quarters. Revenue is growing from successful backlog conversion, resulting in operational EBITDA margin improvement. Q1 last year had an extraordinary foreign exchange gain. Next is Smart Infrastructure. Order growth supported by investments in infrastructure, buildings, and the energy transformation, resulted in significant revenue growth of 29% for the first six month.

- Also, EBITDA margin went up to 15%, due to volume increase and business mix. Finally, our Mobility Business. The large locomotive order last year with over Rs. 250 Billion is impacting our order growth rate negatively. The market is intact, and we do see a lot of tendering going on.
- A larger order expected in Q2 slipped into H2. Our order backlog helps us to generate significant revenue growth. Last year at 53%, while in the first 6 month we have increase revenue year over year by 68%. And we do this with positive impact on our profitability. After Q2 we are at 7.6% EBITDA margin representing a 320 bps EBITDA margin improvement.
- Last but not least. On this slide you can see the KPIs of Siemens Limited pre-demerger and post-demerger, as well as the Siemens Energy financial KPIs post-demerger. Without going into details, I would like to point out a couple of things. Both entities will have a healthy backlog, almost Rs. 100 billion for Siemens Energy and over Rs. 370 Billion for the new Siemens.
- Both companies have been able to grow revenue significantly, Siemens Energy +13% in the last financial year, and the new Siemens north of 20%. Both companies are focused on profitable growth, confirmed by increased EBITDA margins last year and also this year. In summary, both companies are well prepared for their future after the de-merger. With this, I hand it back to Sunil.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:

- Thank you, Wolfgang!
- In closing, let me reiterate the key points:
    - We believe the global economy is recovering and the Indian economy is robust. Our vertical markets are on a growth path in India with large players making major investments.
    - Our year end Order Income growth plans remain intact.
    - All businesses have shown a robust growth in Revenue and Profitability.
    - Siemens is investing – total CAPEX investment is expected to exceed Rs. 1,000 crore!
    - The proposed demerger of the Energy Business is expected to be completed by CY 2025 and will create two strong, independent companies focusing on their core activities, portfolios and capital allocation.
    - Both companies will be able to execute their own strategies with a tailored go-to-market and operational approach to leverage the full potential of the Indian and export markets
    - Consequently the proposed demerger will unlock the value of both businesses for shareholders.
- Thank you, and we are now open for questions.

Ms. Ramya Rajagopalan – Head of Communications

- Mohit Kumar, I have unmuted you. You could unmute yourself and ask your question please.

Mr. Mohit Kumar – ICICI Securities

- Hi, good evening, and congratulations on a very good set of results. So, my first question is on the, you mentioned that few of the large orders were deferred in this quarter. Is it fair to say that these orders were for locomotives and HVDC you are referring to, or does it pertains to something else?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:

- So, no it pertains to something else. It does not pertain to locomotives or HVDC, there have been no tendering out for those products.

Mr. Mohit Kumar – ICICI Securities

- So, second can you throw some color on what got deferred in this quarter to H2?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Sorry, I didn't get the question.

Mr. Mohit Kumar – ICICI Securities

- Sir, the question is that you mentioned that some large orders got deferred to H2. Right. So, the question is which are the large orders, can you give some segmental color?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, there are some orders in the energy area, there are some orders in the smart infrastructure and some orders in the mobility area.

Mr. Mohit Kumar – ICICI Securities

- Okay. Understood Sir. My second question is how do you see the inquiry for the Siemens Energy, especially given that we are seeing a large number of bidding which are happened in the transmission sector. And the related question is, are you interested in bidding for .....are you interested in supplying for HVDC projects?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, you are right. We are seeing a very major increase in demand in the transmission sector and part of the announcement in CapEx that we made in November 2023 of 360 crores was towards to serving exactly that demand by adding capacities in power transformers. Yes, we are open also to bidding in HVDC.

Mr. Mohit Kumar – ICICI Securities

- And we expect this will materialize in this fiscal year, is that right?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- What will materialize, sorry?

Mr. Mohit Kumar – ICICI Securities

- Most of the projects were bid out for the private parties in FY24, but we haven't seen that translating into an order inflow for players like us. So, I am trying to say to see that most of this translating into an order inflow for the next 6 months. Is that a fair assumption?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- As you rightly said a lot of it depends on how the customers, how quickly customers will start taking decisions. At this point in time we don't know whether these orders will come in in this financial year or in the next. But suffice it to say that there - in the energy space there are transmission orders overall, the pipeline is good, we are following up and we are bidding for a lot of the pipeline over there. But finally depends on when the customers actually place orders.

Mr. Mohit Kumar – ICICI Securities

- Understood, thank you and best of luck, sir.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Thank you.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Thank you. Harshit Patel, I have unmuted you please go ahead and ask your question please. Harshit, you will have to unmute yourself and ask the question. Harshit, would you be able to ask your question, you are not audible if you are asking the question. Harshit, we will come back to you.

- Parikshit, I am unmuting you now please feel free to go ahead and ask your question please. Parikshit, are you able to unmute yourself and ask your question?

- Renu, would you be able to unmute yourself and ask your question, I have unmuted you from our end? Yes, Renu, please go ahead.

Ms. Renu Baid – IIFL Securities

- Yeah, am I audible and clear?

Ms. Ramya Rajagopalan – Head of Communications

- Yes, Renu, you are, please go ahead.

Ms. Renu Baid – IIFL Securities

- Thank you for the opportunity, I have a few questions. First, on the performance if you look at the first half of performance, can we highlight what was the impact of effects of commodity gains during the first half given that second quarter we have seen a brilliant profitability performance. Any adjustments there or it is pure operational in terms of performance and margins.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- Maybe I can answer here, yes, there has been of course the positive and negative impacts through FX and commodity hedging so I mention it. So if I look at the EBITDA? with order margins we have if I look at the H1 certain 0.6% and if I exclude EBITDA FX and commodity hedging impact it will go up to 13.4. If I look at Q2 numbers, 15% reporting in EBITDA? margin would be 15.4 excluding FX and commodities. So, we have 40 points in the quarter and 30 points in H1 of FX and commodities impact.

Ms. Renu Baid – IIFL Securities

- Got it. but bulk of it was essentially operational and mixed impact that we have seen through.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- Bulk of improvement was coming from operational performance based on volume increase, based on mix of products and businesses and as Sunil mentioned also based on productivity measures we have implemented.

Ms. Renu Baid – IIFL Securities

- Surely. Second, if we look on the export part of our portfolio, traditionally bulk of most of Siemens exports typically tends to be housed in the energy business. In addition, we have seen with the recent announcements you have mentioned CapEx for metro projects where it will also be used for global export orders. So, is it possible to highlight that post this demerger what initiatives would Siemens Limited be taking to drive a much more broad based portfolio for the global markets apart from mobility which we have highlighted. Any other key areas you think which have opportunities to scale up for global markets or global supply chains.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Absolutely, Renu, I mentioned about the metro already. Our bogie factory on the mobility side is also doing predominantly export business. So, mobility is definitely very much a part of the global supply chains of Siemens. On the smart infrastructure side as well, we have our factory in Goa which is largely catering to export demand there, vacuum interrupters and so on, we raised vacuum interrupters and so on. They are definitely serving to a very large extent the export market. The investment that we are doing right now that we have announced today in the expansion of the facilities in Goa for GIS, one part of that is the Blue GIS and the driver for that is also export demand for Blue products globally driven by global customers' requirements for sustainable products. So, absolutely on the smart infrastructure side as well. On the energy and automation part of it as I mentioned over here the Goa business electrification will be explored. We will be expanding there. On our product portfolio on the low voltage product portfolio C&S is already stepping up and doing substantial exports. We see that expanding in line with the projections that we made actually faster than the projections that we made when we acquired the company. So, absolutely smart infrastructure and mobility will definitely be very largely focussing also as part of the global supply chains for exports.

Ms. Renu Baid – IIFL Securities

- And related to this if we see in the last few quarters there has been a visible change from the commentary from the Group with respect to leveraging India as a manufacturing base. And we have also seen that translate in terms of CapEx and investments dedicated for certain exports market as well. So, strategically while domestic may continue to grow at its own pace but do you think exports as a portfolio can see material ramp up for global markets and has it seen that incremental focus from the Group and from the Indian entity.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Absolutely, Renu. These details that I just gave earlier is demonstrating very clearly the intent of the group of the parent to expand their manufacturing activity in India not only for India but also for global. So, there is very clearly a much larger appetite globally for manufacturing in India. I mean the 1000 crores that we have announced in terms of CapEx, this is probably the largest CapEx announcement that we had ever made since I have been around, and you have been around a long time as well.

Ms. Renu Baid – IIFL Securities

- Yes.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, you haven't…both of us not heard numbers of this magnitude. That basically demonstrates the focus that the parent company has on using India as a base for their global network.

Ms. Renu Baid – IIFL Securities

- Sure. And secondly coming to the energy part of the business, two questions here. First is it possible to share the broad split of the energy business between grid equipment and solutions and power gen solutions either in terms of revenue or order backlog.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Not at this point in time, Renu, once we start doing the sub-segmental over there in the new company you will get that data. Let me put it this way transmission business is the major driver there. While there are upcoming technologies where business is also working on, but currently transmission is the major driver of that business.

Ms. Renu Baid – IIFL Securities

- And second would be on the export portfolio within the energy traditionally has focused more on Middle East, Africa, South East Asian subcontinents. In the current context if we see grid equipment globally especially from Europe and US have seen massive shortages. So, is the India portfolio qualified for these developed economies and do we have the required PQs in terms of catering to these markets.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Absolutely, Renu. The intent is very clearly and that was part of the reason for the announcement of the transformer factory of the…. in November where essentially the intent is to use these factories also as part of the global supply chain of Siemens Energy. Already the energy business in India is already exporting to multiple markets as you said, and the intent is to expand that also further in the transmission space. Primarily, because global? markets on transmission our capacity utilizations are already maxxed out and it makes sense for Siemens Energy at a global level to use India as a manufacturing base to serve their global requirements as well.

Ms. Renu Baid – IIFL Securities

- Got it, thank you very much and best wishes, sir.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Thank you.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Thank you, Renu. Harshit, would you like to try asking your question now by disabling your mic. Okay, we will go ahead with the next question from Charanjit. Charanjit, please go ahead and ask your question.

Mr. Charanjit Singh – DSP Investment Managers

- Hello, good evening, am I audible?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Yes, you are audible, please go ahead.

Mr. Charanjit Singh – DSP Investment Managers

- Yes, sir. First is on the Siemens Energy portfolio itself, you just now touched upon there are certain further technologies which will get added which are maybe in the Siemens parent energy portfolio, if you can touch upon those technologies which can come into Siemens Energy. And when parent has to take a call in terms of which technologies get moved into this particular entity, either Siemens Energy or Siemens Limited, then how does that decision finally get taken. That's my first question, sir.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, let me answer the second question first. Very clearly the energy business is driven by Siemens Energy AG, and the technology owner for the energy business is Siemens Energy AG, and therefore all the technologies in the energy space will be available to Siemens Energy India Limited here in India. Siemens AG which is the prime shareholder of Siemens Limited does not have any portfolio in the energy space and therefore there is no overlap and there is no decision let's say decision making confusion. Siemens Energy India Limited will benefit from the technologies that Siemens Energy globally has, Siemens AG doesn't have any of those technologies. Which technologies will Siemens Energy India Limited focus on in the future and what technologies are available to them, we will have to wait until the new company is created. The new board or the new management will then define their strategies moving forward and present it to the board and at the right time will make the disclosures to the markets as well.

Mr. Charanjit Singh – DSP Investment Managers

- Got it, sir. Sir, my second question is especially on the mobility business and in your interviews you have also talked about doubling down on the overall railways as a segment. If you can just give more clarity in terms of which parts of the value chain you are seeing more traction, is it propulsion, electrification, and any size to that overall opportunity which you would be keen to target and we have seen our success in the 9000 horse power locomotive order. And there was another 12000 horse power locomotive order which could have been transitioned to maybe 9000 horse power. So, what's the update on that, if you can touch upon these aspects of the mobility business.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- The opportunities in the, so there are two parts of the mobility business, one is with the railways and one is the metros. When I look at the Railways we are in the complete spectrum of what the railways requires as technologies starting with signalling technologies to electrification to the entire rolling stock, that means bogies, locomotives, Vande Bharat trains for example, etc. As the government comes out, as the Railways come out with tenders in these areas we will definitely be participating in that space. On metros the fact that we are opening a factory right now basically demonstrates our view on the Indian market, but also the fact that we will use the factory over here to start catering also to global demand. And the factory will be a part of the global network but will also cater to the Indian market here.

As you know every single city in the country at some point in time will need urban transportation. Metros not only one line but several lines will be required. We see a huge demand coming up in the future in the metro space. So, definitely that is the market that we see. So, I think we are looking at the entire spectrum of railways and metros in our mobility business here.

Mr. Charanjit Singh – DSP Investment Managers

- Sir, thanks for taking my question. That is all from my side, thank you.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Harshit, would you like to try again by unmuting yourself.

- Rahul, would you like to go ahead and ask your question please. Rahul Gazare, you have been unmuted, please feel free to ask your question.

Mr. Rahul Gajare – Haitong International Securities

- Good evening, and thanks for the opportunity. Are you able to hear me?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Yes, we are able to hear you, please go ahead.

Mr. Rahul Gajare – Haitong International Securities

- You are doing additional CapEx of about 500 crore rupees, taking the total CapEx to almost 1000 crore rupees. Can you talk about the peak revenue that this additional CapEx can potentially add to the company's existing revenue. And connected with the same question, I understand digital infra is largely catered through imports. Is there any plan to do CapEx or have manufacturing capabilities in order to cater to the digital infra space? That's the first question.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- I didn't understand the second question, can you repeat that.

Mr. Rahul Gajare – Haitong International Securities

- So, the second part of the first question is digital infra as a segment I understand is largely catered through imports.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Digital is not infrastructure, it is the digital industry's business which is the products business that supplies PLCs and technologies for process and discrete manufacturing.

Mr. Rahul Gajare – Haitong International Securities

- Right. So, this is largely catered through imports. Is there any plan of localization in this particular segment also?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- No current plans.

Mr. Rahul Gajare – Haitong International Securities

Okay. And the peak revenue that you could potentially do after this CapEx that you are doing.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- I don't want to go out with numbers at this point in time but suffice to say that this means our hurdles, our investment hurdles in the Company and yeah, more than that I cannot say at this point in time.

Mr. Rahul Gajare – Haitong International Securities

- Sure. So, my second question is that certain companies have talked about heightened competition in certain areas. Can you talk about competitive intensity that you have seen in general in your area of operations.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, yes, as the market grows competition grows. And all our competitors are active, we are active as well and our intent is to continue being a market leader and all the products that we are supplying and all the services and solutions that we provide to our customers. So, yes, competitive activity has substantially increased. But that’s normal in a growing market.

Mr. Rahul Gajare – Haitong International Securities

- Right. Sir, this last bit is on the interest cost which was increased materially in this particular quarter. Given you have a very clean balance sheet in terms of debt, can you just talk about what is this interest cost which is sitting in the second quarter financials?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- We don't have that data right now, we will send it to you subsequently.

Mr. Rahul Gajare – Haitong International Securities

- Sure, thank you very much.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Thank you, Rahul. Aditya, you are ready to go next, please feel free to ask your question.

Mr. Aditya Mongia – Kotak Institutional Equities

- Thank you for the opportunity and congratulations to the entire team on such a strong result. The first question that I had was more on the employee cost kind of declining on a Y-o-Y basis, at least at a console level.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Sorry?

Mr. Aditya Mongia – Kotak Institutional Equities

- It seems as if the employee expense for the quarter is down on a Y-o-Y basis. I wanted to check if there is an element of productivity gains sitting over there that can be sustained. Or, should one think through that line item?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- I mean, again, this is specific. There's definitely a productivity gain, but if you want specific answer, we can send that to you later.

Mr. Aditya Mongia – Kotak Institutional Equities

- Understood. The second question that I had was more on the weakness that one is seeing in the digital industries orders. It's been, I think, now two quarters, and now our revenue line is higher and our order inflows are lower for the first half. Does that have implications for margins, which have been fairly strong so far in that segment, to start kind of normalizing down? Or do you think that this is more of kind of a cyclical effect here and there, and margins can actually be sustained at the current levels incrementally as well?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So as Wolfgang mentioned to you, the main reason for the slowdown in the industrial automation business is primarily destocking, and this is resulting basically in channel partners running down their inventories. And until that point in time, there is a slowdown in the ordering. You've also seen, as you rightly mentioned, in the last two quarters, while there has been a slowdown, the profitability has been robust. And it is our intent to keep it that way.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- We still have a healthy backlog, and we expect the revenue development to continue.

Mr. Aditya Mongia – Kotak Institutional Equities

- Sure. One more question from my side. As we think through the demerger happening over time, you will eventually have two different sets of promoters, Siemens AG and Siemens Energy. Is there any thought process being shared on whether the related party transactions, specifically royalty, will start changing in any manner? Or should we expect these RPT terms or royalty terms to be quite consistent in spite of there being two different set of promoters incrementally?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- I think you can expect consistency.

Mr. Aditya Mongia – Kotak Institutional Equities

- Sure. Thanks a lot for the colour. Those are my questions. Yeah, thank you.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Parikshit, you can go ahead and ask your next question, please.

- We'll go to the next speaker. Ravi, would you like to unmute yourself and ask a question, please?

Mr. Ravi Swaminathan – Avendus Spark

- Congrats on a good set of numbers. My first question is to get a sense on the business momentum at overall Company level that you are seeing. Just wanted to get a sense on how the enquiry pipeline is and how the bid pipelines are for you at a overall Company level. Are you seeing an acceleration in terms of demand or compared to, say, previous year or if you compare previous year with the previous year over that, are you seeing it moderating a bit from the high base? How the enquiry pipeline is panning out? If you can give your thought process across various categories like government, private, sub segments like say data centres, electronics and the various other categories, if you can talk about even the traditional sectors like steel, cement.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Okay. So, overall the enquiry pipeline is robust. Has it gone up over the prior year? I would not say so. Is it at the same high level as in the prior year? Definitely. In some parts of our business it has gone up. In terms of the pipeline there for example, in our energy transmission business, the pipeline is very, very strong. It has increased, demand has increased. In our e-vehicle business, it is going up, it has increased over there. In our electrification business, in smart infrastructure, there has been an increase. So overall, yes. Government spending in CapEx has definitely helped. That has been the driver. But private spending has also happened. As I mentioned earlier, data centres, pharma, chemicals, healthcare, all of these areas are looking for CapExt spending. Electronics areas, these are all the new areas, batteries, pipelines are definitely increasing over there. So I think overall, I would say, I mean, if

I look at it at a Company level, I think overall the pipelines are robust. Some spikes in some parts of the business, not too much of a slowdown. Again, on the digital industries part that we talked about earlier on, I don't see this as a slowing down of the demand. The demand in the market is there. It is just a destocking that is happening at channel partner levels. So overall, I think it's robust and we've got a good visibility for the future, which has encouraged us to start looking at CapEx measures.

Mr. Ravi Swaminathan – Avendus Spark

- Okay. Is there a number that you can put to this? Say for instance, last year, FY23 over 22, the pipeline would have grown at probably 15% or 20%. This year it would have grown at 15%. Is there a number like that that you can share so that we will get a perspective?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- No, it's difficult to give that number because I'd be giving the average temperature in a hospital sort of thing because there's nothing in comparison, nothing to compare my low voltage business with my transmission business or my mobility business with my smart infrastructure business. So it varies from, as you rightly mentioned, government business to private business, sector by sector as well.

Mr. Ravi Swaminathan – Avendus Spark

- Understood. Thanks a lot, sir.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Thank you, Ravi. Nidhi, you can go ahead and unmute yourself and ask you question, please.

Ms. Nidhi Shah – ICICI Securities

- Thank you so much for taking my questions. Firstly, I would like to congratulate you on an inordinate set of results. I had a question on the other income. It seems to be two times out of the previous quarter. Is there any specific reason why that is there? That is my first question. Second would be the current orders that have come in. Would you be able to give any colour on whether these orders are short cycle, long cycle orders? If there is a split that you could possibly give? And the third question is that we've seen this immense profitability this quarter. Is it something that would be sustainable long term or even for the next one or two quarters to come, or is this something that was, say, like a derivation of lumpy revenues?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So Wolfgang, over to you.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- Yeah, okay. So on your first question regarding other income, there are two topics we can mention. One is the gain on sale of properties in this quarter for within Siemens Limited and the second topic is the dividend payment of our subsidiaries. We have booked this under other income.

Ms. Nidhi Shah – ICICI Securities

- Okay.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Second question is the profit sustainable? Want to talk about that?

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- You know, at the end of the day, you have seen over the last couple of quarters that we have focused on improving our profitability and we will continue to do so. As I mentioned, there are, of course, different factors impacting the profitability. It's one hand the volume growth and the business mix, and our focus is also on improving profitability by focusing on productivity measures. So we will continue to do so, and we expect that this will have impact on our margins going forward.

Ms. Nidhi Shah – ICICI Securities

- Alright.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- On the order mix, again, it's a mixture of both short cycle and long cycle. It's a mixture also of government and private. So I think it's a good mix all round. We've seen a good growth on the private ordering and we've seen an equally good growth on the government ordering. There have been, as we mentioned, some deferrals of orders or spill overs from one quarter to the other. But I think that is pretty natural. That’s it.

Ms. Nidhi Shah – ICICI Securities

- All right. Thank you so much.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Thank you. Parikshit is unable to join via audio. He sent us questions on WhatsApp. I'm reading it aloud. Two questions, and then we can answer. Parikshit, these are your questions. Question number one is, how will energy transition, clean energy like hydrogen battery storage, play out between two companies? That's question number one.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, I mean, this is, as you're aware, Siemens Energy Global is virtually the only integrated energy company in the world. And they have all these technologies with them. And they and the new management and Board of Siemens Energy India Limited will, at the right time, review how big the market here is, what the right time to invest, and technology will then be available to Siemens Energy India Limited at the right point in time.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Second question is on mobility. On locomotives order, has the work started and revenue started occurring?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So, yes, work has started, very much started on the project overall. Revenue has started being booked. As I mentioned in one of my earlier meetings, this is a PoC project. And therefore, as costs get incurred, the revenue recognition is done accordingly. So the answer to your question is yes, revenue is being recognized on a continuous basis.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Okay. We've also got the question from Harshit, who is unable to read out his question, on WhatsApp. So I'm reading that out to you. That's on HVDC. There are three, four projects on the horizon in India. Are we geared up in terms of manufacturing capacities for converter stations? What is our localized content in an HVDC project vis-à-vis imported content from or global factories?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So a lot of it depends on what technology of HVDC is being requested for. And we look at all the HVDC projects, we examine them from a technology perspective, we examine them from a realization perspective. But we also need to acknowledge the HVDC market globally is booming. And therefore, we have got to look at it and along with the parent company, Siemens Energy AG, on whom we are dependent for technology, and for some products as well, we've got to work together with them to see where the priority lie in terms of the bidding process. How realistic our orders over here in actually materializing in the short term versus the realization at a global level? So there are a lot of factors that play into HVDC projects. We are geared to do them, but we take them on a very selective basis, taking into account the technologies, the customer, the payment terms, the availability of resources, engineering resources, etc. We are building up resources here in the country on the HVDC side in particular as well, in terms of technologies.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- That answers Harshit's question. We'll go to our next question from Mohit. Mohit, you can unmute yourself and ask your question please.

Mr. Mohit Kumar – ICICI Securities

- Thanks for the opportunity once again. My first question is, you announced the capacity expansion for medium voltage GIS. Is it fair to say that medium voltage GIS use case is primarily for renewables? And is it possible define the market size for this product in India and globally?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So this GIS factory is not only for GIS, but it's also for our end use. For the GIS factory in particular yes, it is primarily for the Indian market. But as I mentioned, as we develop components for Blue GIS, these will be then supplied as part of the global supply chain into global customers, or Siemens globally, who will use them in the global markets. Right now, the Blue GIS is not really affordable at the Indian market. Over a period of time, we expect these prices to come to a level where Indian customers will afford them. But until that time, we will develop them for the global market. The size of the opportunity of the transmission market and distribution market, you are well aware of, we put it on the transmission side, 1800 GVA over there. On the distribution side, it is effectively every discom in the country is going to need it. So the size of the market is huge for GIS in totality. For Blue GIS, I'm a little bit more conservative.

Mr. Mohit Kumar – ICICI Securities

- My second question is on the block signalling opportunity from Indian railways. We expect this opportunity to accelerate over next twelve months. Given the government thrust on safety and speed, is it also right to say that we are one of the few who have the complete technology?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- For what were you saying? What was the first part, sorry?

Mr. Mohit Kumar – ICICI Securities

- Block signalling opportunity.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So let me put it this way. We do have the complete integrated portfolio for signalling, right? And this goes across the entire value chain on the signalling part. We do have it and we will offer it to the Indian Railways as and when tenders come. We are already bidding for many tenders on the signalling side. And it's not only to the Indian Railways, but also for metro projects.

Mr. Mohit Kumar – ICICI Securities

- Understood sir. Thank you and all the best.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Jonas Bhutta, you can ask your next question. You can unmute yourself and go ahead, please.

Mr. Jonas Bhutta – Aditya Birla Capital

- Thanks a lot and congratulations sir, on a phenomenal set of results. Sir, three quick questions. Firstly, on C&S, it would be really great if you can highlight what we've done that in such a short period of time we’ve been able to scale up margins from single digits to now almost reaching mid-teens. And does this margin profile at an EBITDA level of almost 18-19% look sustainable to you given that exports have further room to grow? And just a joint to it, though, we've seen some bit of sales growth slowdown in the first half, as in we've still grown, but it's been around 8% in C&S versus the 20% that we were clocking for last four to six quarters. That's the first question.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So in terms of the growth, I'll answer the growth first and then maybe hand over to Wolfgang on the profitability. The growth that you see of 8% is strictly speaking, not really comparable to last year. Last year there were large order that we had received. If we take out that one large project that we had received in C&S, the growth would be more in the range of around 18%. So C&S is definitely growing. Our footprint, our export footprint is growing substantially as planned, actually ahead of plans as well. We are continuing to address new markets. We're continuing to get depth into additional global markets as well in the identified countries that we had done at the time of the acquisition. So I think the growth story is definitely good. The margins, as you say, are robust as well. Wolfgang, do you want to comment a little bit on that?

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- I believe in C&S Electric, we have done a lot to improve the competitiveness of the Company, which at the end of the day resulted in the mid teen margin corridor. And so we will continue to focus on profitability of course driven by a strong revenue growth. Yes, you said it's slowing down a little bit, but we will continue to grow going forward, expanding also in the global market. So I believe the marching of mid teen? is at a reasonable level.

Mr. Jonas Bhutta – Aditya Birla Capital

- Understood. So my second question was to understand this one business of industrial drives, LV and MV drives. So, how has that business performed for you in the recent past and what are the localization levels in that business? Is it as large as your maybe LV motor business, the outgoing LV motor business? If you can talk about the industry dynamics there, what is our market positioning, etc. So on the industrial drives that will be helpful.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Are you talking about the industrial drives or are you talking about the low voltage motors?

Mr. Jonas Bhutta – Aditya Birla Capital

- Sir, the industrial drives, the LV MV drives, sir.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Yeah. So the industrial drives is a part of the motion control business that we have. That business is doing well. Industry is growing. Of course, they are partly also impacted through the destocking story over there. But the demand is robust. We see that business growing. It may take some time before it completely bounces back from the destocking scenario. Our projection is in the October-December quarter. They should start bouncing back there. But the demand in the market is pretty robust.

Mr. Jonas Bhutta – Aditya Birla Capital

- And, is it fair to say that the localization levels here are similar to that of PLC or they are at least slightly better in terms of localization?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So PLC we have no localization.

Mr. Jonas Bhutta – Aditya Birla Capital

- Exactly.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So it's all imported in terms of the PLC. On the industrial drive, we have a mix. Some are imported, some are outsourced here to local suppliers.

Mr. Jonas Bhutta – Aditya Birla Capital

- Understood. And just a tied in question, sir. I was just trying to understand or better appreciate what's happening with the digital industries margins. So one hand, we've been talking of destocking and it's reflective in our both order inflows and sales growth, and was partly reflective in margins also, if we see the second half margins of last year. But then in the last two quarters, again, 16% this time around and 12.7 in the first quarter. For a business that is traded in nature, where there's a lot of imports, where there are only trading margins with hardly any value at margins, what brings in this sort of volatility in margins, particularly on the upside, sir? If you can help us understand, it will be great. And that's my final question. Thank you.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- As I mentioned in my presentation, there has been some major impact from FX and commodity hedging in the DI business. Last year saw significant positive impact on margin, which we didn't see this first half of the year. And on the other hand, we have a robust service business, which is value add and also supporting the development of our margin quality.

Mr. Jonas Bhutta – Aditya Birla Capital

- So, we had an FX loss this half versus FX gain last year?

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- Last year we had a significant gain and this year, it is much less.

Mr. Jonas Bhutta – Aditya Birla Capital

- Understood. Got it. Thank you and all the best.

Ms. Ramya Rajagopalan – Head of Communications, Siemens Limited

- Thank you. Given that we are running out of time completely, we will take one last question, and that's from Srinidhi. Please go ahead, Srinidhi.

Mr. Shrinidhi Karlekar – HSBC

- Thank you for the opportunity and congratulations on great set of numbers. Sir, if I look at mobility business, it's likely to scale up significantly from here onwards. But if I look at the margin profile of this business, not only it has been volatile, it has been a lot lower than the portfolio margin for Siemens. So would it be possible to share some colour on the likely trajectory of this business as the scale up of this business happens? And what I'm really looking at is, are double digit margins are possible as revenue ramp up happens?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- So traditionally, and this business until about two or three years ago, was in double digit margins while we were concentrating on electrification and signalling. As the market became more attractive on the rolling stock, we decided to invest in rolling stock as well with the reopening of the bogie factory, with expansion of Nasik, and with the metro project that we've just announced. Those are heavy investments that have gone in to the business which have naturally had impacts on the profitability. They will continue to have impacts on the profitability for the next couple of years as we continue to invest in these projects, land, building machineries and so on. However, we do expect, as the volumes start coming up, the margins will start improving as well. And I expect in a couple of years we will slowly get up to the same levels that we were prior. But of course, a lot of it first depends on our...we've got to build the factories, we got to fill the factories, and that's when the margins will start growing up.

Mr. Shrinidhi Karlekar – HSBC

- Right. So one more if I may. Sir it is heartening to see capacity expansion on electrification as well as mobility segment. But sir, it seems like a lot of these capacities are coming on stream two to three years down the line and you're operating at almost 100% capacity utilization in all these product categories. So wondering, will it constraint in order taking as well as revenue execution for Siemens over next couple of years particularly?

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- No, we are not. We haven't waited until we have reached 100% capacity to start thinking about adding capacities. So we've got capacities that will beat our requirements for until the new capacities come into place. We're betting on the fact that the economy will continue to grow, and grow robustly, and based on that we are adding capacities. But it doesn't mean that we are at overcapacities right now.

Mr. Shrinidhi Karlekar – HSBC

- Yeah, thanks for answering my questions and all the very best.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Thank you very much.

Mr. Venkatesh S – Head of Investor Relations, Siemens Limited

- Thank you very much. With that, we close this call. Thank you very much for joining us and for your insightful questions. In case there are few more queries which we could not answer, please get back to us and I'll try to address it as best as I can. Thank you very much once again.

Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited

- Thank you very much.

Mr. Wolfgang Wrumnig – Executive Director & Chief Financial Officer, Siemens Limited

- Thank you.

End of Transcript