

May 20, 2025

Analyst Meet Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,497		3,233	
Sales (Rs. m)	1,97,579	2,28,382	1,96,438	2,25,434
% Chng.	0.6	1.3		
EBITDA (Rs. m)	26,159	31,037	27,580	32,214
% Chng.	(5.2)	(3.7)		
EPS (Rs.)	60.9	71.1	61.0	70.9
% Chng.	(0.2)	0.3		

Key Financials - Consolidated

Y/e Sep	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,60,817	1,72,856	1,97,579	2,28,382
EBITDA (Rs. m)	21,202	22,506	26,159	31,037
Margin (%)	13.2	13.0	13.2	13.6
PAT (Rs. m)	17,294	18,979	21,683	25,310
EPS (Rs.)	48.6	53.3	60.9	71.1
Gr. (%)	22.5	9.7	14.2	16.7
DPS (Rs.)	12.0	10.7	12.2	14.2
Yield (%)	0.4	0.3	0.4	0.5
RoE (%)	12.2	11.8	12.2	12.9
RoCE (%)	12.9	11.9	12.6	13.6
EV/Sales (x)	6.4	5.8	5.0	4.3
EV/EBITDA (x)	48.3	44.9	38.1	31.6
PE (x)	64.5	58.8	51.5	44.1
P/BV (x)	7.3	6.6	6.0	5.4

Key Data

SIEM.BO | SIEM IN

52-W High / Low	Rs.4,042 / Rs.2,270
Sensex / Nifty	81,186 / 24,684
Market Cap	Rs.1,116bn / \$ 13,037m
Shares Outstanding	356m
3M Avg. Daily Value	Rs.2778.25m

Shareholding Pattern (%)

Promoter's	-
Foreign	-
Domestic Institution	-
Public & Others	-
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	11.6	(5.1)	(12.4)
Relative	7.9	(9.3)	(20.2)

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Mobility & Smart Infra ride the public capex wave

We attended the H1SY25 analyst meet of Siemens India Ltd., where management highlighted the ongoing macro tailwinds for its Mobility and Smart Infrastructure businesses while Digital Industries continue to be impacted by inventory normalization amid lower demand. The Mobility segment is anticipated to be the primary growth driver amid growing public capex linked demand for bogies, locomotives, propulsion systems and signaling equipment while the Smart Infra segment will benefit from the traction in emerging verticals such as data centers, electronics and semiconductors. Although the Digital Industries segment showed early signs of order recovery, management remains cautious given the subdued pace of private capex. Meanwhile, the Low Voltage Motors (LVM) business continues to face challenges from demand normalization. In alignment with global developments, the company is exploring strategic options for the LVM business, potentially including divestment. We roll forward to Mar'27E and maintain 'Accumulate' rating with a revised TP of Rs3,497 (Rs3,233 earlier), valuing the stock at a PE of 53x Mar'27E (53x Sep'26E earlier).

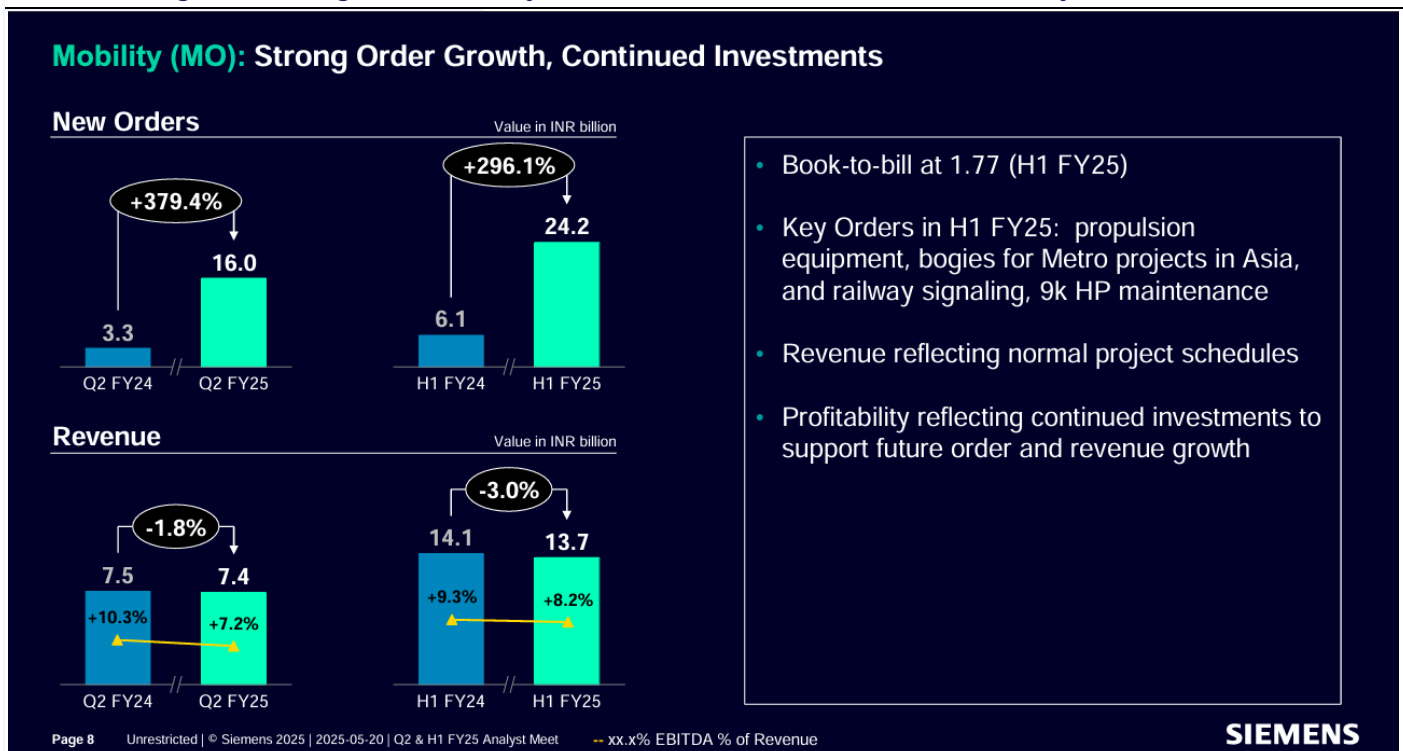
- **Long term view:** Despite short term cautious stance on private/ industrial capex, we believe SIEM to sustain long-term growth given 1) continued traction in public capex in areas like T&D, Metro, railways, utilities etc. 2) its strong and diversified presence across industries through focus on electrification, digitalization & automation, 3) product localization, 4) strong balance sheet, and 5) value-unlocking from demerger for Energy business. The stock is currently trading at a PE of 58.8x/51.5x on SY25/26E.
- **Strong order intake driven by Mobility and Smart Infra:** Q2SY25 order intake grew by 43.5% YoY to Rs53.1bn driven by robust order inflow in Mobility (+379.4% YoY to Rs16.0bn) and Smart Infra (+13.7% YoY to Rs25.2bn). Digital Industries saw marginal recovery in the order intake (+6.1% YoY to Rs9.5bn) while the Low Voltage Motors continue to see demand normalization (-6.9% YoY to Rs2.3bn). H1SY25 order intake stood at Rs95.6bn (+31.7% YoY) with positive contribution from Mobility (+296.1% YoY to Rs24.2bn), Smart Infra (+11.4% YoY to Rs49.3bn), Digital Industries (+1.2% YoY to Rs17.7bn) while Low Voltage Motors orders declined (-6.6% YoY to Rs4.4bn).
- **Short term outlook driven by public capex and emerging verticals:** Siemens' short-term outlook is largely driven by public capex driven verticals such as Transmission & Distribution, Railways & Metros and Water. Meanwhile, emerging verticals such as Electronics, Semiconductors, Battery storage, Data centers are seeing an increasing capex and will drive next leg of growth. Conventional verticals, which are largely dependent on private capex, are flattish due to capex-related delayed decision making and lower exports amid geopolitical uncertainties.

Mobility: The engine behind the next phase of growth

The Mobility segment is poised to become a key growth driver for Siemens, supported by a **strong order pipeline—particularly in rolling stock—while the signaling business continues to gain momentum**. The company is witnessing significant traction from Indian Railways, notably through the rollout of Vande Bharat trains, propulsion systems, bogies, and locomotives. Additionally, the expanding metro rail networks in Tier 2 and Tier 3 cities are expected to create further growth opportunities. Signaling represents a substantial long-term opportunity, especially with the planned deployment of the Kavach automatic train protection system across the Indian rail network.

The order for 1,200 units of 9,000 HP locomotives is progressing according to schedule and is currently in the prototype testing phase. **Siemens plans to scale up production over the next three years—from 5 units initially, to 20, then 60, and ultimately 100 units annually.** To support this growth trajectory, Siemens is actively investing in enhancing its manufacturing capacity and capabilities, positioning itself to cater to both domestic demand and future export opportunities.

Exhibit 1: Strong order intake growth in Mobility underlines the robust demand outlook driven by macro tailwinds



Source: Company, PL

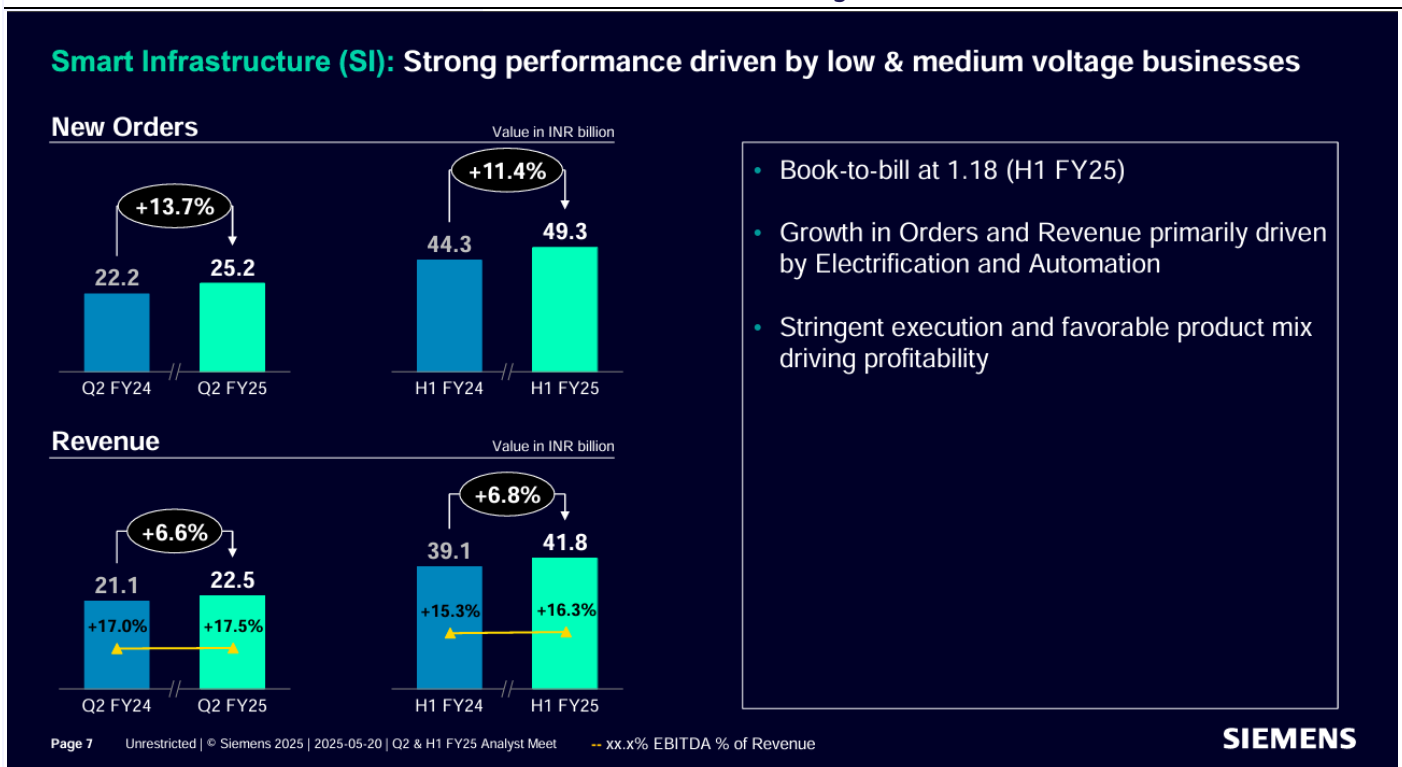
Smart Infrastructure: Margin improvement in sights

Siemens' Electrification and Automation businesses are key contributors to the segment's order inflow growth. The Smart Infrastructure division is expected to maintain its positive momentum, supported by rising demand in electrification, transmission and distribution (T&D), utilities, semiconductors, and data centers. The company continues to invest strategically in Vacuum Interrupters and Gas-Insulated Switchgear (GIS), enhancing its technological capabilities and product offerings.

Growth in Siemens' low and medium voltage businesses is being driven by favorable macroeconomic tailwinds. However, segments linked to private capital expenditure have experienced some softness. As private capex in India begins to improve, these areas are also expected to see a corresponding uptick in demand.

Siemens' Building Solutions business, which is primarily project-driven, is gaining traction from both greenfield and brownfield commercial developments. Demand is rising for fire safety systems, security infrastructure, and integrated building management solutions. Additionally, the company's acquisition of C&S Electric delivers strong results, with export growth in double digits. Management remains optimistic about the subsidiary's continued growth trajectory.

Exhibit 2: Electrification and Automation businesses drive the order intake growth



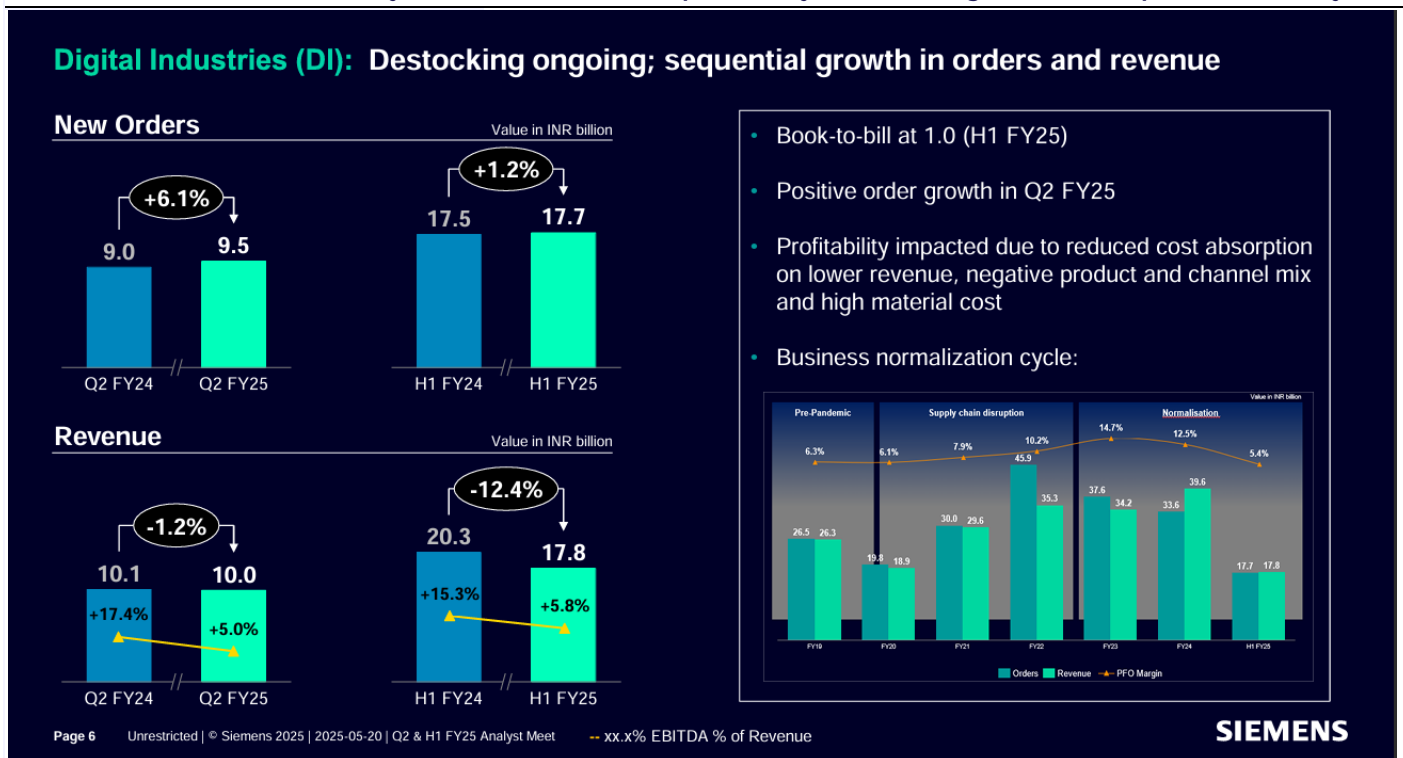
Source: Company, PL

Digital Industries: A volume story & signs of recovery

Digital Industries segment is undergoing demand and inventory normalization, with recovery still uncertain due to weak private sector capex. **Normalization is occurring across both volume and pricing fronts.** While Q2SY25 showed encouraging order momentum, profitability declined amid the ongoing normalization cycle. The company is taking a cautious approach, avoiding volume pushes to channel partners to prevent overstocking.

As most digital industries products are imported, the business remains volume-sensitive to more effectively absorb the fixed costs while margins are also impacted by foreign exchange and commodity price fluctuations. Profitability is expected to return to normal levels as volumes stabilize. Software remains a small part of the DI portfolio, highlighting a clear growth opportunity.

Exhibit 3: Business normalization cycle has led to a decline in profitability; order intake growth hints at potential recovery



Source: Company, PL

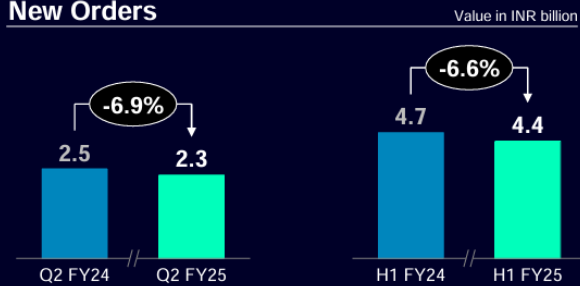
Low Voltage Motors: Divestment on the cards

Siemens' Low Voltage Motors (LVM) business continues to face headwinds, driven by ongoing demand normalization and pressure on pricing. The decline in pricing has adversely impacted profitability, further weighed down by royalty payments to Innomotics (formerly Siemens Innomotics Ltd.). The LVM business remains heavily reliant on Innomotics, which was divested by Siemens AG, the global parent, in calendar year 2024. In line with this strategic shift, Siemens India's management is currently evaluating options for the LVM business and is likely to consider a potential divestment, following on the parent's footprint.

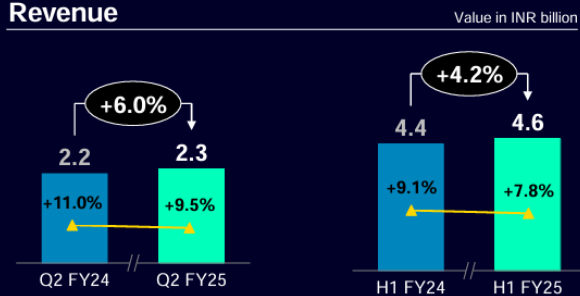
Exhibit 4: The Low Voltage Motors business continue to struggle amid demand and pricing normalization

Low Voltage Motors (LVM): Continued softness in performance

New Orders



Revenue



- Book-to-bill at 0.96 (H1 FY25)
- Order growth impacted due to weak demand and price pressure
- Revenue from order backlog execution
- Profitability impacted by lower price realization and increased royalty payout to Innomotics
- Management exploring future options

Page 9 Unrestricted | © Siemens 2025 | 2025-05-20 | Q2 & H1 FY25 Analyst Meet -- xx.x% EBITDA % of Revenue

SIEMENS

Source: Company, PL

Exhibit 5: Higher employee costs (+38.2% YoY) and higher other expenses (+7.5% YoY) resulted in lower EBITDA margin

Y/e Sept (Rs mn)	Q2SY25	Q2SY24	YoY gr.	Q1SY25	QoQ gr.	H1SY25	H1SY24	YoY gr.
Revenue	42,590	41,524	2.6%	35,872	18.7%	78,462	78,619	-0.2%
Gross Profit	12,982	12,637	2.7%	11,663	11.3%	24,645	23,462	5.0%
Margin (%)	30.5	30.4	5	32.5	(203)	31.4	29.8	157
Employee Cost	4,243	3,070	38.2%	4,053	4.7%	8,296	6,834	21.4%
as % of sales	10.0	7.4	257	11.3	(134)	10.6	8.7	188
Other expenditure	3,438	3,198	7.5%	3,453	-0.4%	6,891	5,729	20.3%
as % of sales	8.1	7.7	37	9.6	(155)	8.8	7.3	150
EBITDA	5,301	6,369	-16.8%	4,157	27.5%	9,458	10,899	-13.2%
Margin (%)	12.4	15.3	(289)	11.6	86	12.1	13.9	(181)
Depreciation	686	629	9.1%	689	-0.4%	1,375	1,234	11.4%
EBIT	4,615	5,740	-19.6%	3,468	33.1%	8,083	9,665	-16.4%
Margin (%)	10.8	13.8	(299)	9.7	117	10.3	12.3	(199)
Other Income	1,515	1,330	13.9%	1,723	-12.1%	3,238	2,692	20.3%
Interest	23	212	-89.2%	34	-32.4%	57	240	-76.3%
PBT (ex. Extra-ordinaries)	6,107	6,858	-11.0%	5,157	18.4%	11,264	12,117	-7.0%
Margin (%)	14.3	16.5	(218)	14.4	(4)	14.4	15.4	(106)
Extraordinary Items	(626)	1,923		(148)	-	(774)	2,179	-
PBT	5,481	8,781	-37.6%	5,009	9.4%	10,490	14,296	-26.6%
Total Tax	1,402	2,289	-38.8%	1,288	8.9%	2,690	3,688	-27.1%
Effective Tax Rate (%)	25.6	26.1	-	25.7	-	25.6	25.8	-
Reported PAT	4,074	6,489	-37.2%	3,718	9.6%	7,792	10,602	-26.5%
Adj. PAT	4,540	5,067	-10.4%	3,828	18.6%	8,368	8,989	-6.9%
Margin (%)	10.7	12.2	(154)	10.7	(1)	10.7	11.4	(77)
Adj. EPS	12.8	14.2	-10.4%	10.8	18.6%	23.5	25.3	-6.9%

Source: Company, PL

Exhibit 6: Healthy growth in Smart Infrastructure and LV Motors was offset by decline in Mobility and Digital Industries

Y/e Sep (Rs mn)	Q2SY25	Q2SY24	YoY gr.	Q1SY25	QoQ gr.	H1SY25	H1SY24	YoY gr.
Revenue								
Smart Infrastructure	22,718	21,655	4.9%	19,549	16.2%	42,267	40,178	5.2%
Mobility	7,309	7,573	-3.5%	6,364	14.8%	13,673	14,170	-3.5%
Digital Industries	10,253	10,419	-1.6%	7,901	29.8%	18,154	20,798	-12.7%
LV Motors (LV Motors (Portfolio Companies))	2,380	2,171	9.6%	2,290	3.9%	4,670	4,390	6.4%
Others	459	275	66.9%	239	92.1%	698	436	60.1%
Less: Intersegment revenue	(529)	(569)	-7.0%	(471)	12.3%	(1,000)	(1,353)	-26.1%
Total	42,590	41,524	2.6%	35,872	18.7%	78,462	78,619	-0.2%
EBIT								
Smart Infrastructure	3,444	3,097	11.2%	2,351	46.5%	5,795	5,061	14.5%
Mobility	458	698	-34.4%	513	-10.7%	971	1,190	-18.4%
Digital Industries	468	1,721	-72.8%	484	-3.3%	952	3,034	-68.6%
LV Motors (LV Motors (Portfolio Companies))	191	214	-10.7%	109	75.2%	300	356	-15.7%
Others	54	10	440.0%	11	390.9%	65	24	170.8%
EBIT Margin (%)								
Smart Infrastructure	15.2%	14.3%	86	12.0%	313	13.7%	12.6%	111
Mobility	6.3%	9.2%	(295)	8.1%	(179)	7.1%	8.4%	(130)
Digital Industries	4.6%	16.5%	(1,195)	6.1%	(156)	5.2%	14.6%	(934)
LV Motors (LV Motors (Portfolio Companies))	8.0%	9.9%	(183)	4.8%	327	6.4%	8.1%	(169)
Others	11.8%	3.6%	813	4.6%	716	9.3%	5.5%	381

Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Sep	FY24	FY25E	FY26E	FY27E
Net Revenues	1,60,817	1,72,856	1,97,579	2,28,382
YoY gr. (%)	(16.6)	7.5	14.3	15.6
Cost of Goods Sold	1,12,891	1,17,991	1,33,484	1,53,153
Gross Profit	47,926	54,864	64,095	75,229
Margin (%)	29.8	31.7	32.4	32.9
Employee Cost	14,557	16,767	19,165	22,153
Other Expenses	12,167	6,949	8,891	10,620
EBITDA	21,202	22,506	26,159	31,037
YoY gr. (%)	23.6	6.1	16.2	18.6
Margin (%)	13.2	13.0	13.2	13.6
Depreciation and Amortization	2,556	2,975	3,395	3,891
EBIT	18,646	19,531	22,764	27,146
Margin (%)	11.6	11.3	11.5	11.9
Net Interest	440	380	395	388
Other Income	5,876	6,223	6,619	7,080
Profit Before Tax	26,977	25,373	28,988	33,837
Margin (%)	16.8	14.7	14.7	14.8
Total Tax	6,773	6,394	7,305	8,527
Effective tax rate (%)	25.1	25.2	25.2	25.2
Profit after tax	20,204	18,979	21,683	25,310
Minority interest	15	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	17,294	18,979	21,683	25,310
YoY gr. (%)	22.5	9.7	14.2	16.7
Margin (%)	10.8	11.0	11.0	11.1
Extra Ord. Income / (Exp)	2,895	-	-	-
Reported PAT	20,189	18,979	21,683	25,310
YoY gr. (%)	43.0	(6.0)	14.2	16.7
Margin (%)	12.6	11.0	11.0	11.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	20,189	18,979	21,683	25,310
Equity Shares O/s (m)	356	356	356	356
EPS (Rs)	48.6	53.3	60.9	71.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Sep	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	27,751	31,751	36,151	40,151
Tangibles	27,751	31,751	36,151	40,151
Intangibles	-	-	-	-
Acc: Dep / Amortization	13,719	16,694	20,089	23,981
Tangibles	13,719	16,694	20,089	23,981
Intangibles	-	-	-	-
Net fixed assets	14,032	15,057	16,062	16,170
Tangibles	14,032	15,057	16,062	16,170
Intangibles	-	-	-	-
Capital Work In Progress	18,127	19,127	20,127	21,127
Goodwill	-	-	-	-
Non-Current Investments	5,409	4,249	5,250	6,066
Net Deferred tax assets	(1,090)	(1,090)	(1,090)	(1,090)
Other Non-Current Assets	19,176	20,743	22,722	26,264
Current Assets				
Investments	-	-	-	-
Inventories	26,305	28,415	32,479	37,542
Trade receivables	44,484	47,358	51,425	56,313
Cash & Bank Balance	95,679	1,08,937	1,22,734	1,37,046
Other Current Assets	28,771	30,250	34,576	39,967
Total Assets	2,54,083	2,79,147	3,11,302	3,47,233
Equity				
Equity Share Capital	712	712	712	712
Other Equity	1,52,855	1,67,561	1,85,448	2,06,422
Total Network	1,53,567	1,68,273	1,86,160	2,07,134
Non-Current Liabilities				
Long Term borrowings	1,566	1,566	1,566	1,566
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,228	1,228	1,228	1,228
Trade payables	47,045	50,673	57,920	66,950
Other current liabilities	49,493	56,224	63,243	69,171
Total Equity & Liabilities	2,54,083	2,79,147	3,11,302	3,47,233

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Sep	FY24	FY25E	FY26E	FY27E
PBT	36,392	25,373	28,988	33,837
Add. Depreciation	3,296	2,975	3,395	3,891
Add. Interest	605	380	395	388
Less Financial Other Income	5,876	6,223	6,619	7,080
Add. Other	(8,578)	-	-	-
Op. profit before WC changes	31,715	28,729	32,778	38,117
Net Changes-WC	(6,706)	577	(2,085)	(5,553)
Direct tax	(8,314)	(6,394)	(7,305)	(8,527)
Net cash from Op. activities	16,695	22,912	23,388	24,037
Capital expenditures	(1,022)	(5,000)	(5,400)	(5,000)
Interest / Dividend Income	6,083	-	-	-
Others	(10,113)	-	-	-
Net Cash from Invst. activities	(5,052)	(5,000)	(5,400)	(5,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(3,568)	(4,273)	(3,796)	(4,337)
Interest paid	(148)	(380)	(395)	(388)
Others	(1,517)	-	-	-
Net cash from Fin. activities	(5,233)	(4,654)	(4,191)	(4,725)
Net change in cash	6,410	13,258	13,797	14,312
Free Cash Flow	13,272	17,912	17,988	19,037

Source: Company Data, PL Research

Key Financial Metrics

Y/e Sep	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	48.6	53.3	60.9	71.1
CEPS	55.8	61.7	70.4	82.0
BVPS	431.4	472.7	522.9	581.8
FCF	37.3	50.3	50.5	53.5
DPS	12.0	10.7	12.2	14.2
Return Ratio(%)				
RoCE	12.9	11.9	12.6	13.6
ROIC	28.6	26.7	29.7	32.5
RoE	12.2	11.8	12.2	12.9
Balance Sheet				
Net Debt : Equity (x)	(0.6)	(0.6)	(0.6)	(0.6)
Net Working Capital (Days)	54	53	48	43
Valuation(x)				
PER	64.5	58.8	51.5	44.1
P/B	7.3	6.6	6.0	5.4
P/CEPS	56.2	50.8	44.5	38.2
EV/EBITDA	48.3	44.9	38.1	31.6
EV/Sales	6.4	5.8	5.0	4.3
Dividend Yield (%)	0.4	0.3	0.4	0.5

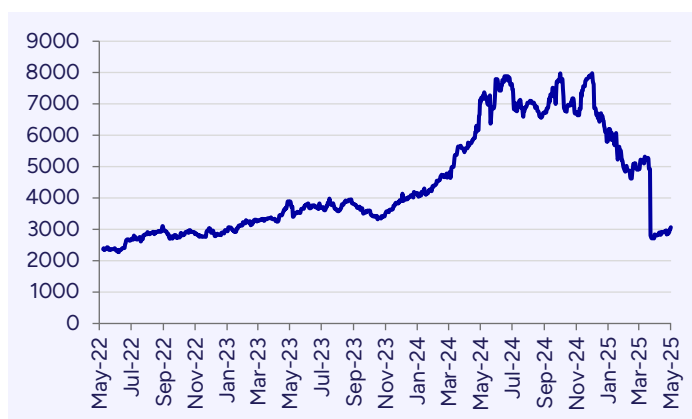
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Sep	Q3SY24	Q4SY24	Q1SY25	Q2SY25
Net Revenue	37,628	44,570	35,872	42,590
YoY gr. (%)	(22.8)	(23.3)	(3.3)	2.6
Raw Material Expenses	26,465	31,269	24,209	29,608
Gross Profit	11,163	13,301	11,663	12,982
Margin (%)	29.7	29.8	32.5	30.5
EBITDA	4,855	5,448	4,157	5,301
YoY gr. (%)	(14.3)	(22.2)	(8.2)	(16.8)
Margin (%)	12.9	12.2	11.6	12.4
Depreciation / Depletion	698	624	689	686
EBIT	4,157	4,824	3,468	4,615
Margin (%)	11.0	10.8	9.7	10.8
Net Interest	22	178	34	23
Other Income	1,517	1,667	1,723	1,515
Profit before Tax	5,652	6,313	5,157	6,107
Margin (%)	15.0	14.2	14.4	14.3
Total Tax	1,309	1,776	1,288	1,402
Effective tax rate (%)	23.2	28.1	25.0	23.0
Profit after Tax	4,343	4,537	3,869	4,705
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	4,343	4,537	3,869	4,705
YoY gr. (%)	(0.8)	(20.6)	0.2	3.0
Margin (%)	11.5	10.2	10.8	11.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,343	4,537	3,869	4,705
YoY gr. (%)	(0.8)	(20.6)	0.2	3.0
Margin (%)	11.5	10.2	10.8	11.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,343	4,537	3,869	4,705
Avg. Shares O/s (m)	356	356	356	356
EPS (Rs)	12.2	12.7	10.9	13.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	14-May-25	Accumulate	3,233	2,917
2	09-Apr-25	Accumulate	3,233	2,763
3	07-Apr-25	Accumulate	3,233	2,812
4	13-Feb-25	Accumulate	5,902	5,199
5	09-Jan-25	Accumulate	7,716	6,297
6	27-Nov-24	Accumulate	7,716	7,243
7	07-Oct-24	Accumulate	7,374	7,247
8	12-Aug-24	Accumulate	7,362	6,890
9	08-Jul-24	Accumulate	7,030	7,884

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,587
2	Apar Industries	Accumulate	7,825	6,928
3	BEML	Accumulate	3,561	2,875
4	Bharat Electronics	BUY	340	281
5	BHEL	Hold	237	244
6	Carborundum Universal	Hold	1,028	985
7	Cummins India	BUY	3,309	2,746
8	Elgi Equipments	BUY	517	418
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	1,950	1,304
11	Grindwell Norton	Accumulate	1,716	1,612
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	5,500	5,128
14	Ingersoll-Rand (India)	BUY	4,540	3,376
15	Kalpataru Projects International	Accumulate	1,268	1,116
16	KEC International	Accumulate	801	665
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,233	2,917
21	Thermax	Accumulate	3,629	3,297
22	Triveni Turbine	BUY	772	560
23	Voltamp Transformers	BUY	10,285	8,195

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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