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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

In continuation of our letters dated dated August 5, 2022, August 10, 2022 and August 11, 2022, we are enclosing a copy of the transcript of conference call with analysts, which took place on August 11, 2022 post announcement of Q2 2022 results of the Company.

The said transcript is also uploaded on the Company's website.

Thanking you

Yours faithfully For ABB India Limited

Trivikram Guda

Company Secretary and Compliance Officer

ACS 17685

Encl: as above



"ABB India Limited Q2 CY2022 Earnings Conference Call"

August 11, 2022

MANAGEMENT: Mr. SANJEEV SHARMA – MANAGING DIRECTOR

Mr. TK SRIDHAR - CHIEF FINANCIAL OFFICER

MR. SANJEEV ARORA – PRESIDENT, MOTION BUSINESS
MR. KIRAN DUET - PRESIDENT ELECTRIFICATION

MR. KIRAN DUTT - PRESIDENT, ELECTRIFICATION

MR. SUBRATA KARMAKAR, ROBOTICS



Moderator:

Ladies and gentlemen, good day and welcome to ABB India Limited Q2 CY2022 Earnings Conference 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, and any unauthorized recording of this call is strictly prohibited. The recording will be made available on the company's and SEBIs websites subsequently. I now hand the conference over to Mr. T K Sridhar, Chief Financial Officer of ABB India Limited. Thank you and over to you, sir.

T K Sridhar:

Ladies and gentlemen, good morning to all of you. Welcome to the Q2 Earnings Call. We want to take you through the results of Q2 and give you a good insight of what is there coming and how the division have all performed. On the call with me is Sanjeev Sharma – Country Managing Director, and then have all the business managers Kiran Dutt representing, EL, Sanjeev Arora representing Motion. Unfortunately, we have Balaji traveling out and so we don't have anyone PA, but we will manage that. And also, we have Subrata Karmakar, representing our Robotics. So, without wasting more time, over to you Sanjeev.

Sanjeev Sharma:

Thank you, Sridhar. Good morning to all of you. Thanks for joining in for ABB India's, April to June quarter call. Most of you know ABB and you have been following us for a period of time. You have familiarity with our portfolio. But just as a reminder, ABB has been present in this country for over a century and we have been manufacturing here for over 70 years with our core portfolio in - electrification, which essentially deals with substation to socket products, enabling safe and smart and sustainable electrification, be it cities, buildings, or infrastructure projects. Motion which represents the core of energy efficiency portfolio of ABB, with electrical motors, generators, drives and associated services, including the mechanical power transmission products. These solutions, if you look at ABB portfolio, are a major part of our revenue stream. Process automation, which is the process control system catering to the solution for process and hybrid industries, including the process control systems and the electrification and digital solutions. So, this is a solution which provides the integrated system approach to our customers, and robotics and discrete automation, which offers value added solution and robotic machine and factory automation in the country. We continue to operate with widespread network wherein we serve our customers across the country with 21 sales offices, +750 partners, in 5 manufacturing locations, with 25 plants.

Next slide please. The highlight for last gone quarter, April to June. You may have already observed in our results that our orders are up 64% year-on-year, revenues are up 44% year-on-year and profit after tax is up 115%. We directly attribute this to operational efficiencies and customers connect our team and our partners have and that's something which is contributing to this growth in a well-rounded way. Our portfolio is spread in 20 distinct divisions which have unique portfolio and unique business models for the market. We operate and connect with about +20 market segments. So, that gives us the base level robustness when we do business in Indian market and outside. Last quarter, CII accredited us as a responsible export organization, which we'll be happy to receive which shows our credentials which have been developing over a period



of time in the export front. CRISIL reviewed our ESG credentials given a lot has been done by the organization in last two years, and we have been rated as 'Strong' *ESG performer* by CRISIL. And we are very happy to achieve that acknowledgement, but our journey continues in this particular area as we have more programs and initiatives running for us. We have a cash position which is solid.

Now, if you see what I say that is leading to business growth, one is the characteristics of our business portfolio is that we have a major part of our portfolio is now short cycle, we are focused on very wide market segments which are being served by direct and indirect channels and this has price realization in different market segments and different geographical categories where we are focused. Exports revenue grew 45%, services revenue grew 14% and of course we have high growth segments which are contributing higher than others. Large projects in process industry and optimization keep trickling in in different market segments.

So, some of these examples as you can see, which represents some of the deliveries and proud installations we have across segments, be it in rolling mills, paint shop floors, traction converters for locomotive companies, compact substation for cities like Ahmedabad and Surat, robotic lean Palletizing for a fast-moving consumer goods products major and there's a quite a good penetration robotics in FMCG segment for us. And of course, we continue to also help monitor the emissions that take place in a city so that we can take control of it.

On the industrial digitalization and de-carbonization journey, we have city gas projects across the country wherein our ThinkGas automation networks monitor the city gas distribution projects, and it's a quite a success story. Just as one example for energy efficiency – we save 30% energy in the luxury Amanbagh projects or the facility in Airoli using ABB drives for HVAC systems and sustainability, the product and the core of our promise for smart building and smart power equipment continues to help our customers in solar wind and solar cell projects. On the right, you can see the market segments we focus on and what is the current cyclicity of those segments. Given the widespread of these market segments, we are able to manage the cyclicity in our overall results.

Talking about ESG, we have some good achievements in the last quarter as we said all our factories, they have been certified green factory some platinum, some gold. In ESG risk assessment, we achieved a strong category. We are establishing single use plastic free premises beyond compliance all units, some of the units are already complied and the same practices are multiplied in other campuses. It is our resolve to become water positive in our locations, we informed you last quarter that we are water positive in Nelamangala and same project is being implemented in our other factories and premises. We are committed to zero waste to landfill goal at manufacturing units and a very focused program is running and we are very sure that as we move forward, as we learn more about India specific and city specific landfill practices, we will find solutions and try to reach towards zero waste to landfill. We already have achieved renewable energy goal that from 2022 onwards we are 100% on renewable energy and the waste



recyclability in all our location has already touched 96%. We are happy about it. We do it because this is the right thing to do.

With respect to the social programs we are running, we want to have a positive impact on the communities where we are present and far-off locations within our reach can be extended by the NGOs who operate. We are helping in the industrial tariffs, we are upgrading the infrastructure projects, wherein it is easy and safe for workers, woman, to participate in the industrial zone without fear of walking in the dark or unprepared, improper streets. So, we are committed to provide good infrastructure to the capacity we have and the resources we have, we have already executed a project in two locations. And there are two more projects which are under execution. So, if you happen to come to Peenya, Nelamangala or very soon to Nashik, you will see what we really mean. And we will also share some graphical picture with you next time when we see. There are a variety of projects which are very close to our hearts. We are sponsoring a woman engineering scholarships, especially for women who come from poor backgrounds, but are very bright and for that very reason they could rise up despite their resource constraints. They are able to come to an engineering college where we provide 100% scholarship, and we also provide them internship, mentorship, so that by the time four years they compete in the colleges, they come out to be very good participative woman engineers to the industry and to ABB. This is a photograph where in you see they are visiting one of our facilities. So, we try to kindle their interest in technology ABB have. So, that as we go forward, we have them as meaningful participants, part of our workforce in future or we release them into the open market wherein they can find their passion. So, these are some of the examples. And now, with this I stop the highlights and hand it over to T K Sridhar for the financial highlights.

T K Sridhar:

Thank you Sanjeev. This is one of our, I would say, strong quarter as we have performed and we still moving in the right direction that we want to remain credible. But we want to make sure that we have a more consistent performance and focus on the basics of how to run the organization with more sustained performance levels. Our focus what Sanjeev was saying on the 23 market segments by the 20 divisions what we have, they started to yield some good traction. And that's how you see, and robust quarter based on orders, on revenues, as well as the margin expansions what you see. Total orders received for the quarter was 2767 crores which talks off 64% growth quarter-on-quarter. But while I say this, we have 20 divisions business units within each of the segments. And the information that I have, shows traction in each and every business division. So, that means it's just not in one division or one business area, which is propelling the growth, it is basically growth by all the business divisions. It's the same for orders, is the same for revenues and the story of cash, and profit also follows the same direction. So, in other words, the strong customer connect and presence in the various parts of the geographies. The focus on exports and services are now well sustained on a very well sustainable ground. So, with this, I move to the order backlog, we have almost 6000 crores of order backlog. This provides good visibility for revenues, none of these order backlogs are slow moving or nonmoving. So, they will get converted into revenues over a period of time. And naturally, this has project businesses as well because if you look at the total traction, Process automation is one of the major business divisions which has gained more momentum, orders from ThinkGas are what we are talking of



and orders from other steel majors are something which have really improved and we are able to see that coming as order backlog as well.

Coming to the revenues, we are 2053 crores 44% increase quarter-on-quarter. We also look at it sequentially, how well we performed because the last quarter of 2021 was a quarter which was partially impacted by COVID, but even if I normalize it, we see a growth pattern emerging between Q1 22 and Q2 22 as well, and it was across all the divisions as what I mentioned earlier. So, the profitability, we stand at 9.5% as of time, so I know that we promised 10% to be minimum quarter-on-quarter. But we will catch up in the next few quarters to come. We still are in that particular band, where we will make sure that we remain credible at 10% of PBT. And this is despite of the fact that we had an abnormal mark to market impact, because of the copper which we have and the copper prices which had fallen down which were trending at almost 9200, 9300 levels. And finally, we had other closing at 8250 levels and so, that having the impact on the mark to market, and it was substantial. t was spread between MO and EL and partially and minimum on the PA as well. Profit after tax 147%, 115% growth over the previous quarter. The sequential quarter which is Q1 22 had a one-time impact of the sale of turbo business, which had 293 crores. So, if you remove that, we are better off. What is refreshing to see is the expansion in the operational EBITDA margin which eliminates these one-time impacts and the mark to market impact. So, that's something which we do and which we look at it consistently. So, cash we are at 2800 crores on the balance sheet, and also investment is up to that extent of 315 crores. So, totally, we will be roughly around 3100 crores.

We go to the next slide. So, this dwells a bit more on how we performed on the expenses and the income side of it. Good to see that material cost is 64%. So, if anyone is wondering how we really managed this material cost, it's more of an impact of two, three, really vital ingredients. One is sourcing material from places where it is bit less costly. And number two is around how do we manage the mix to generate a profitable trend for the quarters to come. And, most important is that how do we pass on the price to the market as well. Because in this time where inflation is high, and where the commodity price is increasing and Forex is volatile, we have no other option but to make sure that the customer also pays for the increase and that's something which is consistently being done by all the divisions across. And that's somehow showing up in the material cost. Personal expenses, we are at 7.1% compared to what we were at previous year, our previous quarter amounted to 139 crores, so in the same range, this is probably an impact of the different of increments what we give every year to the employees and other expenses. Last year, same time was an abnormal quarter as what we said because it's a COVID impacted quarter, but it is in line with the Q1 22 numbers what we are seeing 320, 340 crores that's basically the cost and that's also from the fact that we have a bit of an higher freight cost and transportation cost because of the fuel price increases and the volumes increase in higher exports what we have done in this particular quarter compared to the previous quarter as well.

The next comes the exchange rate and commodity. So, we have specifically made sure that this information is available. We had a swing on account of commodity impact to the extent of 53 crores and it has spread between majorly between EL and MO. If you look at the PBIT results,



the EL results have been impacted by 18 crores and almost 35 crores by MO. So, that's how the spread has been. So, that means the intrinsic performance of the businesses, without considering the mark-to-market impact on account of the commodities is something far better than what you see in the segment results. But other normal topics are pretty standard. So, we didn't have much of a deviation to what our estimates are. Net, net it's a strong backlog execution and a better revenue mix, which helped us get this margin expansions and better material cost impact what we see, but we definitely have to face the volatility in commodity products.

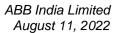
Electrification, they are, at this point of time, pretty well sustained in the market. So, they did have a strong Q1, they also have the same momentum in Q2 as well. We expect the trend to be continuing. The backlogs are strong. So, we will have a good order backlog execution going forward as well. So, PBIT at 96 crores which is 11.5% actually if you add back the impact what was there on account of Forex, it is at least 2% more than what we see.

Motion. So, EL and Motion as what we normally see form 70% of our business portfolio we will be in India. Both the divisions have been performing very strongly at this point of time. They see traction orders of course there will be competition around who are picking up the markets as well. So, PBIT at 74 crores which is 9% but if you add back the abnormal impact, because motors had quite a few businesses import copper quite a lot and that is probably what is impacting them and they stand at a very strong 13% levels in case if you add them back.

Project Automation. It is very heartening to see this business division bouncing back with better performance. So, they have a good service, revenues to execute with 28% which resulted in an incremental expansion of margins.

Robotics and Discrete Automation was a division which has a very good prospects the funnel and et cetera. But today and this was a business division, which was probably impacted because of the semiconductor topics which they had to deal with, but we are confident with the backlog what they have and the market funnel which they see they should be bouncing back in the next quarters to come. And the next slide gives you about how we are looking at the channels to market, the geography and the offerings. We have the same range of services and export. There was always a question as to how exports will grow. Just to call out a number in Q2, 21 our exports was 171 crores, but whereas we're talking of 246 crores that means 43% has increased. So, that means even the export markets have increased because there is extra export market allocations have been given to India. Thereby, we could see an expansion in the export volumes as such.

Overall, this was about the performance, but I should also close my call with saying that there are certain risks, which we should keep in mind when we are looking at the future trends that could probably impact us going forward. I would bucket it into three, one is commodity and inflation this is something which we keep watching – the commodity market is pretty volatile today. While the technical analysis gives a different set of numbers, but when you go to the banks, they have a different set of numbers which is forward plus premiums right and also the inflation which is catching up and the repo rate going up. So, this could have an probably an





impact on our material cost as well as availability of cash but we are keeping a very close watch on this. And accordingly adjusting the levers of connect with our customers to get cash back home and also our supply chain management to manage the vendor base as well.

The other impact will be around Forex. So, Forex is something which is under no one's control because there are various economic factors which impact the Forex volatility. So, here we keep the value of the business un-impacted because our policy says that all the Forex airman exposures have to be hedged immediately as and when either you get a sales order or when you place a purchase order to the vendor. So, to that extent the tendered margins remain un-impacted, while the results may at times have to go through the mark to market impact. But the point which I want to dwell is that with the US dollar strengthening against the Indian rupee, we are conscious of fact as to how do we close the gap between exports and imports.

Last but not the least, is geopolitical and the COVID topics. I know there are a lot of geopolitical topics on the anvil, and also the global trade balance and agreements getting resigned. So, we have to look at it as to how it pans out. And of course, the last but not the least, the country has learned how to manage COVID as a topic, but we remain watchful of that. So, this is probably my last comment on it. We can open up the call for the Q&A.

Moderator:

Thank you very much sir. So, we will now begin the question-and-answer session. The first question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan:

So, basically, especially the order inflow traction has also been very strong at around 2700 crores. And we have seen some large orders in the motion business and the process automation business, if you could give your commentary on the sustainability or the visibility of such large orders over the next 12 to 24 months from steel, cement and other large orders. So, basically, how they are panning out, is the ordering momentum still firms from these kinds of sectors which generally give the last ticket order so if you can give a commentary on these sectors, it will be really great.

Sanjeev Sharma:

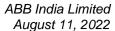
Thank you Ravi. So, we have a benefit of Sanjeev Arora our Motion President present here so and Ganesh is present also. So, Sanjeev Arora how do you see on the large project size, do you have certain good orders on the traction side, how do you see going forward?

Sanjeev Arora:

First of all, thank you very much for giving me this opportunity to answer this question. And thanks for the question. So, in my opinion, yes, we are actually, if you read the market, the market currently is fluctuating, or I would say looking into the metal prices and others but let me tell you that the pipeline is strong. Metals, cement, oil and gas, all the large projects are investing, and they are very upbeat and bullish. And that is how I see from the large projects point of view. And just to add to that, even the mobility part if we talk of traction, so both the Indian railways as well as the metro projects are going quite strong. So, we are in a good space that's from my side. Thank you.

TK Sridhar:

Ganesh, over to you.





Ganesh:

Thank you for the question, Mr. Ravi. Let me look at the segments other than steel, cement and ONG what Sanjeev Arora mentioned, if I look at the segments such as data centers and railways. the pipeline from data centers and railways is pretty good. In fact, if you look at the growth story as well in electrification it's been with respect to data centers, F&B, railway and renewable assets. So, large orders from these kinds of sectors are further expected. Well, it also depends on how we move forward and how the market takes it in terms of renewables.

Ravi Swaminathan:

Got this sir. And my second question is with respect to the margin profile, at overall company level, this quarter if you just want the Forex, our EBITDA margin would be kind of almost all time high of around 12%. How much more can it expand? We have started seeing some very good operating leverage also kicking in so how much more expansion possibility is there from here your thought process?

TK Sridhar:

So, Ravi, we are very steady when we say this right. So, we want to target a PBT corridor of 10% minimum, that's what we want to promise. Given the sensitivities what we have in the market, what we have in the other factors of commodities and Forex because we are still a net importing company. So, that being the case, we would try to stick around with the band of 10% of PBT as such. So, even though in one quarter you have an exceedingly good result, but with the project revenues which would come in the next future, in the next two quarters, it could probably balance it out. So, on a year-to-year basis we want to remain steady with the 10% PBT.

Moderator:

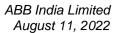
Thank you. The next question is from the line of Ankur Sharma from HDFC Life. Please go ahead.

Ankur Sharma:

Sir first on the order inflows again, and very, very strong number close to about 2700-2800 odd crores, if you could just help us what was the value of the large order which you typically break out and what was the value of the base orders just trying to understand also what is driving this big growth in base orders?

Sanjeev Sharma:

So, we did have a couple of large orders, but that's not how ABB India story is getting built, it's not around the large orders, it is around the momentum that we have in the base orders. And that is coming, we have mentioned few times that we are laser focused on multiple market segments of growth across the country. And that's how we are able to – number one, get higher growth, because our penetration is increasing. Number two, when our penetration is increasing, we are also making sure that our product portfolio expands and that also contributes to a better intake. And then the geographical presence that we have, that is also going much, much deeper, because the India story is not only in the metros or the tier two cities, but also going into tier four, tier five, so our expansion of our partner network is bringing more volumes back into our system apart from our direct support to customer. So, this is something which is a story which is not built in last quarter. This is a story being built since the last two to three years. So, if you have been following our commentary, we have been always mentioning that; it is the compounding effect that we are getting now.





Ankur Sharma:

Okay. Sir, secondly while we understand the demand is good, and clearly the outlook is also looking very strong. When I compare our sales on a three-year CAGR basis versus Q2 19, which probably was a more normalized kind of a quarter. Our process automation sales are flattish, even our electrification product sales are maybe up by 3%, 4% on a three-year CAGR basis, and our robotics and motions about 10. So, just trying to understand, despite our order books last few quarters being up anywhere in the region of 20% to 30%. That's not really kind of seen in the sales growth in that sense, when I look at larger size of three-year CAGR basis. So, is this and clearly most of our order book is any way short cycle. So, it's not that it's spread over two, three years. So, is it also that we are seeing supply constraints which are kind of stopping us to ramp up sales more meaningfully?

TK Sridhar:

Ankur, let me give you a big picture view. So, first of all, as we said our business is just not one division, we have 20 business divisions, and we need to have a collective look about it as well. But if I look at in sort of the same story of what you looked at it, we did this as well. We took 2018 as a base and removed the so-called businesses which we divested off which is our PG, solar, some of the more power traction businesses and also the turbocharger which we recently informed. And if you look at it 2018 to what we are, the adjusted numbers would be roughly around about 5900 crores from the revenue numbers what we had declared. And if we come to what we look at right, and we compare with the GDP growth, the order inflow growth is almost coming to more than double digit growth, nearing the double-digit growth. And if we look at the GDP on the CAGR basis it is 3%. Even if we adjusted to an inflation standpoint so then it is good to do 6%. What I mean to say is that on a three-year CAGR, we see that order and revenues, traction is far higher than what the GDP traction is. And GDP represents the overall business which is conducted in India. So, that's how we see this, right. While some other businesses could be cyclical, this is a more of a big picture view of what we see.

Ankur Sharma:

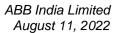
And just a last one sir on the EBIT side, the un-allocable expenses have come off quite a bit during this quarter, when I look at the previous quarters, on a Q-on-Q basis just about 18 crores, and this was at 55 crores in the previous quarter so why this sharp fall?

TK Sridhar:

That's a good question and I expected this, I wantonly did not give you the commentary in this thing. This is basically because the Q1, which was Q1 22, had an actual impact calculation which is impacted because that's how it is. But whereas in Q2 we had a probably a reverse way where the discounting rate has gone up, therefore the liabilities what we have as a provision of balance sheet for actual topics is lesser needed to the extent and this is as per the accounting standards. We also had some reversals of provisions because the assessments on the tax for the GST and everything started to come off in a better way. So, to give you a ballpark basis, what would be our unrecoverable income, I would pick between 32 to 35 crores quarter-on-quarter normalized business.

Moderator:

Thank you. The next question is from the line of Amit Mahawar from Edelweiss. Please go ahead.





Amit Mahawar:

I have two quick questions, first is in the first half period, the order intake seems to be exceeding last year in a three-year CAGR number by better margin. How much of contribution is from the new mandates that you have got from the parent especially in the low voltage, that's my first question. I'm talking about the new plant expansion that we've got in.

Sanjeev Sharma:

So, you're right, in a way that we have been making investments in our, for last two to three years now as I said, this story we never say that we did something dramatically good in last quarter that our results were better. We have been making investments in the product portfolio expansion, localization, and productivity enhancement in our plants. The amount of productivity increase we have in the low voltage plant is tremendous. And it's almost a case study in making now not only within India, but also, we will share it globally. Maybe next time when you are in Bangalore, we will try to give you a bit of a glimpse of it what we really mean and that is something our capability to address the market as market shows up in a very productive and low-cost, cost-effective way. That is allowing us to gain market share and also to be able to address the market with the surety that the market looks for because during the supply chain constraints, the markets are a little bit devoid of reliable suppliers. So, we are standing out as reliable suppliers. Whatever we are committing, we are able to deliver. And that also, kind of move the volumes towards us. So, that's one part of the story which has played out. But yes, you're right, the new expanded capacity, productivity investment and the expansion of portfolio has played into this.

Amit Mahawar:

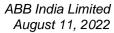
Sure, thank you. The second question is more on profitability, vis-à-vis the utilization. We don't know the utilization across divisions but considering the expansions and considering the new throughput of orders, it seems that CY 23, can be a very strong utilization ramp up year for the company and in light of what you've delivered in first half and maybe especially in Q2 in gross margins. Can you throw some light on which segments, we will see a significant ramp up in profitability without giving any guidance, I understand and appreciate, but given the ramp up and utilization which is possible? Thank you.

Sanjeev Sharma:

There is a direct connect with what's happening in the country, country has opened up investments in many areas, both led by the government, and also certain market segments are expanding. So, if you have seen on my slide the market segments, by the category when we see growth quality in those market segments, we start connecting with those market segments more strongly and we try to prepare ourselves to serve them. So, you're right, that story will play out. And in terms of the profitability part, you can see as a very clear signal you can see in our backlog. So, our backlog is much stronger than last year, this time or the previous quarter. So, you can see that itself and go through the execution, it plays through the capacity and most of the product portfolio, as we say is a value-add portfolio. So, whenever you do more value-add portfolio part of your mix, it shows up in the profitability and Sridhar has given you already an indication what kind of profitability levels we see comfortable going forward.

T K Sridhar:

Amit to answer your question right on the orders. We need to also understand H1 was a strong comeback by process automation and that was the reason was probably the pent-up investments,





Puneet:

which were there by the steel majors something which was decided they had to decide because they work on financial year of April to March. But now going forward, there could be fresh budgets should be there and they would also reassess their capacity is looking at the demand situation. So, that's something which could be a factor which we need to really look into as to how that pans out. So, that's a factor which we should always have in mind.

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

My first question is on the win that you gave on the extra import market that has been allocated

to you now, how sustainable is that extra market; do you think it will stay with you or is it very

 $opportunistic, given \ the \ compliance \ constraints?$

Sanjeev Sharma: The market which has been allocated is not allocated, it is something wherein the group has

decided that they would like to use their well-developed India base for that particular divisions to be the permanent base for supplies into certain markets. So, certain markets which have been allocated they run through of course India, of course then apart from India, its Middle East, South America, North America, all locations are being served from here. So, these investments, and this shift is permanent in nature, unless we find ourselves incapable or delivering or we have some issues in other areas, so that's exactly what we do. When we ramp up our export capabilities, we do it in a very measured manner, so that we are always able to satisfy our domestic customers and also satisfy the expectations on the global side. It is going in the right direction for all the divisions which are participating. But we are always going in a measured way in this, the growth rate is good. It can be one faster, but what we do is we always do to

deliver what we can commit. So, that's the ramp up we have, so yes to answer your question. At

this point of time, it's an allocation which is not opportunistic, but it is a directive.

Puneet: Excellent. And would you need to add capacity to meet the existing demand given your strong

backlog or you have sufficient renewable place?

Sanjeev Sharma: We need extra capacity and that is already in works in our Maneja plants in our Faridabad plant

and also in our Nelamangala plant and also Nashik plant. So, those are ongoing investments.

Maybe another one or two quarters you will hear those as we inaugurate those expansions.

Puneet: My last question is, in your slide globally the order inflow growth was about 81% and while you

guys indicated a 64% order inflow growth. What has resulted in that divergence?

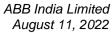
TK Sridhar: What we report over here is the right numbers that's what we see.

Sanjeev Sharma: So, it could be that you are also looking into the overall ABB India numbers right.

TK Sridhar: They are looking at demand orders. There is a concept of demand orders for ABB as such, that

means whatever be the orders which has been emanating out of India as a country for the various business segments globally also is recognized as a demand which is generated of India. So, that

is probably because of other units of ABB taking orders from India, because they are directly





serving some of the customers, some of the solutions. So, that's how we see but otherwise, the orders which we have reported is for the reporting unit of ABB.

Sanjeev Sharma: It is the supply side of ABB India, not the demand side of India as seen by the group.

Puneet: And can you give us some more color on what these kinds of orders would be, that's all from

my side. Thank you.

TK Sridhar: It could be oil and gas solutions, it could be some other markets which, some of the solutions

which are only directly serviced by ABB Group companies.

Moderator: Thank you. We'll move to the next question from the line of Deepak Krishnan from Macquarie.

Please go ahead.

Deepak Krishnan: Just probably one question given the commodity prices are softening, do you see any impact on

pricing or pullback on pricing and obviously competitive environment with regards to that?

TK Sridhar: Deepak, very good question. So, this is basically not of how we balance your capacities and

offerings to the customer. And how we are sort of ring fencing our risk in a competitive market. So, that's basically what it is right. So, as I said, for all the orders what we had bid and what we are executing and behind the backlog, the hedges are in place. So, that means that something which has already been offered, and we will have to execute that. Now going forward, it's a play of how the market determines the price keeping in view, the commodity volatility, and that's how our business leads that in the market to understand its dynamics and accordingly, price it out. Here what plays very important is how strong our customers can access and to make them

understand volatility of it and get the right price for the offerings.

Moderator: The next question from the line of Harsh from Jeffries. Please go ahead.

Harsh: Only one question, have you provided for the large order and base order breakup for the quarter?

TK Sridhar: Actually, if you look at ABB today. So, large orders is something which we always have a larger

number, if you want to just understand what is the project orders which are sizable in nature say above 100 crores or something like that, the large orders are flexed up only 250 crores in total

order book what we have.

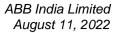
Moderator: Thank you. The next question is from the line of Harshit Patel from Equirus Securities. Please

go ahead.

Harshit Patel: Sir, my first question is on our railways and Metro product portfolio. What would be the

contribution of these segments in our overall sales. Also, if you could bifurcate these railways and Metro sales between motion and electrification segment, then that will be very helpful. Also,

as per my understanding with the divestment of turbocharger business, we now don't have any





relevant offerings from the process automation segment for railways in metros so if you could elaborate on all these points, it will be very helpful sir.

Sanjeev Sharma:

So, you're absolutely right on the turbocharger side, yes turbocharger was part of process automation division, and that we have at a global level we have separated that as a company and same thing will happen in India as has been announced. The process automation doesn't have direct offerings to railways anymore, because of the turbo chargers. Now, our offerings from EL and MO are strong into railway and metro. So, I'll invite the comments from Sanjeev Arora in terms of what is the outlook and the portfolio for motion for railway and metro and what percentage of motion business is metro and railways business. Sanjeev.

Sanjeev Arora:

Thank you for the question. As I said earlier also that this is a very growing segment for us. So, Indian railways as well as Metro, and we have our traction converters, battery chargers, our traction motors, and we are heavily investing into this as motion. To just give you a flair, I would not give you the numbers of contribution of motion business, but then this is a separate division in itself and is a separate P&L and it is growing strongly. So, now you can imagine that since it is a separate division in itself with a strong P&L, and good investments this clearly states that these are very growing segments and motion is highly bullish on both metro as well as Indian railways and we will continue to invest. Thank you.

Sanjeev Sharma:

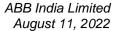
Thank you Sanjeev. So, Kiran, on EL side what does go from here into railway and Metro?

Kiran Dutt:

Yes, when you look at railways, there are two sectors what you need to look at, one in terms of rolling stock is what we look at. And the second one is in terms of infrastructure what we develop. So, the products are divided into two pieces, some of them go into the rolling stock, and the other ones, go into infrastructure. So, that's how the railway segment is, at this point of time. As you know, as the infrastructure of the country is developing pretty fast, and the right way is something as a great investment from the Government of India. So, what we see at this point of time that all the projects, most of them are on track and really giving us additional revenues for EL business.

Sanjeev Sharma:

In other words, Harshit, that was for the electrification portfolio just to give some color. If you have a metro project, all the power that goes into the metro project, the medium voltage switchgear that are required, they become part of the infrastructure and all metros, they prefer ABB solutions. So, most of the metros are using our solutions. Also, if you look into the railways, most of the OEMs who are certified to supply directly into railways, they receive our components, and they integrate them into sub systems and they go into the railway system apart from what Sanjeev said, wherein we have the direct technologies, which also get integrated part of the traction portfolio. So, that's how it is and yes, over a period of time, this part of the business is growing much faster than the turbocharger, which was on decline, because railways have decided not to pursue the diesel engines anymore, so there is an impact, but at the same time, since they're converting everything to electrical, and the metro is also electrical that had a positive impact on our mix of our portfolio.



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Harshit Patel:

Sure, understood thank you. Sir my second question is on the motion segment. So, could you help us bifurcate the segments age amongst our sales through direct customers, channel partners and exports and where have we seen the highest growth happening within these different channels in the recent times and how does that affect our margins so basically where do we make better margins than the other channels between the segments, that will be my last question.

Sanjeev Sharma:

Okay, Sanjeev would you like to give not a very granular picture in numbers we cannot inform but just give some color in terms of which market segments or channels which are growing faster for us in this area?

Sanjeev Arora:

Sure, thanks. See here, if I see at the motion picture, we are very much balanced. So, I can even say that the channel partner business, OEM business, direct end user business, we are equally balanced. And we have an equal share in each and every aspect, of course you can always play between 3% to 4%, here there in each of the segments, but all are equally balanced. When it comes to the export part, the base was less and hence, we see a very, I would say daunting growth on this export piece. We have really doubled our numbers of what we were doing. And in this half year itself, the revenue has grown dramatically high. When we talk about the exports, we have good margins because India being a very optimally based, I would say, country to supply and manufacture the product. And it has been utilized well by the global teams. So, exports have good margins, and also when we talk of the base load businesses, all our factories run on the breakeven part. So, once we hit that breakeven, the contribution margin grows. I can say that as we grow along the journey, as India grows, you will see that the factory utilization is getting better, and all our segments will contribute very handsomely on the profitability piece as well. Thank you.

Harshit Patel:

Sir just a very small follow up to that, so within our motors and drive sales, what will be the contribution of the high voltage motors, and what kind of market share do we command in those customized high value-added motors?

TK Sridhar:

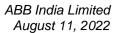
So, Harshit, actually we are getting into more of an segmentation of what is happening within the company. So, that's something which is very sensitive, so if you want me to deliver 10%, some of the things has to be held with the company in other things. So, that being the case, we would not like to have answer this particular question please. And as a follow up, sort of information put for you, you could refer to slide number #18, which gives you the bifurcation by channels. And if you look at it, in our distributor businesses have grown pretty faster than what it was in the previous quarter. And more or less, it's the same for both EL and MO which represents a major share of a business in India.

Moderator:

Thank you. Ladies and gentlemen, due to time constraint that was the last question. I now hand the conference over to Mr. T K Sridhar for closing comments. Over to you, sir.

T K Sridhar:

Thank you, thank you very much for all the participants in the call both from the investor side as well as the management side. And as I close this call wish you all a very Happy Independence





Day, 75th Independence Day that's very important we celebrate as we give some strong set of numbers. Thank you very much.

Moderator:

Thank you. Ladies and gentlemen on behalf of ABB India, that concludes this conference. We thank you all for joining us and you may now disconnect your lines.

(This document has been edited for improving readability)



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