SIEMENS

28th November, 2020

National Stock Exchange of India Limited
BSE Limited

Scrip Code –

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

Intimation of Schedule of Analyst / Institutional Investor Meeting under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

With reference to our yesterday's call with Analysts / Institutional Investors, please find enclosed a transcript of the said call.

The said transcript is also being uploaded on the website of the Company at: www.siemens.co.in/investorcommunity in accordance with Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the above information on record.

Yours faithfully,

For **Siemens Limited**

KETAN NANDKISHOR THAKER
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Ketan Thaker
Company Secretary

Encl.: a/a

"Siemens Limited Q4 FY'2020 Analyst Call"

November 27, 2020

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

Moderator: Ladies and gentlemen, good day and welcome to Siemens Limited Q4 FY'2020 Analyst Call. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S. Venkatesh, Head of Investor Relations, Siemens Limited. Thank you and over to you sir.

S. Venkatesh: Hello, good morning to all the analysts who are there on the call. First of all, I would like to apologize to all of you for the delay in this call. And I trust all of you and your loved ones are safe and in good health.

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.

Before I hand it over to Mr. Mathur, let me begin with the Safe Harbor statement. Point #1: Siemens Limited or company cannot give assurance to the correctness of forward-looking information on 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, believes expects aims, assumes, intends, plans, seek, anticipate, would, could, continues, estimate, milestone or other words of similar meaning and similar expressions or the negatives thereof. Point #2, 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 the forward-looking information and statements in this talk. Should one or more of these risks or uncertainties materialize or should any underlying assumptions prove to be incorrect, the Company's annual financial condition or results of operation could differ materially from that or those described herein as anticipated, believed, estimated or expected. Point #3, given the aforementioned uncertainties, prospective or present investors are cautioned not to place

Sunil Mathur: Maybe I continue. …undue reliance on any of these forward-looking statements. No part of this presentation or the fact of its distribution should form the basis of or be relied on in connection with any contract or commitment or investment decisions whatsoever. Investor / prospective advisors must be sought on specific situations from well-informed legal, investment, tax, financial, and management professionals. This presentation and its contents are confidential and must not be distributed, published or reproduced. The presentation does not constitute a recommendation regarding the securities of the Company.

So, with that, Good Morning to everyone. Sunil Mathur here and a Very Warm Welcome to the Q4 Analyst Meet. I hope you are all safe. It is really challenging times, very volatile times and especially for companies this is the time where you really cannot foresee too much into the future. And we are having the volatility in the environment with managing a business and demonstrating growth at the same time.

So, what Daniel and I will attempt to do in the next couple of minutes is basically I will start with business highlights, give you a little bit of a background of what has changed since Quarter3. You have been through the presentation in Q3, so you know what the status was at that time. What has changed in Quarter 4, Daniel will then give you the financial details focusing on Quarter 4 primarily and then hand it back to me and I give you a little bit of a view on how we see the environment moving forward.

Let me just start. Let us start with the factories. As you are aware in Q3, most of our factories were shut between one to three months. Now we have got all our factories open, roughly 75% of the factory manpower is back in. Some are not, primarily on account of COVID-related reasons. Our project sites which were also shut for one to three months, we have got roughly 85% of our site personnel up and running again. The sites that are still closed or are reduced in terms of occupancy are more because the customers are not yet ready to take them over and move ahead with the projects. With respect to customers in Q3 - there were really not too many decisions in terms of ordering that took place. We did see a release of ordering starting in Q4. And that as, as I mentioned, earlier in my press comments, we have seen a slight uptick and I will talk a little bit about that. Our supply chain and logistics in imports and exports were very deeply impacted in Q3. Most of that is now cleaned up and it is much easier to move materials around and also export and import them. A couple of hiccups in some parts of the country depending on what the status of COVID is around the country. But broadly, I think it is fair to say we are back up and running.

In terms of the market segments that we are working in Q3 there was not too much happening as well and that reflected in the customer orders, where we do see an uptick, particularly in pharma, food and beverages and in the transmission, distribution segments.

So, if I look at Q4, we are quite pleased with the turnaround that has happened. Most of our employees are back in terms of as I said factories and project sites, all our office employees are still working from home, but that is not impacted in any of the working on the ground as well as at the back end. Our vendors and our customers to a large extent seem to be resilient and are moving on with their business operations. All our operations, as I mentioned earlier, have ramped up now. Most of them we have got accelerated deliveries moving out the door, in some factories, we are working double, triple shifts just to keep up with the demand that is kind of piled up. Our productivity is quite high right now. We do see an increased interest in automation, remote services, etc., And I will talk a little bit about this later. There is quite a lot happening over there. We have taken quite a lot of measures in terms of competitiveness. Now these Daniel will talk a little bit about this later. But this I like to basically split into two parts; one, our short term measures that has been stated primarily because of COVID in the last couple of months and possibly in the next couple of months. For example, there is reduced travel, there is reduced occupancy of the factories or of the offices, there is no occupancy actually of the offices that has its natural impact on electricity cost and freight cost, etc., But on the other hand, there are more structural costs out measures that have been taken. For example, we are continuing and accelerating some of our localization efforts. We are redesigning some products to make them much more competitive in the local market. We are also looking at new products to bring in new emerging markets to get into and I will talk a little bit about that as well. Cash has really been something that we have kept a lot of focus on. While we are seeing that it is difficult with some large customers who are not paying on time is demanding repayments or restructuring of their payment terms. Broadly, we have focused, and our cash flows have been pretty good. And Daniel will talk about that as well. So, we are proud that we have very robust balance sheet in spite of the challenges that we have had in the last couple of months.

Now, just to give you a little bit of a feel of the kinds of projects that we are doing. So, you all are aware standard transmission, distribution, electrification, signaling and mobility that we do and the normal automation work that we do in our industrial business. But here are some real examples of some of the kinds of starts that we are doing. So, tunnel automation, for example, along with electrification, ventilation, remote monitoring, fire safety in the tunnel, something we are very proud of, we have done a complete Energy Efficiency Program for a large pharmaceutical company in Uttar Pradesh in their manufacturing plant by bringing in our demand flow and navigator software in there. And analysis has given them real savings. We have changed the footprint of an OEM machine for a large fertilizer giant to reduce the coal in place and save the emissions over there. We brought in an automatic train supervision system in metro which we had earlier installed state-of-the-art AGL systems, we now upgraded it after 15-years. The Static VAR Compensators, we have been able to export for a leading transmission utility now in Australia, another substation export in Sri Lanka to the electricity board. And we continue to do upgrading of small gas turbines for large industrial companies. And here in this case for oil and gas. So, it is a very wide spectrum of what we are doing. Many of these are not only based on activities that are done by one business vertical, but we are now using the combined forces of multiple verticals in our business to see how we can get the maximum benefit out. So, for example, in some campuses, we can use the medium voltage from our smart infrastructure, we can use the building technology for energy efficiency, we can even bring in some of the transmission activities from our energy activity, then extend that into some industrial plants where we bring in automation from our digital industries, factories, and so on and so forth. So, we are seeing an increasing benefit is really synergizing between all our businesses, so to give the maximum benefits to our customers.

So, I stop there for the time being since this is the year ending, and I hand over to Daniel to take us through the financials and then I come back quickly to talk a little bit about the economic environment and how we see it in the future. So, back to you or over to you Daniel.

Dr. Daniel Spindler:

Thank you, Sunil and very good morning, ladies and gentlemen. A very warm welcome also from my side. I would right now walk you through the financials of our Q4 performance as well as for the full year. So, as expected, amidst the ongoing pandemic around the globe, and also in India, we see still an impact on the economy across all our industry sectors. Fortunately, we are also seeing now clearly signs of improvement during Q4, and you can see this especially on the situation of our new orders and the number that is displayed here is year-over-year, compared to last year we see a growth of 8.7%.

Important to understand is, as I am talking about these numbers now, that it is continuing operations without the mechanical drives business. There is a decision to carve out our mechanical drives business also known under the name of “Flender”. We are now disclosing numbers separated between continuing operations and discontinued operations. So, the 8.7% mentioned here year-over-year is reflecting the continuing operations and is showing a strong finish in a very challenging environment.

We have seen a good order uptick especially in the segments where we depend on large orders like Mobility and Siemens Energy. We are very pleased to see here significant double-digit increases on the order side in those businesses and that helped clearly to return our business back to positive-growth mode.

On the revenue side, it is minus 9.2% year-over-year. Of course we still see some impact out of the shutdowns and partial shutdowns. Access to project sites to some extent is still limited as you heard Sunil talking about it, though improving, which is also a positive signal to our business. Nevertheless, there we still see some adverse impact also from supply chain disruptions. I already want to mention here that we will go into that in more detail later on especially when talking about the segment performance. Positive to mention here is our very resilient service business that was helping us to improve our performance on the revenue side to quite some good extent.

The clear highlight from my perspective is the profitability. On a comparable basis, we have been able to improve our profitability by 137 basis points during the quarter. Fiscal year ’19, we had 10.0% profitability from operations, now that has improved to 11.4%. And these numbers are largely comparable, because we do not see much of an impact from special effects.

So, if you would ask then, what are the reasons for this, and I will tap into that later on in much more detail, but I would already like to mention here that we have a strong containment on all our expenses and we are benefiting from a very positive development on our mix. We also implemented a lot of measures to make sure that our profitability is stronger than what we have seen in the past. We want to continue our journey on profitable growth. Q3 witnessed a very strict lockdown, was a bit of a setback, and now with Q4 performance, you can clearly see that we are continuing the execution on profitable growth. Net profit after taxes, we have disclosed in our press release, was declining by 4.7% to Rs.333 crores.

Sunil mentioned it already, we are also very pleased about our cash performance, another highlight I would say. We have intensified our focus to address cash flows and try to reduce also the seasonal back-end load pattern. And still we have seen also now in Q4 that it was to some extent back-end loaded largely also because Q3 was a more difficult one, even so we have been quite stable and robust in our cash performance during Q3, as we have already explained in our last call. Q4 was a very good improvement and a very strong performance. Reason for this is that our team was continuously pulling all levers to improve working capital, which fully supported this development across all our segments.

And we have talked about cash measures already last time but just to repeat few of them, we are prioritizing orders and billings where liquidity is possible and secured, and, of course, we are also continuing our focus on receivables and collection of overdues.

Having said this, I would like to guide you through our fiscal year '20 full year performance. And as described here in the header, of course, especially from the situation in Q3 during the very strict lockdown in India, we have seen an economic slowdown, and the COVID-19 impact is of course visible. However, order reach remains well above one year.

So, for the full year performance despite seeing a good uptick in Q4, the overall performance on the order side is some still degrowth, -13.8% to Rs.107.5 billion. Revenue side this year a decrease for the full year of 24.3% to Rs.95.8 billion. The profit from operations, and it is mentioned here in absolute terms but also in percentage of revenues, in absolute terms, you see a reduction of some 44% to 7.4 billion. Even despite all the challenges that we were facing throughout the entire year, we ended overall on a very decent profitability of 7.7% of revenue. Of course, we see some expenses and we also disclose them, about shutdown and partial shutdown, Rs.285 crores to be precise for the full year we have been recording. Also on the FX side we saw some negative hit. From fiscal '19, we saw some positive development on the FX side, there is some 800 million positive FX impact. Unfortunately, fiscal year 20 was slightly negatively impacted by some Rs.230 million.

I would like to continue with a more precise overview on our order side. During fiscal year '20, our new orders were deteriorating especially during the period of lockdown and you can see here on a year-over-year development, Q3 orders declined by 39% and we see now some very positive and initial signs of uptick in Q4 as I have already explained. Mainly there is an 8.7% growth in Q4 year-over-year, so positive growth in Q4. We have a strong order backlog, which also makes us very positive: Rs.123.6 billion. It is 10 billion more than what we had end of last year and there is a 5 billion reduction compared to 30th of June. So, we are executing on our order backlog and you will later see with Q4 profitability some improvement, so the margin quality and order book is very robust.

Thankfully, we have been able to record some major orders again. I already alluded to this especially on the Mobility and Siemens energy side, which also helped push the uptick in Q4.

Now, going to the same overview on the revenue side. Here I would like to draw your attention to the impact out of COVID-19 related shutdowns and supply chain disruptions, which were impacting our revenue especially in Q3. And you may remember that most of the factories during almost entire Q3 were on a standstill, project sites were also to a large extent coming to a halt. And that, of course, has impacted our revenue, especially in Q3. Now, Q4, again very positive to see a very strong quarterly performance from 34.2 billion revenue for Q4 and you can see this is by far the best quarter in fiscal '20, it is some 10 billion even above Q1, which was not impacted yet by COVID, and also some 10 billion above Q2, where we already saw the first impact out of the lockdown. So, the 34.2 billion was a very strong performance on the revenue side. Still a decline, Fiscal '19 shows of course a very strong performance as well. Nevertheless, with the 34.2 billion, we have seen a very strong order backlog execution. Our book-to-bill - it is mentioned to you on that slide as well - stands at 1.12. Meaning that our orders are higher than the revenue, and in return should give us some very positive outlook going into this fiscal year. And as already mentioned, Q4 was by far the highest revenue throughout fiscal year '20.

Then, same picture now on the profitability side. So, this is on profit from continuing operations. Also, here fiscal year '20 starting already in Q2 but especially then in Q3 was heavily impacted by COVID-19. And here we see certainly a very strong rebound in Q4. There is a 11.4% profitability from operations in percentage of revenue. We are even clearly above from what we have achieved in Q1, which was already a very strong quarter. So, we have returned back into the double-digit territory. We have been 37 basis points better than Q4 fiscal year '19. And the reasons for this, as I mentioned here on the right hand side, the recovery is primarily driven by a favorable mix, meaning that we will also see much more contribution from high margin business especially out of the service business, but also digital business and that our teams were able to ensure sound execution on product delivery, rendering of services and also project execution.

And we have worked very hard and started on this during Q3 as we explained it in very much detail last time, we have started to work on our cost efficient setup across all businesses, and, of course, also corporate functions. We continue to execute our stringent cost savings for structural and also discretionary spends. And just to mention a few things, since I already in last call explained this in very much detail, we have started the curtailment of reduction of spendings like travel expenses, less conferences, trade shows, trainings, seminars, just to name a few. And those continued in Q4. On the other hand, we also continue to drive productivity by further digitalizing our own processes internally and also externally towards our customers. And while the amount of all these savings may not be fully sustained, however, we expect a significant push, that some savings measures that we built also continue to be sustainable, meaning that we will see this positive impact in the future. We have seen that already very much in Q4, and the expectation is, of course, that we continue to be very stringent on cost side also going forward.

And we see less impacts from shutdown; we have disclosed Rs.285 crores on shutdown and absorption of lockdown impacts for the full year and this was certainly on a declining path for Q4. So, this of course also helped us.

Then let me continue with the business portfolio mix to give you some more flavor. When I was talking about mixes where this is coming from, especially here I would like to draw your attention to the left hand side, which is explaining our sales mix, meaning the composition of our revenue out of service, project and product business. And traditionally, our service businesses are very high margin businesses, and it is of course our target to further drive service business, that made us also very resilient during the crisis. And we have seen, and the numbers are displayed here, that the portion of the margin service business was increasing from 11.6% to 17.7%.

You may recall that the revenue was declining for the full year by 24.3%. Nevertheless, on absolute terms, our service business was even growing. So, we have seen not only the composition is changing but also in absolute terms our service business is really strong and robust and has carried us well through the pandemic crisis.

The next one is about the split into export and domestic business. What we can see here is that the export business was growing. Probably does not come too much as a surprise, because the domestic demand was lowering with a very strict lockdown and probably the strictest lockdown around the world that we have been facing in India. The domestic demand was declining whereas the export business and again on absolute terms, export business was very stable, which, of course, also helped us not only in Q3 but especially for the good performance in Q4.

Lastly, here we have the split into government and private business and we saw here a declining trend for the governmental business, whereas the private business was improving. Of course, we would like to see more governmental spending, more large infrastructure projects to happen. On the other hand, we were also very satisfied with the development of our business with private customers.

Now I would like to tap into our "Segmental Performance." We have four different key businesses that I would like to explain to you. The first one is on Energy or abbreviation SE Siemens Energy. Here we have seen in Q4 a very slight decline in revenue, 4.7%. Whereas July and August still a bit on the lower side, we saw a strong recovery especially in September. Also, the revenue development has been very much supported by improved factory utilization and the much-improved sales funnel. And as already mentioned that Energy was especially benefiting from a very resilient service business in our energy business. Profitability is very strong in Energy. As you can see, it was in Q4 improving by 7.6%. And also, when we are looking into the percentage of revenue we see an improvement of 142 basis points from 11% to 12.4%. And here especially the sales mix was favorable. Again, it was the high margin service business helping us. We have a very sound operational execution on high margin backlog. So, we are very confident with the backlog that we are carrying, this 123.6 billion, is continuously showing us a good margin conversion. We have embarked on cost out initiatives and we see less impact from shutdowns. We have some factories on Siemens Energy side in India, which are returning back to normalcy when it comes to capacity utilization. We are not yet there, but we are now on a good path to see less impact from shutdowns and improvement out of better access and opening of project site factories, etc.

Next, business is Smart Infrastructure. Smart Infrastructure revenue was declining in Q4 by 13.3%. Unfortunately, industrial product demand is still lower compared to pre-COVID times. Positive news is, however, that in Q4, we saw a very robust performance on the industrial product demand side. It was actually the best quarter also for Smart Infrastructure throughout the entire fiscal year '20. Factory utilization and sites were also trending upwards. So, we see some good positive development also in Smart Infrastructure now happening, which was a business that was very much impacted by COVID in Q3, as you may recall. Profitability in Smart Infrastructure also very positive, increased by 102 basis points. We have seen here am increase to 11.3% of revenue. In absolute terms, it was a slight reduction, but then in percentage of revenue it is an improvement. Reasons being lower adverse impact from shutdowns and supply chain disruptions over here, like I mentioned already for other businesses and for the entire Company. And as well the team has done a lot of efforts to focus on cost out measures in order to maintain profitability or even improve profitability like we have already seen in Q4. So, we are coming with a strong momentum into Q4 out of the very tough hit that we were facing in Q3 unfortunately.

Bringing me to the remaining two businesses, Digital Industry is the first one. Here again, on the revenue side, we saw a drop, 13.6% to put it into numbers. Reasons for that is increased demand in key verticals, some may say no, still negative, but we see positive signals. It is increasing, but still on a comparatively lower level than what we have had from last year. Nevertheless, I also would like to draw your attention here to some very positive signals that we are getting from our customers and out of the market. And Sunil has alluded to some of the key verticals that are improving like food and beverage and data centers, just to name a few. This is some positive signal, still revenue was down, but the signals are clearly visible in Digital Industries as well. We had some challenges in transportation and also resource constraints due to partial lockdown. However, also there operations are returning slowly to normal levels, warehouses and logistics centers operating on a very good level already again, and we have seen some very good development especially in September as well in Digital Industries when it comes to output.

Profitability, similar picture like the other businesses. Also here we saw an improvement by 25 basis points. I would like to mention that we very much maintain our high margin orders. So, we continue to only take business, which is profitable. That is very important to us and supporting our overall strategy on profitable growth. We have not changed that approach during the pandemic crisis, we had even further strengthened that one and Digital Industries is one of the businesses where it can be seen. Hereby a good improvement on the profitability side as well as supported through stringent cost saving measures to maintain the profitability. So, all in all, business here in Digital Industries is also showing a very positive trend.

And lastly, Mobility Business – Also, here on the revenue side, due to the partial lockdown, which was still impacting some of our project sites and also our factory, we had a lower capacity utilization. Insofar it translated into a revenue decline of 13.5%.

Another highlight here, profit from operations in mobility has improved, also in absolute terms 9.8% up. And in terms of revenue, we have seen a strong improvement up to 13.8%, which is 292 basis points improvement compared to Q4 last year. So, here we are clearly as well executing on high margin orders. And there is a solid margin performance in our backlog, but also in the new orders that we are taking into our books.

So, with this, I would like to conclude our performance during Q4 and fiscal year '20 and would continue with some focus areas which we are seeing for fiscal year '21. Overall, I would like to put it into words that we want to continue with a very strong momentum and confidence into fiscal '21. Our focus areas remain first and foremost to continue driving profitable growth. I want to point out that despite some impact of COVID-19, you see that our journey to profitable growth is intact again. We are focusing unchanged on operational efficiency, we are executing very well our backlog, we are executing all our projects, and we are executing on our recurring service business, We are working very hard to avoid one-time impacts which could arise for instance out of liquidated damages or non-conformance costs. So, there is a very huge focus as well to continue operational efficiency. Maintain cash conversion of course very clear one of our key priorities. We have seen strong cash conversion in Q4 last fiscal year. For this fiscal year, we want to have it less back end loaded. We want to have a more linear cash development, meaning that we also start to see a better cash conversion already in Q1. And I am also quite confident on that one.

Last bullet point is the closing of our C&S transaction. There the team is working very hard to make sure that the closing of C&S transaction is well on track.

So, with this, I would like to end and then hand back to you, Sunil please.

Sunil Mathur: Thank you, Daniel. Maybe just looking forward a little bit over here. We see in the various verticals that we are working in, so for examples, the automotive segment from our perspective is purely looking at it from a capital goods perspective and the products and services that we can offer out of Siemens. In terms of the automotive as you are aware, there has been a decline in the passenger and commercial vehicles, slight uptick in terms of passenger vehicles in the last couple of months, major demand is on tractors and there seems to be a shortage of supply of tractors because there is always utilization there. But basically right now, as far as the automotive segment is concerned, we do not think that there will be too much of elastic happening, there is an uptick, but whether they will get back to the levels where they start investing, may take some time. In terms of machine builders, OEM machine builders are currently at about 70% of pre-COVID levels mainly because of exports coming out of it. But businesses that are in the water segment, food and beverage segment, etc., our ordering, we use the opportunities in warehousing and electronics machinery for that. Pharmaceuticals has been doing quite well right through the pandemic so far and we expect it to increase particularly in the areas of contract research, in manufacturing services, or custom synthesis manufacturing primarily for exports. Transmission and distribution have been actually not too bad in the last couple of months and was large in Q3 for us, but it is starting to pick up. As some of you are aware, a large number of CPCB orders where tenders what we call, might be RECP and PSC, we expect some of that will start playing out in the next couple of months. Some industry projects were deferred. So, distribution elements over there, but data centers and solar cooling stations seem to have picked up over there.

On the generation side our metals business and our chemicals business are ordering industrial generation there. Part CAPEX is already committed, discussions are ongoing, cement is moving to waste heat recovery project, there is something happening over there. And therefore, there is a lot of shift to waste heat recovery cogen coming in, and we see that also on the industrial segment not so much on the utilities side.

Buildings as we mentioned, data centers, pharma, critical infrastructure like refineries, that business is actually doing okay, has not deteriorated too much. But when you look at premium offices or hotels and all that, they are all deferring their CAPEX right now, but there is an increased interest from all of these players including builders and real estate companies for building digitalized solutions, energy efficiency solutions by safety, security and so on.

On the mobility segment, I think the railways are ordering, that is primarily the electrification and signaling space. ETCS-II is being done and a lot of ordering going on. Not too much happening or nothing happening in the rolling stock areas or locomotives, bogeys and so on.

Metros are a bit quiet. The existing ones are continuing, but otherwise, metros are a bit quiet right now.

So, looking at it basically from all our verticals, if I look at our energy vertical, we see growth in the area of the transmission parts and we have all been around the MPCB projects, revival in the power generation, waste heat recovery and cogen areas. In our smart infrastructure segment, there is quite a good push particularly in terms of the medium voltage business. There are project finalization both in the industrial and in the utility segments. And so also that digital grid business will follow that shortly as well. So, we see movement over there, upward possibilities, our industrial segment, digital industries, huge interest in the automation and digitalization in manufacturing getting efficiencies primarily to save in areas that will save cash, save tariff and save cost, and this is where digitalization can really help large, medium and small companies in being much more efficient there.

So, all in all, we have got good visibility for the next year ahead. Some medium and large projects as well. We will continue to look at digital twin technologies which help in reducing the development time and commissioning times we will look at micro grids for smart campuses with distributed energy that can actually save energy costs. We will look at remote diagnostics particularly in our power generation and transmission businesses. Look at flexible technology ramp up and ramp down technology. And we will look at smart load forecasting in the railways and looking at digitalization how we can actually use the advanced defect detection in wagons. But in addition to that, we are looking at a couple of emerging areas as well. And this is where we are, we believe there is a huge amount of traction in all the businesses that we currently work in. And you see here an overview of all the businesses that we are currently working in, and where we see traction and how we can bring the digital world and physical world and integrate them much closer through the use of sensors, communication devices, through the use of common platforms, through the use of apps that we can now make available and dashboards that we can make available. And we are overlaying that with our Internet of Things team that is actually looking at not only finding verticals, digital solutions for these specific businesses, but also horizontal how can we interlink, for example, logistics, supply chain into the efficiencies that we get is for example, food and beverage business, how can we reduce wastages over there or how can we make buildings much more efficient by energy efficiency by monitoring the energy as well as the water supply and consumptions there. But in addition to all this, there are emerging projects that we are also looking at, for example, can we increase the productivity and flexibility and reduce the time to market or meet a micro small and medium enterprises through the use of digital technology in our digital industries business. We are looking at decarbonisation, can we start bringing in sector coupling with power to x and hydrogen economies and so on, and how can we bring in solutions for energy security. We are looking at electro mobility. Can we bring high power charging solutions that will support flexible charging with secure and reliable useful infrastructure, for example. We are looking at high speed travel as well as in terms of replacing energy protection systems to enable the highest speed without compromising on safety. So, there are a lot of areas that we are also looking at. We will get much deeper into the technology space to find real answers.

So, our priorities for the year ahead and probably the years ahead, first thing is really we will continue on strategic growth areas, we will move into emerging growth segments, some of which I have already mentioned, we are doing quite a lot already on the digitalization space, we expect that to expand shortly, we will deepen our digitalization footprint, we are gaining traction over there, and I do believe we will gain more traction there, we are coming closer to customers, and now we are beginning to develop solutions together with customers rather than tailor-made solutions or standard solutions that are offered to customers. So, we are moving our business models also, we are looking at financial models, how we can do pay-for-use and so on. Of course, as Daniel mentioned, we will continue to look at our cost programs here. And this is not going to be the center of the activity but is a continuing program. Some of them are short-term days, and many of them are actually long-term days, related to products, related to logistics, support, and things that will really bring benefit into us, not just for the short-term, but more importantly for the long-term, increased localization, increase of new products coming in as well.

And finally, the focus continues on profitable growth. As you have seen, our profitability is increasing. We intend to keep it growing. A lot of what you are seeing today, as you know, in our business or in large part of our projects, I think two or three years ago when we acquired these projects, we ensured the margin qualities were good and were higher and those are playing out now in our sales qualities and the margin qualities that we have right now. So, looking forward, we will raise those hurdles further so that we can continue to increase the profitability, but also bring in these new emerging areas to drive the growth. And we have got a combination there of growth of the standard products or our existing operations, plus the growth areas, plus the new areas that we enter into new products, new solutions, new markets, but at the same time, we will increase our margin hurdles to acquire products so that you see in the future that the margin quality is improved further, while keeping very, very strong control really on the cash. And this is really when you look at our cash position, I think we can be relatively proud of the safe position we are in. But that allows us the luxury, if you will, particularly during pandemic, to really look at expansion possibilities, not stop our growth plans, continue to make investments for the long-term, not looking at the short-term impacts that the pandemic and anything that emerges out of that will bring. So, that is broadly our view of the future as well. We are very positive about it. We see things moving in the right direction. We would like them to be faster, but things will take their time, and we are absolutely geared up for that. So, with that, I would like the moderator to take some of your questions, Daniel and I will be very pleased to answer them.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sujit Jain from ASK Investment. Please go ahead.

Sujit Jain: Hi, Sunil, Daniel and team, congratulations on a good set of numbers. Now that we have some clarity over the Mobility with the organization globally also from raising money, as always Alstom-Bombardier getting out of the picture for some time, is it safe to assume over the medium term that this business stays? We have done well in building automation market since some of you taken charge, what is the annual size and what is our market share? What will be the annual size of switchgear post C&S acquisition with roughly Rs.1,200 crores of stable revenue? What is the size of motion business now that the mechanical drives business is going out? And one last question is that in last five years, I take out FY'20 exceptional year, but including the mech drives business, the top line actually grew only by 5% but the PBT grew 25% based on the improvement in margins, this kind of margin from here, is there a scope for further improvement? And what is the scope of sales growth in high single digit or early double digit?

Sunil Mathur: You have asked us a million questions. Let me try and see whether I remember some of them and attempt to answer them. For the mobility business, I think it is fair to say for the time being, it is with us. Look, somebody asked me well, business never change from the scenario, will continue to stay the way it is irrespective of what business it is. Reality is we do not know. Right? And particularly now with the shifts that are happening globally, the trade shifts between the States and China, the impact of COVID, which we do not know how major it will be that realignments in Europe, etc., how business develops is very difficult to know probably more than one year at a time, and it is very difficult and we are really struggling with it to also see can you make long-term plans anymore or do you concentrate really on reducing a strategic plan from five years maybe to one year and see how you can adapt it accordingly. So, I think the simple answer to the mobility question is, it is here for the time being, we do not have signs as I speak today of any change happening, a lot of it will depend on how the global environment is and what the parent company eventually decides in their global plans of which we have no real visibility. On the building side, look, the market that we are in building is not only pure buildings, so it is not only residential buildings, we are in commercial buildings, we are in stadiums, we are in hospitality, in hotels, we are in schools, we are in small townships where we can actually provide an integrated solution that will look at transportation of people within those areas. We will look at energy efficiency in those areas, look at fire based security in those areas, etc., And for example, Siemens has been one of the largest sponsors and has done one of the largest activities in the world at the Dubai Expo. Sadly, it got postponed by a year. But you will see how much of a control and an integrated environment that is and that is really where we see the market here in India. C&S, yes, the acquisition process is on track, the low voltage switchgear market is huge, it is untapped completely to the extent that it can be, there are a couple of large players who you know in the market, but I do believe with the C&S acquisition and Siemens together and looking overlaying it with the verticals that we have got and we are working in. And I will flash show on the screen, if you look at all these verticals in, all of them, and whether they are industrial verticals or whether they are infrastructure verticals or whether they are utility verticals, all of them require the low voltage switchgear. So, the size of the market is huge. And as the government invests, the industry gains the confidence to start investing, this market size will grow. But also the critical part of the C&S acquisition was using the base of C&S, also for our export business. And this is really where linkaging the global world of Siemens comes in. There are markets which are low cost markets, hugely accessible or inaccessible currently for Siemens, which we will open up to the C&S products, once the acquisition takes place. So, the market size is pretty large and that we hope will play back into our numbers in the future, matches the logic of the acquisition. The mechanical drives business outside moving out does not have a direct impact on our motion control business, which is a part of our digital industries business and motion control is parked primarily looking at low voltage drives, mechanical drives more in the higher voltage segments over there. So, the low voltage drive stays with the business, and along with the motion control business that we have. Again, in all these segments, there will be machine tools required. And that is really, as the automotive segment comes by, that is where a very large part of machine to manufacturers are actually in automotive, in food and beverages, in pharma, etc., And this is where we really see the potential of the business growing. I think I have answered most of the questions, maybe one or the other is probably left out.

Sujit Jain: Margins and what kind of sales growth over medium term?

Sunil Mathur: So, I am not providing the guidance obviously, and a lot of it particularly now in terms of COVID is difficult to project. What we can tell you is that we have got a good visibility for the year ahead. We have got a very strong order backlog. As we mentioned already, that the margin quality is good because of the business opportunities that we have acquired year two, three years ago, you know that our book-to-bill ratio is over one right now and we will continue to increase our margin hurdle rates while acquiring business. And a lot of that is then translated into some cost out measures, some localization measures and some operational efficiency measures as well in logistics process etcetera.

Moderator: The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: My first question is on competitive intensity. Are you seeing any increase in competitive intensity given the fact that market is just emerging back into some sort of positivity?

Sunil Mathur: By competitive intensity you mean competitive hunger, absolutely but I do not think it is anything unusual. I do not see a major drop in price levels in the market. It is basic interaction with or basic competition in the market for every project and every product and every order. It is fierce, it is getting fierce, there is no doubt about it. A lot of it is emerging primarily with a lot of capacities are underutilized.

So, there is a hunger out there, absolutely.

Puneet Gulati: But you do not see it drop in pricing, is that what you said?

Sunil Mathur: It will not be let us say a major drop in pricing.

Puneet Gulati: My second question is if there is any special effort from the parent for you to do more in India versus the other geographies to benefit from all the multiple Atmanirbhar Bharat Scheme that government seems to be laying out. Any special focus from the parent for you?

Sunil Mathur: So, as I mentioned we are going into a couple of new technologies, we are expanding some existing technologies and as we are to get competitive here in the country as we gain market share in the country, that opens up avenues for us in the exports arena and a lot of our products for example in the digital grid area, some in the low voltage areas, some in the energy space transmission, distribution space we have started exporting and the number of countries that we export to continue to increase.

So, I believe as globally the growth rates reduce and the pressures on price continue globally. It will become much more critical for us to stay competitive here in the country and as the demand increase globally, I am sure we will be use much more for exports projects.

Moderator: Thank you. The next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.

Renjith Sivaram: Sir, we have seen that overall, your exports performance has been much better last year. So, is there any new geographies that we have added or is it because of certain improved market share or certain particular projects and what is the outlook over there? Will this kind of performance is sustainable similar with the services also we have seen a good uptick last year?

Sunil Mathur: So, on the export as I mentioned every year we are adding new products that we are exporting. We are currently exporting I think to over 70, 80 countries around the world in various sizes and all that. But really the export volumes are primarily depended on the size of the orders we get. You get certain standard business which is the product business.

So, then once a while you get a couple of large orders for transformers for medium voltage substations etcetera and lot of these export orders are not in Europe, America and those areas. We also we do get orders from them, but they are also from Bangladesh, Sri Lanka and some of those countries in Southeast Asia as well.

So, a lot of it depends on the mix of the orders at any point in time. But yes, I do hope exports will increase and we are definitely, but they only will increase if we maintain our cost levels and our price levels over here. As you know all our factories here are part of a global supply chain and to open up markets or open up specific orders for us the headquarter looks at what the customer price point is and then decide whether the margin optimization can be done by sourcing it from some other country or from India.

And then we have to compete within the Siemens' world with the other factories around the world to get those orders. So, it is a real challenge for us to continuously stay competitive and that is part of the (Inaudible 66:16) programs that we talked about earlier on. The real impact comes when you are able to replace one kind of material which is more expensive with another kind of material which is less expensive change the designs in some cases etcetera. And that is what we continuously do and will continue to do in the years ahead.

Renjith Sivaram: In terms of services space the kind of growth and the kind of mix, will that be sustain because we see that in the power utility space there is an anti-China stance as well, Chinese equipment and Chinese services hold a huge market share in there. So, is there a possibility that we can get into some of these market share given the plans of the government?

Sunil Mathur: So, again, the plans of the government are to expand Indian networks and to expand sourcing from India and we are absolutely there because we are completely manufacturing here in India and we are approaching every single opportunity. Be it in the energy space, mobility space anywhere where there is currently the government procurement and then private companies are now also choosing to buy primarily Indian products and we are competing over there with local players as well.

Moderator: Thank you. The next question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir, I have three questions. My first question is, if you look at an annualized basis the gross margins to the company has been very strong at 36%. And this has improved by almost 300 to 400 basis points compared to the last three to four years kind of 32%, 33%. So, this expansion in gross margin is broadly sustainable and should we believe that the drivers of this would be largely as you mentioned some of the cost optimization measures will also would be driven by the order mix that we executed?

Sunil Mathur: So, I think and Daniel, I do not know whether you want to expand on that but let me put it this way. This is a mix of both, or all three actually. First there are let us say overhead cost optimization, then there are product related cost optimizations and then there is a mix impact of low margin, medium margin, high margin business. And all these three plays again. We have incentivized our cost out programs and overheads.

We are talking increasingly about redesigning and localizing and adapting our products and services. We have introduced digitalization which has the different cost and margin level as well. And finally, we are looking also at the mix to see whether we can expand our higher margin business while growing also the volumes of our not so high margin business as well. So, I do see this is sustainable.

Daniel, would you like to add to that?

Daniel Spindler: Yes, sure Sunil. So, you are right we have seen here over the last few years consistent improvement on our gross margins as Sunil explained all the reasons. We are trying to approach a margin improvement from all angles. Starting from the cost side up to the customer side and sales mix is certainly a huge driver. As I said we want to drive forward our high margin digital business besides the service business. Just to add one more point on to what Sunil was saying, of course we tried very hard to avoid project charges meaning, and I was already earlier talking about LDs or non-conformance cost, sound project execution. It is very important and then what you said that it is consistent over the three to four years is also showing that we are here on the right track and that in terms of cost also then sustainable. So, I am sharing the opinion of Sunil. We are confident that this is a very sustainable development that we have started few years back and that will continue. At least this is also one of our focus areas from our side.

Moderator: Thank you. The next question is from the line of Lavina Quadros from Jefferies. Please go ahead.

Lavina Quadros: Again, just on the gross margins. I just wanted to understand, see this year because revenues on the product side that have been down, services were about 18%, 19%. So, in that context two questions. If your revenues recover and product size recovers and services which is high margin comes down, do you think that the gross margin come off at least a bit to reflect that product mix change or you think that does not happen either?

Sunil Mathur: Daniel, you want to take that, or shall I take that?

Daniel Spindler:

No I can start and then Sunil you can chip in any additional comment that you may have. So, as we explained already, we are benefitting from a better mix. Of course, and this is as per our expectation, a long-term development so it should not be in waves. It should not be that lower margin business is then substituting higher margin business meaning what you said when the product business is returning. We have an extremely high focus on hurdles when it comes to profitable business.

In order to support profitable growth, as we had explained, we need to make sure that our hurdles are also appropriate. Meaning that even if we have mix effects from service that we are supporting margin also from the product and project side to have profitable growth.

So, that is exactly our focus and it is actually our expectation from our side to all our businesses that we do not see any deterioration of margins when it comes to again have an uptick in the product business. We have seen actually also nice margin development over the past years and so that is clearly on our watch list to continue the profitable trend by having high margin business all across not only in service but also on the project and product side.**Sunil Mathur:** Yes, absolutely and I think the important factor over there Lavina, is you need to understand that a lot of our business is coming over a period of one to three years. And when you look at the pace the impact of that comes later on. Now as long as we are able to increase our margin hurdle rates for the businesses the margin quality will continuously improve. Now what does that mean increasing the margin hurdle rates?

It means that the businesses if they have to get higher margins and stay competitive in the market, in a market that is stagnant prices to slightly declining prices in one or the other case over there. It means they have to be continuously on top of their costs. So, when you will start raising your margin hurdle rates and you have got the market price which is stagnant to declining, you got to be competitive over there as well. And that is the interest only cost out. Now based on that therefore the quality of the margins that are in the pipeline in the order backlog and that we will have in the future will be high.

Now you come to the question of product mix. It is possible depending on the delivery periods of your products, of your services, of your projects that the delivery periods can shift from one quarter to another or one year to the other. And that is where you could see little changes but if you look at it over a period of time you will see a steady increase as you have seen in the margin quality increase over the last couple of years.

So, on a steady basis we will aim to increase the margin or improve the margin quality so there could be a quarter or two in between where it goes down just because the mix is different in terms of the sales requirement at that particular quarter.

Moderator: Thank you. The next question is from the line of Abhishek Puri from Axis Capital. Please go ahead.

Abhishek Puri: Just wanted to understand from the previous participant's question. You said the order book has good margins. Could you specify what will be the share of services as well as exports in the order backlog? And as well as you used to give numbers for each of the segment in terms of order flow. That is not there in the current presentation. So, if that can be shared, it will be great to understand the project how the revenue recovery and margins will be in the coming period? As well as the mix between the base and large projects? That is question one.

Sunil Mathur: No, we do not give those details down to that level on the order backlogs. That would be guiding the market. And so we cannot give that information.

Abhishek Puri: Okay my second question is on the recovery paths for digital and smart infra segments given that automation and digitalization were supposed to be leading trends. So, if an order inflow or backlog can be provided for the past period for FY20, it will give us some sense as to how that will recover and how segments will recover and that is why that data we were asking for?

Sunil Mathur: Sorry I did not get? What information you are asking for?

Abhishek Puri: The segment specific order inflow that has been provided for past two years, financial year 2018 and 2019 but for the current year it is not there in the presentation. So, that information if can be given we can dissect the segments and project the profitability and revenues for digital segments as well?

Sunil Mathur: Okay so we will check with our accounting team whether there is that information that is normally disclosed and it will be disclosed. If we have done in the past we will do it again.

Abhishek Puri: And my question is on the Atmanirbhar Scheme and PLI Schemes that have come in from the government, how can that help Siemens grow in the near to medium term? Any direct or indirect impact that you are seeing?

Sunil Mathur: So, the Atmanirbhar Scheme which is designed to encourage more local manufacturing. When there is more local manufacturing there is more usage of energy, there is a requirement of energy, there is the requirement for automation, digitalization so all our technologies will come in to effect over this starting from generation sometime, some factories may require their own captive generation units so if we can use those. It will be medium voltage we can do that to bring it in. We can do the entire automation within the factories as well.

We can do the entire digitalization and design the factories so that they come 15%, 20%, 30% faster to the market. So, all those are opportunities and then we can help the promoters of the factories monitor the factories and get the maximum benefit of flexibility and productivity out of those factories through our digitalization solutions. So, as the country sets up their manufacturing activities that should increase the opportunities for us.

Now when we look at the PLI Scheme and look at the 10 key sectors that are there, other than supplying in the form that I just mentioned to you we are not in advanced chemistry cell battery technology. We are not in white goods; we are not in textile products. But we deliver technologies to all these different verticals. And that is where I do believe that as and when the manufacturing increases and they start adding new production lines or setting up new factories, that should present a huge opportunity for us as well.

Moderator: Thank you. The next question is from the line of Jonas Bhutta from Phillip Capital. Please go ahead.

Jonas Bhutta: Sir, just one question on the energy segment side. While the performance has been quite commendable, if you can take a step back and help us understand the broad break up of how that segment operates? We understand that services form the pretty high share of revenues there. So, is it higher than the 17%, 18% that is it for the company wide basis and then the mix between power T&D and pure power generation given that Siemens Energy has chose into exit the new coal business and been upfront about it is not impacting us.

So, if you can just elaborate on post official that is around the energy business because the feeling is that post 2021-22 when the TBCD ordering sort of gets over on the power T&D general direction of the energy segment will look downwards. So, your thoughts on that will be helpful? And that is my only question.

Sunil Mathur: Okay so the energy segment is made up of two prime areas, generation and transmission. Distribution is not a part of the energy segment. Distribution is the part of the smart infrastructure segment. So, when we look at generation, you have got large power plant and for utilities and then you have got the industrial power plants for industries.

And then when you break that down further on the generation side you have got different fuel supplies and you have got coal fired projects, you have got gas fired projects, you have got cogen and you have got waste heat and you have got sometime hybrids of all these together.

So, that is what the generation part of the energy business now. The transmission part of the business is looking at 765 KV projects, 440 products, switchgears. So, it is basically transformers and switchgear for the higher level, high level voltages over there and here again there are customers who are our transmission customers for utilities for the transport so to speak and then you have also got transmission solutions for the industrial segments over there.

And for agencies like Power Grid and on so where you really cannot so you will have a transmission substation in a coal plant or in a utility or you could have a long V line where the power source is not really known whether it is coal or gas or renewable and it is basically transmitting outside of the utilities.

Now the decision of Siemens AG to or Siemens Energy globally has been to exit from the new build coal power plants business. And that is all new power plants that are constructed which will be coal-based only for utilities for that the business will be exited globally. For us in India we were not doing that in any case. We did not do higher ends 1,000-megawatt, 500 megawatt and above coal fired turbine the generators. We do not have super critical technology or ultra-supercritical or now even the advanced ultra-supercritical technologies.

So, all that was not there in our portfolio in any case and frankly we do not see that markets in the near future of new coal fired power plants coming up in the next couple of years. On the industrial segments again the new coal plants which are fired by only coal that is where Siemens Energy has exited but they are continue to stay in mainstream recovery and cogen and this is something that we will also continue with and then it becomes a little bit more complicated in the country here because of the large part of the fuel supply is coal and basically the only fuel supply is coal here.

So, a lot of the industrial plants are not only coal based, they use coal to start up the plant but then they primarily use the waste heat or cogen to really electrify their industrial plants. And we have continued to stay in that business, so it does not have an impact on us. So, overall when you look at that scenario for us in the country there is no real major impact. No material impact on our volumes or profitability levels as well as a result of this decision.

Looking at the mix between generation, transmission and service and so on which is the part of Siemens Energy definitely the transmission sector is the largest segment and service extent not only to generations but also to transmission over there and maintaining the existing plants and maintaining the existing substations and that will continue. Obviously there are new technologies and digitalization, remote monitoring etcetera flexible ramp up and ramp downs to save the coal consumption etcetera and those are technologies that we are driving with our customers and we are driving also on the transmission side.

And that is where we do see a huge growth potential but again it is a question of mix one quarter could show one large transmission order, another could show large service but over the next three to five years we do believe that definitely industrial generation, transmission and service together will strengthen the entire energy business here in the country and we do not see really a dismal picture as you portrait.

Moderator: Thank you. The next question is from the line of Ankur Sharma from HDFC Life Insurance. Please go ahead.

Ankur Sharma: I had just one question actually. So, I just wanted your outlook on some of these larger sized projects something upwards of Rs. 500 crores, Rs. 600 crores odd in the areas of say transmission rail generation? And the reason I asked that question is because when I look at your order inflows last four, five years in that ballpark Rs. 10,000 crores, Rs. 11,000 crores odd range topline broadly similar range is there. So, I am just trying to understand unless you see a sizeable pickup in large projects, how do we really get back to say high single or double digit kind of topline growth?

Sunil Mathur: That is a very good question. This is something that we have been talking about for quite some time. Industrial growth in private industry will take its time because the capacity utilizations are down for the time being. There may be an uptick and we will have to wait and see how sustainable this uptick is in terms of private sector demand increasing or demand for private sector product solutions increasing. As factories on the private sector increase their demand they will wait until they get to 85%, 90% before they start going into fresh CAPEX. So, there, there will be a muted demand until the capacity utilizations get to 85%, 90%.

So, I do not know where you left me but let me just.

Ankur Sharma: We heard you till the part you are talking about private CAPEX not picking up that is 90%, 95% utilization that is where we kind of lost.

Sunil Mathur: That is correct. Thank you. So, once we get to 85%, 90% that is when the CAPEX will start. But in addition to that a lot of the private investors are looking at ways to swept their assets much more and that is something that we can help with our digitalization solutions, automation digitalization solutions in the areas that I mentioned just now. Now with that, the real need therefore is for government spending to increase. Now where do we see this business actually coming in, in the year ahead and so on.

As far as transmission is concerned yes, the TBCB projects will comeback, yes, transmission projects will continue. We do expect a couple of HVDCs to come in, in the next year or two as well. There are some in the tendering stage. We do see exports business on transmission also increasing. We do see generation on the industrial side also increasing and these are the areas where you get high volumes.

On the railways, metro business will pick up. We have no doubt about that. Rolling stock at some point has to start bringing back in. As also electrification and signaling which are large projects will pick up. So, in terms of large areas we have seen let us say the transmission segment, the generation segment, the mobility segment and some parts of large orders of may be in the smart infrastructure as well.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: I have a high-level question in a more data relation question. So, the data related is we saw a 26% drop in the other expenses and Daniel in the opening remarks did mentioned about cut in some of the discretionary spends like travel and business development. So, what part of that and what is sustainable, that will be helpful?

The second is on the high level is one comment by the parent is that the pandemic has actually preponed? the automation industry cycle by 10 to 15 years and some of your peers also talking about it. It will be useful that if you paint the same in India and historically India which has lagged some of the adoption of next gen technology where west has been leader but your thoughts on that?

A connection question here is Siemens has a software and some of your peers using the open architecture from the likes of Microsoft etcetera while we do understand merits and demerits but would like to understand from your side that just like having your own architecture does it constraint the growth and your thoughts will be useful on these?

Sunil Mathur: Okay so I will let Daniel answer the question first on the other expenditure and then I try and answer the other question.

Daniel Spindler Yes, it will do, Sunil. I have been hearing you mentioning a reduction of 26% in other expenses. There is a variety of measures that we have taken and I have already provided a few of the reasons and especially on the discretionary side there is a curtailment of spending on traveling, conference, training etcetera but we are also looking of course on to driving the optimization of our fixed and overhead front. That is an example over there and reductions in office spaces we were looking for lower rents and reducing electricity repairs, maintenance front and so on and so forth.

May be also another example that is of interest is we are implementing a new normal working model also there is also certain significant savings. Overall, of course, there is a reduction of the business volume in line you also see a reduction in other expenses. So, to some extent it is sustainable and one of course and we will see it.

Most important thing is that we are driving our bottomline performance that we keep it consistent not only from a gross margin which we have spoken a lot about but from an entire from a holistic perspective on our cost structure and it is why we are basically turning around every stone and one of the consequences out of this an exercises that our entire organization is doing is on this 26% reduction as other expenses as well. So, hope this answers your question.

Sunil Mathur: So, on the pandemic and digitalization, it is true from an Indian perspective that the interest in digitalization has substantially increased during the last couple of months. And I mentioned that also in our August presentation to all of you and where has it increased. As I mentioned earlier on, this is the time when most customers are looking to save cash, save costs and therefore save CAPEX.

And this is where really digitalization, they have turned to digitalization. They have begun to see that it is possible for example to do remote commissioning. So, we are able for example to get some of our customers to commission their equipment just sitting out of an office here in Mumbai and any part of the country. It is possible for us to remote monitoring to monitor the electricity usage of all the pumps, valves and electrical equipments in pharmaceutical, chemical and other plants around the countries over there and suddenly when you start looking at brining costs down, you start looking at these kinds of an areas where you will save cost.

And for example in cement roughly 48% to 50% of the cost of cement is electricity and if you consider that one bag, one kilo of cement costs less than one kilo of newspapers, any benefit that you can give to a cement manufacturer in energy savings goes directly to the bottomline. So, this is where there is suddenly an increase interest, can you help us save energy there? The second part is can you make our manufacturing and reduce our need for CAPEX.

We want to expand our offerings but we do not have the financial wherewithall and we do not have the technology to put in an additional line over there production line because there is no business case for it. And we have demonstrated in our factory here for example in Kalwa that where we had gone from 80 variants of circuit breakers to 180 variants gone from three lines to one line production.

We have gone from 30 quality checks to 52 quality checks to reduce the cycle time from 21 seconds to 9 seconds and these are benefits that now have become much more real and much more required by large, medium and small companies as well. And this is where we have seen much greater traction, much more increase in enquiries coming in. So, we see this business growing in the future.

In regard to the open architecture, Siemens has been architecture as well. We do not have our own architecture which is a closed architecture. The MindSphere platform of Siemens is the completely open architecture and that has been used by some of the major players, IT players as well. We have got tie ups with lot of them, we have SAP with Microsoft with all of them, TCS and so on.

And we have seen a huge traction happening and the greater interest for the MindSphere platform because this is where on one platform you can put what was designed product performance and product manufacturing and product performance all on to the same platform. And particularly when you are looking at spreading your assets and getting the maximum benefit out of that the fact that you can do that in an open architecture where we can also offer cloud services as well as in our own cloud or in the customer specific clouds is gaining increasing traction along with the added benefit of cyber security solutions that we can give for all. We know what the impact of a virus has been on our bodies, consider what the impact of a virus could be on the machine then the solutions that are all operating on internet and on the energy there. And this is where cyber security is becoming hugely critical and we are in that area also for each of these verticals that we have shown here on the screen for all the machines and in many cases we are the original equipment manufacturers as well.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take that as the last question. I would now like to hand the conference over to Mr. S. Venkatesh, Head of Investor Relations for closing comments. Please go ahead.

S. Venkatesh: Thank you very much, everyone for joining the call and participating so enthusiastically. Have a great day. Stay safe and healthy.

Moderator: Thank you. Ladies and gentlemen, on behalf of Siemens Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.