Siemens

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	1267.8 / 13.5
52-Week Range (INR)	4149 / 2826
1, 6, 12 Rel. Per (%)	-17/-10/17
12M Avg Val (INR M)	1474

Financials Snapshot (INR b)

Y/E MAR	12M27E	FY28E	FY29E
Net Sales	211.5	241.6	277.8
EBITDA	23.0	29.7	36.6
PAT	18.3	24.5	30.0
EPS (INR)	51.3	68.8	84.4
GR. (%)	-35.3	34.0	22.6
BV/Sh (INR)	490.7	559.5	643.8
Ratios			
ROE (%)	10.5	12.3	13.1
RoCE (%)	10.7	12.5	13.3
Valuations			
P/E (X)	69.3	51.7	42.1
P/BV (X)	7.2	6.4	5.5
EV/EBITDA (X)	51.5	39.4	31.2

Shareholding pattern (%)

As of	Sep-26	Jun-26	Sep-25
Promoter	75.0	75.0	75.0
DII	9.0	9.1	8.0
FII	6.8	6.5	7.0
Others	9.2	9.4	10.0

FII includes depository receipts

CMP: INR3,560 TP: INR3,700 (+4%) Neutral

Healthy uptick in margin, execution, and order inflows

Siemens' 2QFY27 results came ahead of our estimates, driven by better-than-expected execution and margin performance. Within segments, the smart infrastructure division has benefited from strong inflows and price hikes taken over the last 1-2 quarters. Order inflow growth also stood healthy at 38% YoY with inflows of INR62b, taking the order book to INR470b. We tweak our estimates by 5%/2%/4% to bake in the 2Q performance and will revisit our numbers again after the analyst meet. We reiterate our Neutral rating with a revised TP of INR3,700 (vs. INR3,600) based on 45x Dec'28E earnings.

Result above our estimates

Revenue 2QFY27 grew 17% YoY to INR57b, 9% above our estimate. Gross margin contracted 260bp YoY to 27.3%, below our estimate of 29.0%. While gross margin was lower than our expectation, lower-than-expected employee costs and other expenses as a percentage of sales led to an EBITDA margin beat. Absolute EBITDA increased 3% YoY to INR6.3b (vs. our est. of INR5b), while EBITDA margin contracted 150bp YoY to 10.9%, above our estimate of 9.4%. Adj. PAT increased 4% YoY to INR5b, vs. our est. of INR4b. For 1HFY27, revenue increased 16% YoY on a like-to-like basis to INR104b, while EBITDA/PAT declined 6% YoY each to INR11b/INR9b, and margin contracted 240bp YoY to 10.1%. For 1HFY27, OCF jumped 3.5x to INR13.1b, supported by healthy working capital management, while FCF stood at INR10.3b (vs. INR20m last year).

Segmental performance

Revenue growth across segments remained healthy during the quarter, with revenue from Smart Infra/Mobility segments coming in 15%/8% ahead of our estimates, while Digital Industries revenue was broadly in-line with our estimate. Smart Infra revenue increased 20% YoY to INR33b, Mobility revenue rose 14% YoY to INR13b, and Digital Industries revenue grew 8% YoY to INR11.5b. At the **EBIT** level, profitability continues to be hurt mainly by volatility in commodity prices and foreign exchange, resulting in higher material costs. On a segmental basis, Smart Infra EBIT margin contracted 130bp YoY to 11.7% (vs our est. of 9.5%), Mobility EBIT margin contracted 360bp YoY to 7.5% (vs our est. of 6.5%), while Digital Industries EBIT margin contracted 200bp YoY to 5.0% (vs our est. of 5.5%).

Order inflows remained healthy during the quarter increasing 39% YoY to INR63b, taking the 1HFY27 inflows to INR126b (+27% YoY) and the closing order book as of Sep'26 to INR470b (+12% YoY). Strong growth in both, order inflows and revenue was driven by continued capex spending in infrastructure and an increase in private sector capex.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

We revise our est. to bake in better performance in smart infrastructure

Performance of the Smart infrastructure segment was ahead of our expectations. Strong demand momentum from power utilities, renewables, and data centers has benefited this segment. Company has taken price hikes in this segment and we believe this has helped in improving EBIT margin sequentially. Mobility division would have benefited from strong order book and a ramp up in locomotive deliveries. Digital industries segment margin have stabilized around 5% for 1HFY27. We revise our estimates for Smart infrastructure and also fine tune estimates for other segments.

Financial outlook and valuation

We revise our estimates by 5%/2%/4% for FY27/28/29 to bake in 2Q performance and expect a revenue/EBITDA/PAT CAGR of 17%/22%/23% over 12MFY26-12MFY29. The stock is currently trading at 69.3x/51.7x/42.1x on FY27/FY28/FY29E EPS. **We reiterate our Neutral rating with a revised TP of INR3,700 (vs. INR3,600) based on 45x Dec'28E earnings.**

Key risks and concerns

Key risks: 1) a slowdown in order inflows from key government-focused segments, 2) aggression in bids to procure large-sized projects would adversely impact margins, and 3) related-party transactions with parent group entities at lower-than-market valuations would weigh on the stock performance.

Quarterly performance (Consol) **(INR**

Income Statement	18FY26 (Y/E Mar)						12FY27 (Y/E Mar)				18M26	FY27E	FY27E	Est
Y/E March	1Q	2Q	3Q	4Q	5Q	6Q	1Q	2Q	3QE	4QE			2QE	Var %
Net Sales	**33,601**	**40,292**	**41,077**	**49,004**	**38,307**	**46,175**	**47,137**	**57,340**	**52,464**	**54,519**	**2,48,45**	**2,11,46**	**52,368**	**9**
Change (%)	-9.4	-3.0	9.2	9.9	14.0	14.6	14.8	17.0	37.0	18.1	54.5	-14.9	6.9	
Expenses	29,735	35,843	35,902	42,910	34,088	41,736	42,827	51,080	46,448	48,065	2,20,21	1,88,42	47,423	8
EBITDA	**3,866**	**4,449**	**5,175**	**6,094**	**4,219**	**4,439**	**4,310**	**6,260**	**6,015**	**6,454**	**28,242**	**23,039**	**4,945**	**27**
Change (%)	-14.7	-30.1	6.6	11.8	9.1	-0.2	-16.7	2.7	42.6	45.4	33.2	-18.4	(18.8)	
As of % Sales	11.5	11.0	12.6	12.4	11.0	9.6	9.1	10.9	11.5	11.8	11.4	10.9	9.4	
Depreciation	664	660	687	688	714	738	780	894	831	818	4,151	3,323	748	20
Interest	31	21	47	42	56	141	71	126	71	71	338	338	55	130
Other Income	1,720	1,514	1,239	1,211	843	1,003	1,169	1,516	1,183	1,183	7,530	5,051	1,232	23
PBT pre EO items	**4,891**	**5,282**	**5,680**	**6,575**	**4,292**	**4,563**	**4,628**	**6,756**	**6,297**	**6,748**	**31,283**	**24,429**	**5,375**	**26**
Extra-ordinary Items	0	0	0	0	-743	0	17,909	0	0	88	-743	17,997	0	
PBT	**4,891**	**5,282**	**5,680**	**6,575**	**3,549**	**4,563**	**22,537**	**6,756**	**6,297**	**6,836**	**30,540**	**42,426**	**5,375**	**26**
Tax	1,259	1,353	1,457	1,765	861	1,011	1,194	1,714	1,587	1,661	7,706	6,156	1,354	27
Effective Tax Rate	25.7	25.6	25.7	26.8	24.3	22.2	25.8	25.4	25.2	24.3	25.2	14.5	25.2	
MI & Disc. Operations	2,511	1,891	7	39	85	149	87	-6	0	-81	4,682	0	0	
Reported PAT	**6,143**	**5,820**	**4,230**	**4,849**	**2,773**	**3,701**	**21,430**	**5,036**	**4,710**	**5,094**	**27,516**	**36,270**	**4,020**	**25**
Adj PAT	**6,143**	**5,820**	**4,230**	**4,849**	**3,516**	**3,701**	**3,521**	**5,036**	**4,710**	**5,006**	**28,259**	**18,273**	**4,020**	**25**
Change (%)	49.2	-10.4	-3.2	-7.2	-42.8	-36.4	-16.8	3.9	34.0	35.3	39.9	-35.3	(17.1)	
Margin (%)	18.3	14.4	10.3	9.9	9.2	8.0	7.5	8.8	9.0	9.2	11.4	8.6	7.7	

INR m	18FY26 (Y/E Mar)						12FY27 (Y/E Mar)				18M26	FY27E	FY27E	Est
	1Q	2Q	3Q	4Q	5Q	6Q	1Q	2Q	3QE	4QE			2QE	Var %
Segmental revenue														
Smart infrastructure	19,549	22,640	23,789	27,247	21,230	25,942	26,325	32,813	28,661	30,051	1,40,39	1,17,85	28,609	15
Mobility	6,364	7,309	8,273	11,352	8,154	8,326	9,329	12,914	12,639	12,912	49,778	47,793	11,920	8
Digital industry	7,901	10,236	9,156	10,655	9,024	11,750	11,440	11,504	11,280	12,043	58,722	46,267	11,934	(4)
Others	239	459	460	563	451	612	542	753	588	411	2,784	2,295	560	35
Less : Intersegmental	-452	-352	-601	-813	-552	-455	-499	-644	-704	-898	-3,225	-2,745	-654	(2)
Total Revenues	**33,601**	**40,292**	**41,077**	**49,004**	**38,307**	**46,175**	**47,137**	**57,340**	**52,464**	**54,519**	**2,48,45**	**2,11,46**	**52,368**	**9**
Segmental EBIT														
Smart infrastructure	2,346	3,439	3,190	3,552	3,065	2,888	2,010	3,851	3,439	3,663	18,480	12,963	2,718	42
Margin %	12.0	15.2	13.4	13.0	14.4	11.1	7.6	11.7	12.0	12.2	13.2	11.0	9.5	220 bp
Mobility	511	456	318	1,261	348	547	948	964	1,011	1,139	3,441	4,062	775	24
Margin %	8.0	6.2	3.8	11.1	4.3	6.6	10.2	7.5	8.0	8.8	6.9	8.5	6.5	100 bp
Digital industry	482	466	984	749	87	274	589	579	733	875	3,042	2,776	656	(12)
Margin %	6.1	4.6	10.7	7.0	1.0	2.3	5.1	5.0	6.5	7.3	5.2	6.0	5.5	-50 bp
Others	11	54	32	45	33	45	14	52	52	-4	220	115	49	7
Less- Demerger	-148	-626	-36	-201	-28	-53	-31	-80	-51	-38	-1,092	-200	0	NA
Total EBIT	**3,202**	**3,789**	**4,488**	**5,406**	**3,505**	**3,701**	**3,530**	**5,366**	**5,185**	**5,636**	**24,091**	**19,717**	**4,198**	**28**
Margin %	9.5	9.4	10.9	11.0	9.1	8.0	7.5	9.4	9.9	10.3	9.7	9.3	8.0	

Key Exhibits

Exhibit 1: Order book increased 12% YoY (INR b)

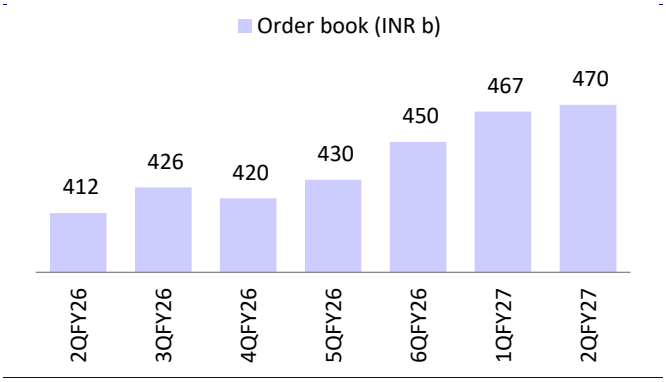


Exhibit 2: Order inflow grew 39% YoY (INR b)

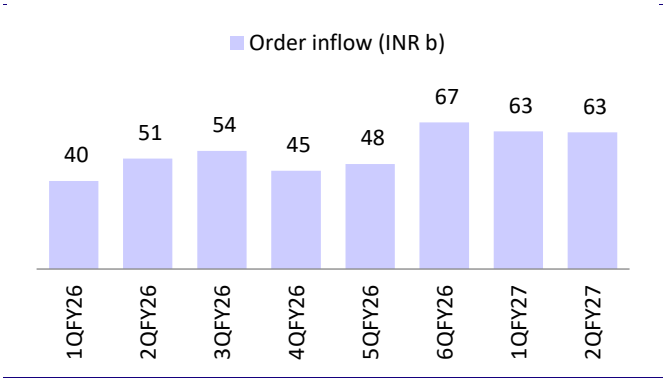


Exhibit 3: Revenue grew 17% YoY (INR m)

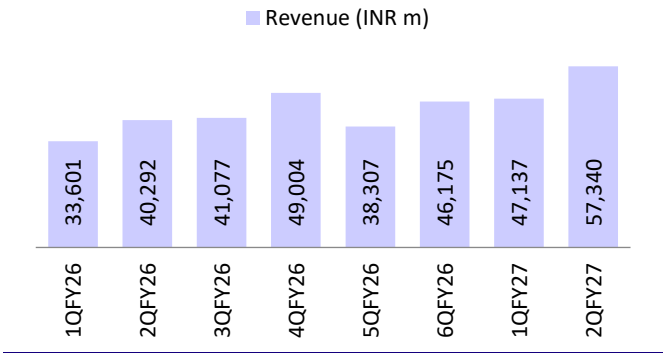


Exhibit 4: EBITDA margin contracted 150bp YoY

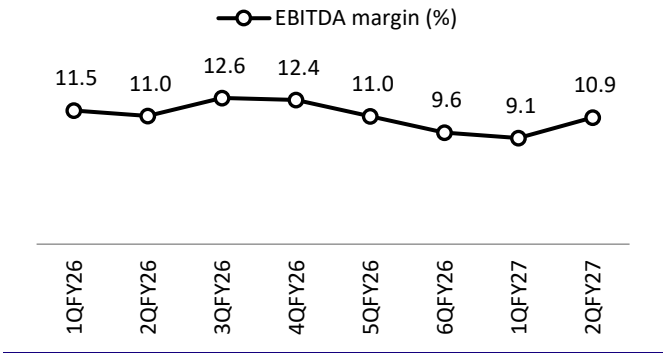


Exhibit 5: Smart infra segment's revenue increased 20% YoY, while margin stood at 11.7%

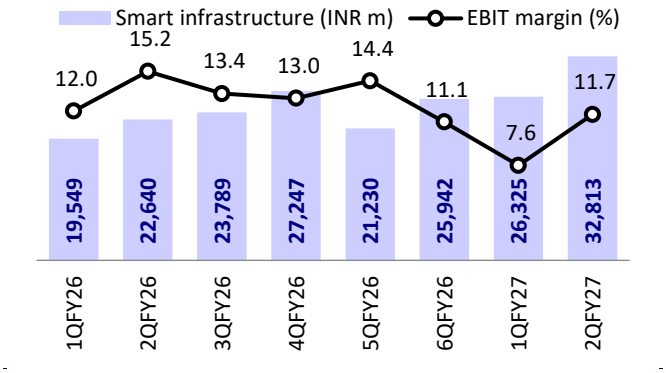


Exhibit 6: Mobility segment's revenue grew 14% YoY, and margin stood at 7.5%

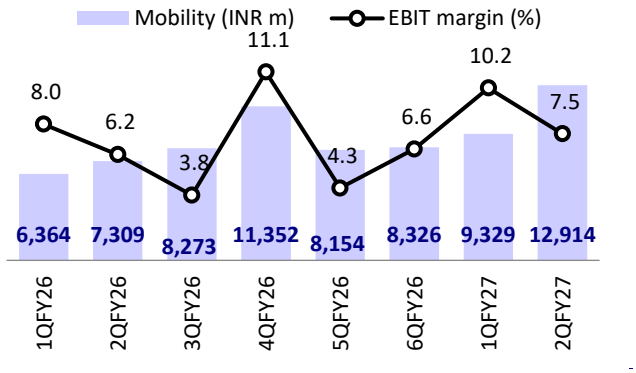
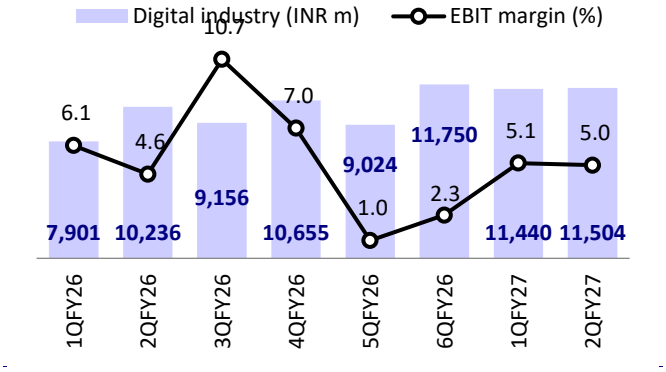
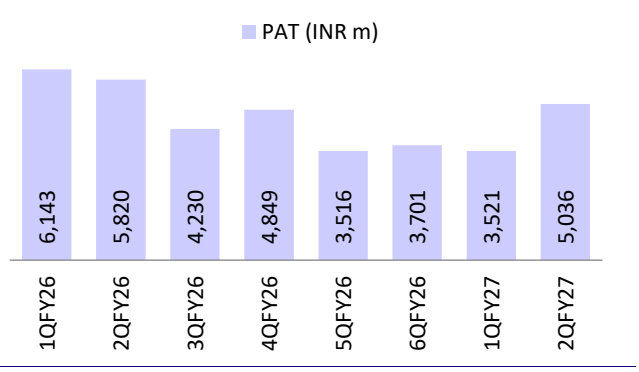


Exhibit 7: Digital industry's revenue increased 8% YoY, and margin stood at 5.0%



Source: Company, MOFSL

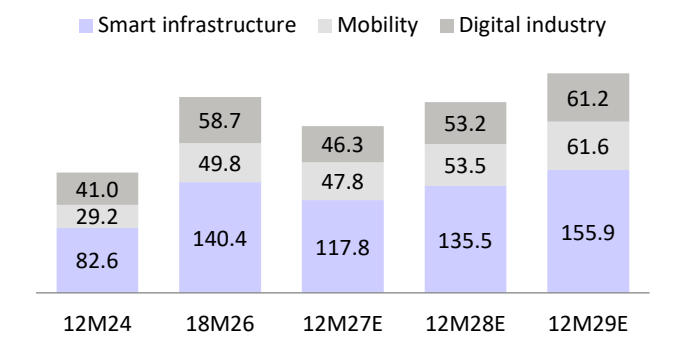
Exhibit 8: PAT increased 4% YoY, supported by healthy execution



Source: Company, MOFSL

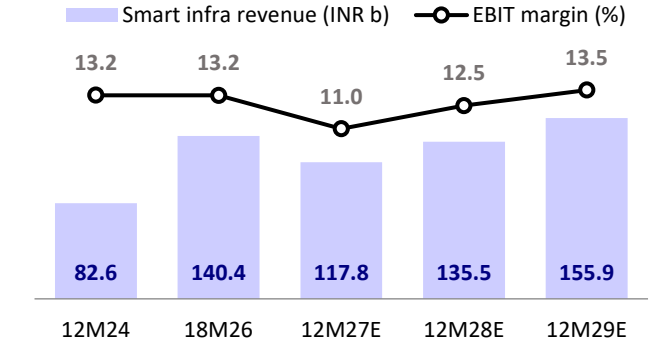
Financial outlook

Exhibit 9: We expect overall revenue to clock a CAGR of 17% over 12MFY26-FY29 (INR b)



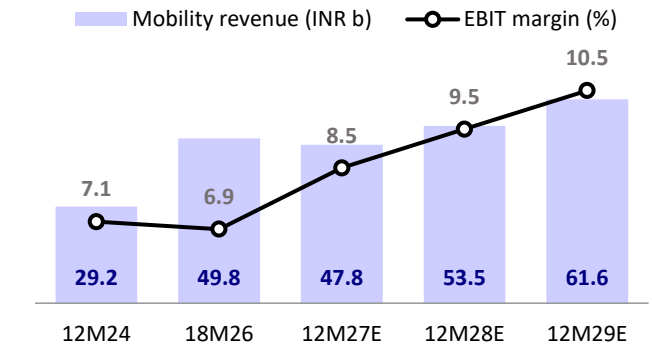
Source: Company, MOFSL

Exhibit 10: We expect Smart Infra to record a CAGR of 17%, while margin is expected to be in the range of 11-14%



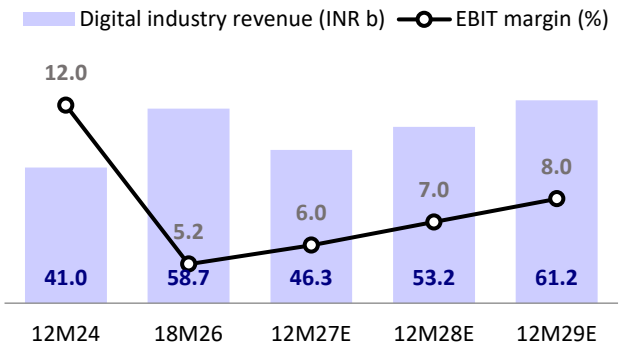
Source: Company, MOFSL

Exhibit 11: We expect the mobility segment to post a CAGR of 19%, and the margin to expand on better execution



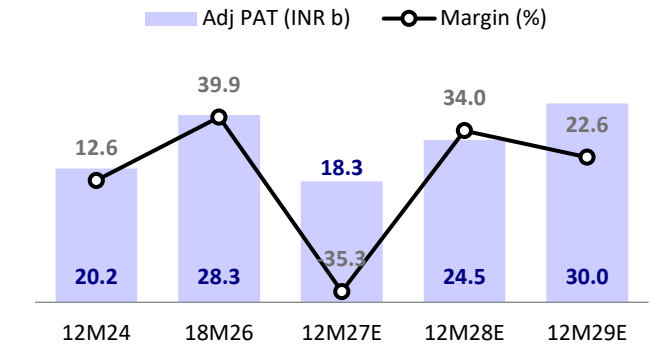
Source: Company, MOFSL

Exhibit 12: We expect the digital industry to register a CAGR of 15%, and margins are also likely to remain weak



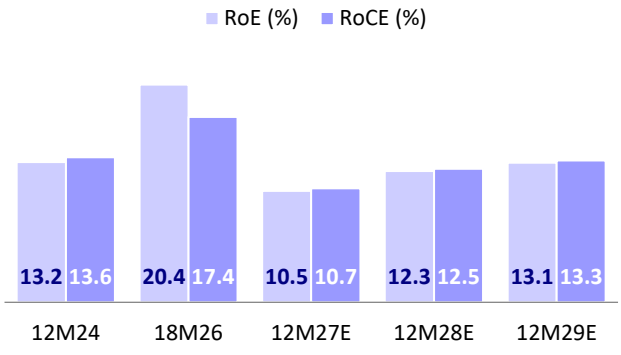
Source: Company, MOFSL

Exhibit 13: We expect PAT to reflect the improvement in EBITDA margin



Source: Company, MOFSL

Exhibit 14: We expect RoE and RoCE to broadly range between 11% and 13%



Source: Company, MOFSL

Exhibit 15: We raise our estimates to bake in the 2Q performance

(INR M)	12MFY27E			12MFY28E			12MFY29E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	2,11,460	2,06,612	2	2,41,650	2,36,075	2	2,77,773	2,71,362	2
EBITDA	23,039	21,325	8	29,654	28,481	4	36,572	34,275	7
EBITDA (%)	10.9	10.3	60bp	12.3	12.1	20bp	13.2	12.6	60bp
Adj. PAT	18,273	17,324	5	24,493	24,126	2	30,030	28,827	4
EPS (INR)	51.3	48.7	5	68.8	67.8	2	84.4	81.0	4

Source: MOFSL

Financials and Valuation

Consolidated Income Statement (INR m)

Y/E March	2024	18M2026	12M2027E	12M2028E	12M2029E
Net Sales	**1,60,817**	**2,48,456**	**2,11,460**	**2,41,650**	**2,77,773**
Change (%)	NA	54.5	-14.9	14.3	14.9
Raw Materials	1,12,891	1,74,521	1,52,251	1,73,988	1,99,996
Gross Profit	**47,926**	**73,935**	**59,209**	**67,662**	**77,776**
% of Net Sales	29.8	29.8	28.0	28.0	28.0
Employee Cost	14,557	25,454	19,666	22,473	25,833
Other Expenses	12,167	20,239	16,504	15,535	15,371
Total Expenditure	**1,39,615**	**2,20,214**	**1,88,420**	**2,11,996**	**2,41,201**
% of Net Sales	86.8	88.6	89.1	87.7	86.8
EBITDA	**21,202**	**28,242**	**23,039**	**29,654**	**36,572**
Margin (%)	13.2	11.4	10.9	12.3	13.2
Depreciation	2,556	4,151	3,323	3,676	3,923
EBIT	**18,646**	**24,091**	**19,717**	**25,978**	**32,649**
Interest	440	338	338	338	338
Other Income	8,771	7,530	5,051	7,105	7,836
PBT Before EO Exp	**26,977**	**31,283**	**24,429**	**32,744**	**40,147**
EO Items	0	-743	17,997	0	0
PBT After EO Exp	**26,977**	**30,540**	**42,426**	**32,744**	**40,147**
Tax	6,773	7,706	6,156	8,252	10,117
Rate (%)	25.1	24.6	25.2	25.2	25.2
MI & P/L of Asso. Cos	0	4,682	0	0	0
Reported PAT	**20,204**	**27,516**	**36,270**	**24,493**	**30,030**
Change (%)	NA	36.2	31.8	-32.5	22.6
Adjusted PAT	**20,204**	**28,259**	**18,273**	**24,493**	**30,030**
Change (%)	NA	39.9	-35.3	34.0	22.6
Margin (%)	12.6	11.4	8.6	10.1	10.8

Consolidated Balance Sheet (INR m)

Y/E March	2024	18M2026	12M2027E	12M2028E	12M2029E
Share Capital	712	712	712	712	712
Reserves	1,52,855	1,37,690	1,73,960	1,98,453	2,28,483
Net Worth	**1,53,567**	**1,38,402**	**1,74,672**	**1,99,165**	**2,29,195**
Minority Interest	94	112	112	112	112
Loans	0	0	0	0	0
Deferred Tax Liability	-2,776	-1,501	-1,501	-1,501	-1,501
Capital Employed	**1,50,885**	**1,37,013**	**1,73,283**	**1,97,776**	**2,27,806**
Gross Fixed Assets	25,885	27,719	32,219	36,719	40,919
Less: Depreciation	12,492	16,643	19,966	23,642	27,565
Net Fixed Assets	**13,393**	**11,076**	**12,253**	**13,077**	**13,354**
Capital WIP	1,033	2,489	2,489	2,489	2,489
Investments	653	629	629	629	629
Curr. Assets	**2,35,138**	**1,96,436**	**2,51,465**	**2,88,491**	**3,34,226**
Inventory	26,305	25,886	32,896	37,593	43,212
Debtors	44,484	39,316	49,963	57,097	65,632
Cash & Bank Balance	95,679	56,118	78,941	97,955	1,22,818
Loans & Advances	4,618	8,382	10,652	12,173	13,992
Other Current Assets	64,052	66,734	79,013	83,673	88,571
Current Liab. & Prov.	**99,332**	**73,617**	**93,553**	**1,06,910**	**1,22,892**
Creditors	47,045	40,765	51,805	59,201	68,051
Other Liabilities	33,603	22,620	28,746	32,850	37,760
Provisions	18,684	10,232	13,003	14,859	17,081
Net Current Assets	**1,35,806**	**1,22,819**	**1,57,912**	**1,81,581**	**2,11,334**
Application of Funds	**1,50,885**	**1,37,013**	**1,73,283**	**1,97,776**	**2,27,806**

2024 data is for 12 months Sep Y/E, 2026 data is for 18 months Mar Y/E, 2027/2028 is for 12 months Mar Y/E

Financials and Valuation

Ratios

Y/E March	2024	18M2026	12M2027E	12M2028E	12M2029E
Basic (INR)	56.8	77.3	101.9	68.8	84.4
Adjusted EPS	**56.8**	**79.4**	**51.3**	**68.8**	**84.4**
Growth (%)	NA	39.9	-35.3	34.0	22.6
Cash EPS	63.9	91.0	60.7	79.1	95.4
Book Value	431.4	388.8	490.7	559.5	643.8
Valuation (x)					
P/E	62.6	44.8	69.3	51.7	42.1
Cash P/E	55.6	39.0	58.6	44.9	37.3
EV/EBITDA	55.2	42.8	51.5	39.4	31.2
EV/Sales	7.3	4.9	5.6	4.8	4.1
Price/Book Value	8.2	9.1	7.2	6.4	5.5
Profitability Ratios (%)					
RoE	13.2	20.4	10.5	12.3	13.1
RoCE	13.6	17.4	10.7	12.5	13.3
RoIC	25.6	22.6	15.7	19.6	23.4
Turnover Ratios					
Debtors (Days)	101	86	86	86	86
Inventory (Days)	60	57	57	57	57
Creditors. (Days)	107	89	89	89	89
Asset Turnover (x)	1.1	1.8	1.2	1.2	1.2
Fixed Asset turnover (x)	6.2	9.0	6.6	6.6	6.8
Leverage Ratio					
Net Debt/Equity (x)	-0.6	-0.4	-0.5	-0.5	-0.5

Consolidated Cash Flow Statement (INR m)

Y/E March	18M2026	12M2027E	12M2028E	12M2029E
PBT before EO Items	**36,842**	**24,429**	**32,744**	**40,147**
Add : Depreciation	4,422	3,323	3,676	3,923
Interest	413	338	338	338
Less : Direct Taxes Paid	11,244	6,156	8,252	10,117
(Inc)/Dec in WC	29,930	12,270	4,654	4,890
Others	-5,857	12,946	-7,105	-7,836
CF from Operations	**-5,354**	**22,610**	**16,748**	**21,565**
(Inc)/Dec in FA	-5,525	-4,500	-4,500	-4,200
Free Cash Flow	**-10,879**	**18,110**	**12,248**	**17,365**
(Pur)/Sale of Investments	34,357	0	0	0
Others	8,049	5,051	7,105	7,836
CF from Investments	**36,881**	**551**	**2,605**	**3,636**
(Inc)/Dec in Net Worth	-1,729	0	0	0
(Inc)/Dec in Debt	-1,528	0	0	0
Less : Interest Paid	0	338	338	338
Dividend Paid	4,286	0	0	0
Others	-25,478	0	0	0
CF from Fin. Activity	**-33,021**	**-338**	**-338**	**-338**
Inc/Dec of Cash	**-1,494**	**22,823**	**19,015**	**24,863**
Add: Beginning Balance	95,679	56,118	78,941	97,955
Other Bank Balances	-38,067	0	0	0
Closing Balance	**56,118**	**78,941**	**97,955**	**1,22,818**

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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