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February 21, 2022

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 to our letter dated February 10, 2022, wherein we had enclosed a copy of presentation made at the Analysts Call scheduled on February 11, 2022, we now hereby enclose a copy of the transcript of conference call with analysts, which took place on February 11, 2022 post announcement of Q4 2021 results of the Company.

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

Thanking you

Yours faithfully
F ABB India Limited

Trivikram Guda
Company Secretary and Compliance Officer
ACS 17685

Encl: as above



“ABB India Limited Q4 CY21 Earnings Conference
Call”

February 11, 2022

**MANAGEMENT: MR. SANJEEV SHARMA – MANAGING DIRECTOR, ABB
INDIA LIMITED.
MR. T K SRIDHAR – CHIEF FINANCIAL OFFICER, ABB
INDIA LIMITED.
MR. SANJEEV ARORA – MOTION, ABB INDIA LIMITED
MR. G. BALAJI – PROCESS AUTOMATION, ABB INDIA
LIMITED.
MR. KIRAN DUTT – ELECTRIFICATION, ABB INDIA
LIMITED.
MR. SUBRATA KARMAKAR – ROBOTICS & DISCRETE
AUTOMATION, ABB INDIA LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to ABB India Limited Q4 and Full Years CY21 Earnings 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 phone. Please note that this conference is being recorded. Please note that unauthorized recording of this call is strictly prohibited. The recording will be made available on the company’s and SEBIs website subsequently.

I now hand the conference over to Mr. TK Sridhar – Chief Financial Officer of ABB India Limited. Thank you and over to you sir.

TK Sridhar: Thank you, Margaret, and very good morning to all of you. It’s a bright sunny day in Bangalore as I sit in my Disha Office in Peenya. So, welcome to the Q4 2021 and the Full Year Result Call with all of you.

So, we have absolute pleasure in discussing these topics as every quarter. Along with me in the room, I have Mr. Sanjeev Sharma – MD of ABB India Limited, Sanjeev Arora, who leads the Motion business for India, Subrata Karmakar, the Head of Robotics business, Kiran Dutt who represents Electrification Products and also Balaji who represents Process Automation.

Without wasting much of time, I hand over to Sanjeev to take us through what happened in Q4, the full year and also how we see going forward in 2022. Over to you Sanjeev.

Sanjeev Sharma: Thank you Sridhar. Good morning to all of you. Let me also acknowledge that apart from our divisional managers who are present that is Sanjeev Arora, Kiran Dutt, Balaji for Process Automation and Subrata Karmakar for Robotics. This time, we have also invited in a listen-in mode all our division managers, we have 18 divisions in the country. So, all division managers are also present in the listen-in mode for us because as you all know, ABB is a company in India which has 18 distinct divisions and sum total of all these divisions performance, is presented to you as a cumulative result of ABB India.

Coming to business highlights. We have been investing in the smart factory and the manufacturing excellence over a period of time. And we have seen substantial productivity gains in our factories by employing robotic solution and also squeezing the space that is required to produce. For example, in our Nelamangala factory, we were able to use the same space, reduce the footprint of our manufacturing by 30%, but increase the manufacturing by 30%. So, there’s a huge gain of productivity. Recognizing that and many other initiatives taken by our teams, Frost and Sullivan gave ABB India an award for Smart Factory and Manufacturing Excellence. This is something which we believe in strongly and we will continue to invest in all our locations and factories as and when the opportunity comes up for upgrades.

We won a large order for automation system for a second largest lube plant globally. This is one of its kind order and is something we have started into a new segment, wherein new technology



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is being brought with ABB India and ABB France coming together, to deliver this very complex, but at the same time, something which we are very versed with globally in technology and much of it will be executed in the country. This is something we are proud of and we believe that this will have a multiplier effect going forward. We also flagged off our energy efficiency movement, highlighting the importance of energy efficiency in industrial world. This is a sweet spot portfolio of ABB at this point of time as whole world wants to make sure that their assets are energy efficient, infrastructure is energy efficient, and are not only producing energies in the non-fossil way, but also contributing by saving energy by deploying the equipment and technologies which save energy. So, this movement has taken quite a quite a momentum globally and also in India and we are getting a very good response.

We also partnered with Indore Smart City Development Limited to provide continuous power supply with digital technology. All the smart cities or the cities which are very progressive, we find that they have a tendency to buy good technology now, and they want to go for the solutions which are quite high end and that's good to see the trend that we are observing. ABB India Limited's Board also has approved divestment of our turbocharger business as a going concern on a slump sale basis to its wholly owned subsidiary. And this is in line with ABB group's announcements around this business globally. ABB India also unveiled the new corporate office and the business office, it's an integrated office. Earlier our registered office was in World Trade Center, which was a leased facility, but we chose to make an investment in one of our manufacturing plants here in Bangalore, in Peenya location that is our registered office, We have the corporate office and the business offices integrated which not only brings market oriented synergies, but also is an example of how conscious we are of new trends post COVID, how we should organize ourselves to serve our customers and the market base. We have used several ABB products in this building and every building that we do, and it is automated to its teeth, it is likely to have 25% to 30% energy efficiency related to similar size business which is operated without ABB technologies.

Looking at the profitability and the growth. So, the numbers in front of you speak for themselves – we had a strong quarter year to year growth between Q4 '20 to Q4 '21, which means the December quarter for us. And if you see Q4 '21 on sequential basis with Q3 '21, there's a strong growth in all the parameters. For the full year CY21 versus CY20, there's a strong growth in all the parameters. So, we are quite pleased with this trend given that H1 '21 was disturbed because of COVID related health emergencies that we had to deal with and certain disturbances in the market. But we came back quite strongly, and this shows the underlying strength of our portfolio, our connection with the market segments, our team's performance as well as the market resilience to bounce back and reward with our engagement with them.

Now, on the qualitative side of the growth, we found that we had quite a good uptake on the short cycle orders. We have 18 distinct divisions which connect with about 20 market segments and all these market segments have their own cyclicity and we find that this connection and this matrix between our division proposition versus the multiple market segment really gives us a very robust and resilient base. Not one particular segment affects and impacts us adversely. We



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have observed in the market segment that there are more market segments joining in on the growth trajectory and the same is being reflected in our underlying numbers.

Systems and services made a good comeback, the system orders, the integrated system orders, the services, and our ability to deliver services at customer side improved and that also is showing in our services business. On the oil and gas sector and the customer activity in power generation remained stable and it continued to reward us both on the fresh orders as well as on the service orders. Transport infrastructure in the buildings, renewables, data center and railways we continue to see good traction.

These were some of the highlights to give a color about the nature of solutions that we put into the market and the differentiated market segments we deal with, be it the conveyer system wherein the electrification drives and automation was used by ABB, or be it ABB drives which has the Covaxin manufacturing facility on the emergency basis so that we can ramp up those manufacturing plants. We expanded our capacity for low voltage motors at our Faridabad factory which is powered by renewable energy. In the city of Surat, we continue to provide solutions, both electrification and instrumentation for clean water supply in entire city.

Likewise, we reached the five-gigawatt milestone in the solar automation solutions delivery in India. We also completed a melt shop digitalization project for one of India's leading steel company and they are measuring the boost in their productivity and profitability because of this implementation. Ola, is making a mega factory for electric scooters, completely automated by our robotics and automation solution. It is finding it's scaling up as we go forward. And having chosen the robotic solutions, and also the automation solution, that's a good base for a company to scale up. Last but not the least, we are proud, and we feel very good on part of our engagement to help the cause of women and child education. We have about 200 young girls who are meritorious but from the poor families. They are being sponsored by us for four years for their engineering education in colleges in Pune, Hyderabad and Bangalore and we continue to expand it through our partners, Lila Poonawalla. Not only do we sponsor the education, we also do the mentorship as well as internship possibilities for these girls so that they are prepared when they come out of their colleges.

Now, we saw a strong growth in our exports, more and more allocations have come into our manufacturing plants. And more and more markets are being served by us here. That shows that the confidence level of our global businesses to use India as a base to expand and use the manufacturing from here to go to the other market. We have very stringent standards. So, we don't do it in a rush, we don't move from one location to the other, but we make thoughtful decisions. Wherever all the divisions have taken the additional mandate to export, they are doing a world class job. Most of the customers who we deliver to and the markets we deliver to, right from North America to Southeast Asia, customers are quite satisfied, and demand is growing and that is also boosting certain expansion. Likewise, I mentioned earlier, services grew, and they continue to expand, and we see that trend going forward in 2022 as well.



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On the sustainability in practice, we are running certain concurrent programs, and we are making investments. We made several investments in 2021 and already saw some results in 2021 end of the year with some certifications that we received for our factories. At the same time, we will see much more of it in 2022, as those investments stabilize and start getting results. On the safety, we have a weekly focus at the country management level, daily focus and every morning focus on safety in every location and every site. We collect hazards around our locations and plants, and we resolve it and our resolution rate was 98%. We increase the recycling of water by 25%; it will increase further in 2022. Green power we are at 43% level and because of the investment we are making, it is going to go close to 70% to 85% by the end of 2022.

Waste recycling at the moment is 95%. We are committed to net zero discharge from our plants and we hope to achieve this by 2025, 2026. We have programs and investments on the ground that will take us in that range. Health and well-being were top of our priority – we prioritized health over business during the COVID period. And that has had a good response from our teams as well as the communities we serve. On the sustainable business model, first we made investment in green factory buildings; for all our locations, we have committed that they will be either gold or platinum standard green factory certifications. We have already received platinum certification for Nelamangala plant in December and for Peenya as a gold certified IGBC certified. The Peenya location was also certified for eliminating single use plastics last year, and we continue to do that. Our Nelamangala plant was declared as a water positive location with an index of 1.24 that implies, we use less water actually; we contribute more water than we consume. And the same programs are being run for our Faridabad, Nashik and Maneja factories and all other large locations. And we will reach these parameters there. It's a very systematic and structured program. And that's something which we are committed to do within this year.

Sustainability in practice, you can see some of the impressions of the actual work being done at our locations and plants. Our new head office in operation has integrated business and corporate office called Disha, which has more than 5000 ABB products being used in this three plus one floor building. And, next time when we have an opportunity to bring you here, maybe you can see it in action by yourself. Next, sustainability in practice, we did talk about a number of CSR projects that we carry out, we improve the infrastructure of the industrial area where we are present so that it's safer for women as well as for people, pedestrians and traffic through substantial interventions there on the mobile health care units for Peenya Nelamangala, Vadodara, Nashik and Hyderabad. And of course, we partnered with many other charity organizations as well.

We do see a massive CAPEX push by government to support growth and they fall in our sweet spot of our portfolio, be it data center, food and beverage, water and wastewater, transport, warehouse and logistics, electronics, pharma and health care, power distribution, building an infrastructure, marine and port, cement, metals and mining, and many of these segments are already rolling well, and we are seeing the other segments which are of interest to us, they will find traction as the inquiry base is getting built in those market segments as well. That was a



quick overview from my side, and I hand it over to Mr. TK Sridhar to take you through the financial highlights.

TK Sridhar:

Thank you Sanjeev. The performance overview for 2021, we have booked an order of 2243 crores, probably the highest after several quarters for ABB India. It's also notable to understand, as Sanjeev was mentioning, this includes a large order from a reputed oil customer, which is roughly around about 400 crores included in this, and there are some steel customers as well. Even on the base orders, we have seen a good traction compared to the previous year, which was only the base orders. So, we are having a strong order backlog, which will cover almost seven months of revenue on an overall basis, but it also has project revenues, which will have to spread over the project schedule. So, they will be certain book to bill orders which will come through in the next two quarters to come. We did have a strong bottom line in this particular quarter, and we will also deal with it going forward in more detail in subsequent slides. We had a 20% growth on profitability on profit before tax compared to the previous quarter. But on a year-to-year basis, it was substantially higher. Similarly, for profit after tax, which was higher as it included certain exceptional items of business sale which happened during the last quarter. In the Q1' 21, we had also another exceptional item of monetization or one of our plants in Mumbai. On cash balance, we are strong. We saw that whatever profits we earned during the year, excluded by the dividends and the tax advances what we pay, those profits are reflected in the cash position of the company. This is efficient for us for fueling the next set of growth which should come in 2022 onwards.

This particular chart is quite interesting. One bit of information, which I would like to share with you, this actually is slightly different than what you would see in the SEBI results – the other income in SEBI. As per the reason standards, a net foreign exchange gain must be included in the income as per the SEBI, whereas, the chart which is in front of you is showing those results which is purely other income. The corresponding changes what has been carried out in the SEBI results, is reflected in the exchange and commodity variation net line in this particular chart. Last year, we had a 5-crore gain on a year-to-year on a full year basis. And this year we had a 40-crore gain on the year-to-year basis. So, that's why in the SEBI results, for the full year, other income is around 160 crores compared to 111 crores last year and 160 crores includes this 40 crores which is there as a net income which is to be re-classed as per the standards. Other than that, if you see in this particular chart, we did leverage upon the capacity utilization and the huge volumes which we generated in Q4. However, that was offset by the headwinds, which we faced on the material cost is due to commodity increases, mainly impacting EL and MO divisions, because they definitely impact the short cycle orders as they always fixed price contracts and the price increase is always formed into the market follows after the cost increase is absorbed by the business. So, that's something which we need to understand, but other expenses, probably the personal expenses, other expenses are all absolutely in control. And only those expenses related to revenue is what we saw.

Travel, as an element, continues to remain muted because travel was not quite restricted this year. In future, we could also see some freight cost increasing because of the fuel prices, which



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is increasing and also the volumes will increase. So, overall, we could deliver a strong result in this particular quarter and so far for the full year as well. We see the mix changing in terms of strong export content and services coming back in 2020, we had lesser services due to mobility constraint, which was easier in this particular year.

Looking at how each business has performed. Electrification is continuing its growth journey and if you look on a quarter-to-quarter basis and also on the year basis, they have been pretty strong in their performance both in orders and revenues, and they have a strong backlog of 1316 crores which is fully executable in the next few months to come. And they could see that the higher volumes what they had in the first two quarters could get converted to the revenues in next two quarters and they had benefited because of product mix. The improved price realization could help them offset some of the commodity prices increase they had to face.

Motions had a bull run in this particular year. The first three quarters had a very strong growth and that resulted in the revenues picking up quite strongly; however, Motions also had to face the issue of material costs. The good part is that we could note how did we able to generate better capacity utilization this year is our integration with the global supply chain which helps us get the material on time and deliver it in despite the economy reeling under the pressure of material disruption, supply chain disruptions. So, overall, Motion had a good mix of service, good mix of exports and a good system orders which could deliver strong profitability.

Process automation is probably seeing a comeback year, Balaji is there and so he always keeps saying that when situation becomes tough, the tough get going and so here is the division, which has turned around in this particular year, we did have extraordinary items of legacy projects last year which we had taken. But overall, this year it's an overall turnaround, both in terms of orders, revenues, profitability, and a strong cash which could be reflected in the results.

Robotics and automation grew pretty strong in the first and second quarter. They were able to make up for last years' muted growth in this particular year. They have a good backlog of 130 crores, which will definitely be still augmented from the future pipelines.

Given that we have the year end, we are giving a color of the constitution of our revenues. Revenues, predominantly, have taken a shift in the industry sector. The channels are slightly less integrated, other ones have picked up. So, it's also a good mix what we see. And again, in the exports and the service offerings, we are strong, we did not miss any opportunities. So, while on this, I would like to just give a bit of an information on the slide, which you saw during Sanjeev's presentation, that was for the full year on the service and export just done for Q4. I'm sorry for the typo.

Talking about our focus areas in 2022. We will continue to focus on health and safety, including any probable threats from COVID which will still exist in the economy; it's important to protect our human assets, who are vital for delivery of the results in the next year. We have a strong backlog so that calls for flawless execution of backlog to reflect in the bottom line and in the



revenues. And last but not least is, our secret of success which is our customer connect is tier II and tier III cities which has helped us to grow the base orders consistently. And as Sanjeev was saying, the positive momentum and the markets and also the policy decisions, what has been announced by the government, if it reflects on the ground, I'm sure that we will leverage it. We will continue our journey to focus sharply on the margins and stabilize it, going forward. Without any extraordinary income, we are talking of operating margins, clear margins from the business lines and also the risk which will be pertinent when we run any business. And so what is pertinent for us is the commodity and the FOREX volatility risk which will happen and to combat that particular risk, we will continue to focus on our supply chain actions, and of course, look at hedging data front so that we are not taken by surprise on the FOREX element. Most important, is to have a good mix of orders from all avenues of services, exports and fast-growing segments where we have better margins.

Lastly, I would come on the cash. Cash is strong, so we would like to consolidate further on this particular cash position, we will remain focused on cash collections and such. So, while on this, I would say our DSOs have substantially reduced than previous year levels. And that's because of the good customer connect, quality revenues; our mantra of cash over revenue remains intact – that doesn't take any preferential treatment. So, overall, we look forward for 2022 as a year, where we will have, we expect less disturbances in terms of COVID. But we will be agile to manage that as well. And we see that the growth momentum will start to slowly step in.

So, with that we can close this call and we can take up questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Sir my first question is on your comment where you mentioned that few sectors have started to see a comeback in terms of demand environment and the outlook is improving. So, if you can give more color in terms of which are these end markets, where now demand is picking up. And this year, we also saw some system orders coming back in terms of inflows and driving growth in addition to the base orders. So, do we expect the system orders to continue growing in the next couple of years as investments in core sectors accelerate. That's the first question.

Sanjeev Sharma: Sanjeev here. Thanks, Renu, for that question. On a broader basis, we do; just to give you a flavor of how we see the market segments tracking, in terms of the estimated growth rate we see, I'll talk in the sequence. Renewables are on the top of the list based on water, then followed by water and wastewater, warehouse and logistics, electronics, food and beverage, pharma, data center, railway, power distribution, automotive, building and infra, marine and port. So, these are really tracking well. The ones which still have to come out to the double digit growth rates are in the cement, oil and gas, metals and mining, pulp and paper, rubber and plastic, textile, and conventional power generation are down right now or not tracking as strongly.



When we correlate our view of the market and our engagement with the market, with the union budget segment impact, we believe that this budget will create more positive traction in renewables, water and wastewater, warehouse and logistics, pharma, data center, railways and metro, automotive, buildings and infra, marine and port, cement, and metals and mining. That's a macro perspective and the first chart which I spoke about is our own perspective. Typically, it is good to read macros, but what we do is we read the market strength based on the inquiry and the interest from those segments and the customers build up towards us. So, we do feel that the ones which are already tracking well, they're quite stable; we are not seeing any dislodgement there. But we are seeing that the inquiry base in the core sector segments, it's increasing, both on the end user side, and also the OEMs, who supply into them, and also other integrators who are also our channel partners. So, that's an overview for you Renu.

Renu Baid: Sure. In the motion segment if we see sequentially there was weakness in inflows. So, are there any pockets of concern or certain end markets, which are slowing after a very strong growth or recovery that we saw in the last 12 months. Anything to worry or it's more of a timing issue or transient impact in the market?

TK Sridhar: Renu, it's more of a timing issue. We had some system orders which got finalized in Q1 and Q2 and the last quarters were more driven by the base orders.

Renu Baid: Got it. Thirdly, on the cash utilization on exports, you had last year mentioned that the company is in the process of finalizing certain CAPEX plants to step up manufacturing capacities in the existing facility. So, any updates in terms of which product segments are we looking to expand capacity for export. And from cash utilization perspective apart from dividend, how do we plan to really use the strong cash which is there on books today?

Sanjeev Sharma: Number one, it feels good to have some cash in the pocket. It doesn't hurt, especially when we were in the middle of 2020, and we were really scraping all the battles how to pass through the COVID period because that was something which was a concern during lockdowns, et cetera. But now when we see how we have performed, and to build up our cash reserve that shows the underlying strength of our teams and our businesses, and that was good in 2020 and it is extremely good in 2021. Now to your question, in terms of our export led quarterly quality, yes, we have activated a number of divisions who have become more export oriented and some of them have grown to double and are likely to double again in one or two years. There are two divisions in motion division and already you have seen the expansion of our capacity in Faridabad. We also have capacity expansion plans in our Baroda factory where we do the large machines, which we are exporting across the world. At the same time, in electrification, there is a traction now, given our productivity and the operational stabilization and operational quality is quite high, it is the same standard as we deliver in a global basis; there is an increasing interest in our global growth to also ensure that they are meeting the demand in the different markets in the global side, from there. Process automation already serves various markets outside India in certain applications and robotic automation, they help certain application support as well. So, that's the spread. You have to see us as a company, which is highly localized already for 18



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divisions. Our investments are always in increments on top of what we have, we don't have a need to make a big kind of a ticket expansion. It's more incremental expansion, but they are substantial in terms of what it costs us as we go forward. At the same time for our cash reserves, it's not because we have more cash, that's why we are doing it. But we are also evaluating globally and in India, some inorganic possibilities. As and when they mature and as and when we like something that will be part of the play. So, that's where apart from paying dividends, these cash reserves provide us a good support for operational revenue growth, as we will see with the strong backlog, but at the same time we have it for our expansion of our divisions as their business plan. As their capacities saturate, they will make more investments to expand. And then of course the play that will come on the inorganic side.

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

Bhavin Vithlani: I have a couple of questions. The first one is if you could just help us understand any decision taken on the electric charging division globally that is going in IPO, what would be for the Indian listed company. The second part is you also probably mentioned in your opening remarks, in the previous calls, about building automation and warehouse automation, which is an area where ABB does not have a market leading position and even perhaps, if you could just give more color on where are we heading over the next three, five years on this segment, that will be useful. The last part is you did mention about capacity expansion in various division. With the current capacity, what is the kind of growth that you can fund from the existing facilities and the factories and is there a need of greenfield investment sometime in the near future. Thanks, these are my questions.

Sanjeev Sharma: Thanks for the question. With respect to building automation and warehouse automation, if you're following ABB closely, we globally acquired a company in Spain for warehousing automation, and our core robotics automation also goes into that space. We are seeing a very good traction of it in America as well as in Europe. We have had a good dialogue with certain large scale warehouse manufacturing, because you see it's not only the money being spent by the smaller warehouse operators, but now we have the global money coming into those assets and they demand good space and good productivity. We are seeing traction there so we do see a positive scope for us as the time passes, because this global company that we have acquired will also become part of our offering locally and that's how we will supply into the warehouse automation.

When it comes to the building automation, our headquarter here in Disha is a testimony of how the building automation can bring the energy footprint down, combined with our motors which are IoT enabled as well as the drive which run the HCLT. So, you can knock off about 25%, 30% energy footprint. And the same thing we demonstrated by the building we have opened in Bangalore for seven floor building for our R&D center. And those something which will be testimony available to all our customers. So, we are seeing increasing use of building automation in the hotels, the large hotel chains in this country has started converting their old hotels with



automation and substantial business is taken by us with some leading brands or five star hotels. We know that buildings consume about 30%, 35% over the energy consumption in an economy. Given the ESG, as well as the energy efficiency movement, that is about to pick up or is picking up, we see this as a sweet spot for our portfolio, both for our electrification, our bidding automation, which also is part of the electrification and also for our motion portfolio with the high energy efficiency machines, combined with the drive that add to further efficiency. What was the second part of the question?

Bhavin Vithlani:

The second part of the question, there were two other questions. The expansions how far current capacity can take you.

Sanjeev Sharma:

On our balance sheet, we have lot of land adjacent to our existing plants, be it in Faridabad, be it in Maneja, be it in Nelamangala, be it in Peenya. We have enough land available to double our capacity without really having to buy anything outside. So, that's number one, and that is adjust and to our existing plants. When we talk about Greenfield there's nothing called Greenfield, we always have brownfield expansions. So, it means the same facilities, the same utilities. So, the cost of land is limited, we have cash in our balance sheet, we don't need to borrow it. So, as and when the demand shows up, first what we try do is we always have a headroom of about 20%, 25% on our capacity, that's how we operate. And then we also have a possibility to run second shift, third shift based on how capacity and the demand peaks come our way. And the moment we start seeing the resilience of the economy as well as demand of the sector is strong enough, we start doing the forward planning. As we speak, I'm not at a discretion to tell you what, but right now we are setting up a new plant you can call it as a greenfield building in Nashik wherein we have a certain expansion wherein we will do very heavy localization of certain products, wherein we have a very strong market position. And we should do well with those kinds of investments. So, similar investments we did for robotics last year. And we have done the expansion for Faridabad plant and now we are doing expansion in Maneja in Faridabad. We are also doing the productivity gains investments in several other units, wherein we apply a lot of robotics. It's not only the building brick and mortar, it is also what you do inside and how you do it. That's another proposition we have towards our customer is not only the expansion of the building, how you are automate and how you robotized you're in inside of your existing processes. That's where again you gain a lot of productivity. So, this is a mix of things wherein we make our investment.

Bhavin Vithlani:

Sure. The last question was on the impact of the IPO EV charging on the Indian listed entity?

Sanjeev Sharma:

Well, this part is something is still being dealt by the global group. We haven't assessed that kind of impact globally. As far as we know that this is part of ABB portfolio, and we continue to serve the customer, we continue to serve the demand. We have a very strong demand in western part of the world and also in Southeast Asia. And in India, it is picking up as the availability of the cars, high end cars start coming in we find that the more traction of EV charging space is building up in the country. But it is not at the same level as we see in Europe



and America at the moment. So, we will let you know when we get more information from the group on this.

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 on the entire robotics industry market size. The way lot of sectors are undergoing expansion, especially in the auto chain. Do you think the market in RDA will move from current level of \$150, \$200 million to by 24-25, maybe around two to three times? Are we up for that kind of sizing in the RDA? And similarly, on the low voltage side where our product portfolio in 35 kW and below is pretty comprehensive where are we positioned to tap the market, that's my first question.

Sanjeev Sharma: Okay. On the robotic side, couple of years three years back when we were talking, we had a consumption of about four robots per 10,000 workers in the country. Now it has gone to six robots per 10,000 workers in the country. And that's 50% jump, but it's a very, very low base right now. And if you look into similar economies of China, if you look into economy of South Korea, Japan, and many other countries which have manpower, but they want to do more automated work, it is 10 times or 15 times and 20 times size of the market. So, that's a scale you have to keep in mind. Earlier, there was a less sensitivity towards robotic but now we know that all the companies of scale be it on the automotive side, which have been a prime driver, ancillaries which supplies into automotive, they can't do without robotics. So, that's number one. So, as that area expands, accordingly it will expand. All the processes are robotized there. Now the new areas in the electronics manufacturing, which is seeing a very good uptake, and we are also participating in those areas, we see that the area which is opening up in India, and we are supplying into many large electronics manufacturing place. In food and beverage, typically, there are a lot of bottlenecks, and they can be removed by robotics. And we are seeing that the large FMCG players are using our robotic solution at a much larger scale in last two to three years. Then we go to areas like warehouse and logistic that's an area which is developing and that again we will have the proposition and the solutions provision there as well. So, we do see this is working and we are also looking into how the battery manufacturing, which will scale up in the country, will be able to use the more automated and robotics solution. My projection is that it will definitely expand to a much larger level, a much multiplier level of the current base because which is very low. So, initially the multiplier effect it will come and maybe in few years down the line, we will see quite a large number of workers in the country. So, that's my projection.

Now when it comes to the low voltage products parts, we do have Mr. Kiran Dutt in the room. So, question Kiran is what our strategy is and how we see the traction in the market.

Kiran Dutt: Thank you, Sanjeev. On the low voltage side, we have been pretty aggressive in the market in terms of our positioning. We have gained quite a bit of market share over the past few years as well. As you can see, we have already grown and the numbers have been shown very clearly on



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the electrification side, from both Sanjeev and Sridhar on that. And there are very key segments which we focus upon which is practically growing on the double-digit side as well. So, quite position segments operating in that particular markets, which is actually contributing growth. Let me mention a few of the segments, something like the data centers, the renewables, we have been pretty well positioned in these kinds of segments, as well as railways and building and infra. So, it's a pocket for growth, the markets have really opened up now. And we are really positioned there as well. The second point I would like to emphasize is the growth is not only happening in the metro cities, but also it is also happening in Tier I and Tier II cities, many places, as you can see Metro in terms of infrastructure development, and we are trying to contribute ourselves in terms of the nation building activities as well. So, metros have been a very, very big part and we have been into that in terms of pushing our products there and positioning it very well in terms of competition as well. So, it's been a good gain of ground in terms of the positioning in low voltage switch gear.

Amit Mahawar:

Thanks Kiran and Sanjeev. My second and last question is on, EBIT if you see the corporate EBIT, versus segmental EBIT now vis-à-vis last year our EBIT has doubled on low base, but what is not changing is the un-allocable item which is roughly around 160, 170 crore. My question is more about when ABB does all the hard work from bottom up, all the divisions contribute to profitability, somehow it is not translating to the corporate EBIT. And I know this question comes every quarter but is it that this number is something beyond our control as a variable or do you think we have something to do about it. Thank you.

TK Sridhar:

Okay. So, let me give you a bit more color on this. We have an entity to serve, therefore, those costs which are at running this organization and certain common functions, which are to be held for the health of the business are those which are centrally hosted and which represents in the corporate sphere. So, that is forming part of the non-located stuff. If you look at the non-located PBIT, between last year to this year, we have 150 crores, which is similar to what it is. This has got three elements what we see one is space, there are certain PG power grid related non, business does not transfer to them electrical balance of plant and the rural electrification, which remained with ABB. So, we are absolutely now closed out all those projects, there are some small costs which come in over there as we close it. So, that's one element that's very minor. Another one is around the shared services cost, which is not a part of the ABB business results, but it's part of the corporate realm and expense is what we take. Additionally, we have the other branding and other communication costs. So, this is actually quite stable compared to the last three to four years. So, as the volumes increase, this will not see a corresponding increase. This is all well monitored, when the money which are spent are now directed towards efficiencies, which would result in improving the profitability of the businesses.

Moderator:

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



Sandeep Tulsian: The first question is pertaining to the e-mart sales for the current quarter or from full year perspective, if you can share what percentage of your EL segment is come from this, and what is the kind of growth specifically in this particular sub segment is what we are looking at?

Sanjeev Sharma: So, as far as this particular way of selling in the industrial market is concerned, one has to acknowledge this is a new approach in Indian market, and we are doing it with our own platform. So, what it does for us is, there are two sides of selling our product, one is the physical side, another is the reachability to the farthest corner of the country. So, what e-mart is doing is, is able to make these products available to the Tier II, Tier III, Tier IV cities in a seamless way, wherein what we find is that people are able to evaluate the portfolio, and they are able to make selection, and then they choose whether they want to place the order on the e-mart, or they want to place direct orders through the channel partners. We are seeing the earlier factors that we are seeing the related growth of our e-mart launched to be quite strong, but the flow of orders is still coming with the traditional channel of channel managers because each geography we have the channels which have been established. So, that's how the physical interface and the virtual interface takes place. But we have seen also a lot of customers who are now moving towards buying from the e-mart channel itself. So, we have to allow the market to adjust itself, because it's an industrial product, which has to be carefully selected with the parameters. While the customers select, they want somebody to verify it for them that listen, they have done the right selection so that when the product comes when they apply it for their application, it is the right fit. So, it's a behavior change. And also, as we gather those queries and kind of information they want, we also learn on our side, what kind of questions are coming and we keep on standardizing our configurator based on that so that the customers are able to choose those products effectively. So, that's the kind of an effect we are seeing with e-mart at this point of time.

Sandeep Tulsian: Got it. Second question is pertaining to your turbocharger business sale, if you can give us some indicated numbers on top line and what would be the net asset sale value that we can fetch from this asset?

Sanjeev Sharma: So, right now it's not sold to a third party. Sridhar?

TK Sridhar: Yes, at this point of time the board has approved the formation of a fully owned subsidiary under ABB India Limited. The same is under process at this point of time, we expect that process to complete in the next two to three months of time and probably, when we come for the first quarter results in the month of May is what we were able to provide more color on it

Sandeep Tulsian: Sales percentage if you can share for last year?

TK Sridhar: We don't give that at this point of time we will give it to you later.

Sandeep Tulsian: And last third question is on the other expenses in the quarter, they have seen a very sharp jump although you mentioned that raw material price pressure has been there to some extent which has impacted margin while some of the other travel cost and freight cost have not normalized.



So, do we expect this cost to increase disproportionately from here when the other costs normalize or I you can highlight some of the major cost items which have seen an increase over year please?

TK Sridhar: If you refer to the slides, i.e., slide number #18, and there if you look at it compared to the previous year of 1011 crores we are at 1162 crores that means, we are talking of a 50 crore increase while the revenues have jumped substantially. So, yes there will be certain if you look at these expenses, there are typically three categories of expenses one which is volume driven, one which is more of fixed expenses what we have and something which is semi fixed right. Variable expenses which form almost 30% to 40% of the other expenses will increase with respect to the revenues compared to other elements like travel, the packing, the other contracting services, all will have an impact but the others would remain probably stable.

Sandeep Tulsian: In the slide #18, which you mentioned if you look at the other expense line item for the fourth quarter itself that's 336 crores which is a jump of about 46 crores versus your third quarter of CY21. So, that is the change that I'm trying to inquire about.

TK Sridhar: Okay, very good. Thanks for asking this particular question. If you look at it, the majority of it has come from freight. The sales for the quarter have increased substantially compared to the previous quarter. So, that's one of the key drivers. The other one is around packing, which is also important because it's also an element which has led to this thing and we need to stock certain stores and spares. Another element, of course, is the repairs and maintenance, as we are crank up our capacities to make sure that we are able to have the headroom for the growth. Broadly, these are the driver expenses which have increased and also quite a few things we have outsourced and perform on a subcontracting basis. So, that's also another element which we have. The answer to your question, we don't have any untoward one-off expenses it's all normal expenses, which is more driven by the volumes what we need to execute.

Moderator: Thank you. We'll take one last question which is from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund. Please go ahead.

Renjith Sivaram: Now that the Hitachi Energy has become completely independent and on its own feet. So, just wanted to get some clarity, is there anything that is stopping Hitachi from introducing this medium voltage, low voltage product of Hitachi in this Hitachi Energy subsidiary, is there any non-competing kind of an arrangement?

Sanjeev Sharma: Renjith, I'm sure you will get this opportunity to ask this question to Hitachi Energy. So, we can't comment on a portfolio of independent company and that's a good order.

Renjith Sivaram: No, just wanted to clarify whether is there any anything that you have any agreement that or if they are completely independent and on their own?



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- Sanjeev Sharma:** It's a completely independent company under the umbrella of Hitachi Energy, and they should do what is suitable for their portfolio and what their market demand is. And of course, whatever has been written as an agreement in terms of portfolio globally, that will apply to them as well as to everybody.
- TK Sridhar:** Renjith, let me answer this question in a different way. ABB in India is basically focused on the medium voltage and low voltage market, and we have no restriction to not to offer or to offer only to specific markets. So, the market is freely available and what we have to do is what we will do. What Hitachi does is their prerogative, there is absolutely something which we would like to clarify.
- Renjith Sivaram:** Okay, that's helpful and sir one more thing, one of your strong competitors, CG Power has become more active in the market. So, are you also facing more of competitiveness in the related market there or you feel that it doesn't impact much on for us?
- Sanjeev Sharma:** Well, the nature of competition is that whenever the market expands, more and more players will come. It all depends upon what our relative spent is in the eyes of the customer. That's all matters for us and what we do is, we work more towards the customer to have our proposition clearly defined that's the only thing which we can control and manage. What impact a particular competition will have, that's something which has to be seen with their strengths, and by the customers' acceptance. We can't make much comment on that.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint that was the last question for today. I now hand the conference over to Mr. TK Sridhar for closing comments.
- TK Sridhar:** Thank you, everyone for joining this call, it was always a pleasure to answer to the questions and provide clarifications wherever possible. In case there still are certain unanswered questions, please feel free to reach out to me or Sohini; we will do our best to ensure that you get the immediate clarification. Thank you very much for joining the call and look forward to meet you in the AGM in the next quarter. Thank you.
- Moderator:** Thank you. On behalf of ABB India Limited that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

(This document has been edited for improving readability)



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