SIEMENS

Siemens Limited H1 FY 2022

Analyst Call

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Management:

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

Dr. Daniel Spindler – Executive Director and Chief Financial Officer, Siemens Limited

Ms. Ramya Rajagopalan – Head, Communications, Siemens Limited

- **Mr. Bijesh Kamath – Head, Media Relations, Siemens Limited:**

- Good morning and welcome to Siemens Limited Analyst Call for H1 FY2022. I am Bijesh Kamath, Head of Media Relations, Siemens Limited. This conference will be in listen-only mode and there would be an opportunity for you to ask questions after the presentation concludes. For this purpose, you need to press the hand icon on the bottom right side of the screen. In the interest of time, we request you to limit the number of questions to a maximum of two each. Please note that this conference is being recorded. On the call, we have Mr. Sunil Mathur, Managing Director and Chief Executive Officer, Siemens Limited and Dr. Daniel Spindler, Executive Director and Chief Financial Officer, Siemens Limited. You can see the disclaimer on the screen. I will quickly read it out for the benefit of legal requirements. Siemens Limited ("Siemens" or "Company") cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use terminology such as 'targets', 'beliefs', 'expects', 'aims', 'assumes', 'intends', 'plans', 'seeks', 'will', 'may', 'anticipates', 'would', 'could', 'continues', 'estimate', 'milestone' or other words of similar meaning and similar expressions or the negatives thereof. By their very nature, forward looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by forward-looking information and statements in this presentation. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that or those described herein as anticipated, believed, estimated or expected. Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of these forward-looking statements. No part of this presentation nor the fact of its distribution should form the basis of or be relied on in connection with any contract or commitment or investments decisions whatsoever. Investor or prospective investor must seek advice on specific situation from well-informed legal, investment, tax, financial and management professionals. Last but not the least, this presentation and its contents must not be distributed, published or reproduced. This presentation does not constitute a recommendation regarding the securities of the Company.

- Now, I hand over to Sunil.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Good morning and very warm welcome to our analyst meet. A lot has happened in the last couple of months since we last spoke. I do hope you are all well and safe. Over the next couple of minutes, Daniel and I will walk you through a couple of the key highlights of the last half year. We'll give you an overview of how we see the business situation overall and then also a little bit explain financials to you. Maybe just starting straight away on the highlights of the last half year. So as we see it today, the market momentum is continuing. We saw the market pick up already in the last financial year, the second half of the last financial year, and we are beginning to or we have started seeing this momentum really continuing right through the first six months.

- Our visibility is showing us currently that the market momentum will continue and I'll talk more about this a little bit later. Our orders are up 60% – over 60% with revenue over 10%

in the first half year. We've talked a little bit more about this as well. The revenues have been muted, but as we have mentioned in our last press release, we do expect the revenues to pick up. The muting of the revenues has been primarily due to some supply chain challenges, but Daniel will explain that in more detail when he goes through the numbers. Our major focus in the last half year has been primarily on managing the supply chain and also ensuring with the inflationary costs that are beginning to creep in that we are able to ensure that the profitability is maintained or improved and that there is proper cost management in place there. Our commitment to double digit profitability and strong cash stays the way it has always been and we do believe we can continue on that position and finally last but not the least and I will talk more about this in later in my presentation, sustainability now is really the center of everything that we are doing and sustainable solutions are not only internally what we are using within the Company, but also for our customers out there and I will talk more about this to explain our sustainability program in much more detail.

- Moving on so we'll split this presentation to you in three parts. I'll give you an overview of the business highlights and then hand over to Daniel to explain the financials and then I will summarize how we see the year ahead and how we see our business moving in that process. Moving on now in terms of the market momentum, how do we see it, practically in most of the major verticals that we are working on we've got a whole lot other verticals that we are also present in, but I've picked out some of the major verticals that we've currently seen movement in and that we actually working on. You see in almost every vertical real growth happening. The trends are good; they have been good for the last six months. We expect that they will continue on this trend at least for the next six months in terms of the visibility that we currently have. As you see here, we are covering both private and public sector investments. The plans of the government in terms of public spending in capital expenditure both last year are rolled out in the current year are consistent. We see government spending picking up in the areas of transmission, in the areas of railways particularly distribution to some extent as well although, a lot of distribution is moving now towards private sector who are spending over there and I'll go into a little bit more detail in all this.

- On the flipside, however, there are headwinds. The headwinds continue on the supply chain primarily coming out of the semiconductor areas not too much from anything else, primarily from semiconductors.

- Logistics has been a challenge, but these are challenges that we have been dealing with the last 6 to 8 months and I don't think those are materially impacting our financials currently, but what is, however, creating an issue is the delay in availability of semiconductor components and again here Daniel will break this down in a little bit more detail when he explains the impacts on the respective businesses. Inflation is a concern, the impact on commodity, the impact on raw materials, the impact of the increase in oil prices this will all have an impact – an inflationary impact and then we are already beginning to see interest rate increase is happening, the challenge is, however, at what point in time will the interest rate increase and the inflationary impact start impacting growth. Currently, we do not see and I repeat that very clearly, we do not see any slowing down in any of the verticals – in any of our major verticals. This could change if the trend continues in terms of further inflationary impacts balance with further interest rates. Right now to be honest it's too early for us to make a comment on that, but we will see.

- Moving on, our order position as you see over the last quarter’s and these are numbers showing the movement or the order position in comparison the previous year. You see the last couple of quarters have been extremely solid in terms of growth and other than the time of the first wave, which of course impacted everybody, we are continuing to show a tremendous growth here in spite of all the challenges that are coming. We currently have the highest order backlog of close to over 17,000 crores. We have the base business, which is pretty solid and we see that growing very well and by the base I mean steady business in terms of short cycle as well as medium sized projects, but we have started seeing and this is heartening, we have started seeing an emergence of much larger orders also coming in.

- Moving on, where are the – where is this growth actually coming from. Now if I look at the growth of the half year 22 versus half year 21, our Energy business has grown by close to 30%. Where is this coming from, primarily our customers are now moving into decarbonization solutions. Our waste heat recovery is a major introduction and a new product that we have brought in and I'll talk a little bit about this later, but this is something that companies particularly in the cement business have been very keen to introduce. We've got some very good orders in that direction. Modernization and upgradation of power plants is gathering momentum both private as well as government. Of course we know that the facts in the Statcomm business are driving the transmission growth primarily coming out of the stabilization of the grid due to renewables. We're also seeing in the Energy business particularly in the generation part with the bio mass growth in sugar, cement, steel, and so on, both in the bio mass as well as in waste heat recovery. Both of them moving in a direction primarily focusing on decarbonization solutions. Our Smart Infrastructure business is growing by close to 40%, private discoms are really revamping their networks. We see investments happening there bringing more efficiencies.

- We see a major growth in data centers and transportation in other words in the areas of the railways and metros. We are seeing, as I mentioned even over here medium voltage, low voltage investments coming in the cement and steel business. On our digital industries business, a very clear focus on digitalization. This business seems to be accelerating quite a lot. We're seeing growth in automation and digital solutions in the metal, cement, and infrastructure business, also in pharma and food and beverages, but we are seeing new businesses models emerging in metros, new intralogistics when you're doing a tremendous amount of work on intra logistic panel automations and so on and we see these are the emerging sectors with a huge growth potential. Our driver now and our focus for the next couple of years is definitely going to be Mobility. I've talked already in previous meetings about the Pune - Hinjewadi project and we booked in the first half year and that has attributed to the major jump in our Mobility business here, but electrification and signaling is also gathering momentum both in the main line as well as in the metro business and we are seeing as well linked to that particularly in the mainline business and in other words in locomotives, train sets, and I'll talk a little bit about this as well, major growth happening, major tenders happening, major orders being awarded. So Mobility will be our growth driver in the coming years.

- Moving on, the mix of our orders hasn't really changed, yes there is a slight change in the projects and products mix in the first half year, but this comes primarily out of the booking of the Pune, Hinjewadi order, which is a project order, but otherwise we continue to have a robust export share in there as well as the mix of government and private is more or less the same, no strategic intent over here, it is just a natural mix that we have got and I do believe that this is a healthy mix and it is reflecting in the profitability that targets that we have and that we are currently demonstrating as well.

- Next please. So just giving an overview of how the business looks in the Energy segment, we have got some good orders, substation orders for AIS for example. In the lift irrigation space, we got some great Statcomm orders. The first industrial Statcomm where we are doing the design, supply, installation, testing, commissioning of Statcomm for a steel plant and it's actually the first of its kind in the country where we are giving grid stability and improving the power quality for the plant through the introduction of Statcomm, a huge growth potential over here as well first of its kind in country. On the Smart Infrastructure, I'd already spoken about data centers and here we are providing substations RMU's, low voltage panels, integrated building management systems, fire safety systems, and so on, which are a huge integral part of data centers that we see this as a growing market, as of for us to bring in electrification there.

- Turnkey electrification particularly in ports, this is covering our entire bandwidth of medium voltage, low voltage, SCADAs and everything that goes, part of it also being automation to some extent all going into ports and as the ports start getting revamped and start growing there, we see this as being a huge reference as well. In our digital industries business, I've spoken already about automation and digital solutions here.

- For example, we've automated the first indigenous Greenfield vaccine production unit, not only bringing in our automation, but our electrification part of it as well, but also our building management solutions, our fire safety solutions, our DCS and instrumentations solutions as well.

- On the cranes business in digital, here again we are bringing in automation. We see this as the infrastructure business grows, cranes is a huge business potential there and the entire electrical packages that we can bring is going to be a huge potential electrification and automation of all the cranes over here. Mobility, I've spoken about Hinjewadi being the first PPP metro project in India under the new metro rail policy where we have got a consortium Siemens Project Ventures Global has got a 26% share and Siemens and Tata's TRIL has got a 74% share in the company. So with that there is quite a huge potential. Train set is something that we see as being a major growth area. This is our first entry into the train set market. This is where the government is planning to replace trains, which are hold by locomotives actually by with self propelled trains i.e. train sets that will run on distributed traction power systems and reach design speeds of 180 km/h. We are providing propulsion train – propulsion and train control management systems and all the electrics. Now this is the first of its kind that we have gotten into in the country and there are huge orders out there and tenders already out there for the train set and we see a growth potential there.

- Moving on, as you come to digitalization again some examples to give you a flavor of what we're actually doing, cyber security in particular where we are adapting the network intrusion detection systems to make the gas power plants that we've worked on much more secure form cyber security risks over there. Warehouse digitalization, here we are looking at an integrated offering of PLCSIM Advanced along with plant simulation software, Tecnomatix where we can through this reduce errors and commission, many more warehouse numbers in a much shorter period of time increasing the efficiency of the warehouses as well as throughput time as well as the time taken to setup a warehouse and bring it into service. Our digital twin of the automation production, this is where we are actually working with or have done a project to deploy both our Mindsphere as well as plants simulation technologies together where we are leveraging the digital technology which includes automation, IoT, data analytics, plant simulation software, our mind sphere platform to reduce the energy consumption, boost productivity, bring in flexibility here, and actually bring in greater efficiency of up to 15%. For example here, we were able to bring in efficiencies of up to 15% in the paint shop, another growth potential as well.

- Moving on, the degree network and this is degree framework that we have actually announced globally to describe our sustainability approach at a global level and the degree covers basically decarbonization where we are supporting the 1½ degree target to fight global warming, ethics will be a key focus for us as is governance where we are looking at state of the art systems and technologies for effective governance processes, resource efficiency, and how do we get circularity and dematerialization into the entire supply chain.

- Equity where we are looking at diversity, equity inclusion as well as giving back to the community is another area and finally employability, how do we really make our own people equip them for the future, but more importantly equip our ecosystems around us and this brings in skill development for our supply chain as well as our customers as well as our own people.

- So, this is really the plan that Siemens has announced at the global level called DEGREE. How are we doing it in India, now when you look at India in particular and you're looking at decarbonization solutions e-mobility plays a central role and you know we are already working with Ashok Leyland on the Switch Mobility in the e-mobility charging infrastructure area. We've got first successes in Chandigarh. We're now moving to Bengaluru. There are other tenders out there. Mumbai would be a third and there are a whole lot of other potentials that we see there. So we are really ramping this up where we are able to support our customers on their decarbonization. When you look at waste heat recovery, this is for a cement plant in particular where through the technology that we are bringing into the country probably a first of its kind, we are able to substantially reduce the carbon footprint of our customer over there, so we are helping our customers on decarbonization and I will talk about more solutions that we have in the area of decarbonization later.

- On ethics in particular, we are working not only on business conducts on guidelines for our own employees, but also in terms of getting a level playing field and working together in a collective action with other stakeholders. For example, we are working with the Indian National Ship Owners Association or the United Nations Global Compact Network in the area of anticorruption and so on. So this is going to be a major initiative that we've already started working on. We are working with on governance with a supplier code of conduct, which we have rolled out already to all our suppliers making sure that they are committed to our ethical fundamentals, but also to decarbonization initiatives. We are looking at the entire environmental ESG radar screen there and you'll hear more about what we are doing on this in the next couple of months and in our next presentations as well. Resource efficiency rolls around our own people here where we are looking at the supply chain. For example, we've started on our own with a 7 MW green energy that we've introduced in Kalwa, 3 MW of that is using solar – rooftop solar for our own use, distributed energy systems for our own use, but we have also entered a joint venture with SunSole for buying Greentech for another 4 MW, and we will expand this to all our factories in the country as well.

- In parallel to that, we're also working with customers and here we've started a distributed energy system looking at micro grids, solar bio mass, e-charging, trying to see for example with IIT Kanpur can we develop a completely e-infrastructure over there. On the equity of course, our CSR programs in project Asha where we are looking at over a 100 villages that we've already electrified, brought in health and education into them for over 600,000 people. We're looking at diversity not only in our own environments through the organization, but also looking at bringing in diversity equity and inclusion in the top function of our own organization.

- I spoke about employability and dual vocational training, currently we're working with over 300 ITIs in 14 states, roughly 45,000 students at a time where we are doing skill development there, also digital learning for our own employees, and we've got targets now in place so that every single employee begins to understand and appreciate the technologies behind digitalization.

- In the solution that we have, there are a whole lot of solutions here, I won't go into each one of them, but more importantly you see we are bringing in Ecodesign Transformers, we've already sold the first one where we are using ester fluids for insulation. We are looking at brick control centers, which we have also begun to bring in to integrate the grids. We're looking at high efficiency motors, which will save energy. We are looking at a complete demand flow solution where we can bring up to 15 to 20% energy savings in buildings for example. We are looking at an energy suite, which will bring in using our semantic technologies, will bring in the entire energy management along with automation, so we now couple automation and energy management together. Our electric motors locomotive business with the propulsion systems over there. Our bringing in savings, we are looking at ester oil cools steel tank transformers. For example, we are looking at other solutions for the whole hotel load converters, which will eliminate diesel sets being used in power cars. We will use power from the overhead catenary to feed the auxiliary's in the coaches, which will in turn bring in a reduction in operating expenses of the trains and maintenance costs as well. So a lot of decarbonize solutions – sustainable solutions, this is just a first example of it, but eventually we will bring in and we are already bringing in many more. In our next presentations, we will give you a demonstration of much more that we are doing in the area of providing digital or in providing sustainable solutions to help our customers on their decarbonization journey. So with that let me hand over now to Daniel to talk more about the financial highlights. Everything that he talks about will be related to the first half year and he will give a much more detailed explanation on the financials end. Over to you Daniel.

- **Dr. Daniel Spindler – ED & CFO, Siemens Limited:**

- Thank you Sunil and also from my side a very warm welcome to all of you. As always I'm very pleased that you having a time to be here in a call with us today and I would also like to express my warm welcome to all of you. Over the next few minutes, I will share more details about our second quarter and half year insights for Siemens Limited India during financial year 22 and just to remind you once more our financial year ranges from October 1st to September 30th. So overall we are very pleased that we delivered a very strong performance during eventful first six months of fiscal 22 against impact of the ongoing global pandemic and the crisis in Europe; later one marking a significant turning point. Thankfully in India, we experienced some further signs of normalization during the last six months notably that resulted for Siemens Limited India two very strong order quarters heading into as we have already seen in one of the slides from Sunil.

- So, let me start this usually by giving some general comments before going into the financials details. Globally the macroeconomic environment remains extremely volatile as there was amplifying cost inflation and puts constraints on supply chains and during the last half year the pandemic still impacted productivity in some areas besides the recent omicron outbreaks in China leading to lockdowns.

- From my perspective, the unchanged solid economic development in India is particularly for most of our key markets like data centers, pharma, buildings, steel and cement besides infrastructure related verticals like transmission, mainline, metro, and lately also automotive. We have heard Sunil speaking about it. This is always providing secular momentum. From a macro perspective India's economy grew by 4.1% in quarter 4 of fiscal 21-22 pushing up the annual growth rate to 8.7, which is the highest in 23 years as was just announced by government. Growth in January to March period was expected lower or kind of sluggish compared to 5.4% expansion in the previous October to December quarter. PMI

Purchasing Manager Index, continues to trend above 50 which is a positive signal, it was 54.6 in May showing expansion of the economic conditions whereby factory output was boosted by international orders, which was actually the highest now within 11 years. CapEx is still rising despite inflation and interest rate increases, there was just another interest rate increase earlier this week, however, this favorable development was also reflected in the achievements in our business aspect in their respective key verticals and like I mentioned our last year macroeconomic environment in India is and will remain to some extent volatile and dependent on the first development of the ongoing pandemic and also the crisis in Europe. Like most other companies, we are therefore also still observing challenges caused by the pandemic beside supply chain disruptions, component shortages, as well as some cost inflation and this context even more remarkable to mention that we at Siemens India have navigated through this quite successfully.

- So like in our last call and Sunil was also touching on it on a supply chain is an unchanged critical topic which we have to master and mitigate also for some more time going forward, it will not fade very quickly, it will stay with us for many more quarters if not years, so we have to master and mitigate also for some more time going forward our supply chain issues. Many companies are struggling with missing deliveries or shortages and we continue to work relentlessly with our supplies in our own factories to optimize deliveries and to avoid logistic congestions. Needless to say that our focus is on mitigating impact on our customers as much as possible. So as a result, we have been able to keep deliveries from our factories at high levels. We have built on our effective commodity hedging activities like aluminium, silver, and copper. Demand pulling, just another point, demand pulling for raw materials and components helps to maintain strategic alliance with the suppliers. So we let this collaboration constant talking with our suppliers, insurers to minimize supply chain delays. In Smart Infrastructure, integration of C&S Electric is progressing well to recall the acquisition of C&S was closed March 1st, 21 for last year and it is in line with our strategy to expand in India and adjacent markets.

- Since closing was March 1st last year, we have no comparable growth figures yet. What I can share with you is EBITDA remained in upper single digit range as well as in line with our expectation when we were acquiring C&S and one more important remark here if you reconcile Siemens Limited standalone results with our consolidated results then you have to take into consideration some effects of depreciation from purchase price allocation namely customer relationship as the most important point here and this is negatively impacting the consolidated group profit. Talking about portfolio effects on May 27th, we announced divestment of large drives applications business which was reported under portfolio companies for 4.4 billion or 440 crore. Looking at some key operational highlights from the second quarter and fits with the progress of our strategic initiatives about digital and sustainable business portfolio, Sunil talked about this already. Our customers continue to invest in digital transformation and resource and energy efficiency in the wake of rate that with increasing energy and material prices. So with this now, let me go into our financial highlights. I'm starting the first half 22 results, which ended as such from already with a very strong second quarter and as you have seen on the previous slide all financial figures shown are based on continuing operations. So let me begin by giving you a brief snapshot on the KPIs for Siemens Limited in our second quarter January to March. All in all new orders were up by excellent 61% year over year instant already robust prior year quarter 2.

- Key contributors to growth were Mobility and Digital Industries were massively up actually more than doubling their volume and then you go up across all businesses by 8.2% year over year, so top line growth momentum came in quite robust and was fast so in particular ending double digit in Smart Infrastructure followed by Digital Industries. EBITDA for our industrial businesses ended at 12.5% of revenue of ₹446 crore penetrating from top line driven growth productivity and ongoing cost out measures. In addition, structural and operational improvements besides low discretionary spendings are also continuously paying off and this is helping to offset various factors from higher material and logistics costs and I will give you some more details later on. Altogether and after taking interest income and depreciation into consideration, we recorded a profit before tax as you can see here on the bottom left hand side of 12.5% of revenue of 445 crore, deducting tax achieved a profit of 9.2%, 329 crore which is an increase by 4.1% compared to the last year. Various reasons for this development would be outlined in more detail later and finally this translates into earnings per share of ₹9.23 versus ₹8.87 last year.

- On the next slide, we will show you the six months or first half year performance meaning from October to March. During that period we saw plus 63.3% in orders and plus 9.9% in revenues respectively with a very strong book to bill ratio of 1.57 and at this point I would like to once more highlight that our Company is operating well above the level of pre-pandemic. Last quarter, we achieved first of all time high in order as we have already seen as well as the second high in absolute avenue, again more details will follow. So to conclude, we fully recovered from the pandemic setbacks and we have some growth in very challenging circumstances and therefore sustained our performance.

- Operational performance meaning EBITDA with positive 11.5% and down by 155 basis points year over year while profit before tax close as well at 11.5%, after tax of 8.5 or 574 crores. Also at this point, I want to state that the long term backlog of our business has come to a very healthy margins and 2.6 billion of cash generated from operations for the first half year is certainly a robust performance whereas a good results originating from ongoing working capital initiatives, which have been executed timely as well.

- So with the next slide, let me walk through our quarterly revenue development, which looks similar to what Sunil has shown you on the other side and after the huge dip that you can see in quarter 3 fiscal 20 another less impactful dip happen one year later as a result of the second wave, but since then the revenue recovery continued for three consecutive quarters and same for current fiscal 22 with a plus 11.8% growth in the first followed by plus 8.2% for the second quarter. Quarter 2 was the second highest in absolute terms as you can also see here on the same slide with ₹35.7 billion and this happened as described on the basis of large orders in Energy and Mobility and our solid resilience against supply chain delays as well as on a stringent backlog execution. So the growth during first half of this year was also here like in orders growth based across all four businesses. Each of our business actually was having positive revenue growth in the book to bill as I mentioned already with 1.57 which is also trending towards further momentum with the remainder of this fiscal year.

- On the next slide, I want to give you an overview on our book to bill development for each of our core businesses. The yellow line indicates new orders whereas the green line is for revenue and as you can spot on the slide in DI, Digital Industries new orders and revenue usually trend very close to each other in parallel whereas in H1 fiscal 22, the orders exceeded the revenue by far with a book to bill at 1.7. So orders increased substantially and to some extent also due to advanced ordering through our channels anticipating higher lead times and also anticipating supply chain delays. On the right hand side top corner you can see Mobility where we have been very successful in large metro projects where we accumulated those healthy backlog but typically for such large projects the execution period is some three years or even beyond three years. Energy as well as the book to bill increased in the second half of this financial year too due to higher order volumes although from large orders and on the other hand experiencing some supply chain delays and project shifts .

- Lastly into our Smart infrastructure, we can also recognize for the fiscal year sharper order growth with softer revenue momentum. However, this was created out of higher lead times in global supplies besides some production impacts in January due to the second wave of COVID. So all in all our businesses and we would expect a stepwise normalization of our book to bill in the coming quarters in executing our record just to repeat on our record high order backlog. Then let me come to the next slide, which is about the development of our EBITDA in absolute figures and in percentage of revenue in the light of our revenue growth as outlined before. We have reported an EBITDA in fiscal 22 amounting to ₹4.5 billion with less than 5% very right in column in green.

- This translates into profitability down by 90 basis points from 13.4 prior year and quarter 1 shows a positive 10.4 margin at ₹3.3 billion. So give you some flavor on our margin development let me mention the most important factors firstly there is an unchanged rigid conversion on our revenue growth maintaining a stable operational margin and low non-conformance costs. Then we have further benefited from a bundle of cost control measures initiated during the pandemic, where we have already given you quite some details in our previous calls. Nevertheless, we also experienced in some areas higher raw material and component as well as increased freight and transportation costs, however, this could be limited with an efficient hedging and as mentioned already also with higher customer price adjustments. Discretionary spending is still compared to be low since travel and other activities like conferences are still somewhat limited, but slowly picking up. I also would like to provide you some transparency on the impact from foreign exchange gains and losses combined with the losses from commodities and in previous year quarter 2 recorded a gain on ₹267 million from H1 and from commodities whereas in quarter 2 fiscal 22, we had a gain of ₹211 million. So the impact from commodities and Forex was mainly due to fluctuation in pricing so you can imagine the other hand on rupee and euro are trending quite stable, which is very helpful.

- So all in all to with respect our Forex and commodities we see a rather minor profit impact, which is may be in the range of estimate of around 20 basis points, so almost negligible and for the half year situation, the situation is quite similar and if we take it into a comparable basis and of the FX and commodities EBITDA would have declined from 12.6 to 11.9% and reason for this drop is mainly primarily higher logistics costs out on packing and forwarding to us. So with this let me share some more details regarding our performance across the four different business segments, performance of Energy as the first one which is unchanged shows a strong resilience against global volatility order growth of 28% revenue of plus 4% growth contributors come dominantly from industrial and renewable segment transmission business and as we heard from Sunil, we recorded some orders in AIS substation and industrial? Statcomm. Positive to mention here is the profitability of 2.9 billion or 14.1% of revenue, which is a decrease from a very high compared with our some 200 basis points. Nevertheless, bottom line we see a solid operational execution. Energy, however, was impacted by our lower FX gains, which were partially offset by commodity ends.

- Smart Infrastructure on top right hand side of this chart was driven in most of the sub-segments by a favorable markets in short cycling industrial and electrical product off takes and based on strong demand in important sectors. Consequently, SI delivered a very solid performance across all metrics. Orders up 37%, we have seen revenue by 13% top line was boosted by electrical products especially where C&S is also placed and with some accelerated activities in solutions and services. EBITDA at 9.1% not yet fully back to COVID. The margin performance benefited from high capacity utilization cost savings as well I would like to mention here margins were held back by some short term impacts during second wave of COVID. In addition there were some hedging from FX losses reducing in margins add on 50 basis points, so also here not really too significant.

- Next business will be on DI which faced a better improving market environment in the first half key markets in particular electronics, infra, but also automotive lately saw an exceptionally strong momentum with a certain level of pre-ordering's due to long lead times as we have already mentioned this is reflected in a sharp surge in volume and in top line orders up you can see here 78% revenue 7, so DI showing a continued strong upward trend due to higher customer offtakes and order conversion. Operational margin in DI has been 11.1%, 40 basis points better than previous year events against the trend and higher revenue in our shorts cycle business resulted in consistent margin improvement, which was also supported by stringent price adjustments to counter higher input or logistics costs. Maybe finally one more comment on inventory, so in digital industries because of the pre-orderings we had to secure future deliveries, which were compensated with from advanced payments and stringent payable management and then the last one will be Mobility, order pipeline remained exceptionally strong.

- We had to absorb some projects shifts last year, situation improved quite nicely this year, and as a result orders increased here by 391% on basis of this large orders like train sets and PPP, which we pulled in revenue surge by 26% also very nicely development especially on the basis of increase in passenger locomotive components. EBITDA performance was weaker with 10.0% and down by 90 basis points keeping double digit bottom line. So then let me conclude my part as a summary India – Siemens India performed considerably strong during the first half of fiscal 22 in volume with a solid top line growth.

- Key focus areas from my point would be in this times of high volatility it is first and foremost about stringent and focused execution gaining supply chain excellence, continue to drive profitable growth like the past banking on strong resilience in the crisis where I would like to highlight a real source of strength as our order backlog is beyond ₹170 billion which is more than 40 billion up year-on-year and therefore a vast majority of the next 12 months is already all in our books across all businesses and visibility in our short cycle business and our core segments is far reaching. I touched on it and we have initiated cost saving and operational efficiencies to ensure resources are adequately aligned and lastly my own perspective would be making continuing growth in GDP in India and expectation with the challenges to our business from COVID and supply chain constraints will not worsen. So, we are well on track and with this I would like to hand back to Sunil to give you his outlook.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So, thank you very much Daniel. So, basically as just confirmed by Daniel we are well positioned for continued profitable growth. Just to summarize everything that we just said, we continue to see an uptick in the market and we will participate in that growth. We do see a strong growth in the short cycle business, but also in the high volume project business and that is the part we reflected already by a couple of high volume projects that we have started getting, but also those that are being tendered, there is a continued interest in digitalization very clearly and we will ride on that tide as well.

- We will continue in our stringent supply chain and cost management activities there, profitability is very critical for us and we will make sure that the cost increases are minimized, profitability, cash flow continues to be a focused area, and finally as I said sustainability will now run through every single thing that we do; both internally in our organization, but more importantly as we go out and start supporting our customers, but also our suppliers on their decarbonization journey. So with that we will stop our presentation and would like to hand over back to you to Ramya to take all the questions and we are ready to answer them. Over to you Ramya.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Mr. Mathur and thank you colleagues for joining in today and we'll take the first question from Harshit Patel. Harshit over to you, please unmute and go ahead with your question please.

- **Mr. Harshit Patel:**

- Thank you for the opportunity Sir. I had a couple of questions, the first one would be on our exports, so I believe Energy and Smart Infrastructure these are the two segments which dominates our export business, so could you explain a bit as to what would be the share of exports within both these segments also which would be the product lines where Siemens India is a global feeder factory for the Siemens Group as a whole, first question sir.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So, we do not give sub-segment wise information, but broadly I can tell you on our Energy business, we are looking at exports of transformers, we are looking at exports of substations in our switch gear business, we're also looking at exports in our turbine business, and this is what constitutes it right now and this is what we expect to grow. On the Smart Infrastructure, where we currently have exports in our digital grids segments over there and those will continue. Some of our factories are very heavily part of the export network, in fact all our factories within Siemens Limited in 32 factories that we currently have including 11 factories of C&S are all part now of the global export network and we do expect that to increase.

- **Mr. Harshit Patel:**

- Sure. Thank you. Thank you Sir. Sir my second question would be on the Digital Industry segment, so this segment has seen a very solid performance specially in terms of margins in the last few quarters. We are now operating at substantially higher margins vis-à-vis what was the scenario let's say a couple of years ago, so what exactly we have done over here, have we localized more, have we taken very sharp price increases, or the mix of the business has changed, what exactly has happened over here.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So, it's a mixture of all three Harshit. We have done localization to some extent, but this is also as you move towards digitalization, a lot of it is also software solutions, and that is what will start creeping in. There has been very, very stringent cost control that has been brought in, a greater productivity measures have been taken in the DI business as well, but also a lot of the profitability is coming through price increases that we have been able to pass on to customers partly because of inflationary impacts, but over and above that as well, so I guess the simple answer is it's a multiplicity of things on all the areas that you just mentioned.

- **Mr. Harshit Patel:**

- Sure. Thank you, thank you very much Sir. That was all from my side. I'll come back in the question queue for further questions.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Harshit. Renu over to you please.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Renu you are on mute I think.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Renu, we can't hear you.

- **Ms. Renu Baid:**

- Am I audible now?

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Yes.

- **Ms. Renu Baid:**

- Sure. Thank you for the opportunity and good performance and growth that we're seeing and my first question is on the Mobility side of the business where we have seen fairly strong tailwinds from the market dynamics and probably we would be the only or among the very few handful companies in the country with capabilities and technology, so can you give more perspective in terms of as the size of large projects in this business increase along with programs like Vande Bharat trains etc. what could be the value addition and scope of Siemens in these PPP projects for Vande Bharat trains and do you perceive over the next three to five years Mobility portfolio could be as large or better than the T&D part for the vertical that we have today given the growth and scalability which is visible.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Okay. So it's a lot of questions there Renu, and I'll try and answer all of them to the best I can. So yes, the Mobility market for us is definitely picking up and let me break that down, let's start with locomotives, the market in locomotives both 9000 HP, 6000 HP, 12,000 HP is definitely picking up, tenders are coming out there, and this is an area that we have not been present in the past. We have been – and we are looking at that very seriously now for the future. So this is definitely an area, there will be an increase in need for locomotives in the country as the country moves toward greater rolling stock and greater efficiency, so this is an area definitely that we are looking at. The other area is when you talk about Vande Bharat, a lot of the Vande Bharat revolves around train sets and these are you know technologies which are self-propelled and can help the Vande Bharat trains or help the trains move up to speeds of 180 kilometers an hour. So the propulsion systems over there, this is something where we already have the technology and this is something that we see the technology will pick up. As I said, we have started bidding for this already. We've got the first orders, this is going to be an area as the Vande Bharat projects increase and there will be a substantial increase. We see this part of the business growing for us as well.

- The third segment is of course electrification and signaling, as metro projects and as a main line business increases, we will see over here an increase in electrification and signaling. A very large amount of electrification and signaling has already been done. The country is moving to the new Kavach system on the signaling and we will participate in that as well.

So we see here as well a major growth perspective for Siemens, but more importantly for the country as well. Finally the metro, in the metro business, I guess the potential is obvious, we are already participating in the first metro project Pune - Hinjewadi, but I believe the market for metros is huge every single city. The A cities right now tier 1 cities are already looking to expand their metro networks, their existing out networks, and that's happening in Mumbai, that's happening in Kolkata, that's happening in Bangalore. Already Chennai metro as well, but the B categories, the Tier 2 cities also have a huge potential for metros and we're not even started yet on tier 3. So I do believe the metro business is just taking off. We will be participating in that much more than what we are doing. To finally answer your question, whether it will be more than the Energy business or less than the energy business, all I can say is that the Mobility business our scope is or our intent very clearly is to grow the Mobility business to a substantially higher growth rate than what it is currently today. We are looking at portfolio changes, we are looking at getting into markets that we were not present in earlier on, and concrete plans are on the table you will hear more about these in the next couple of months.

- **Ms. Renu Baid:**

- Sure that's a pretty interesting. The second question is if we look as in your comments on the broad based demand outlook it has been fairly strong, just again – just to reconfirm and reiterate, if the inflation environment is where it is today and interest rates continue to remain from an increase in the next 12-18 months the way we're looking at the global landscape, you still do not perceive any major headwinds to the cyclical uptick or to the cycle combination of both government as well as private infrastructure and that's when which are on plate.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- That is correct. If there is no further let's say if you take the current situation as of today, the inflation levels, the interest levels in spite of the 50 basis point recent increase, I do not expect a slowdown on CapEx spending in the economy for the next at least visibility for the next 6 to 12 months. At these current levels of inflation and interest rates, I do not expect a slowdown. As I said, I can't predict how things will move both on the inflation and interest rate environment in the future, but as we said today, I do not think there will be a slowdown in CapEx spending either on the government side or on the private sector side.

- **Ms. Renu Baid:**

- Sure and lastly Sir now that growth is coming back in large projects we've already won the PPP for metro and many more on Mobility side coming through, do you think the business portfolio mix will now start tilting towards projects and that may have an impact on the margin side of the portfolio as well or the overall operating leverage and volumes will be more than able to compensate for the potential change in the mix side.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Yeah good question Renu. So, I mean our challenge and this is what we have been saying at least I've been saying for the last seven or eight years at least may be longer is that our driver is profitable growth and this is a balance that we're going to have to strike to ensure that we do have growth, but that growth does not dilute margin levels, and that is going to be our intent moving forward. We do not intend to dilute margin levels, we hope to maintain the margin levels, and grow the margin levels if possible, but the real challenge for us in the management team of Siemens is going to be to keep this balance to ensure that the large projects that we get our balance with a whole lot of additional product businesses and short cycle businesses and digital businesses that can offset a lot of the margin that we are having.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Renu.

- **Ms. Renu Baid:**

- Thanks a lot and all the best.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- We move to the next question from Jonas Bhutta please.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- I think you're on mute Jonas.

- **Mr. Jonas Bhutta:**

- Am I audible now Sir?

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Yes you are.

- **Mr. Jonas Bhutta:**

- Sir just one question, so this is pertaining to C&S. So what we've noticed is that in the first half the margins in C&S seem to have doubled versus the last half as in ever since we've acquired them, so in half of FY21 over second half of the – first half of FY22, can you talk about what's happened there because we were tracking at about 4% to 5% EBITDA margins there and we've sort of come up to almost 9% now almost touching company wide margins and question is more because we've not seen an uptake in exports because we remember exports was gonna be one large driver for C&S. So if you can talk about what you're doing at C&S.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Let me just start on that Jonas in detail. As I said, our integration activities are or as Daniel said actually, as our integration activities are on track, we're hoping to close the integration very soon and as we move through our integration cycles, a lot of what we are doing and what we have planned to do starts stabilizing and the one time impacts that we have or had start reducing, with this there will be an increase in margins overall. Our top line business continues to be healthy without the synergy effects the business is growing on a standalone business with the synergy effects, which have already started creeping in export business has already started happening in C&S and will only build up. I think at a macro level let me just put it this way, we are on track, our top lines are growing, the synergy effects that we had predicted are beginning to kick in, our integration plans are on track, most of our integration activities are now underway or have already been completed. A lot of the onetime impacts now being taken into account, so we do expect over the next couple of months and probably latest by the mid of next year, that you will start seeing stabilized margins where we said right from the beginning when we did the acquisition, that this acquisition will be margin accretive and we do expect that continues. Now for the specific numbers on the margin, in terms of what happened in this quarter or in this half year may be Daniel you can give a little more insight.

- **Dr. Daniel Spindler – ED & CFO, Siemens Limited:**

- Happy to do so and Jonas thanks for raising the question. We also observe very intensively the margin development and there's some Sunil already eluded through, we have seen that one time integration costs are coming to an end, so the integration is well on track and it's actually now fading out. So everything is well on track, we have seen a margin development into the direction of an upper single digit as I had mentioned in my part when talking about the financial performance also in line with our goals when we signed the acquisition and when we closed the deal 1st of March last year, stringent cost execution and the same parameters like we have for Siemens Limited are also valid for C&S meaning driving profitable growth. So this is the same strategic imperative that we have outlined for Siemens Limited is also valid for C&S insofar profitability as you observed is in the right direction like for Siemens Limited.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Okay. Thanks Jonas for your question. We move on to the next question from Anurag Jain.

- **Mr. Anurag Jain:**

- Am I audible?

- **Ms. Ramya Rajagopalan – Head Communications · Siemens Limited:**

- Yeah Anurag, we can hear you. Please go ahead.

- **Mr. Anurag Jain:**

- Thank you so much. Just one question and slightly on the macro base, so you know our order inflows have been very good and generally what happens is that when cycle comes in we find that payment terms become more favorable, pricing gets better, working capital comes down, cash flows improve, advances – there are more advances involved, are we at the at that stage yet in your sense or there's still some time to reach there or you know your thoughts on those.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So, we are to put it simply, we are not at the stage of nirvana yet okay. We see very clearly a growth of volumes, we see a clear direction on government spending, and private spending, we see clear intent, and tenders coming out from the government, we see very clear tenders coming out on the private side, we see an uptick in digitalization etc. etc. Now that does not mean that competition does not continue to be tough, that does not mean that a supply chain challenges, and logistic cost increases, commodity price increases are not having an impact, both on our customers as well as on our competition as it is happening on us, and therefore I would not go to the extent to say that payment terms are comfortable, there is very tough discussions around payment terms, there are very tough discussions around commercial conditions, so the market continues to be competitive – highly competitive, highly price sensitive. What has improved substantially has been demand, but the customers continue to be as demanding as before, maybe a little bit more demanding because they are been hit by all the same challenges that we are being impacted by as well.

- **Mr. Anurag Jain:**

- Got that. Just a follow up on this, does it follow that first demand goes up and then eventually this follows the direction that I've been asking about, so do you see that happening sometime in future or

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- I think it is wishful thinking. In simple French I think it is wishful thinking, demand going up is not necessarily linked to the fact that they will be free flow of funds, that there will be a lightning of margins and lightning of cash into the system. I think the challenges will continue, resource constraints will continue for our customers, competition will increase, the volatility in the global environment and the local environment will become much more apparent, and we are gonna have to deal with a lot of issues what we have not yet seen to be honest is the impact of any future escalation in the US, China trade war. Yeah, we don't know what that's gonna have as an impact, so there could be a whole lot of global cues yet, we don't know what the impacts are going to be of the feds increasing their rates in the US etc. etc. So to be honest right now it has taken a completely new meaning and I don't think I can be presumptuous in saying that I see light at the end of the tunnel in terms of nirvana state.

- **Mr. Anurag Jain:**

- Got that, got that. Yeah, I understand there are lots of dark clouds maybe not on the horizon, but right overhead, but thanks so much. Thank you.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Anurag. Bhavin you can ask your questions please?

- **Mr. Bhavin Vithlani:**

- Good set of quarters.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Yes we can hear you.

- **Mr. Bhavin Vithlani:**

- Yeah. Thank you so much. Three questions, one on the corporate structure we've seen globally acquisitions of Gamesa into the Siemens Energy, how does this impact Siemens India and on a longer term basis as Siemens Energy separately listed, how do you see the corporate structure of India that's question one. Question two is on the recent announcement of sale of large drives business specifically on the valuations bit, which is at EV to sales of about one times and whereas India's – Siemens India is trading at about 5.5 times EV sales. If you could understand the valuations. Last bit is on the Digital Industries piece margins you did highlight what drove the margins, but if you could just explain the services part as the install base increases what is the role of that in the increase margins and what do you see this as table levels going ahead.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Okay, so let me try and take those questions. So the first one on the corporate structure look Gamesa is a separate company, Siemens Gamesa is a separate company in India.

They are a full subsidiary of the parent company. We have nothing to do with Siemens Energy at a global level and therefore right now we don't know what the plans are. We have nothing to do with Siemens AG at the global level. As you know Siemens – Siemens Energy is a 25%, 24% shareholder in Siemens Limited, that is only extent of Siemens Energy's involvement in Siemens Limited right now. What the future plans of Siemens Energy in India are, we don't know, right now we have none. When we have something, when we plan something, we'll take it to our board, and of course let you know about it. On the large drives business, look large drives business is what under 3% of our total volume. You can't apply a Siemens Limited multiple to a business that is less than 3% of Siemens and as a result of that it would be unfair, the valuations have been done by an external valuation company. They have been done fairly; they have been reviewed by Audit Committee in detail taking into account the fact that they are related party, but please don't apply the same standard for a business that is less than 3% of business here or 3.4% of the business and only 2% of the operating profit right, only 2% of the operating profit. Please don't apply that yardstick to the businesses.

- These are small portfolio adjustments that we that we have. As we said, we're all looking at M&A transactions and as we take out some, we may bring in some. These are going to be small portfolio changes that we will be doing. On the DI business, I've explained in detail how the margins are moving. The services content in other words digital business will be picking up, but also the regular services content where we do go in and do integrated plant management of our industrial businesses and of our customers there that is something that is gaining greater attraction. So all that will of course play into the margin development as we see and as I mentioned earlier for DI.

- **Mr. Bhavin Vithlani:**

- Thank you so much for taking my questions.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Bhavin. We move on to the next question from Parikshit Kandpal please. Parikshit please go ahead. We can't hear you. Parikshit can you check your audio please, we are unable to hear you.

- **Mr. Parikshit Kandpal:**

- Hello can you hear me now?

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Yes we can.

- **Mr. Parikshit Kandpal:**

- Okay. Congratulations on a commendable performance in a tough environment. Sir my first question is you did give your views on the CapEx, so what I could understand that large part of it also pertains to Brownfield CapEx like WHR, then efficiency improvement, automation, so largely related to building on existing plant or infra, so if we can also give us some insights into Greenfield CapEx, how do you see the green shoots there, are you really seeing that China plus one playing out and the manufacturing picking up and how do we stand to gain there.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Yeah, so yes, I have spoken a lot about Brownfield, but a lot of Greenfield is also happening, data centers is a big one, and I will split this into private as well as government, data centers is a big CapEx that is happening. Greenfield internal logistics warehousing all that is Greenfield, a lot of that happening. There have been major announcements and the plans are in place, we are already in discussion with customers around the semiconductor construction, around battery infrastructure, around e-mobility etc. where we can do quite a lot for our customers. So concrete plans are already in place by customers there and we are in discussion, so these are not just on the PowerPoint slides, but they are actually concretized and we are in various stages of discussions with customers where on the government CapEx of course a lot is picked up on particularly in the area of railways and I spoke at length about the opportunities over there.

- The railways definitely are doing a substantial amount. Utilities and transmission business in particular, TBCB already is happening, it did get pushed out a little bit, but it is picking up, tendering is starting how much of it will happen in this Siemens financial year in other words within September and we can book some orders in September or whether some of it will get slipped into the next Siemens financial year, we will have to see, but TBCB ordering is beginning to pick up in some states at least. Metro ordering is also picking up. There are a lot of electrification areas that are happening, then new metros are also coming in, airports, ports a lot of Greenfield coming up there, so let me put it this way, I think I am very upbeat on the CapEx spending as we speak today. As we speak today and based on what I've seen in the last six months and based on my visibility for the next six months. Of course under the rider that I just mentioned to Renu in terms of you know interest and inflation over there, we will need to see, but as I see it today, we are on a good growth curve both on Brownfield as well as Greenfield.

- **Mr. Parikshit Kandpal:**

- Okay, great Sir. Sir my second question is on the PPP on the metro side and this if the new green CapEx moves on the PPP side those government has limited finance specially on the government projects I'm talking about, so how well placed to capture that are we looking to invest co-invest in equity or we'll be largely limited to just EPC or product side of it, so if you can just touch mark.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So our first – our first investment in the metro is already being done at Siemens Global where we have a 26% share in the special purpose company that has been created for the Pune - Hinjewadi project. So we will be active everywhere as Siemens Global and as Siemens in India as well. We will be active in the area of Metros and Mobility in general as I outlined to Renu earlier and this could involve equity, it will involve products, it could involve EPC, we will have to strike that balance on utilization of financial resources globally as well as locally. We will have to strike that balance of project versus product, but keeping all those parameters in mind, we will definitely be present in the metro market much more than what we have been in the past.

- **Mr. Parikshit Kandpal:**

- Sir how much was the equity investment done by the Siemens India in the PPP project for the 26% stake.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- No, so Siemens India had no equity participation in the PPP of Pune - Hinjewadi. This was done by Siemens Project Ventures globally into the project.

- **Mr. Parikshit Kandpal:**

- But in future Sir my question was will Siemens India directly invest in the equity and will you start taking equity exposures in such big infrastructure projects.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- We will look at it case by case. I can't give you a blanket answer. Even in the case of Pune - Hinjewadi, there was a discussion whether we should do it or the Global should do it, we will look at it from on a case by case basis. The challenge that we have of course is particularly when you go in as an equity partner and you want to participate in the same project as an EPC partner, is there a conflict of interest somewhere or the other. So those are parameters, we'll have to look at tender conditions, we'll have to look at the regulatory environment, we'll have to look at the financial business models. I think it is fair to say that we have the advantage of the complete backing of the parent, we also have the advantage of being cash positive and cash heavy here in Siemens Limited, so investments from Siemens Limited are not a restriction and we will look at every case on a case by case basis.

- **Mr. Parikshit Kandpal:**

- Okay, just a last question Sir if I may on the supply demand, so if demand say at the level of 100, so because of the friction like supply chain issues, semiconductor issues, logistic issues, so what could be the feeding on the supply side we are able to right now cater to. So how efficiently are we able to service this demand, is it at 80%, 70%, 75% or 80%, Sir if you can give some number, give us directionally like

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Yeah, I can't give you a percentage like that because it doesn't make sense to do it and it varies from product to product, it varies from factory to factory, it varies on whether I am exporting or importing etc., so it would be not serious for me to give you a number because there's not much you could do out of that and frankly we don't have that number because it varies from as I said from product to product.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Parikshit.

- **Mr. Parikshit Kandpal:**

- Okay sir. Sure mam, sure. Thank you. Those were my questions.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Next question from Aditya Mongia please. Aditya please do ask your question. Please go ahead and ask your question.

- **Mr. Aditya Mongia:**

- Sure, I'll go ahead with my question. Thank you for the opportunity. My focus was more on sustainability as a business line for Siemens and I understand that they are inside all three parts of utilities in the industrial side as well as commercial buildings, what I wanted to gauge is sense from you from the team is that these of three buckets, which is the segment where you are seeing the most traction and sustainability as a business line how big can it become as a share of overall business over time, thank you.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Which three buckets are you talking about in particular Aditya?

- **Mr. Aditya Mongia:**

- Sir, utilities would be one side of it, which is renewables and then there is the industrial side, which is waste heat recovery, and then the commercial building side, which is energy management.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- Yeah and frankly it goes beyond that as well, it goes into the factory as well. So look at utilities the moment you bring in facts solutions, Statcomm solutions, the moment you begin the control centers, grid control centers, smart grid solutions, smart metering solutions you've got a huge open environment over there. You've got a huge environment in terms of the discoms, not only the private ones, look at the opportunities in terms of sustainability, in terms of energy saving, in increasing the efficiencies in the discoms. Now if I look at the generation side and you're looking at yes waste heat recovery is one of them, but there are whole lot of options as well. There is flexible ramp up of existing power plants. This is something where we are able to adjust through digitalization solutions. We are able to adjust that power plants even if they are coal fired power plants, can ramp up and ramp down much faster using much less fuel, another major decarbonization initiative. So there's a lot that is there on the energy side. If I look at the building side, I've already spoken about demand flow solutions where we are able to bring in major energy savings in commercial buildings.

- We haven't even started looking at the residential buildings yet, so the opportunity there is huge. When you start looking at industrial operations, data centers use the highest amount of energy. We can bring substantial energy savings solutions over there; we can look at intralogistics and warehousing. These are all areas that bring in that use a huge amount of energy. We're talking about green steel now, there is there is a huge move as you know about of green steel, where steel companies are having to go in for energy and sustainable solutions there. We can come in with a whole lot of solutions there through the entire value chain and we are already talking to customers there. I haven't even started talking about e-mobility and the entire opportunities that are there in the area of charging stations and so on. So there are – we are looking at wastewater management, we are looking at water management, can we improve water distribution in cities for our customers, for industrial areas as well. So the entire management of utilities in gas, electricity, fuel, water, in factories, in buildings, in commercial complexes, in government complexes, a huge amount of energy saving solutions that we can do there. We have got in our Kalwa factory. For example, we have started with a central command and control center there, started monitoring utility services not only within India in our factories, in our offices within India.

- We've also started the first pilots of monitoring utilities outside India. In our operations outside India opens up huge new area of sustainable offerings where if we can multiply that for our customers who have got multiple needs across their offices and factories. Through central command and control centers, we will be looking at solutions where either we can do it, we operate as a service, or we provide the customer cloud-based solutions, or we can put on site solutions over there, so the range of offerings and I haven't started talking about down the supply chain as well. So the entire value chain where we can offer all these sustainable solutions, the potential for that is huge and we will be looking at using this as a major lever for growth in the future as well.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Aditya. We'll move on to the next question. We are over time, but we'll take the last couple of questions. Amit Mahawar, if you could limit your questions if possible to one, so that we can fit in other colleagues as well. Amit, please go ahead. Amit can you hear us? Amit would you like to try one last time as we move on to the next question? Okay Gopal would you like to ask your question please.

- **Mr. Gopal Nawandhar:**

- Can you hear me?

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Yes Gopal, please go ahead.

- **Mr. Gopal Nawandhar:**

- Yeah, yeah, yeah. Thanks a lot for the opportunity Sir, so I remember three years back Siemens was very skeptical in terms of taking project and you were looking more for product supplies and all and I think the things are changing now and if I see the risks are still there in terms of payment delays, execution delays, raw material cost and everything, so what has changed is that this is the only way we can fit in our product supplies that is the reason? we are changing our stance there or on ground things have changed Sir.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So, we are not changing our stance. We never got out of projects, we always had a healthy mix of projects and product business. We tightened over the years, we tightened our project management processes, a lot of the projects that we had acquired 8 to 10 years ago where projects that did not have the right level of margins, we needed to improve our own project implementation skills etc. and as you see over the last seven or eight years, we have been pretty robust in managing the risks, we may be robust in managing our funding requirements there, and working capital over there, but we have not really ever given up our project business completely. We've had a couple – we had the large Pugalur, Kerala, HVDC project, which was a huge project that we closed last year very effectively and with that in particular I think it demonstrates that we have never really shied away from projects. It is also true and please don't forget that pre COVID be it 17—2017-2018-2019, the number of projects in the market had actually come down. Large projects in the market had actually come down. The GDP growth in the year March 2019 was 4.2%, it had slid and slid down, so the number of projects on the horizon were fewer, and therefore automatically the number of projects that we got also went down. So, I don't think it is fair to say that we have changed our stance, our stance remains the same, our commitment to profitable growth remains the same. I made a clear statement that our profitability targets are not getting diluted and we will continue on that path.

- **Mr. Gopal Nawandhar:**

- Sure Sir. Thanks yeah.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Gopal. We will take the last two questions. Next one from Manish Goyal. Manish if you could try and limit one question please. Manish please go ahead.

- **Mr. Manish Goyal:**

- Can you hear me?

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Yes Manish, please go ahead.

- **Mr. Manish Goyal:**

- Yeah, yeah. Thank you so much. Sir I would like to know on the power distribution side with the government IDPS scheme being introduced, how do we see ourselves participating are we probably going to bid further project as a developer or we probably continue to provide solutions this is number one and I'll squeeze in second on the small turbines business, how are we seeing the growth and with the entry into waste heat recovery how do you see market opportunities. Thank you.

- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So one clear statement, we will not become – we will not move towards being a developer on transmission and distribution, most definitely not, that is not our business. Our prime business is selling our products and solutions and we will concentrate on that. The IDPS program and of course is this new revamped program in terms of the funding that has been provided, we have not seen substantial – let's say improvement at the government discom side coming out of that and as a result of that not substantial ordering in terms of revamping the discoms, the government based discoms, what we have seen, however, as I mentioned in my presentation is private discoms have definitely started revamping and will continue. So the straight answer is we will continue to be a product and solution providers. We will choose when to become a solution provider and when to stay only with our products as far as the distribution business is concerned. On the generation part, look new capacities are obviously not coming up in conventional power plants. There is Cogen, so there is industrial capacities happening. A lot of them are not in the Greenfield let me put it that way, they are bought in the area of decarbonizing existing capacities that's why waste heat recovery, but also solutions of bringing in greater efficiencies and decarbonization in the existing generations of industrial plants, chemical plants, fertilizer plants etc. are coming in, so we are participating in that. Will it be a huge growth area, I do not think so, but it will be an area that will grow, but I don't think it will be a substantially large growth area. It will contribute to our growth, but not be major growth driver.

- **Mr. Manish Goyal:**

- Thank you. Thank you.

- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you Manish. We will take the last question from Jason Soans. Jason please go ahead and ask your question please.

- **Mr. Jason Soans:**

- Yes, so, yeah, hello, am I audible?
- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**
- Yes.
- **Mr. Jason Soans:**
- Yeah, okay, okay, sure Sir. So one final question for my side I just wanted to know last time in the last Analyst meet you did speak about the opportunity in the smart metering you know the medium voltage with the high voltage solutions as discoms moved towards more efficiency, but clearly you know on ground the progress towards this is generally has been quite slow, so just wanted to know in terms of actual progress on the ground level how this is spanning out.
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- Yes, you're right there hasn't been substantial growth in the smart metering area the way that it could be and should be, so it is slow. Our meter data management systems we continue, we are market leaders in that, and we continue to supply those, but yes there is potential for growth in the smart metering or for an increase in or uptick in growth in the smart metering business.
- **Mr. Jason Soans:**
- Sure Sir and just one last question if I can squeeze in just wanted to know your demand outlook from in terms of demand outlook for capital power plants and smart grids, how do you look at demand outlook from both these segments.
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- So, I see very strong outlook on smart grids. Definitely, we haven't started as I mentioned earlier on all the government based discoms and they will need to come in with smart grid solutions at some point in time as well, so there is a huge opportunity of there. In terms of what was the other one that you wanted to know about?
- **Mr. Jason Soans:**
- Captive power plants.
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- Captive power plants, I don't believe there will be substantially – a major substantial increase in Greenfield. Captive power plants one or the other couple here or there, but I don't think there will be a substantial increase in Greenfield captive power plants, more optimizing Brownfield plant and decarbonizing them.
- **Mr. Jason Soans:**
- Sure. Thank you so much Sir.
- **Ms. Ramya Rajagopalan – Head Communications, Siemens Limited:**

- Thank you, Jason. With this we've come to an end of our analyst meet for H1. Thank you so much all for participating. As always, as in practice, we will be uploading the presentation onto our website and the transcript next week. Thank you all, stay safe, take care, bye, bye.
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- Thank you very much.
- **Dr. Daniel Spindler – ED & CFO, Siemens Limited:**
- Thank you.

End of Transcript