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May 17, 2018

BSE Limited
P.J. Towers
Dalal Street
Mumbai 400 001
(Attn : DCS CRD)

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E).
Mumbai 400 051

Attn: Listing Dept.

Dear Sirs

Sub: Transcript of Analyst concall

We are sending herewith a copy of the transcript of conference call with analysts, which took place on May 9, 2018, post announcement of Q1 2018 results of the Company. The said transcript is also uploaded on the Company's website.

Thanking you

Yours faithfully
For ABB India Limited

B Gururaj
Deputy General Counsel &
Company Secretary
FCS 2631



“ABB India Limited Q1 FY 2018 Earnings Conference Call”

May 09, 2018



MANAGEMENT: MR. SANJEEV SHARMA -- MANAGING DIRECTOR, ABB INDIA LIMITED
MR. T. K. SRIDHAR -- CHIEF FINANCIAL OFFICER, ABB INDIA LIMITED
MR. MADHAV VEMURI – PRESIDENT - INDUSTRIAL AUTOMATION DIVISION, ABB INDIA LIMITED
MR. SUBIR PAL -- PRESIDENT - ROBOTICS AND MOTION DIVISION, ABB INDIA LIMITED
MR. PITAMBER SHIVNANI -- PRESIDENT - POWER GRID DIVISION, ABB INDIA LIMITED
MR. AKILUR RAHMAN --CHIEF TECHNOLOGY OFFICER, ABB INDIA LIMITED



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Moderator: Ladies and Gentlemen, Good Day, and Welcome to the ABB India Limited Q1 Analyst Conference Call. As a reminder, all participant lines will be in the 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 telephone. Please, note that this conference is being recorded.

I now hand the conference over to Mr. T. K. Sridhar -- CFO, ABB India Limited. Thank you and over to you, sir!

T. K. Sridhar: Thank you. So Good Afternoon, Ladies and Gentlemen. Thanks for joining this particular call of the First Quarter Result for 2018.

I have with me, Sanjeev Sharma -- the Managing Director of ABB Limited; Madhav Vemuri -- who heads Industry Automation Division; Subir Pal-- he heads the Robotics and Motion division; and Pitamber Shivnani -- who is the head of Power Grid division; Akilur Rahman -- who is the Chief Technology Officer, right so we have all of them on the call.

So without much of time, we will hand it over to Sanjeev.

Sanjeev Sharma: Thank you, Shridhar. Good Afternoon to all of you and thanks for joining us today. I will give you an overview. There are few slides which capture the sense we want to talk about this afternoon.

ABB India in quarter one January to March 2018, we saw good order growth, mainly driven by base orders that were up 14%. We had growth across all four divisions. We had strong increase in revenues.

Our PBT was up by 17% and PAT was up by 14% year-on-year basis.

We continue to upgrade our capacities and capabilities in the country, not only to meet the growing expectations of customers in the space of industrial revolution to afford and are also on the energy revolution. So opened a state of the art smart factory in Nashik. And again, in the month of February, we have to open another plant in Nelamangala which is to produce electrical protection and connection devices in Bengaluru (Bangalore). So the productivity levels of these plants are compared to similar plants is much high and that is what our focus is, we continue to bring much more flexibility as well as demand-oriented production into our plants.

We have been reaching out to more customers because we are very much aware that the Indian economy is growing. Right now, it is Rs. 2.8 trillion, it will reach Rs. 6 trillion maybe in a decade's time. Most of this growth will come from Tier-II, Tier-III cities. So, we are engaging with customers who are growing across India and we are bringing our proposition to them and we are discovering new channels as well as new customers in much larger part of India.



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We inaugurated ABB Power Technology Experience Center two weeks back in Vadodara and this is an upgrade of a facility wherein we are investing in training the future engineers. One is upgrading the skills of the existing engineers working for our customers in utility industries, transportation, and infrastructure segment and also all the fresh engineers who need to upgrade in their skills whether it is smart technologies, smart grid, digitalization, all those aspects will be covered with this experience center and it is already quite popular with our customers. Not only for customers here in India but also in South Asian the region Africa and South East Asia. So, we see this not only brings a good focus for upgrading skills of the customers but also for us to showcase our technologies to customers. So that we take forward the changes that are coming in the grids, industries, as well as transportation and infrastructure segments.

The three focal areas where ABB is present - utility, industry, transportation, and infrastructure. So, in utilities what we saw there was subdued capacity addition of the conventional power, or classic power coming out of the thermal generation. But then there was a robust capacity addition of renewables led by strong Government support for solar.

Sufficient transmission capacity exists today and that is why you can see the power grid PGCIL their CAPEX looking forward is reducing. But most of the investment is moving to the sub-transmission state level and distribution and that is where our focus is moving. Profitability of state distribution companies are a long-term success will depend on bringing these companies out of debt.

We also inaugurated a new generation microgrid. So you see this picture this is our 100-acre facility in Vadodara; that is our largest facility wherein most of the power grid equipment is produced. And we have installed our own microgrid which generates about 1.2 megawatts of power and given the mix of it, if the grid is not available, this can feed us for about three hours of our plant requirements. It is backed up by battery and it has software and electronics which balances the load between the grid, the solar generation capacity that is available with the backup generators.

So having installed it and having it as a showcase for industrial customers as well as remote communities or remote industrial installations, which do not have access to grid.

On the industry side, there are consumer-led green shoots visible. So, what we see is segments like F&B and Automobile they are doing well. In case of cement there is uptick in demand which is driving the capacity utilization and for the need of efficiency improvement in short-term, there are a lot of investments that are happening in the existing plants and ABB is directly a beneficiary of it.

In case of metals, access capacity globally except for some special products but at the same time when we speak to the steel majors, we can see that their kind of capacity utilization as well as



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some special products that they produced I think that is being utilized quite well. So there is a quite a good moment in recent times.

Now the Bharat VI standard will drive Oil and Gas investments, especially in refineries upgrading it and I think there is a good CAPEX spend coming in that direction and we hope to take good share of it.

Infrastructure highlights. We see that there is a Government infra spend up 14% over FY 2017. We see good potential in Railways and Metros, Ports and Smart Cities. Railways is focusing on electrification which is positive of ABB offering. We have quite an interesting portfolio and we can see demand on our factories have increased and the order books are healthy. All major cities have now multiplier effect for the Metro development as this is moving into their next gear in India and ABB continues to be a strong player in Metro play. High-Speed Rails is under planning stage new are also looking into opportunities with the players, what kind of potential it brings of ABB.

Sagarmala Scheme, development of ports, this continues to boost demand for ABB offerings and we are very well placed here. Smart City initiatives will increase demand for our digital offerings and that is where we see some key players are aligning with us and we continue to serve the opportunities as they come to us.

We recently commissioned the Kalwakurthy Lift Irrigation Project and we are very happy with this project that it is a lift irrigation project in Telangana wherein we pump-up water to the higher regions which were parched, and the population was depleting in those areas, a number of villages were emptying themselves out. And the men in the villages were going to Hyderabad or cities nearby to become construction workers. So, we are very happy to see the social impact of this project wherein we have very large ABB Motors pumping water at 23,000 liters per minute into this upper regions and the distribution of this water into villages and their fields have brought all these so-called converted construction workers back to their fields and we have some very good stories wherein we see that we have a social impact with the technology when applied rightly.

We continue to support the EV, Electric Vehicle fast charging network movement in the country. I think our solutions are very well accepted globally. Recently, just to give a global perspective, Volkswagen has signed an agreement with us to set-up a fast charging network in U. S. and similar cities and similar companies have come to us to set-up their network in Europe and other places. And we will see that the momentum will pick-up in the India. But right now, it is in the transitional space of policymaking and the industry formation and we hope to have a good play in this area because our technology stands to be robust and very well acceptable by the quality players.



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Some of you may be aware that ABB continues to invest into cutting edge technology and that is the reason why we have survived for last 130 years. And ABB Formula E, it is the formula racing body based on the Electric Cars wherein you have the motor and the battery which is used to complete the car race. It is moving around the globe and seven cities are kind of running this race. This is not typically run in a circuit. It is run in the city itself, middle of the city itself and we are the title holder of it is called ABB Formula E and from India, Mahindras are also part of it and what we see with this is that ABB contributes technology and also learns from you run very high-end cars in a challenging environment you know that gives new problem statements to continue to refine this technology going forward.

So that was a bit of an overview for different segments and the market outlook going forward. We are expecting as all of you know, GDP growth to bounce back in FY 2019 to 7% - 7.5% due to strong global growth and possible rebound in private investment in consumer-led industry and infrastructure spending by the Government and still we have the couple of cylinders which are yet to fire which is the industrial spend.

Sorry, for this interruption. What we were saying that utility growth will be driven by renewals sub-transmission and distribution spend. Growth will be driven consumer-led sectors and long-term growth will be determined by the time taken to complete the NPA resolution process in different industries especially steel. But we do feel that for India story, if it is running 7% - 7.5% on two cylinders, which is the consumer-led industries and infrastructure, we still have the utilities and the industrial sector as un-utilized growth engines, and I think, as that demand picks-in we see that the mid to long-term, we see a solid story here in this country for ABB solutions because we are focused on utilities, industries, transportation, and infrastructure. And one part which I would like to share with you is it is a kind of strange phenomena that we see at this time in the marketplace. Typically, people are very used to talking about microenvironment but right now we find that the macros are bit weak, but micros are very strong. Its very rare that you see this kind of cycle. We are connecting with our medium and the small size customer and sub-segment, the growth there is really robust and the inventories are vanishing pretty quickly. But then you look into the large industries and the large-scale utility project, they are little bit subdued at this point of time.

And investments in Railways, Metro and Ports, they will continue to drive ABB Transportation business. So, we see mix market but at the same time in ABB as we engage with the customers and engage with the right segments, we are in the right traction, I think that result is visible in our quarter one results.

Over to you, Sridhar

T. K. Sridhar:

Thank you, Sanjeev. So we go to the next interesting piece which is about financials. I think that is the one people are waiting for.



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So from the orders for the quarter was the robust growth. Our base orders grew 14% and total orders grew 10% and the growth was basically across all the division. So I think, it was spread across, it was just not one division which led the growth. It was more or less an equal growth across all the segments in the range of 7% to 8% average.

So order backlog we still are looking at a strong order backlog of Rs. 11,628 crores and this definitely consists of the large order of RP800 which is under execution. Execution started in Q4 and continues. And revenues were up substantially by 17% and so with profitability numbers also grew accordingly.

So now just to I think the most important element which I need to sort of both throws more light on is dimensions of orders, dimensions of the revenues which we have and also on the profitability by segments.

If you look at the revenue by division, they have grown they are traditionally by the division and just to tell you another element of it is that from 2018 onwards as per the group restructuring policy. The business of EPC substation and electrical balance of plant gets reclassified as a part of ZC and they move away from the erstwhile PG division. So this is the part of the realignment strategy as what has been implemented by the group and the same is also reflected in our ZC combination or you call as part of the unallocated expenditure. So that is one part of it.

And the next piece, if I come to the revenue performance by segment. Our product sales are holding on the 60% range, and projects have gone up because of the RP800 execution starting this particular quarter. So we see that the project revenues have gone up and the services have slightly come down to double-digit growth, so its used to be at 11% - 12%, today we are at 10% of the service growth, by revenue.

By sectors utility still, utility hold 20% of our revenues vs 18% earlier and that is also majorly driven by supply of equipment and projects of RP800 so that is the balance is spread over to industries and our partners.

Coming to the focused areas, so Railways constitute 7-8% of revenues. Solar 6% of our revenues in this particular quarter, and the other main businesses lead the balance of 85-90%.

And now coming to the other question about unallocated income, which is basically arising in quarter one. I would like to say there are three - four critical elements which we need to deliberate on. One is as Sanjeev was saying and we are embarking on and a change which is happening the market environment - a shift of the technology to the digital platform. So, we are investing in that particular area and that investment comes in through the corporate and then that is available for the business to deliver the products to the customers.



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And the next piece is about we are also doing brand consolidation and market activities across the country and that is also one of the reasons where we are investing more in the market to get us future revenues. And vis-à-vis last year, so we had definitely, interest income from the income tax cases which we had won, which had given a one-time gain was approximately about Rs. 7 crores - Rs. 8 crores and so that was also another reason why compared to the previous year to this quarter I think we could find a particular challenge.

So net-net, if I summarize why the sort of unallocated stuff has increased between Rs. 35 crores to Rs. 73 crores and the reason are basically investment into digital platform, investment in consolidation of brands because we are combining the Baldor, we are combining the Thomas & Betts and also the other, our new branding strategy which has been adopted so that the investment which will come and which we had to spend on. And also, we are getting near to the customer to make sure that we are always on the marketing front more aligned with the market.

Cash again remained robust. So we have strong balance sheet. Our DSO are still trending at 115 days - 116 days which we had left at 2017 December end and when we started 2017, we were somewhere about 130 days. So we do not find the struggle to collect cash. So we are basically focused and that is more driven by how we have seen our customer base. Today, if I look at the top 50 customers more than 30% to 40% of them are from the new customers, so that means we are diversifying our base and we are penetrating more into the market.

So, this is basically the overall synopsis the financials and we have a very strong operational EBITDA, we are growing 137% increase in that and so I think, we are on the right track that is what I would say as the market opens up.

So yes, with this, I think we can end our session and then we open it up for Q&A.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. The first question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

Sujit Jain: What is the proportion of base orders in the order inflow of close to about Rs. 2,500 crores.

Sanjeev Sharma: Rs. 2,400 crores, you have it in the presentation as well, it is Rs. 2,391 crores.

Sujit Jain: And what is the proportion of Power Grid orders in the order inflows?

TK Sridhar: Okay, so let me give you the break-up of what the orders. I think, Rs. 2582 crores; Electrification Products is Rs. 694 crores; Industrial Automation is Rs. 413 crores, Power Grid it is Rs. 900 crores and Robotics and Motion Rs. 530 crores.

Sujit Jain: So what we are basically coming at is do you see Power Grid orders getting replaced by other sectors and therefore double-digit kind of order inflow growth can continue?



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- Sanjeev Sharma:** You want to take that for me?
- T. K. Sridhar:** So your question is Power Grid orders getting replaced by some other segments?
- Sujit Jain:** Yes. And therefore, a good healthy double-digit growth to continue in order inflows?
- T. K. Sridhar :** Right. You are asking for an outlook or for a Q1 performance?
- Sujit Jain:** Outlook as well.
- T. K. Sridhar :** Outlook we do not give. But I think our actions to make sure that our customer base is diversified and are being closer to the customers is actually paying good results over the last five quarter - six quarter, that is what we could see. And with utility investment from utilities going down and we always focus on the other emerging sectors like Solar, Wind which is coming to show up now and we also saw some industry pick-up in the Q1.
- Sujit Jain:** Okay. Can I just ask one last question, the Railway solar you gave proportion of revenues, percentage of revenue, Y-o-Y what has been the growth?
- Sanjeev Sharma:** Y-o-Y also, they also grew at 7% to 8%.
- Moderator:** Thank you. The next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.
- Renjith Sivaram:** Sir, just wanted to understand our gross margins are a bit lower, so is that largely to do with higher commodity prices and should we assume this kind and this kind of material cost to sale going forward or is it just a quarterly?
- T. K. Sridhar:** So it is a product of various factors, right. So, let me put it. First, our share of project businesses is higher than compared to what it was. We have the RP800 as a major revenue, which will get executed in the coming quarter. So naturally, the project revenues will be higher. And the next couple of points which I would like to throw on is about the Forex - right so we are still a net importer. If you look at it so we have for us the European currency strengthening, so that is number two. And as you rightly said commodities could be a game changer. But having said that, we foresee this, and we are taking our one we definitely have a very conservative hedging policy, and the risk we are where at the time of entering the contract and so we hedge them right away in the gross basis. On the commodity, it also applies to the commodity as well. And the projects we have very clear project management and very strong project management processes which could definitely only improve the margins.
- Renjith Sivaram:** I FOREX gain-loss, what was the quantum of that in this quarter?



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- T. K. Sridhar:** In this quarter I think a net of Rs. 10 crores to Rs. 11 crores.
- Renjith Sivaram:** Rs. 10 crores to Rs. 11 crores of gain?
- T. K. Sridhar:** Of cost.
- Renjith Sivaram:** Okay. And sir, in that segmental, Electrification Products last three quarters there is marginal decline so, is that something to worry about in terms of solar inverters or some product range which is not picking up or anything there if you can show throw some color on that Electrification Products?
- T. K. Sridhar:** Electrification Products. I think the major share of business comes from channel partners, distribution from medium-voltage distribution to industries and another portion comes from the solar inverter. Solar inverters as you see has price challenges in the market. So, we have localization plans in place. So they fall in proportion to the price falls which we see in the market.
- Renjith Sivaram:** Okay. And lastly, if I can squeeze in one more question, what is the export contribution and what is the overall outlook in terms of export even in the order book?
- T. K. Sridhar:** In terms of exports, compared to last year to this year we have flat on exports in this particular quarter because last year had a major project which got materialized so we are as a percentage to the total order book what we see, we are at about 18% today and that remains constant.
- Moderator:** Thank you. The next question is from the line of Renu Baid from IIFL. Please go ahead.
- Renu Baid:** Sir, two questions or three questions. First, is as you shared that elements related to the EPC substations and eBOP have moved to unallocables now. Though we have shared for annual for CY 2017, what could be the share of this portfolio in the backlog for us?
- T. K. Sridhar:** Okay. So we have not much of the backlog okay this, roughly I would say Rs. 1,200 crores.
- Renu Baid:** Okay. And would this also include any portions of job from the RP800 score because there also EPC work is involved? So will it have some overlaps or it would be mutually exclusive?
- T. K. Sridhar:** It is mutually exclusive.
- Renu Baid:** So RP800 still fits in the Power Grids business division?
- T. K. Sridhar:** Yes.
- Renu Baid:** So second if you can just help us share a little more insights on your outlook for the transportation portfolio because specifically couple of your key peers have highlighted the transportation and rail orders have significantly slowed down and they have raised some concerns whereas your



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outlook is still positive. So what is the end market outlook and how are we seeing the demand off take coming electrification initiatives and conversion from diesel to electric loco from the Railway side?

Subir Pal: Subir, here. On the transportation sector our major customer, of course, is Indian Railways directly and there we see considerable scope for growth and currently, Indian Railways is struggling the supply chain on account of this sudden spurt in the demand for locomotive and there we have heavily exposed with our transformer, with our propulsion converter and various electrification products components as well. So, we see considerable scope for growth going forward.

Renu Baid: Okay. So at least the double-digit growth in the transportation vertical for us should continue in the near-term?

Subir Pal: It very much indicates towards that, yes.

Renu Baid: Sure. Sir, second question quickly, on the export side, if you can highlight what has been the key product line which has been added to the portfolio, we had mentioned about the traction transformers also earlier. So how are we seeing the export portfolio expanding over the last financial year and qualitatively what are the new additions that we can expect both from product as well as services portfolio?

Sanjeev Sharma: Yes, I think, year-by-year we continue to expand our portfolio and the product that go for exports. Last year, we added few product lines and just to mention to you in the case of solar inverters, I think we give on the capabilities and the built-up we have here, that is becoming a more of a kind of feeder factory for the world. And we have certain orders from North America, as well as Middle East into that particular unit. So that is one most recent addition in first quarter.

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

Abhishek Puri: So two things first, if you can tell us a little more about the services business, what has been the growth and what is the proportion of revenues from services here? And secondly, just wanted your outlook on Solar business as well, we have been reading that because of the proposed Safeguard Duty there has been some perceptible slow down on Solar business as well. And third, you gave us a break-up on Railways and Solar, if you can tell us industry-wise maybe for the other segments also what is the proportion of revenues? Thank you.

Sanjeev Sharma: Well for the service part of the question, I invite our Head of Service Madhav Vemuri and also who represents Industrial Automation division. Madhav, please go ahead.



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- Madhav Vemuri:** Yes, service constitutes around 15% to 16% on order front and around 13% to 14% on the revenue. Most of the growth in service is coming out of our Brownfield engagement and it is typically consisting of retrofits upgrades, energy efficiency, digitalization and our plant debottlenecking like engagement that we have with the existing installed base beyond the transactional spare parts and maintenance services.
- Sanjeev Sharma:** Well, for the Solar outlook – I think, as far as we are concerned, as I just mentioned in my last comment, we have mixed now the markets into our Solar footprint here in the country. We are not only serving the domestic part, we are also now serving the export market and now, on an exclusive basis. So as far as our backlog and load is concerned, I think that is consistently rising. Yes, it is true that in the Solar side there are players who are already active, I think they have kind of taken a pause but at the same time, we are finding that the new players who are coming in with much stronger appetite. But yes, converting them into orders, looking forward in the pipeline I think looks to be fairly robust for us, yes.
- Abhishek Puri:** Sir, last part, if you can answer that?
- Sanjeev Sharma:** Can you repeat the last part, please? If you do not mind?
- Abhishek Puri:** Sure, sir. On the revenue contribution, you said Solar is 6% Railways is 7% to 8%, if you can break-up the industry portion as well, please. That will be helpful.
- Sanjeev Sharma:** The industry portion, right so the balance was industry the portion as what I told you with all Solar and wind comes from the industry that is what we think that the industry market, it is not by the utility at this point of time. The utilities forms part of 20% of our total revenue streams for this quarter, right. And services as what we are saying is 15% - 14% for revenues and the balance is all industry orders and channel partners and all those stuffs. So, we do not have that nitty-gritty at this point of time.
- Moderator:** Thank you. The next question is from the line of Nilesh Bhaiya from Macquarie. Please go ahead.
- Inder:** Mr. Pitamber, what is the extend of slow down in the Power Grid business and our orders from the state utilities in the sub-transmission space enough to compensate for that?
- Pitamber Shivnani:** Yes. If you see whatever has been the slow-down in Power Grid in 765 KV, the same amount of business is available from the state grids in 400 KV, 220 KV and 132 KV. So overall, transmission business per se from Power Grid and state utilities what they were in 2017 will remain same in 2018. So, I suspect there will be no much reduction.



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- Inder:** My second question is regarding the comments made on the small and medium enterprise or the smaller customers and you guys are seemed to be very positive on that. Are there any particular sectors which are seeing this, the activity is clearly picking or is it across the board?
- T. K. Sridhar:** All the consumer-facing segments I think, they are doing well. Just to give you an idea.
- Moderator:** Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.
- Shrinidhi Karlekar:** Sir, you talked about a very interesting project of that microgrid at your Vadodara facility. Would it be possible to elaborate that and how you can commercially exploit that opportunity?
- Sanjeev Sharma:** Yes, let me give you that an example for the benefit of everyone. So if you have a large facility just say you have a plant which is using megawatts of power and there are two ways today everybody plans at power – one is that you draw it from the grid, second is that you create cogeneration plant within your premises which could be fed by gas, sometimes in coal, and sometimes there are diesel generating sets which are backing them up. So, whenever you want to start a very large load, you have a peak capacity and that peak capacity if the grid cannot support, you fire up the cogeneration plant or you ramp them up to satisfy that requirement. Now, with the microgrid there is first possibility that if you bring kind of a reasonable size, say microgrid in installation which is based on solar or wind or combination of both next to your industrial plant, what you have done is you have the cheap natural renewable power available to your plant and backing it up in a 20 feet container or 40 feet container, you can have electronics and software which manages these assets. So they choose which is the most appropriate power to be selected, should it come from the grid, should it come from the cogeneration, should it come from the wind power, should it come from solar or should it come from the storage batteries? So our software and our microgrid solution chooses the most appropriate source of power which is beneficial to the installation. Now, with this mix what happens is that you do not have to fire up your fossil base cogeneration plant for peak saving for the simple reason, there is a lot of power available from renewable and any large load we start in industrial installation, it can be fed by the batteries which are being charged by these renewables sources. Same way for some reason if the grid is not available, then you also can compensate the running of the critical operations of your plant using the solar energy available, wind energy available, the battery storage available, plus the cogeneration and you have the more availability of the plant as well as productivity of your plant throughout the year. And the third possibility also comes in wherein, if you are expanding your plant instead of buying the contracted power from the grid, you can actually now have your own installed renewable power backed by the battery so that it will be your fixed overheads because you do not need to pay for the contracted power. So, there are a number of cases for the existing installation in the industrial play but also, you can have an example, like for example, in a remote area you are setting up a mine and you want to dig there and get the materials out and there is no grid available. So typically, what you do is you fire up the diesel generating sets and you will keep running the plants. And if it is a remote area, you



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had a logistics of bring in fuel, storage other fuel as well as maintaining those assets. But if you mix it with the microgrid in those installation much of the capacity can be met by the microgrid solutions itself. So those are the kind of an application we see going to come forward at the larger scale and on the smaller scale, you can also look at telecom towers, all the remote telecom towers are spread forward by the DG sets. So it is also possible to use a smaller microgrid solution we have which can say much of the day and much of the 24 hours cycle can be fed by the microgrid without firing up the diesel engine. So that is the kind of an impact it can have on the spread of energy usage and the fossil-based cogeneration.

Shrinidhi Karlekar: Thanks, sir. And sir, just how economical is it in the current pricing environment and at what level of wattage usage by the current industrial applications? I just want to understand the economic and commercial part of it, sir.

Sanjeev Sharma: Right. So I think as a Managing Director of the company I do not allow any spend to be made unless I see a return on investment. So I was satisfied with the return on investment and that investment was in line with any other investment that we approve inside the company. So if you take a case back to the investors or somebody who has an installation, they will find it fairly attractive. Battery prices are slightly high at the moment, but when you project forward, they are going to get cheaper, so it will become even better and if you had an option to really apply it as your own installation or you can also have somebody who is a solar farm operator he can create an asset and if you your balance sheet is good and your operation is continuous, you can have a 25-year PPA model running by some solar or the kind of renewable power generation. So there is a number of combination it can count. So, if you run your numbers for us we find it fairly attractive.

Moderator: Thank you. The next question is from the line of Sandeep Tulsian from JM Financial. Please go ahead.

Sandeep Tulsian: So my question is pertaining to the Robotics and Motion segment. We have seen a very strong sales growth over there despite which the margins have slightly declines. So are we seeing to some kind of pricing pressures in that particular segment and also, if you could highlight what percentage of the HVDC project has been completed till date? Thank you.

T. K. Sridhar: As we said the sort of FOREX impact because RM is a major importer because that is where the FOREX impact lies in RM division quite substantially and that is how we find that particular segment impacted by it and also, we should understand that unlike the previous times embedded derivative which are more temporary for the nature is also a part of the profit and loss account and the PBIT which we have. So as I see, it could be a temporary accounting issue. But actually, when the actual revenues fall in place it could turn back.

Sandeep Tulsian: Yes, what percentage of HVDC project has been completed as at end of 31st March?



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- T. K. Sridhar:** Roughly about 10%.
- Moderator:** Thank you. As there is no response, we take the next question from the line of Sujit Jain from ASK Investment Managers. Please go ahead.
- Sujit Jain:** Sir, the EV charger opportunity that you spoke about the EESL tender what is the progress there? And as we understand initially it would not be in the fast-charging solutions, so, therefore, could it be an immediate addressable opportunity for us?
- Sanjeev Sharma:** We are focusing only on fast-charging solutions. Right now, I think the solution being asked by some corners of the market or not of interest to us so we may not be a participating in those low-end technology solutions.
- Sujit Jain:** And that includes the EESL tender as well?
- Sanjeev Sharma:** Part of the tender which are for the low-voltage charges, yes.
- Moderator:** We will take the next question is from the line of Varun Agarwal from BOI AXA. Please go ahead.
- Varun Agarwal:** One of the extensions on the question on the previous participant. In terms of ordering for the Power Grids side what kind of competitive intensity are you seeing from the Chinese and the Korean players?
- Sanjeev Sharma:** In the Power Grids?
- Varun Agarwal:** Yes.
- Sanjeev Sharma:** You see on the Power Grids we have a fairly large portfolio. So you always will have different intensity of competition in different product lines. So as far as Chinese are concerned or any European competition or Korean or Japanese, I think all of them are playing the market out in terms of availability. So, there is always a customer preference from the quality perspective and some customers have the price perspective as a more dominant decision-making. But what we find ourselves is we are competing fairly well in most of our prime products. But you always have sometimes a behavior wherein somebody tries to bid in the reverse tendering, bid more aggressive than the others. It is a kind of a mixed picture, so I cannot generalize it as such.
- Varun Agarwal:** Sir, just couple of last quick questions. In terms of we mentioned that project will be a higher part of our revenue this year so do we see margin dip without because of that?
- T. K. Sridhar:** We do not give any future projections on this particular count right. So, projects definitely come at a high material cost.



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

Bhavin Vithlani: My question is on exports, we saw flat exports this quarter. How do we export over a one year to three years perspective as we have had optimistic opportunity? And if you could also elaborate in terms of the type testing and geographical expansion that we have been focusing on exports that will be very helpful.

Sanjeev Sharma: So as far as the export mix is concerned - traditionally it used to be some large projects. But then these large projects are also now getting mixed with the base orders coming out of exports. So I think that profile and mix will change as we go forward. And in our view, our export story has just started. It is not possible to quantify it but I think the opportunities that we see given that the global technologies that we have localized here in India and the try-test certificates which are applicable at a global level as well as rarely we require to do the retesting locally but even if we had to our products are retested and also we have to the global certification around it. So we are not facing any of those issues when we are participating in the marketplace.

T. K. Sridhar: Yes. So Bhavin, just adds to what Sanjeev said, right, so today share of exports is in the range of 18% to 20% on average of order intake as well as revenues depending on how it is done. As I repeatedly say in ABB India is for India consumption. Our major focus is for India and we assume that it will grow faster that is our prime objective, right.

Moderator: Thank you. We take the next question is from the line of Anupam Goswami from Stewart & Mackertich. Please go ahead.

Anupam Goswami: Just sir, you gave the order breakup for quarter four, can you just give me the breakup for the order backlog that Rs. 11628 crores?

T. K. Sridhar: We have order backlog consolidated numbers, wed not split it by liner by division. Our order booking is what I gave you.

Anupam Goswami: Okay, okay. No problem, sir. Another question is that what is your take on the private CAPEX which was subdued in India apart from the governments spending, what is your outlook on the private CAPEX?

Madhav Vemuri: Private CAPEX, if you see, we see mostly in the industry sector a bit muted is mostly focused on Brownfield expanding in terms of the capacities are unleashing the existing assets are de-bottlenecking the plans and also focusing mainly on the energy efficiency that type of areas, our asset reliability. So expect for few sectors like cement and mining, the private CAPEX is not so huge, it is mostly coming out of the OPEX as a Brownfield area.

Anupam Goswami: Sir, question that what I had out of your Solar business how much would be for exports?



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Sanjeev Sharma: Well Solar exports story has just started we have got now the mandate to serve number of markets. So I think it will be good to track this number may be in three quarters from now.

Anupam Goswami: From the next quarter?

Sanjeev Sharma: Three quarters, so maybe end of the year, start of next year I think will be good time to talk about it.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to Mr. T. K. Sridhar for closing comments.

T. K. Sridhar: Yes, Thank you very much. Thank you, Ladies and Gentlemen, for attending this particular call. So if you still have some unanswered, please feel free to reach out to me or Manashwi or the Communications team, we will be more than glad to help you out. And thanks to the other management team members who were there on the call. Thank you.

Sanjeev Sharma: Thank you very much.

Moderator: Thank you very much, sir. Ladies and Gentlemen, on behalf of ABB India, that concludes this conference. Thank you for joining us and you may now disconnect your lines.