SIEMENS

8th December, 2021

National Stock Exchange of India Limited
BSE Limited

Scrip Code –

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

Analysts / Institutional Investors Meet - Transcript

Dear Sir / Madam,

Pursuant to Regulation 30, 46 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of the Company's Analysts / Institutional Meet held on 3rd December, 2021.

The transcript of the said Meet is also being uploaded on the website of the Company at: https://new.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

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SIEMENS

Siemens Limited Q4 FY 2021

Analyst Call

December 3, 2021

Management:

- Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited
- Dr. Daniel Spindler – Executive Director & Chief Financial Officer, Siemens Limited
- Mr. S. Venkatesh – Head, Investor Relations, Siemens Limited
- Ms. Ramya Rajagopalan – Head, Communications, Siemens Limited

Siemens Limited Q4 FY 2021 Analyst Call

3rd December 2021

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

- Good day and welcome to Siemens Limited Quarter 4, 2021 Analyst Call. This is Venkatesh - Head of Investor Relations, Siemens Limited. I trust all of you and your loved ones are safe and in good health during these difficult times. This conference will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. For this purpose, we need you to press the hand icon within the participants' icon on the bottom right side of the screen. You can also type your questions in the chat box.

- In the interest of time, we request you to limit your number of questions to a maximum of two. We will stop taking new questions at 11:25. Please note that this conference is being recorded. On the call, we have Mr. Sunil Mathur - Managing Director and Chief Executive Officer and Dr. Daniel Spindler - Executive Director and Chief Financial Officer of Siemens Limited.

- You can see the disclaimer on the screen. I will just quickly read it out for you 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.

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- So now I hand over to Mr. Mathur.

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

- Good morning, and a very warm welcome to the analysts meet today. We have split the analyst meet into three parts. I will start off first with an overview of the last year, and this is primarily, please view this primarily in the context of how we saw or see the year that went by for us year ending 30th of September. And then Daniel will give an update on the financials for the year that went by and finally, I will talk a little bit again about how we see the environment moving forward, and what our aspirations there are.

- So let me start first with how we saw the year that went by. I think it is fair to say that the economy did demonstrate resilience in spite of a very tough second COVID wave. And as we stand more or less through a large part of the year towards the latter part of the year actually, most of the high-frequency indicators started moving back towards pre-COVID levels. Some of them actually did reach pre-COVID levels. Now mind you, I am talking about businesses in which Siemens is prevalent in and that is primarily capital goods and industries and infrastructure businesses. What we did see is through the entire period the last year, there was continued investment in CAPEX by the central government, a lot of focus on infrastructure etc. from the central government. And this continued more or less unabated through the entire period. On the state government side, CAPEX however did not really take off. There was a slowdown in the CAPEX actually, and we did not see that really reviving. Some states spent a little bit more than others, but most of the states were cautious and have not really started spending too much on CAPEX. The private sector however, towards the latter half of the year did start spending to a certain extent, not all industries did that but some large industries, food and beverages and pharmaceutical in particular did start concrete CAP expense.

- What we did see in the last year was that digitalization was fast-tracked. Very clearly while we had hesitation, cautiousness around the digitalization activity, pre-COVID times but the last two years, really since 2020 onwards, we have seen an increase interest in the adoption of digitalization and everything that goes around it. We also experienced supply chain shortages across the board, some more than others. Admittedly though, these shortages did not really impact our volumes. I must repeat that. There has been no real material impact resulting in supply chain shortages, semiconductors etc. in the past, not really materially. What has impacted us however, has been the increased logistic costs and rising commodity prices and these are costs that Daniel will talk about later on. But these have had an impact. In some cases, logistics costs and commodity prices have gone up 30 to 40% and those are naturally not everything is possible to be passed on to customers. And those have naturally had an impact on the business.

- COVID, it continues to be a cause of concern and was a cause of concern throughout the year. While our factories in the last year were not closed, our project sites continued to ramp up actually throughout the year. The real impact that we did have was more in terms of behaviour of the customers who were waiting for things to stabilize, many of them…most of them not working from the offices, but waiting for things to stabilize. On the vertical performance, we saw a decline in the automotive business. So, be it two-wheelers, three-wheelers or four-wheelers irrespective passenger commercial, there was an uptick but really not too much to have a material impact. And again, I am talking about CAPEX. So yes, the factories were beginning to fill up but CAPEX was not done.

- Power, transmission and distribution did pick up across the states. Primarily, I must say actually I correct that, more on the central government side transmission projects did pick up. State governments' distribution side slowed down to some extent. Steel and cement; there was very clearly a pick up throughout the year on steel and cement, railways, pharmaceuticals, food and beverages and of course, metro projects. Buildings actually slowed down in terms of CAPEX. Although for us, the building management systems, automation, energy efficiency in commercial projects, in hospitals, in the hotels actually did see a rise. So, overall it was a bit of a mixed story for us in terms of the business.

- Now, just looking at the four verticals that we currently have, our energy business grew by 19%. Where did this business actually come from? Primarily from industrial captive plants. As private customers, industrial customers started looking to get more reliable power, there we have seen a spurt, in industrial captive plants. We have seen a spurt in waste heat recovery, some of it to pull out greater efficiencies in their energy production. But a lot of it has been centred around the de-carbonization story that a lot of customers have started now looking at with a lot of seriousness. Transmission continued, TBCB projects, a couple of very good STATCOM orders. As the renewables increase, the stabilization of the grid becomes very critical. So STATCOM orders started going up and customers started looking at optimizing their existing generation assets, modernizing, up gradation of existing power plants.

- On the smart infrastructure side, we saw an increase in, which grew at 24%, the smart infrastructure business. We saw an increase in electrification in the solar tunnel and industrial businesses as well. Some substations in some states in the utilities also ordered, not all I must say, but we did see a major increase in the data centre, a major jump in data centres and in energy efficiency projects, as I mentioned earlier in hospitals, in hotels, in commercial complexes as well. Our digital industries grew at a massive 52% over the previous year centred around digitalization and automation in all the major industries, electronics, infrastructure, food and beverage, steel, cement, pharmaceutical. Inter logistics is an interesting new vertical that has emerged with many new players coming in into this area and wanting our automation and our digital solution, something that we specialize in as well. So we saw a major spurt in the automation and digitalization spheres as well.

- Our mobility business continued with electrification and signalling orders, some very good ones that we got. We got a large order from the DFCC, which helped to give us a 63% growth in the mobility business. I must say here, all of these orders are short to medium orders. None of them extend beyond 1-2 years or 1-1 ½ years. So the cycle times have come down and a lot of them are basically product and system, and to some extent, service orders and Daniel will talk more about it in his presentation as well. Some of the orders, and this is just to give you a flavour of the kind of ordering that has actually began to happen. I talked about the STATCOM orders and these are orders that we won in Rajasthan, 8 GW of renewable power integration orders, three locations in Rajasthan. Basically improving the power quality and transmission efficiencies. And these are three of the largest STATCOM projects in the world that have actually been ordered in Rajasthan. The continued spending by the railways and very clear program that they have started on 2 or 3 years ago on electrification of railways got us some very good orders there. And then we saw some major capacity increases in cement plants. This is something that we are beginning to get more and more inquiries about. Waste heat recovery projects as cement plants want to get greener, but also capacity expansions looking at digitalization, looking at automation, as well.

- So it has been a mixture of waste heat recovery, automation, digitalization, and our SICEMENT automation solution, which specializes in the automation of cement plants has gained tremendous traction over here. We saw some turbine modernization, upgrade orders in the oil and gas industry, where we had to overhaul 18 units in one customer, Aero derivative gas turbines have been supplied over there. We continued to get the annual maintenance contract for EMUs from the central railways, something that we had already had earlier, but have been repeated. And finally, as I mentioned data centres as well, where we were able to provide end to end solutions for 70 MW, 220 KV down to 11 KV substations as well for the data centres providing more or less, an end to end solution, high voltage, medium voltage, automation etc. for data centres. So these are just some kinds of orders that we have got to give you a flavour of what kind of ordering is actually happening.

- Digitalization, I mentioned its gathering steam, its gathering momentum. In our digitalization space, for example, in an automotive customer we got an order for increasing the efficiencies in the paint shop. And this is going out by saying, can we increase the throughput of the paint shop by over 15%, which we were able to do using real-time data, operational performance being looked at, identifying bottlenecks, removing bottlenecks in the automotive space. And this is while we are doing it for the paint shop, we are repeating it in many other parts of automotive businesses as well. Energy distribution, we have done smart meters for our customer, a million smart meters where we provided the meter data management systems and integrated those with over a million smart meters. Now this is something that can be scaled up to 2 million meters already for this customer. We have been talking to other customers. DISCOMS are very interested in this concept, and I will talk about this later.

- On the electronics we have found that, reducing the turnaround time for the entire in-plant logistics value chain and this is where we are bringing IT and OT - operational technology together with our strong OEM experience and our strong OTA experience, we are able to combine the IT and OT together and offer really this as an entire SaaS offering - software as a service offering for our customers on an Ax4 platform that we have got here. Now, this is something that again, this is for a steel plant, and this is for actually, sorry, this is not for a steel plant. This is for steel plant which is now being replicated in multiple other steel plants as well. But this shows where we are able to improve the turnaround time of in-plant logistics. So, movement of goods and material coming into the plant, within the plant and moving outside the plant, a lot of traction, a lot of interest coming for this already. In our ports business, we were able to offer micro grids, energy efficiency analytics, crane hybridization solutions over there. Also, de-carbonization and energy optimization solutions for customers and particularly customers in handling container terminals in the country. Again, an area focused around decarbonisation, but also around energy efficiency and optimization overall.

- Finally, on the chemicals. In a chemical plant, we have been able to do remote diagnostic services where we have got a 5-year contract for installing, commissioning and monitoring the effectiveness over here. Now this is something where the assets in this plant are being monitored out of Germany, out of our units in Germany. So you see over here where diagnostic services and solutions can actually now be done at a global level and becomes very closely integrated into our global activities and know-how. Some activities of digitalization, we are already in a scale-up mode. Cyber-security, particularly for machines and operational technology is getting a huge amount of traction. This is an example of where the new digital technology is actually supporting us across all verticals, be it in paints and utilities, and we have got orders for cyber-security solutions over here in plant, from all these verticals. We are, of course now certified as a CERT in company and that has given us a huge amount of traction where we can go out and even work with the government on government projects and there is increasing traction happening there as well.

- On the hydropower plant. We got an order for an industrial edge solution where we are able really to bring computing close to the data source in the plant, which connects all the assets and processes the data at the site, rather than pushing them up into the Cloud. This runs fewer processes in the Cloud, transforms the way data is handled, the increase in the speed, the processing speed and delivers much faster and immediate business benefits. It also permits remote access to the sites, helps with troubleshooting, data analytics, saves travel time, increases plant efficiency for the customer here as well. Our Sensegear solution that we implemented here for steel manufacturers, these were equipped with GIS solutions, with our Sensegear portfolio, which basically increases the efficiency, security and productivity of the GIS and enables the continued maintenance of the GIS, and enables it to be connected at all times, providing an easy to use platform with analytic applications and so on, including intelligent decision-making for the transmission equipment.

- We also got a project for clean drinking water where we designed the first of its kind digital solution to monitor the water distribution system for the public health engineering department in Bihar. This is again, a huge opportunity that can be scaled up. Many other customers in this area are coming to us, requesting similar. So we are looking at both individual solutions, customer specific, but also seeing how we can actually use many of these to scale them up, and we have seen a tremendous amount of traction in our digital activities. Now again, when you look at all these solutions that we have talked about, large, medium and small, digital, electrification and automation. The cycle times of all of these are under a year, they are basically short and medium cycle times, quick turnaround, allowing a lot of scalable solutions, scalability as well.

- Now, moving on a little bit. Siemens globally is really looking to strengthen the linkages between the digital and the real, where we are looking to really combine the digital and the real worlds in order to bring in greater efficiencies and greater outputs for our customers. Now, this is something where, it doesn't matter which businesses we are in and in which verticals our customers are in. It could be a steel plant, it could be a food and beverage, it could be a pharma, the fact is we know how these processes work. We are present in all these different verticals, 23 market verticals and we are able to mirror what is currently happening into the digital world and then improve first by testing it out on the digital world and then mirroring that in the real world, and this can be replicated for a particular factory, for a particular industry and then lessons learned from this can then be replicated to industry, to other industries and other factories, around the world, actually. So with this, we have the benefit of the global know-how, which we have started and I have just given some examples of that, and the global digital linkages to bring in really global benefits, bringing in flexibility, productivity, quality improvement, cost saving for our customers which is something that really most customers are looking for at this point in time.

- But extending beyond that and this is just to, I wanted to show you this, just to illustrate the direction that Siemens is going and globally as well. In the last year, Siemens acquired a company supply frame. Now this is a company that is basically a design to source platform for electronics and looks at the complete value chain for electronics businesses, from design to source, to develop products faster and bring them to market faster. So you see, we are now moving into the platform area. Our mobility colleagues globally bought Sqills, which is a software as a solution company, which actually manages the inventory, the reservation inventory of passenger vehicles, the reservation and even ticketing software, all on a single platform. Again, these are companies that Siemens have acquired globally and for which we in the country will have the access to in terms of the digital solutions as well. C&S you are aware of, we acquired that, closed this transaction during the year. Here in India, the integration activities are on track, we are doing good business, the top line is growing satisfactorily, business continuity has not been disrupted. The bottom-line will continue to grow. We have started accessing export markets already. We have started brand labelling our products, for export customers. We have increasing capacities here in the country already. So it has been actually a very good success story already.

- We also signed an MOU, as you are aware with Switch Mobility, a subsidiary of Ashok Leyland, in the area of charging stations. This is basically the entire e-mobility space here where we are looking really at grid to socket solutions, which Siemens has got globally and we are already bringing in. The first order we have already booked for 40 buses in Chandigarh. Similarly, I talked about the smart meter data management solutions that we are doing with TATA Power, and we have done it with another customer where we have done a million smart meters there. We are doing it here also with TATA Power. All of these have the potential for scaling, all of these are primarily in the digital automation software space.

- With that, I think I have given an overview of how we see the last year from a macroeconomic perspective as well as an overview of the kind of businesses that we have got, the kind of businesses that we are looking at right now, as well. And I will hand over now to Daniel to give you an overview of the financial results and give you a little bit of a deep dive into the financials there for the quarter and for the year. And then I take it over and give you an overview of how we see the year ahead. Over to you Daniel.

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

- Thank you Sunil. Good morning to all of you. I am very pleased that you have taken the time today to be here in a call with us, and I would also like to welcome you from my side to our today's analyst conference. In the next 20 or so minutes, I will talk in more detail about fourth quarter and full fiscal year insights for Siemens Limited in India, financial year 21. Just to recall our financial year range from October 1st to September 30th. Overall, we are very delighted that we delivered another strong performance in fiscal year 21 against the backdrop of the severe second COVID wave in India between late March and July.

- Note that, we had a strong finish with our last quarter fiscal 21, and this strong accomplishment was surely only possible because of the outstanding commitment of all our colleagues in the country and their paramount performance. Let me start as usual by giving some general comments before going into the financial details. From my point of view, the robust economic recovery in India and in particular in industries such as pharma, food and beverage, machine building, steel and cement, and most infrastructure related verticals provided further momentum from a macro perspective and Sunil spoke a lot about it. It is certainly visible that industrial recovery continued. Government just announced Quarter 2 GDP growth of 8.4% and sees double digit rise in FY22. PMI - purchasing managers index trends about 50 showing expansion of the economic conditions and CAPEX as rising, private and government.

- This positive development was also felt in our businesses within their respective key verticals. However, in my opinion, the macroeconomic environment in India is and will remain to some extent volatile and dependent on the further development of the still ongoing pandemic. Like most other companies, we are therefore still observing challenges caused by the pandemic besides supply chain disruptions, component shortages, as well as some cost inflation. Despite these challenges, it is even more remarkable to mention that we at Siemens India have mastered these challenges quite successfully and seized opportunities as they were coming.

- Like Sunil, I also want to talk today a bit more about our supply chain and as this is an increasingly critical topic. Many companies globally and also in India are struggling with supply chain issues. Our teams however successfully managed to limit for instance, the impact of component shortages. As a result, we have been able to keep deliveries from our factories at a high level. We are working hard to constantly mitigate risk from supply shortages and price increases in certain categories. Our resilience against raw material pricing increase is supported by efficient commodity hedging activities like for metals, aluminium, silver, and copper to be mentioned here. Our resilience is furthermore based on demand pooling for raw materials and components, which interests our ranking as a relevant partner for many strategic suppliers, and we continually collaborate and talk with our suppliers to minimize impact and keep supply chains intact. Since supply chains may remain stressed and delivery times may remain longer, we have also remained optimistic since we are benefiting from a lot of the backlog. In addition, we are confident that we can limit the impact of input price volatility on our profitability similar to last year by adjusting customer pricing throughout the year.

- In our smart infrastructure segment, the integration of C&S Electric is progressing well. Sunil mentioned it is very successful indeed, and to recall that acquisition of C&S was closed on March 1st and is fully in line with our strategy to expand in India and adjacent markets covering fast-growing low voltage power distribution markets. C&S will serve as an export hub revenue for 7 months to around Rs. 6 billion with a single digit EBITDA well in line with our current expectations. So that brings me now to our fiscal year 21 financial results in more detail, which ended as already indicated with a very solid Quarter 4. All financial figures shown on the next slides are based on continued operations without mechanical drives business.

- So, let me begin by giving you a brief snapshot on the KPIs for Siemens Limited in our fourth quarter July to September. New orders were up by 4.9% against an already very strong prior year Quarter 4, where we had seen some catch-up effects after the first COVID wave. Key contributors to growth were digital industries and smart infrastructure, both up double digit. Revenue was up across all business, even by 15.2% year-over-year. So top-line growth came in very strong and was broad-based so in particular high and smart infrastructure and digital industries. EBITDA of our industrial business ended at 10.9% of revenue of Rs. 129 crore, benefiting from top-line driven productivity momentum. In addition, structural and operational improvements are more and more paying off, helping to offset adverse factors. Many more details I will elude to later. Altogether and after taking an interest income of Rs. 62 crore into consideration, this led to a profit before tax of 10.9% or fund of Rs. 30 crore. After tax deductions, we achieved a profit of 8.2% of revenue, a slight decrease of 3% compared to last year. For various reasons, this development will be outlined in more detail later. Overall, this translates into earnings per share of Rs. 9.07 and a compelling Rs. 29.84 for the full year.

- On the next slide, we have the full year performance from October to September. For fiscal year 21, we recorded a plus of 32.4% in orders and 33.1% in revenue, respectively, with a strong book to bill ratio of 1.12. At this point, I would also like to highlight that our Company is again, operating above its pre pandemic levels of fiscal 19 and fiscal 21 orders were up 14% in revenue, up by 1% compared to 2 years ago and achieved an all-time high in orders as well as in revenue. So not only have you made up for the setback, we have also grown in very difficult times therefore sustained our performance. EBITDA stood at positive 11.4% or up by 110 basis points year-over-year while profit before tax closed at 11.2 and after tax at 8.3% or Rs. 1,063 crore. 16.8 billion of cash flow for the full year generated from operations is truly a great performance, and the good results originate from ongoing working capital initiatives that have been executed. Our cumulative annual cash flow remained positive even during the entire second phase of COVID. In so far we are well satisfied with our progress to achieve a more consistent cash flow development and cash conversion throughout the financial year.

- The reasons for this excellent cash flow are manifold. Like mentioned, we have multiple measures of managing working capital efficiently. We prioritize orders and billings, early liquidation as possible and based our contracts we have a possible on secure payment terms. We continue to focus on all our receivables and collection of over dues and here we have made tremendous progress. To conclude, Siemens India strength is its healthy financial position with an unchanged strong net available liquidity even after the acquisition of C&S Electric. With the next slide let's have a few intel on our quarterly orders development in more detail. The graph shows the absolute numbers per quarter in new orders over the last 9 quarters and above the columns, we displayed the year-over-year growth rates. Highlighted in green are the four quarters of financial year 21. As you can see for five consecutive quarters, we achieved a growth year-over-year and in quarter three we saw a stellar growth by 145.7%, which was one of the highest ever. This is due to consistent growth in base business, as well as several key orders. The backbone is our strength in short-cycle products. Clear reasons are the ongoing recovery and catch up in main markets and therefore we were able to further increase our order backlog to Rs. 135.2 billion towards the end. Well this means a remarkable order rates of around one full year and in quarter four orders, some are also well exceeding pre-COVID levels of financial year 19, as you can see here on the left hand side of this graph.

- Now let me come to the next slide, which shows the same overview on revenue. After the huge dip in Quarter 3 fiscal 20 during the COVID related strict lockdown, the revenue growth accelerated in fiscal 21 to 131.3% for the third quarter plus 15.2% for the fourth quarter. And this happened as described on the basis of how strong resilience, stringent backlog execution well in for Quarter 3, of course also due to a compared lower base from previous year. So growth for the year was broad-based across all businesses except mobility. What it does on a segment level will follow in a few minutes. Like in orders, our Quarter 4 revenue figures are not only intact, but even above pre COVID levels, meaning compared to first quarter financial year 19, on the very left hand side of the graph.

- Next slide is about our development of EBITDA in absolute figures and in percentage of revenue. In the light of our revenue growth, we have reported an EBITDA in Quarter 4 fiscal 21 amounting to 4.3 billion. This translates into an EBITDA margin of plus 10.9%, however, down from 13.2% prior year. To give you some more context on marching development let me mention the most important factors. Firstly, there is a rigid conversion and our strong revenue growth, maintaining a stable operation and margin. In this context, we are of course on a panel of cost control measures. And as we had already informed in our last calls with the beginning of the pandemic Company initiated a stringent cost saving program with an early identification of cost saving areas, complimented by rigorous execution of structural and discretionary cost measures. In this context, we were able to limit the adverse impact on our operational margin. Like mentioned in my introduction, we also experienced in some areas higher raw material component and increased rate or transportation costs. This impact could have been limited with an efficient hedging strategy and customer price adjustments. Discretionary spending is still on comparing low levels since travel and other event activities like conferences are still relatively limited. With the second COVID wave we experienced significant COVID care related costs like for safety, wellbeing or medical, and other health support to our colleagues. And, due to changes in legislation, we received much lower export incentives, MEIS or merchandise export incentives and SEIS - some service export incentive schemes.

- So the next slide explains our underlying operational margin performance, putting EBITDA margins on a comparable basis using this EBITDA bridge. In Quarter 4, our EBITDA as reported dropped from 13.2% previous year to 10.9% as already shown on the previous slide and here on the right hand side of the table. Let us now look into the various factors explaining the stroke. During COVID phase one in fiscal 20, we faced shutdowns and partial shutdowns of our operations leading to under absorption of costs. Thankfully during fiscal 21, we were able to keep operations almost entirely running, even during the harsh second wave. Therefore we only had minor and in Quarter 4 no under absorption charges at all. These figures are also disclosed in our notes.

- The next slide is showing the foreign exchange gains and losses combined with the gains and losses from commodities like copper, aluminium and silver. In our last calls, there were quite some questions around that. That is why we thought we will explain it here also in more detail using this bridge. And now in the annual report the results from FX are disclosed in a separate line under other expenses and commodities. You can find under the other expenses, miscellaneous expenses. So previous year Quarter 4 further recorded a huge gain of Rs. 592 million, half-half I can state between Forex and commodities whereas in fiscal 21 Quarter 4, we had a loss of Rs. 147 million and that is mostly from commodities, very minor impact from Forex in Quarter 4. The negative impact from commodities and Forex was mainly due to fluctuation in commodity pricing, of course. Bear in mind that due to recent strengthening of the Rupee against especially the Euro.

- Next slide, we see the impact from the change in export incentive schemes. Previous year, Quarter 4 we received incentives amounting to Rs. 212 million, whereas this year we had a negative impact of Rs. 95 million resulting from a reversal of provisions after a cap had been implemented for service export incentives along with changed rates. Nevertheless, we are now expecting the new scheme to kick in, the remission of duties and taxes on export products RoDTEP. So on a comparable basis, EBITDA declined only from 12.6 to 11.5%, and the reason for this drop Sunil talked about it, it is our businesses were impacted by higher logistics, namely outbound packing and forwarding charges, which you can also find in our financial statements and they are more than doubled as you can see on the bottom. To some minor extent the business mix was less favourable in 21 compared to the year before and on the other hand we continuously mentioned already adjust our pricing to maintain margin quality. No other material extraordinary effects apart from the ones mentioned to be noted here. So to conclude on a comparable basis our operation and margin remain stable.

- On the next slide, I want to draw your attention on our business portfolio mix. Currently on the left hand side graph, you see good growth in short cycle product business, especially smart infrastructure and digital industries pushing our sales mix towards more products with a share of 57%. We have reasonably more big orders booked, also the project business will pick up eventually. Furthermore, in the middle we see a marginal increase in our domestic business to a 78.5 share, which is a result of stronger domestic demand. On absolute numbers however the export business was growing as well. And when it comes into split of public and private business, then there has been a bit of a continued shift towards more private customers with a portion of about 84%. These being hereby as well strong push of private short cycle product business.

- With this let me now share further details regarding our performance across the different business segments. Let me begin with the performance of Siemens Energy which unchanged shows a strong resilience against the pandemic with an order and revenue growth of each +19% for 2021. Growth contribution comes predominantly from transmission, yet all segments including generation service grew substantially. And as we heard from Sunil, we recorded some big orders from private and public customers and executed on our healthy order backlog. Very positive dimension here as the profitability of 6.7 billion and 14.3% of revenue and notable 35% increase or 175 base points better margin. Bottom line we see an extremely solid operational execution. Siemens Energy could gain from Forex and Commodities in fiscal 2021 in contrast to some minor Fx losses last year. These gains however were almost entirely offset by significantly lower export incentives. And both effects are more or less offsetting each other. But what helped as well lower under-absorption costs in energy.

- Smart Infrastructure (or short SI), business was driven in most of the subsequent by further uptick in short cycle industrial and electrical product offtakes, based from stronger demand in our most important sectors. Consequently SI delivered a very solid performance across all metrics. Order in total were up by 24% and revenue even probably up by 52% on a pandemic related like the comparable. The increase was propelled by electric products where C&S electric is placed with some softer development in solutions and services. EBITDA margin of 9.8% not yet fully returned to pre-COVID level. However margin performance benefited amongst other things from high capacity utilisation and from cost savings that was enabled by the gross execution of our cross selling program.

- Margins in fiscal year 21 were negatively impacted by substantially lower export incentives like India's business as well. However in fiscal 2021 there was only very little impact from under-absorption which helped improve margin. There were as well and as expected, some head winds from higher logistic costs. I want to emphasise at this point that Smart Infrastructure just like Siemens Energy, did an excellent job of keeping supply chains intact. A highly noteworthy achievement under truly challenging conditions.

- Next business is Digital Industries or DI which faced a well improving market environment, especially in the second half. Our key markets for Digital Industries and particularly electronics, infra, food and beverage, and some assets, continued to show strong positive momentum in quarter four. This is reflected in a sharp surge in volume in top and bottom line. While orders are up by 52% driven by a higher customer demand, rising at a fast pace especially during the second half of the year, and based on strong recovery of its key markets. Revenue grew even by 58% showing a continued strong upward trend due to higher customer offtakes and stringent order conversion. Operational margin performance and Digital Industries with a healthy 8.8% or 107 base points better than previous year. Higher revenue in our short cycle businesses especially in quarter 4 resulted in consistent margin improvement. Margin improvement was also supported by stringent price adjustment to counter higher input costs. And some negative impact came from Forex losses. On a comparable basis the profitability remained in Digital Industries stable as well.

- Finally let's talk about our full year performance of Mobility. The sales finally remained very strong for fiscal 2021. Even so we had to absorb some project shifts. As a result, orders increased by 63% on the basis of large orders from Railways and Metros which we pulled into the second half. Revenue however dropped by 2% due to decline in potential locomotive components. EBITDA performance was as well weaker with +11.8%, down by 151 base points. Reasons for revenue decline was less favourable mix and some Fx losses. The eliminated margin would not be so much. Overall mobility showed a solid set of numbers in an ongoing difficult business environment with pandemic related restrictions. So to complete the picture, the remaining business segment portfolio companies which is large drive applications, continued to execute their potential with double digit order and revenue growth, and well-improved profitability.

- So again as a summary Siemens India performed considerably strong during fiscal 2021 in volume top line growth . We also observed a good rebound in quarter 4 particularly in revenue profitability in cash after weaker yet still modest quarter 3 despite being heavily impacted by the second wave. So let me conclude my part with key focus areas, drive profitable growth as usual and also like last financial year by banking on our strong resilience to crisis. We have a strong and very healthy order backlog position beyond 135 billion rupees, a healthy reach of 1 year. And NIP and PLI schemes will support our growth by strengthening the economy, further expansion into more digital and software business. Sunil showed it very nicely in his slide. And besides our rock solid recurring service business is expected to support margin quality. And again the Company initiated stringent cost saving and operational measures to ensure that resources are adequately aligned. We are all working hard to avoid one time impact like liquidated damages, non-conformance costs and a true efficient forex and commodity achievement. Cash continues to be one of our prime focus points of course as well, where we want to maintain a healthy liquidity position and strong cash conversion. With this I would like to hand back to Sunil to give us his outlook.

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

- Thank you Daniel and I hope that has given you all a deeper appreciation of our numbers. Maybe a couple of points that Daniel had pointed out as our critical takeaways. It is important to know that roughly 70% of the business is product business as against the project. We are moving more towards the private sector and less towards government, primarily because the large projects are coming now more from private sector less from the government. There will be a couple of large projects that we will get in the infrastructure space in the months and years ahead. But I think we have demonstrated over the last 4 or 5 years that our margin quality is robust. We do not have surprises in terms of extra provisions, LDs or non-conformance costs creeping in. As you are aware, the quality of the orders is also very robust and meets the various hurdles that we have put in place over the last 4-5 years. We have a very strict acquisition hurdle rate in place matched by very clear execution monitoring that is happening in all the businesses. But as we see they move towards more product business, more digital business, more software business, more service business. We will see very clearly that the shift is taking place more towards the private sector and less towards the government sector. The government will be primarily playing in the -- or will be critical for us in the segments of transmission, distribution and the mobility space there. But as we have demonstrated in mobility in particular if we go by it, the growth in the profitability there has been substantial, taking into account the fact that we are taking government projects. You have seen the quality of the margin growth in the energy business as well, in spite of the fact that they are exposed towards the government business, but are increasingly moving towards private there as well. So how do we see the year, the year ahead or the short term let me put it. One is very clear, India is on a growth trajectory. We see that very clearly. We are very positive as a result of the recent announcements in the national infrastructure pipeline, where we do see opportunities in ports, airports, metros, rural infrastructure, irrigation and so on. Very clearly those have started happening. Very clearly, conversations are happening. We are heartened by the fact that financing has been addressed in the last budget through the development financial institutions and the disinvestment activities that had been announced. First proof point has already happened with the sale of Air India and others will follow. We are pretty confident of that. So we see very clearly a positive impact on our infrastructure business resulting from these moves in terms of infrastructure. Private sector will also grow thanks to the PLI scheme and as capacities increase, current capacities in the country are around 70%. Utilization in the country are around 70%. So it will take maybe some time before the capacities go up and fresh capacities or capex kick in. But I don't expect this to take too long because the momentum that we are seeing is pretty robust in all the verticals that we are looking at. The PLI scheme is of course pushing very, very successfully, in the directions of green field expansions as well, and we already have quite a lot of discussions happening with customers, ongoing customers in that space. So where do we actually see the growth coming from in the next year let me put it that way.

- So on the left side you see the government space and on the right you see the private space. Very clearly we see all the government areas, generation, transmission, even utilities with DISCOMS, the railways continues as well in their growth. Electrification projects, signaling, metros, also growing up. So we definitely see increase in opportunities over what we have had in the last 2 years emerging out of this spend coming in over the next couple of months. On the private sector, we see a growth in buildings very clearly here. In data centers as well, we see a growth in e-charging with over 3 million charging stations expected to be installed, they will all need their own infrastructure. And this is again grid to socket in totality. Also the e-vehicles, increase in e-vehicles in the country will bring in additional capacity requirements in automotive as well. As the country moves towards e-vehicles, there with all the incentives, that have been kicked in, and the recent announcements that have been made. We see also on the pharmaceutical and food and beverage space, increasing interest to expand existing capacities/setup fresh capacities. And I think it is just a matter of time before this starts picking up as well. So overall we are very bullish about the activities. Let me highlight, this is not only about electrical products and our electrical solutions that we can offer here. But this goes up the complete value chain into automotive as well as the digital solutions, of which we are all very deeply entrenched in all these different verticals.

- I would like to now switch themes to our sustainability initiatives. Siemens announced globally the project DEGREE which translates into Decarbonization, Ethics, Governance, Resource Efficiency, Equity and Employability. And this is something that will now be embedded in every business strategy that we carry out irrespective of whether it is internal or external. These 6 initiatives will be central to our growth story. They will be central to our internal narratives as well. And if I just go through them very quickly, decarbonization will become critical for us or is now going to become critical with incentives coming in internally, for providing decarbonization solutions for our customers, for conducting business in a decarbonized manner as well. Ethics and governance will continue to be at the forefront of what we do, but also providing these solutions, digital solutions as we move along, in these areas also to our customers. Resource efficiency is all about talking all about the supply chain, and is there anything more that we can do over there. Some of you may have heard about the recent announcement where Siemens has developed the SiGreen platform which is probably the first of its kind, looking at tracing the decarbonization footprint of the entire supply chain, right back into the supply chain, right back into the products. And this is where we are looking at not only internally but also for customers, can we provide a solution, where customers are actually able to trace down to a product level or a component level, what the footprint is, the carbon footprint is there, and build that up with their supply chains and for their customers as well. Diversity, equity and inclusion will become great even greater focus in the Company. As well the competency, upskilling and the competency of our people here, looking at seeing as we move this shift up the value chain from being an electrical company to an automation company to a digital company, digital and software company. This will require a shift in competencies. This will require a different mindset and a different way of carrying out business. Indeed different business models will emerge here and we will start looking more at metrics like the annual recurring revenue for example. Start looking more at software as a service in general. So as we start developing ourselves into these different up the value chain in all the verticals that we are now present, we will bring in different models as well. We will bring in financing. And all that will be structured under the foundation of the DEGREE framework.

- Just to give you an idea of some of the decarbonized solutions that we are already providing to our customers, the Cochin Shipyard for example, we provided the first e-ferries for the Cochin Shipyard, with electric propulsion and energy storage to enable power continuity, maximizing performance, reducing costs, and emissions as well. In an airport and indeed not only in airports but now in airports, in hotels, in hospitals as I mentioned, we are now able to reduce the carbon footprint, increase energy efficiency substantially, and in many cases bring up to 20% cost savings in energy in some verticals. So we are already doing this in a large airport. We have done this in hotel chains. We are doing this in a couple of hotel chains. We are also doing it in some hospitals.

- Waste Heat Recovery is another area where as I mentioned earlier, cement producers are but not only are looking at on how they can maximize and reduce their carbon footprint as well. So this is helping circulate the emissions, increase the efficiency of the power plants and also reduce the emissions. This is a growing market for us and we see huge opportunities here as customers move towards decarbonization. In all of these, digitalization plays an underlying very fundamental role.

- So overall how do we see the next year or so in each of our businesses? If I look at our energy business, captive power generation will continue. We see an increase in waste heat recovery as we have talked about. The transmission business will be governed by increasing number of rich stabilization projects as renewables start getting into the grid. Our customers will increasingly go for modernization of their plants. Our remote monitoring and digital control and analytics over there, we will be able to use more grid edge technology over there and edge technology in totality as we are able to increase processing time, and efficiency is much faster there. On the infrastructure space, all the projects under the national infrastructure pipeline we will be present in, in the electrical area, be it high, medium or low voltage. We see the upgradation of the DISCOMS as being an opportunity. Micro grids will come in, smart grids will come in as well. We see the entire e-charging infrastructure as being a growth opportunity here as well. Indeed the entire electrification of factories as well as they start getting built. On the industrial side there will be fresh green field capexes coming out of the PLI schemes that we know area already announced. There will be capacity expansions. There will be augmentation of existing capacities and there has already been and we expect this demand to continue for automation and digitalization solutions. Particularly the concept of digital twin will feature in our infrastructure and industrial space much more and with much greater focus. On the railways and our mobility business the electrification and signaling business in the railways as also an increase in the number of metro projects in multiple cities will be a cornerstone of the growth story over there. So I think this is going to be our focus for the year ahead. As I said you look at this bandwidth, most of this is actually short to medium cycle. Now this is long term. The margin qualities are robust. We are able to manage them. We have demonstrated we can keep the surprises to the minimum. We have not had any project surprises in the last couple of years. And the project sizes get smaller. There maybe a project or the other which will be a large project. But we have the competency now to execute on the projects that we have built up with the lessons learnt over the years. This will of course as I mentioned earlier be built on the foundation of the DEGREE framework that we are putting in place. We will talk much more to describe our specific plans around DEGREE at the next time that we meet where we will outline targets and give more specific details of what we plan to do here in the country. So with that we stop our presentation and hand it over to you for question and answers. Over to you.

- **Ms.Ramya Rajagopalan ,Moderator :**

- We have a few of you who have already shown interest to ask questions and raised their hands. Harshit Patel would you please unmute yourself and ask your question please? Harshit we can’t hear you. You have raised your hand.

- **Mr. Harshit Patel – Participant:**

- Am I audible?

- **Ms.Ramya Rajagopalan ,Moderator :**

- Yeah Harshit. Now you are. Please go ahead.

- **Mr. Harshit Patel – Participant:**

- Yeah. Thank you. Thank you very much for taking my question. Sir my first question was on the digital industry segment. So sir globally parent has outlined that they have also already started a transition towards software as a service model. So towards a recurring revenue versus booking the revenue upfront. So that is going to impact the sales booking as well as the margins in the near term. So sir how do you see those same things panning out in India? Are we implementing the same model? And what could be the impact in the near to medium term of the same transition? That would be my first question sir.

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

- So Harshit, thanks for the question. It is a good question. So our digitalization level in the Company right now is not very high. Let me put it that way. It is increasing but currently it is not very high. And a lot of the digitalization initiatives that we are taking are as I mentioned more around finding automation, digital solutions for our customers. So we will look for ARR models at some point in time, but I don't think we are at that stage yet where it will have any material impact on our financials. Right now the Indian market is still consolidating in terms of its digital requirements and I think it will take a couple of years still before we are able to report any material impact of ARRs on our business models. We are starting to do some SAAS models already, but again they are not very material right now. And as and when they start getting material, we will of course report on that.

- **Mr. Harshit Patel – Participant:**

- Right, understood sir. Thank you very much for that. Sir my second question would be on the smart infrastructure segment. So you have very clearly elaborated all the growth drivers for building automation market in India. So sir could you quantify how large would that market be in your opinion? What would be the verticals that are growing faster than the others? How are we positioned? What would be our market share? And any product gaps that we have that we are already trying to bring in. that would be my second question.

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

- So it is difficult to put specific numbers onto it. Let me outline what this market actually covers. We are looking at essentially the building segment. So we are looking at commercial complexes, malls, stadiums and that kind. We are looking at commercial buildings, at commercial or residential buildings. We are looking at growth in healthcare, in hospitals. We are looking at a growth in the building management systems and energy efficiency requirements in hotels. So this is not really the civil work or that kind of activity. It starts more on the medium voltage, low voltage on the electrical side. It then moves up the value chain onto the automation and fire safety building management systems, energy systems and security systems as well. So that is a building space when you look at it. When you look at the rest of the investments, be it in energy, so you look at the DISCOMS, the entire move towards privatization of some of the DISCOMS, the move towards creating greater efficiencies of the DISCOMS, this is where the smart grids will kick in. This is where the medium voltage business will kick in as well with substations coming in and so on. As you look at charging infrastructure in totality, I think the e-charging or the EV vehicles in the country, as they grow, and you are looking at 3 million charging stations coming up over the next couple of years in the country, all of this is going to require charging infrastructure. And again I repeat this is basically grid to socket charging infrastructure. So when you put all that together, that is a huge market for us as well. You are looking at smart metering coming in. You are looking at data centers growing substantially in the market. As the country moves towards greater digitalization, there will be a substantial need for Data Centers coming into the market and indeed this requirement has already started and we are in discussions with all the major local as well as global aggregators in this particular Data Centre sphere who are all setting up Data Centers. You are looking at warehousing and logistics. All of this is going to require efficient energy systems, it is going to require automation, it is going to require digital solutions as well. So, that's going to be a huge market as well. So, I think it is everything that you are talking about in the infrastructure space and with that we are present not only in the high-voltage, medium-voltage, low-voltage area but we are able to bring in microgrids, we are able to bring in energy efficiency, we are able to bring in also the entire e-charging and green technologies into it. So, I can't give you a number onto it right now. A lot of it depends on which branch of the business kicks off at what point in time but you can imagine India has a huge opportunity on infrastructure. There's a thrust from the government on infrastructure and we are definitely at the forefront of that solutions…

- **Mr. Harshit Patel, Participant:**

- Right.

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

- …and that technology. Putting it in context smart cities and so on, the Dubai Expo we have sponsored that globally and that's where we have provided connecting solutions to monitor utilities, to monitor energy, to monitor fire safety/security and these are the things that will become increasingly critical here in the country as well not only for cities but also for campuses you know small townships, commercial spaces and so on.

- **Mr. Harshit Patel, Participant:**

- Right. Right, Sir. Well understood. That was all from my side, Sir. Thank you very much for answering my questions.

- **Ms.Ramya Rajagopalan ,Moderator :**

- Thank you, Harshit. Next question is from Charanjeet. Can I request all of you in the interest of time to limit to two questions to start with and if we have time we will come back to you. Charanjeet, over to you.

- **Mr. Charanjeet, Participant:**

- Hello. Sir, thanks for the opportunity and you know thanks for this elaborate presentation. So, my first question is on the you know Gas and Power Business specifically, so that business you know have been always talked about as a legacy business and lot of you know drivers are changing on that side, so if you can touch upon you know how Gas and Power Business is shaping up for the future. You know, there are talks about within the Decarbonization segment in terms of hydrogen ecosystem evolving and you have also talked about you know decarbonization in a big way in the presentation, so you can touch upon that aspect for Gas and Power business?

- And second question is on C&S Electric. Now we have you know completed the acquisition and we are seeing the potential in this business in low and medium voltage side, where even the parent is not having such a you know large presence, how do we see this business scaling up from domestic capability, also from export opportunities perspective? Yeah, so these are two questions from my side.

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

- Okay, thanks Charanjeet. So, on the Gas and Power business let me spilt this into three parts or actually essentially into…yeah, into three parts. One is the Generation, the other is Transmission and the third is the Oil and Gas.

- If you look at the Generation business, I think it is clear that there's a shift in the country moving away from coal fire towards renewables and as you move towards that area many industries are now looking at captive, that's why I say Captive Power Generation will become much more critical because there most Captive Power Plants or most industries are looking to use their waste heat to generate rather than actually moving towards you know taking from the grid or indeed going for coal fired or black power sources. The shift towards hydrogen is in the making. Globally, as you are aware, there are two kinds of technologies, one is the membrane technology- the PEM Technology and the other is the Alkaline Technology, and I think we are working with government and Siemens Energy globally to try and figure out you know which technology makes sense. Already Siemens Energy globally has started working in some geographies on hydrogen solutions. From an India perspective we are also in discussions with the government to understand you know what the National Hydrogen Mission is going to actually put out; what standards, what norms, what technologies etc. We are in discussion with some customers. A lot of it will depend on the commercial viability of these projects. So, I think it is a little bit early days right now on hydrogen but there's no doubt that hydrogen will come in, the question is how long will it take to actually get to a commercially viable state right now.

- On Transmission, of course as the renewables move up the chain and as you start moving from 95/100-Gigawatt right now close to the 475-Gigawatt target then to the 450/500-Gigawatts target this will create instabilities in the grid and that will create further opportunities in transmission for STATCOM FACTs solutions etc. And I think this is where we will be looking at major solutions coming in in transmission, digital solutions coming in for transmission, but that will then have a knock-on impact on the distribution networks as well because here again you are going to need Smart Grids to come in, you are going to start to look at Last Mile Connectivity in terms of decentralized distribution solutions and so on and this is where we see those opportunities coming in.

- The Oil and Gas, right now, is a little bit quiet. There's not too much happening there. Other than Oil and Gas also reviewing alternate forms of fuel in terms of upstream and downstream as well; mainly downstream, less upstream and I think this is something that we will have to watch. It is a little bit quiet right now from an energy space. So, I hope that answers the question on the Gas and Power.

- On C&S, I mentioned earlier on, the integration process is well on track, our domestic business continues to grow. As C&S was growing pre-acquisition that business continues to grow. It is growing independently. They are making new inroads into new markets addressing further customers with the additional benefits that they have being a part of Siemens here domestically. But as we mentioned earlier on a large part of the growth story of C&S will be exports and this is where the export business has already started. We have opened up markets in Southeast Asia to them, deliveries have already started, brand labelling in some cases is also being done. We are choosing in which country we want to brand label, in which country we want to allow C&S to get access into directly and with this already products have started being exported. We are now looking at packaging; a lot of these low voltage products so that they can go into panels. And overall we are pretty happy with the way the integration is moving as particularly from a Market and Product Development perspective is concerned.

- **Ms.Ramya Rajagopalan ,Moderator :**

- Thank you, Charanjeet. Renu, the next question is from you. Renu, we can't hear you. You are still in mute.

- **Ms. Renu, Participant:**

- Hello?

- **Ms.Ramya Rajagopalan ,Moderator :**

- Sorry?
- **Ms. Renu, Participant:**
- Am I audible now?
- **Ms.Ramya Rajagopalan ,Moderator :**
- Yes, you are. Please, go ahead.
- **Ms. Renu, Participant:**
- Thank you for the opportunity. My first question would be to understand a bit more on the margin in the portfolio side given that you have highlighted that bulk of the business today is being driven but our product solutions and private sector. If we see, gross margins in FY21 have been the lowest in the last 6-7 years at 31.5%. Yes, commodity had been, so was one of the elements, but how should we look the margin profile? Do we see competition pressures also increasing or headwinds also coming in from the new age businesses which are witnessing higher growth like Digital Automation Software where the import content has been on the higher side? So, from a 3-5-year perspective how should we look at the margin profile, localization especially on the new age portfolio developing and the broad perspective on the gross margins emerging with changes in business mix?
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- So Renu, I think if we are looking at a time frame of 3-5 years I think it is fair to say that margins should increase, should improve as we move towards new age on the first, as we move towards more products, Digital Software business as well and therefore we do see over the next couple of years there should be an improvement there. You must know that currently there is a large import business, a large amount of the products that are currently being imported are subject of course to foreign exchange, are subject of course also to commodity pricing etc.-etc. but while we will continue to expand on this we probably will not localize too much over there. We will continue to move up that value-chain towards automation and digitalization. Now, this takes time as you are aware, Renu, with customers have got to get used to the concept; it is fast moving. At what point in time will this become a material impact or material positive impact on the overall results of the Company we will need to see. If we get a large order somewhere on a solution side or a large project that may have an impact overall but in general you are absolutely right with all these businesses particularly in the automation, digital side the margins must improve. The flip-side of that, of course, is as you look at new age technologies creeping in there will be an element of investments also that will need to be made. So, you know

we will have to as we go into the market you are going to have to see what the price levels in the market are, where to place these new level technologies and we will have to build this business up over time. I do not expect and we will not permit dilution of margins anywhere, so we are very clear at the quality of orders that we will pull in but we will need to review it from time to time and see are we within the margin bands that we have set ourselves to be in.

- **Ms. Renu, Participant:**

- Sure and that brings me to my second question. How large is the overall portfolio of Digital/Automation/Software portfolio in Siemens today? And when we draw this medium-term plan of 3-5, on the broad contours how do we expect this portfolio to scale up? And aligned with this what are the kind of investments and capital allocation which the Company plans to do to derive this kind of growth? And on this do we see further tailwinds on export opportunities and higher participation in the global supply chain?

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

- So, I will start with the end part of your question first, Renu. When you look at Digital, the supply chain is not really critical na, so there you are looking at locally developed/designed solutions which are customer specific using of course the learnings that we have got around the world in developing Digital Software/Digital Solutions in other parts of the world as well to answer local needs of customers over here. So, while there could be learnings from global projects that have been implemented we will need to adapt these learnings to local circumstances over here. So, there's not going to be too much of a supply chain issue over there. This will be more our software experts, our digital experts who understand and are close to our customers already on the electrical and automation business that they can then expand their understanding of the local needs of customers to develop digital solutions. Currently, the Digital, we do not track in the Company here, specifically Digital Solutions, as a business. It becomes a little bit complicated, Renu, when you look at, for example, some of the projects that I have outlined right now you know Cyber Security as part of a project over there, does that qualify as a digital solution versus for example energy efficiency through analytics etc. does that qualify as a digital solution? So yes, a lot of this is basically digitalization that is there but it is digitalization very closely interlinked into automation and back ended into electrification as well. So if, for example, you are looking to bring in energy efficiency in a hotel, for example, and you look at the chiller systems maybe you need to change some electrical equipment there, bring in the automation to get the data and then bring in digitalization to do the analytics, to analyze that data and take corrective action on a continuous basis and give you the dashboards of what needs to be corrected. So, you have got projects really that are a combination and most projects in a way will be a combination of all three or two of these three in any case and that’s why it becomes a little bit difficult where we will start tracking it is, as one of the earlier speakers talked about, as and when we get to a situation where we are doing maybe Annual Recurring

Revenue, Switch Accounting in terms of Software business and so on that's when we will start probably calling those out but prior to that it becomes very-very difficult to specifically identify and talk about that.

- **Ms.Ramya Rajagopalan ,Moderator :**

- Thank you, Renu.

- **Ms. Renu, Participant:**

- Thank you.

- **Ms.Ramya Rajagopalan ,Moderator :**

- Thank you. Bhavin, would you like to unmute yourself and ask your question, please.

- **Mr. Bhavin, Participant:**

- Yeah. Thank you for the opportunity. At the outset I would like to compliment the management for presentation and especially going into the each and every order that has helped immensely in terms of improving our understanding of the Company as well as the direction in which the Company is going. So, I have two questions. First is, on the Royalties front. As I see last year's Balance Sheet at 0.5% it is like one-tenth of the next year's which is good for the minority shareholders but if you could give us a path forward what should we look at the Royalties and the other payments to the parents? That's question one. Question two is basically significant cash on the Balance Sheet despite the competition and if you could outline what is the Capital Allocation policy like what percentage you would like to give back to the shareholders as dividends, buybacks, what percentage you would like to reinvest for growth and do you want to keep some kitty for you know organic also? These are my two questions.

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

- So, I will let Daniel answer the question on Royalties and I will take the Capital Allocation question then.

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

- Yes, thank you Sunil and also thanks to you Bhavin for raising this question. Good observation. Actually, the Royalties what has been the basis for the Royalties is also very much from a tax compliance perspective. We have to pay Royalties of course if we are using here for instance software but technology also developed, I mean as a country, so specifically in headquarters we have to pay Royalties and top of that in order to be tax compliant we are also paying so called Brand fees which is totally tax driven. Only sole reason is to be tax compliant and then we have here entrepreneurial freedom but in most of the areas we are also focusing on sales activities and we are at some…mostly on sales activities that does not so much value-add here. We are paying brand fees, so that is part of this Royalty fees.

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

- So, I think yeah and just maybe just building on that, currently in this year, Daniel, I think there is an increase in the Royalty fees but it is negligible and the total Royalty fees are below half a percent, I think it is.

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

- that's right

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

- In totality, currently unless there's a specific reason to increase them as Daniel mentioned from a tax angle or otherwise or from a regulatory reason, we do not intend as of today to increase this substantially further. So royalty fees will stay at a reasonable level unless there is a specific requirement to do so. In terms of the capital allocation activity there, look, capital allocation will be essentially into 3 or 4 parts, where we will first look what our existing requirements are and as you know, we are spending roughly around 200cr. a year on our own requirements in terms of upgrading our existing capacities etc…etc…We put in a new factory, opened a new factory for vacuum interrupters this year in Goa. So that kind of activity will continue as we continue on our journey of localization. So this is one part of it. As and when, we find the need to localize some of our products, we will use that.
- The 2nd is going to be in new age technologies where we are exploring to see what kind of investments are necessary over there, in the short, medium and long term as well. So this will form a critical part of our discussions around capital allocation as well.

- The 3rd is of course inorganic growth and we have done one already. We continue to look at large, medium and small. We have an active deal book that we continuously look at and we need to see which part of the business will benefit with which particular acquisition/maybe partnerships in some shades or forms etc… So that's the 3rd part and then we will look of course at minority shareholders and so on. In fact all shareholders to see what makes sense after that to provide a reasonable return to the shareholders and we being fairly consistent in the past with our dividend policy there and we will continue to stay on that path.

- **Ms.Ramya Rajagopalan ,Moderator :**

- Thank you Bhavin. We have the next question from Umesh Raut.

- **Mr. Umesh Raut:**

- Thank you so much for the opportunity. I have one question related to the mobility segment. So basically just wanted to understand our opportunity from the product offering side as well as the long term opportunity in terms of charging infrastructure. How we are right now placed and how we are planning to tap this particular opportunity?

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

- When you talk about mobility, are you looking at charging infrastructure or are you looking at metros and railways as well?

- **Mr. Umesh Raut:**

- Metros as well as high speed rail network and then e-charging also.

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

- So metros….ok, let me first put it in terms of products. We are looking at electrification signaling, primarily right now we are looking at how else we can bring in value add into metro projects but we see this as being terrific growth story in the country as more and more cities will go in for metros. But it will be primarily electrification signaling. We may expand into some other areas as well at some point in time. When we look at the classical e-mobility, then we are looking at the charging infrastructure space, which as I mentioned grid to socket, that is what we will be concentrating on in the years ahead.

- Both are talking to state governments as well as talking to private players who want to gain entry into this market.

- **Mr. Umesh Raut:**

- Ok, got it. My 2nd question is on the C&S Electric turnaround in terms of profitability. So we had losses in terms on EBITDA level for C&S Electric for this year. So how soon we should expect profitability coming out of C&S Electric?

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

- I mean I am trying to outline C&S Electric very well fits into our strategy, growth strategy and are couple of numbers behind C&S Electric about 6 billion since 1st March, which is some 7 months. We see - and Sunil also alluded to this - a good growth coming out of the business. It's also showing traditional…..

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

- They want to know about the profitability.
- **Dr. Daniel Spindler – ED & CFO, Siemens Limited:**
- So next we have also seen in SI, electrical products are growing very soon. Also shows a very good profitability. Of course in C&S, I mentioned it in single digit profitability. We have some integration cost typical in early stages but it is fully in line with expectation of course. Our future expectation is C&S relative to our margin in SI as well as in Siemens Limited and we are very confident that we can achieve this, especially we have heard about this….especially if we can also use the penetration of purchase into the markets globally by using MC products of our C&S factories.
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- So the underlying profitability of C&S is still robust, is doing well. There are a couple of integration cross that are there right now which will probably continue for maybe a another year. But then effectively, the underlying profitability as Daniel said, as we get more and more export business coming in there, it will actually become much more accretive.
- **Mr. Umesh Raut:**
- Got it, thank you so much for the opportunity.
- **Ms.Ramya Rajagopalan ,Moderator :**
- Thank you Umesh. Kunal Shaikh, would you like to go next, please?
- **Mr. Kunal Shaikh:**
- Ya, thank you for the opportunity sir and thank you again for such an elaborate presentation.
- **Ms.Ramya Rajagopalan ,Moderator :**
- Kunal, we cannot hear you clearly. Can you speak up please?
- **Mr. Kunal Shaikh:**
- Ya, am I audible now? Better?
- **Ms.Ramya Rajagopalan ,Moderator :**
- Ya, this is better, thank you.
- **Mr. Kunal Shaikh:**

- Thank you so much sir for the opportunity and for such an elaborate presentation. My question is pertaining to the margins. I just wanted to understand, what are the levers Siemens still has as far as improving the margin is concerned? And from a 3-5 yr. perspective, what is the margin range one can look at for the overall Company?

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

- Ya Kunal, we had a similar question before and we tried to answer it specifically by saying that for instance, Sunil was also talking a lot talking about growing business. We would also see here more creative monetary coming. Of course, our overall plan is to continue profitable growth. And we have also shown this, that with a good rebound in the latter half of the last financial year. The reason for this is, that we do not only have a strong product business but we also have a solid project business which is looking into Siemens Energy. And we are avoiding them very much also having some project charges, one of charges like nonconformance liquidated damages. So I am very confident and having in mind our high portion of high profitable service business plus a very solid margin when it comes to product business plus in future, more and more portion as well as high margins of digital business that should give us a very positive outlook. 3-5yrs., is of course a very long horizon but let's go from one quarter to the other, one year to the other. We could see this business and the portion of such business in our overall portfolio to contribute nicely to a better margin quality going forward. Of course, but still we have to look at resource adjustments depending on how the growth. It's looking as we said, earlier the pandemic is unfortunately not yet over. We will have supply chain interruptions also in future. I think this is something that will permanently stay with us. It's not a onetime effect that we will have supply chain disruptions. So we will have to make sure to consistently to adjust our cost structures and our resources and get benefit from high growth and high margin business where we are more and more tapping into, which we have also shown on our slides. Especially also when it comes to industry infrastructure but I would also include energy and infrastructure business and am quite confident that our margin quality can be further expanded. Hope that answers your question.

- **Mr. Kunal Shaikh:**

- Sure. Thank you so much for that answer. Is it fair to assume that 13-14 margin corridor range is doable from a 5yr. perspective?

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

- We will not guide. We will not guide as you know. So ya, we cannot answer that.

- **Mr. Kunal Shaikh:**

- No problem sir. Thank you so much sir. Best of luck for the future quarters.

- **Ms.Ramya Rajagopalan ,Moderator :**

- Thank you Kunal. We will take the next question from Parikshit Kandpal.
- **Mr. Parikshit:**
- Thanks for the opportunity. My first question is on product business. So
- **Ms.Ramya Rajagopalan ,Moderator :**
- Parikshit, we can't hear you very clearly. Your voice is not clear.
- **Mr. Parikshit:**
- Is it better now? Mr. Ronald Busch has recently spoken about lots of plans on Siemens India. Additionally, if you can give some sense especially on the product portfolio, what has been lacking there and what kind of opportunities can emerge from investments into that portfolio?
- **Ms.Ramya Rajagopalan ,Moderator :**
- Parikshit, really sorry, we couldn't hear you very well. Would it be alright for you to post your question on the Q&A chat? We will answer that. Your voice is not very clear.
- **Mr. Parikshit:**
- Sure.
- **Ms.Ramya Rajagopalan ,Moderator :**
- Just put that there please. Thank you. Tina, would you like to go ahead with your question. I can see that you have posted a question on chat. Would you like to read that out? Would you like to go ahead and ask your question?
- **Ms. Tina:**
- Am I audible?
- **Ms.Ramya Rajagopalan ,Moderator :**
- Yes, you are. Please go ahead Tina.
- **Ms. Tina:**
- So my question is regarding the top 2 business lines within your decarbonization gamut of businesses that you are most hopeful of scaling up going forward. And how much can these decarbonization initiatives add to your scale of business over the next few years?
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**

- So I think, if I cannot say top 2 but I can say about the businesses that we are looking at. Waste heat recovery and energy is definitely huge opportunity there. The e-charging business and smart grids on our infrastructure. Energy saving, energy efficiency in our infrastructure business is also a very large element of decarbonization there. So I think, if I look at it, most of our infrastructure solutions that we will be providing, be it in e-charging, be it in the area of energy efficiency, be it in the area of data centers, this what is a business that we definitely see growth potential for.

- **Ms. Tina:**

- And how much can add up to a scale of business over the next few years, if you can give a broader idea?

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

- No, I can't quantify it. All I can say is, this is a business as you read. We read it exactly the same as you do in the country. As this business scales up, as investments come in, we will be present in that market.

- **Ms. Tina:**

- Sure. Thank you so much.

- **Ms.Ramya Rajagopalan ,Moderator :**

- We have time for just one last question. Kirti, would you like to go ahead please?

- **Mr. Kirti:**

- With regard to digital offerings, the SAS offerings, when do you think in the larger sense, they can become a commercial part of our revenue or businesses. How many years do you think it will take in becoming 5-10% of our revenue sir?

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

- It's a difficult question to answer. All I can say very clearly is that we have seen a substantial growth in the number of orders and some of them, I have already outlined in the presentation today. In the kind of orders, some of them are scaleable as well in the last year and year and a half. Now how fast the adoption of digital technology happens in large, medium and small companies, is something that frankly your guess is as good as mine. But I do see this as a business that is gaining increasing traction. Now when will we get to a stage of 5-10%, I really can't say.

- **Mr. Kirti:**

- Continuing, with that treasury, will we invest in digital ecosystem companies? Anything we will do on our own sir, with our treasury?
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- On our own or…..
- **Mr. Kirti:**
- Let's say the industrial digital companies, anything we will do sir?
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- Ya, we are looking. So it's all part of our….we will have to look at an ecosystem and as I said, we have a multiple ways of addressing this market. Some we will be partner with, some of these digital companies. Some business models will be, we may acquire one or the other technology and some of it is, we may move into consortium arrangements as well. So when you get into the digital space, a lot of it as I mentioned earlier, the intersection of IT and OT. So while we definitely have a robust knowledge of the OT, we will be looking at partnering and combining the total offering for our customers with IT companies as well. So that is something that is going on. We will look at the niche technologies as well as in the industrial digitization space to see where they can lend value to our existing offering. So yes, we will be part of and we will develop our own ecosystem of digital enterprise offerings.
- **Ms.Ramya Rajagopalan, Moderator :**
- Thank you Kirti. Parikshit has shared a couple of questions on chat. So let me just read that out. One is, as the business drivers are becoming more new age, what will be the localization strategy here?
- **Mr. Sunil Mathur – MD & CEO, Siemens Limited:**
- So already we have got over 31 factories including C&S factories here, in the country. So we are pretty heavily localized already. As you move towards new age, we will have to see, as we have done with every localization strategy, do we need to develop our own manufacturing here in the country? Can we develop, can we use existing networks or manufacturing networks of Siemens globally? If it moves towards digitization, we already have, the Siemens Group already has about 6000 software engineers in the country. Maybe we use more of them for our local solutions here. More 6000 are currently providing primarily local for global solutions outside of the legal entity, Siemens Limited. But as we grow here in the digital space, we will have the access to their know how as well, to see how we can build that business up. So our localization strategy will depend very much on which product it is, what customer requirements are, what price levels are

there, where the competition exists and what the scale up possibilities/business plans actually are for that business. I can't give a specific answer in more generic terms.

- **Ms.Ramya Rajagopalan ,Moderator :**

- I think we have run out of time today. We have actually spent a lot of time trying to answering most of your questions. Do be in touch with us over the course of the next few months, if should you have any questions at all. I would like to hand it over to Venkatesh to close.

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

- Thank you very much. It has been a pleasure hosting this session for all of you. I think this is probably one of the longer session we have had based on the feedback that we received from some of you in the group and I hope we were able to communicate our business, the way it was done last year as well as the outlook and were able to answer most of the questions. So thank you very much and we will continue to be in touch of an on, over the next 2-3 months. Thank you very much again.

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

- Thank you very much.

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

- Bye, bye everyone.

END OF TRANSCRIPT