

## LVM business divested, ending longstanding saga

The sale of the LVM business for INR 22bn (EV) brings closure to a long-struggling entity within SIEM. A previous attempt to divest it had failed on valuation concerns, but with its current struggles and lack of technology access we believe that the sale may be in the best interest of investors. We were assigning only INR 40/sh value in our analysis (INR 14bn), so the sale is value-accretive, in our view. We raise our TP modestly to INR 3,480 on slightly higher other income resulting from the increased cash base. There is no change in our valuation P/E of 50x and we maintain ADD on the stock.

- **LVM business had limited prospects of growth or margin improvement:** The low voltage motors (LVM) segment had delivered INR 9.67bn in sales in 12M ending Sep'25. We had estimated sales of INR 12bn on a continued basis (FY28-29) and EBIT margin of ~4% with limited scope for improvement. Further, 12M EBIT was INR 0.35bn, but a progressively worsening trend has been seen in margins of late. The elimination of the business from Jun'26 (expected date of transaction) is positive from an EBITDA margin-accretion perspective, in our view. We note that an earlier attempt to divest the LVM business at a similar valuation was rejected by minority shareholders in Jul'23.
- **Lack of technology support and lack of group synergies would have stunted prospects:** Siemens AG had completed the sale of Innometrics in Oct'24 to KPS Capital globally, resulting in transfer of all intellectual property (IP) rights. Thus, the LVM business was effectively reduced to a sales and marketing entity with 89 employees with complete dependence on Innometrics for manufacturing (97%+ dependence), IP and other capabilities. This complete dependence on Innometrics for IP rights essentially ruled out a sale to other potential buyers.
- **LVM has witnessed a trend of consistent decline in sales and margins:** It appears that after minority shareholders rejected the earlier proposal to divest the business on valuation grounds, the management had ceased to invest in expanding the business. The management also has no intention of restructuring the business or undertaking investments. Thus, the LVM business went through a period of consistent softening of sales as well as EBIT margin.
- **Analyst meet to be the next focal point especially on growth outlook:** SIEM has scheduled its analyst meet on 12<sup>th</sup> Dec'25 (10am-12pm IST). We expect to derive insights on sustainability of Smart Infra (SI) margins and growth prospects, Digital Industries (DI) margins and their expected stabilisation, and sustenance of Mobility (MO) margins, which were at multi-quarter highs. Our views are detailed in our report ([LINK](#)), where we highlight, based on Siemens AG commentary, that SI margins may sustain globally and that DI headwinds faced over multiple quarters may have bottomed out.
- **Value at 50x (in line with peer ABB) on 1HFY27 P/E to derive a TP of INR 3,480; retain ADD :** We prefer SIEM over ABB as ordering levels are relatively robust and based on Siemens AG commentary we believe there are scope for margin improvement in FY27. The stock trades at 51x FY27E EPS of INR 63.3, which is attractive relative to peer ABB.

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## Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	3,480
Upside/(Downside)	10.7%
Previous Price Target	3,440
Change	1.2%

## Key Data – SIEM IN

Current Market Price	INR3,143
Market cap (bn)	INR1,119.2/US\$12.5
Free Float	23%
Shares in issue (mn)	356.1
Diluted share (mn)	356.1
3-mon avg daily val (mn)	INR1,196.7/US\$13.3
52-week range	3,995/2,270
Sensex/Nifty	84,666/25,840
INR/US\$	89.9

## Price Performance

%	1M	6M	12M
Absolute	3.6	-7.1	-19.4
Relative*	1.8	-9.5	-22.4

\* To the BSE Sensex

## Financial Summary

(INR mn)

Y/E March	FY23A	FY24A	FY26E	FY27E	FY28E
Net Sales	195,538	222,397	270,637	197,391	224,252
Sales Growth (%)	21.2	13.7	21.7	-27.1	13.6
EBITDA	24,871	31,040	32,291	26,047	30,675
EBITDA Margin (%)	12.7	14.0	11.9	13.2	13.7
Adjusted Net Profit	19,619	27,181	26,940	22,538	27,024
Diluted EPS (INR)	55.1	76.3	75.6	63.3	75.9
Diluted EPS Growth (%)	55.5	38.5	-0.9	-16.3	19.9
ROIC (%)	30.7	36.9	37.2	33.5	40.4
ROE (%)	15.9	19.1	16.4	11.6	12.1
P/E (x)	58.2	42.0	42.4	50.6	42.2
P/B (x)	8.7	7.4	6.5	5.3	4.9
EV/EBITDA (x)	42.8	33.7	31.6	37.5	31.3
Dividend Yield (%)	0.3	0.4	0.5	0.5	0.6

Source: Company data, JM Financial. Note: Valuations as of 09/Dec/2025

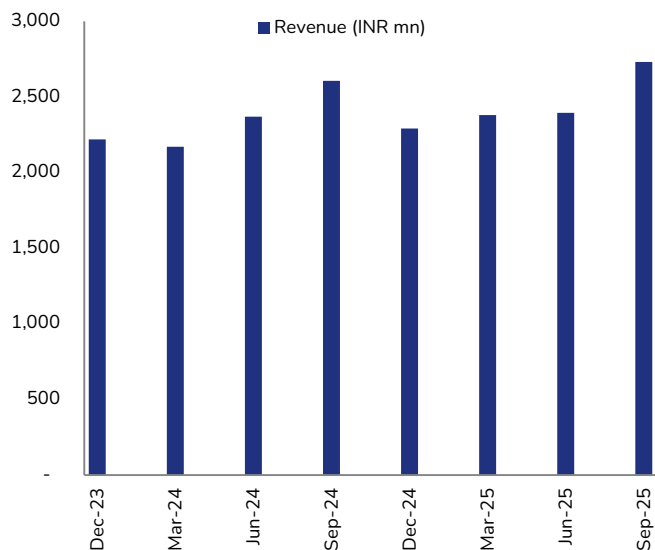
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## LVM: Limited prospects of revenue growth with declining margins

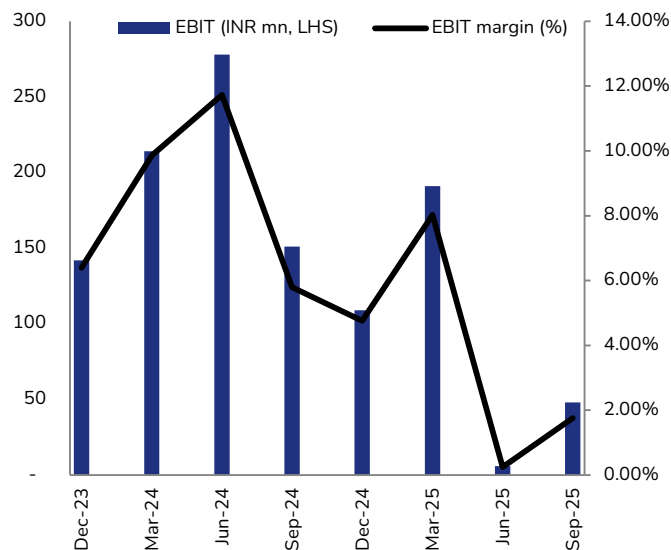
Siemens India had earlier attempted a divestment of the LVM business in Jul'23. However, it was rejected at that time by minority shareholders in India on grounds of valuation. It appears that, post this rejection, the management ceased to invest in expanding the business. The management also does not intend to restructure the business or undertake investments. Thus, the LVM segment witnessed a period of consistent softening of sales as well as EBIT margin.

**Exhibit 1. No material growth in LVM revenue**



Source: Company, JM Financial

**Exhibit 2. Profitability has declined sharply**



Source: Company, JM Financial

## Divestment is value-accretive for Siemens India, in our view

**Exhibit 3. We have cut our EBITDA estimates slightly after excluding the LVM business, but our EPS estimates are slightly higher due to higher other income on cash receipt of INR 22bn**

	New		Old		% change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	1,97,391	2,24,252	2,09,138	2,36,146	-5.6%	-5.0%
EBITDA	26,047	30,675	26,524	31,158	-1.8%	-1.6%
EBITDA margin (%)	13.2%	13.7%	12.7%	13.2%		
PAT	22,538	27,024	22,463	26,519	0.3%	1.9%
EPS	63.29	75.88	63.08	74.47	0.3%	1.9%

Source: Company, JM Financial

## Value at 50x P/E Sep'27 for a TP of INR 3,480; maintain ADD

We value SIEM at 50x (unchanged) on Sep'27 P/E, which is a multiple that we also use to value ABB. We raise our TP modestly to INR 3,480 on slightly higher other income resulting from the increased cash base.

Structurally, SIEM's SI and DI segments are analogous to Electrification (EL) and Process Automation (PA) in ABB. We are witnessing ABB facing margin headwinds due to QC issues in EL and Motion (MO) segments, which does not seem to be the case with SIEM. SIEM has a much LVM business with an insignificant EBIT contribution. The headwinds present in the electric motors space are not applicable to SIEM.

Given its INR 10bn ongoing capex plan (since Nov'23) to add power transformers at Kalwa and GIS facilities in Goa we expect the momentum in Smart Infra growth to be sustained. The capex for developing Aurangabad as a hub for Mobility exports bodes well for the MO segment in the long term. The only segment facing an adverse environment is DI and any indications of a revival in ordering prospects and margins can potentially support a re-rating. **In the event DI revives and SI inflows sustain we can expect SIEM P/E to re-rate closer to 60x and trade close to INR 4,100 (33% upside).**

Exhibit 4. SIEM 1Y fwd P/E mid-range at 50x with potential scope to re-rate to 60x



Source: Bloomberg

### Investment risks

- Volatile margins in Digital Industries and Mobility remain areas of concern. In the event DI margins remain persistently weak a potential re-rating may not materialise.
- Continued costs of demerger from Siemens Energy impacting margins is a negative.

## Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY23A	FY24A*	FY26E	FY27E	FY28E
Net Sales	195,538	222,397	270,637	197,391	224,252
Sales Growth	21.2%	13.7%	21.7%	-27.1%	13.6%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>195,538</b>	<b>222,397</b>	<b>270,637</b>	<b>197,391</b>	<b>224,252</b>
Cost of Goods Sold/Op. Exp	133,912	149,926	188,591	136,200	154,734
Personnel Cost	20,136	22,840	25,525	17,697	18,935
Other Expenses	16,619	18,591	24,230	17,447	19,908
<b>EBITDA</b>	<b>24,871</b>	<b>31,040</b>	<b>32,291</b>	<b>26,047</b>	<b>30,675</b>
EBITDA Margin	12.7%	14.0%	11.9%	13.2%	13.7%
EBITDA Growth	41.5%	24.8%	4.0%	-19.3%	17.8%
Depn. & Amort.	3,208	3,296	4,232	2,857	3,000
EBIT	21,663	27,744	28,059	23,190	27,675
Other Income	4,962	9,253	8,503	7,129	8,639
Finance Cost	228	605	251	200	200
PBT before Excep. & Forex	26,397	36,392	36,311	30,119	36,114
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	26,397	36,392	36,311	30,119	36,114
Taxes	6,778	9,211	9,371	7,581	9,090
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	19,619	27,181	26,940	22,538	27,024
<b>Adjusted Net Profit</b>	<b>19,619</b>	<b>27,181</b>	<b>26,940</b>	<b>22,538</b>	<b>27,024</b>
Net Margin	10.0%	12.2%	10.0%	11.4%	12.1%
Diluted Share Cap. (mn)	356.1	356.1	356.1	356.1	356.1
<b>Diluted EPS (INR)</b>	<b>55.1</b>	<b>76.3</b>	<b>75.6</b>	<b>63.3</b>	<b>75.9</b>
Diluted EPS Growth	55.5%	38.5%	-0.9%	-16.3%	19.9%
Total Dividend + Tax	3,561	4,273	5,698	5,698	6,410
Dividend Per Share (INR)	10.0	12.0	16.0	16.0	18.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY23A	FY24A	FY26E	FY27E	FY28E
Profit before Tax	19,619	27,181	26,940	22,538	27,024
Depn. & Amort.	3,208	3,296	4,232	2,857	3,000
Net Interest Exp. / Inc. (-)	-4,734	-8,648	-8,252	-6,929	-8,439
Inc (-) / Dec in WCap.	-5,143	-6,706	3,790	3,578	-4,997
Others	1,050	1,572	0	0	0
Taxes Paid	0	0	0	0	0
<b>Operating Cash Flow</b>	<b>14,000</b>	<b>16,695</b>	<b>26,710</b>	<b>22,044</b>	<b>16,589</b>
Capex	-2,020	-3,423	-4,000	-2,000	-1,500
<b>Free Cash Flow</b>	<b>11,980</b>	<b>13,272</b>	<b>22,710</b>	<b>20,044</b>	<b>15,089</b>
Inc (-) / Dec in Investments	-2,159	6	0	0	0
Others	-3,409	-1,635	8,503	29,129	8,639
<b>Investing Cash Flow</b>	<b>-7,588</b>	<b>-5,052</b>	<b>4,503</b>	<b>27,129</b>	<b>7,139</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-3,561	-3,568	-5,698	-5,698	-6,410
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-940	-1,633	-251	-200	-200
<b>Financing Cash Flow</b>	<b>-4,501</b>	<b>-5,201</b>	<b>-5,949</b>	<b>-5,898</b>	<b>-6,610</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,911</b>	<b>6,442</b>	<b>25,264</b>	<b>43,275</b>	<b>17,117</b>
Opening Cash Balance	10,006	11,917	18,359	120,943	164,218
Closing Cash Balance	76,507	95,679	120,943	164,218	181,335

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY23A	FY24A	FY26E	FY27E	FY28E
Shareholders' Fund	130,871	153,567	174,809	213,649	234,263
Share Capital	712	712	712	712	712
Reserves & Surplus	130,159	152,855	174,097	212,937	233,551
Preference Share Capital	0	0	0	0	0
Minority Interest	86	94	94	94	94
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	-1,627	-2,776	-2,776	-2,776	-2,776
<b>Total - Equity &amp; Liab.</b>	<b>129,330</b>	<b>150,885</b>	<b>172,127</b>	<b>210,967</b>	<b>231,581</b>
Net Fixed Assets	30,881	32,159	31,927	31,070	29,570
Gross Fixed Assets	12,652	14,032	13,800	12,943	11,443
Intangible Assets	17,733	17,094	17,094	17,094	17,094
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	496	1,033	1,033	1,033	1,033
Investments	14	14	14	14	14
Current Assets	183,938	218,044	240,109	277,819	303,854
Inventories	25,046	26,305	26,397	24,144	27,429
Sundry Debtors	38,002	44,484	36,089	39,482	44,855
Cash & Bank Balances	76,507	95,679	120,943	164,218	181,335
Loans & Advances	5,217	4,618	4,618	4,618	4,618
Other Current Assets	39,166	46,958	52,063	45,357	45,617
Current Liab. & Prov.	85,503	99,332	99,923	97,936	101,857
Current Liabilities	40,054	47,045	40,036	43,183	49,054
Provisions & Others	45,449	52,287	59,887	54,753	52,803
Net Current Assets	98,435	118,712	140,186	179,883	201,997
<b>Total - Assets</b>	<b>129,330</b>	<b>150,885</b>	<b>172,127</b>	<b>210,967</b>	<b>231,581</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY26E	FY27E	FY28E
Net Margin	10.0%	12.2%	10.0%	11.4%	12.1%
Asset Turnover (x)	1.6	1.6	1.6	1.0	1.0
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	15.9%	19.1%	16.4%	11.6%	12.1%
Key Ratios					
Y/E March	FY23A	FY24A	FY26E	FY27E	FY28E
BV/Share (INR)	367.5	431.2	490.9	599.9	657.8
ROIC	30.7%	36.9%	37.2%	33.5%	40.4%
ROE	15.9%	19.1%	16.4%	11.6%	12.1%
Net Debt/Equity (x)	-0.6	-0.6	-0.7	-0.8	-0.8
P/E (x)	58.2	42.0	42.4	50.6	42.2
P/B (x)	8.7	7.4	6.5	5.3	4.9
EV/EBITDA (x)	42.8	33.7	31.6	37.5	31.3
EV/Sales (x)	5.4	4.7	3.8	4.9	4.3
Debtor days	71	73	49	73	73
Inventory days	47	43	36	45	45
Creditor days	86	90	61	92	92

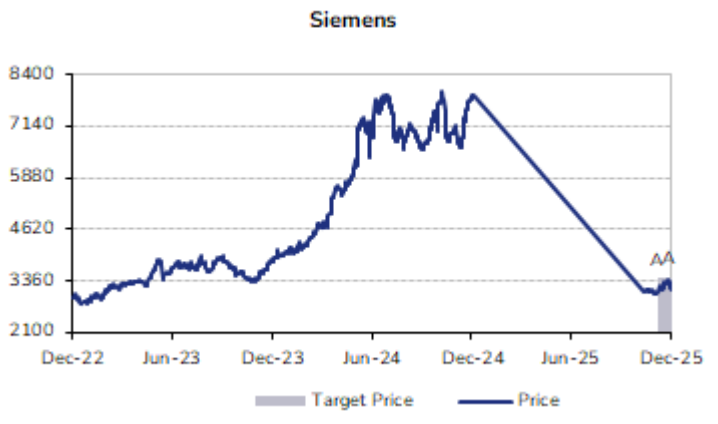
Source: Company, JM Financial

\*FY26E is adjusted for 18 months due to change in financial year end.

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Nov-25	Add	3,440	

Recommendation History



## APPENDIX I

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

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