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May 16, 2025

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 May 2, 2025 and May 9, 2025, we are enclosing a copy of the transcript of conference call with analysts, which took place on May 12, 2025 post announcement of un-audited financial results of the Company for the first quarter ended March 31, 2025.

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
Q1 CY2025 Earnings Conference Call
(January to March 2025)

May 12, 2025

**MANAGEMENT: MR. SANJEEV SHARMA – COUNTRY MANAGING
DIRECTOR
MR. T.K. SRIDHAR – CHIEF FINANCIAL OFFICER
MR. KIRAN DUTT – PRESIDENT, ELECTRIFICATION
SMART POWER AND SMART BUILDINGS
MR. G. BALAJI – PRESIDENT, PROCESS AUTOMATION,
ENERGY INDUSTRIES
MR. SUBRATA KARMAKAR – PRESIDENT, ROBOTICS
MR. GANESH KOTHAWADE –PRESIDENT,
ELECTRIFICATION DISTRIBUTION SOLUTIONS**



*ABB India Limited
May 12, 2025*

Moderator: Ladies and gentlemen, good morning, and welcome to the ABB India Limited Q1 January to March Quarter CY2025 Earnings Conference Call.

As a reminder, all participants' lines will remain 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 the operator by pressing "*" then "0" on your touchtone telephone. 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 SEBI's website 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: Thank you, Ryan. Very good morning once again to all of you. Thanks for joining the Q1 2025 Call.

So, along with me on the call is Mr. Sanjeev Sharma – the Country Managing Director. And we have Kiran Dutt and Ganesh Kothawade who lead Electrification Division. And then we have G. Balaji, who leads Process Automation and Subrata Karmakar of Robotics. Sanjeev Arora could not join this call as he is travelling, but therefore we will handle the queries relating to motion by ourselves. Okay, so over to you, Sanjeev.

Sanjeev Sharma: Thank you, Sridhar. Good morning to all of you for joining us to know more about January to March 2025 quarter. This is our first quarter of CY2025.

Just to give you a glance about how we are structured as a company we operate with the four business areas, namely electrification, which all deals with the distributed solutions, which distributes electricity in large cities, industrial complexes, large infrastructure projects, be it commercial buildings, tunnels, and residential buildings. Then we have the products which go into the manufacturing, which is the installation products, which are kind of add-on products to the industry.

Electrification portfolio is quite full, and it's the largest business area for us at ABB India followed by Motion, which has drive products, system products, system drives, NEMA motors, IEC LV motors, large motors and generators, Traction and Service. This is all about energy efficiency and mobility-based solutions.

Process Automation which caters to energy industries, process industries, marine and ports, measurement and analytics, this is all about productivity and energy efficiency for our customers in the large process operations.

And robotics and discrete automation is all about robotics. We supply for automotive, ancillaries of automotive electronics manufacturing and many other applications. As manufacturing expands in the country, robotics is expanding as well.

Our operations in India, which is in the 75th year of manufacturing, is done out of five manufacturing locations, namely two plants in Bangalore, and one each in Nashik, Faridabad, Maneja. We have 25 shop floors. We operate with 28 sales offices and also combined with the service offerings to the customers spread across the country. We have 750 plus partners who take us to the deeper end of the market so that we can cater to and serve our customers even in the remotest part of the country. And we continue to expand that. And as we speak, we are expanding our capacities. And as and when we are ready, we will also announce those to you.

So, for the January-March quarter, the financial performance is that our orders expanded 4%, revenues expanded by 3%, and profit after tax by 3% on a comparable basis year-on-year. And our cash balance stands at Rs. 5,756 crores. We expanded our portfolio with low voltage flameproof motors in higher frame sizes for IE2, IE3 and IE4 efficiency classes. And we are seeing a good uptake of this class of offering that we have in the market. They offer much higher reliability, safety and efficiency.

Recently we also launched the range of modular LIORA switches from electrification smart building for commercial and residential spaces. It expands our portfolio to really near retail experience for our customers.

On the sustainability side, we have reduced our Scope 1 and 2 GHG emissions by 87%, comparable to our baseline in 2019. Our Nelamangala campus in Bangalore has achieved Mission to Zero status as part of ABB Global's sustainability journey to deliver net zero emissions.

We were also awarded Best Sustainability and CSR Practices Company by Asian Centre of Corporate Governance and Sustainability. We don't apply for such awards. We were just picked up by their own independent research. So that shows that our focus of doing the right thing in this area gets recognized by the serious third-party companies which really analyze the publicly declared data as well as the data available through the databases.

Now, in Quarter 1, we had a stronger momentum in core segments and also complemented by few emerging segments, namely in transport, building and infrastructure, discrete process, and our exports grew by 40% in this quarter. Order backlog is up by 11% and Rs. 9,958 crores. That gives us a very good visibility going forward for the revenues that we have planned for year 2025.

Some of the highlights to you, just to give you an idea about how this company with 18 divisions operating with 23 market segments impact customers in different segments of society and applications. Like in the case of Indian Oil centralized pipeline information management system, we have provided automation digital solutions. We have also provided for an electronics industry major some localized user language-based sanding automation solutions. We have revamped a distributed control system for flue gas desulfurization for a leading energy company. For an integrated energy measure, we have supplied SCADA and PLC for a major offshore project. And of course the traction systems for railways were also part of our significant wins. And

switchgear, another power distribution technology for a data center major was part of our wins and a smart power solution for a water treatment plant and technology from System Dry Corded Tire Company.

So you can see it gives you a spectrum of applications and industries that we serve. And that gives us basic resilience in different cycles of the market because we are exposed with multiple businesses to multiple market segments. And that's why we have the confidence always to continue to navigate whatever changes that come into one segment to the other because economic cycles play through different market segments at different times. And we continue to have portfolios that apply in multiple market segments. And we continue to navigate ourselves forward.

Now, when it comes to the part of our business kind of ethos is to continue to find new customers and continue to serve our existing customers effectively. So we always have very wide and deep engagements with our customers in multiple forums and each of the businesses engages with the customers and also sometimes they come together and then they have the common customers together so that the customers know what our offering and business proposition is. And in these forums we detect lot of new customers and we can start the journey with them for many years to come.

When it comes to the diverse businesses which cater to 23 market segments, I mentioned, so this gives you a picture in terms of which market segment from our portfolio point of view are on the high growth side, moderate growth side and low growth side. The so-called low-growth segments still form a large part of our offerings. And these cycles, and they sometimes are in low, they go to moderate. And the moderate segments can switch between high and low. And that's the reason we continue to maintain focus in our offerings, including our service offerings to all these segments and the customers in these segments so that we are effective and customers always appreciate whenever their cycle turns that they have a consistent partner with them.

We will take a bit of a theme for this quarter deep dive, which is cement. Just to give you granularity, India is the second largest cement producer in the world and accounts for over 8% of global installed capacity. Cement volumes are increasing by 6% to 7% year-on-year. And as of 2024, India's green cement market is valued at approximately US\$2.31 billion and is projected to grow at CAGR of 5.85% through 2029.

We have a lot of offerings here. And there are key drivers and trends, as you can see, which are led by, spent by the government and also expansion of infrastructure, transport, mobility. And we see that this is a long runway and long highway for us to travel. Our solutions, which are essentially aid in supplying energy efficient technologies for cement plant, because it's a very energy intensive process, and also the process automation and export systems, which helps cement manufacturers not only produce cement efficiently, but also manage the grades based on the market demands that come from the marketplace. So, we have quite a good suite of portfolio in this particular area.

Now, when we look into sustainability in practice and our goals, so as I mentioned before, we have the Scope 1 and 2 GHG emission 87% reduced compared to 2019 level. Zero waste to landfill units in 2025, we will have four units qualifying for that. And in supplier engagement, we are increasing and we will be training our suppliers to be also focused in this particular area.

Our CSR activities, be it climate change module for teachers, developing an external road project to make sure that the communities around the industrial areas have a more safer access to their locations and the children, the women, they can walk around in a much more safer environment, well-lit roads, well carved out roads, and there is no mixing of traffic with the pedestrians. We continue to develop such projects so that the communities are safe, and the women have confidence to come to industrial units to work so that we can expand even our diversity rates. Green school campus programs, then skilling 400 youth across locations, aiding and modernizing the hospitals in Nelamangala which we handed over, and of course special health camps including assistive devices distribution across locations for specially abled people, and also sponsoring a project in Himalayas wherein it helps waste collection and recovery center because a lot of tourists bring a lot of stuff which cannot be left in, plastic cannot be left in the hills. So, there are volunteers who collect it, and we sponsor collections and distribution of it in the right places.

Factors to watch out for in 2025, we see, well, there are different years and different cycles, and we are experiencing that cycle. So, we are building ourselves upon consumption, investments, premiumization, domestic economic strain and global trade uncertainty. A mix of this is on our table. And that's where we decide where the opportunities are. We focus on the opportunities rather than we get too worried about macros. And there are always opportunities. We have done it for a long period of time, and we focus in the right areas to make sure that we navigate the uncertainties and at the same time keep making most of the opportunities.

So with this, I will hand the presentation over to T.K. Sridhar to take you through financial highlights. And I will join you back later when we have a question-and-answer session. Thank you.

T.K. Sridhar:

Thank you, Sanjeev. So, we get into another interesting part of how did we perform in Q1, '25. Right. Base orders grew by 10%. This is despite the fact that we also had a large order in the last quarter, and we could make it in this quarter as well. What's more encouraging is to see the base order is growing while the large order is definitely something which come as per the CAPEX cycle. So, this is something which is a healthy part of it.

If I remember correctly, the market was concerned in the last quarter in 2024 that why were the orders not growing? And we did say that one of the orders were delayed, and it may go into Q1, '25 and that's the result why we could see a large order of Rs. 200 crores which is there for the particular quarter.

The order backlog 9,958 gives us a good visibility of what could get executed and for the future revenues, two-thirds of it will get executed in the coming quarters, and the balance will go to the

next year based on the project schedules and the long-term service order what we have for traction converters in the years to come.

So, revenue is 3% up, and this was more because the market was a bit volatile. So customers had a preference to schedule their supplies according to the tune of the market. They were slightly lesser, but having said that, we are clear that as the volatility topics cease down, so they should also pick up going forward.

So, profit before tax, 20% is what we are able to maintain at this point of time, again coming from a good mix of operating leverages and also a price realization which we had. And not to forget, we did have a favorable Forex impact in this particular quarter, contrary to an unfavorable one in the last quarter, which is basically more to the moment out of foreign exchanges and commodity prices, which we do.

So this is something which impacted the margin, but the operational EBITDA, which excludes all the foreign exchange variations or any other one-time impacts as what we see, are still standing robust at 16.4% for the quarter. And it is in line with what we had done in the previous quarter. So, Q1, '24, it is definitely lesser. And that's more because the volumes in Q4, '24 was Rs. 3,300 crores or Rs. 3,400 crores roughly compared to Rs. 3,160 crores in the current quarter. So, in other words, we did not lose out on any of the structural issues. It was only more about an operating leverage which was missing due to lower revenues.

So cash balance, Rs. 4,700 crores. Our collections were able to keep speed with the revenues and also the overall collectability. We did not find any drastic liquidity issues in the market as what we go forward. So, that's something which we think we will continue to focus on, and we will definitely go forward to have different options to how to use this cash. The next slide.

Just to give a bit of a trend as to what it has been, what it used to be at Rs. 3,000 crores, Rs. 2,500 crores, we are now stabilizing at a base order of Rs. 3,500 crores. That's what we could see on an overall, at this point of time and plus some large orders which came in in this particular quarter. So there have been large orders in the last several quarters in the past. And that's more from the demand which was coming up after the COVID CAPEX cycle, which was rejuvenated in those particular quarters, and that helped us as well and also the market focus into fast growing market, the medium and the realistic also has a reflection in this particular large orders what we have been receiving. So order backlog, 11% up year-on-year. So, two-thirds of them are executed in the next quarters to come and the balance would go to the year after.

So, this is an academic slide for those who follow the press release and also try to look at what is correlated with the local performance. So overall, ABB Group would have announced 1% or a flat demand environment from India, whereas we declared 4%, including the large orders what we have.

So, a bit of a view into this term in the P&L account. So material cost held at 58.3% holding robustly at the point of level and it's more coming from the point of mix of revenues, and

operational efficiencies and also some price realizations which were favorable during the quarter. So that was something which helped to keep the material cost 58%.

Personal expenses higher than in the previous quarter and definitely slightly higher than the previous quarter. the deviation to this effect is more from the point of view of a, number of people we have recruited more and also we had certain salary revision which was done in this quarter and accordingly the actual valuations get done once in every year as in the month of March because that's the financial year which is applicable for all actual valuations. And so that gets recalculated based on a higher salary base and that has a momentary impact for that particular quarter and is consistent across all the first quarters in several years to come, at least since I have been the CFO for this organization, that is quite typical of it.

And other expenses with the same level. So there have been no, I would say one-off expenses which is more in line with the volumes and the inflationary trend for what has happened and also in line with the marketing efforts what has been going on to make sure that we remain competitive and relevant to the market.

Exchange rates gain as it is what I told, there is a swing of almost Rs. 20 crores compared to in the previous quarter same year and the last year. So same quarter previous year. So that is something which is on account of the mark-to-market impact which we have on the derivatives, commodities and the foreign exchange statements. And this is momentary. Sometimes we have a gain. Sometimes we have a profit. But at the end of the day, operating profit what is important for us, and we are steady and strong on operational profitability. So, this is something which is there on the financial statement as what we see. Yes, go to the next.

Yes, getting a bit deeper into business segments at this point of time. Electrification continuing its strong run of Rs. 1,600 crores minimum. And to be honest, in Rs. 1,791 crores of Q1, '24, they had a large order from a data center, which is not there in this particular quarter. It is more base order. So that way, Kiran is very happy that he is able to get more of base orders in this particular quarter.

So, overall, electrification is able to have its focus on the sector, which is relevant for them, and able to get their share of business over there. And revenue is slightly lesser and of course Q4, '24 is always a good quarter for us because that's the last quarter of the year, and therefore there is something which is very strong actions which happen to make sure that we reach the business performance levels compared to the previous year. So that's something, but on an overall basis Rs. 1,200 crores revenues in the last four quarters and now we are talking of Rs. 1,300 crores revenues overall and an upward trend has been maintained. And profitability, you have 25.7%. So, in all standards, pretty much decent from the electrification division from where they were coming from.

Motion, again, we had a large order of Rs. 200 crores from a railway segment now again. So, that's for the traction converters and business. And so we were able to keep up that particular momentum of Rs. 1,200 crores. Revenue steady at Rs. 1,100 crores every quarter, and that should

slightly go up going forward as the backlog starts to execute itself from the project orders which is there, and profitability remains solid at 22%.

Process automation, this is where people would be interested to understand. We have Balaji as well, so there could be any direct questions to him while doing the Q&A. But overall, for the process automation is dependent on the CAPEX decisions, which are very much relevant for them, large scale CAPEX decisions, right? And as I was mentioning, due to the volatile factors which were there, which were hovering in the market, there was a bit of a cautious approach which were taken by the customers in the core segment and that resulted in decisions getting delayed, number one.

Number two, April to March being an year-end for quite a few private industries, that is also considered to be a place where they could have decided to preserve cash and watch out for the moments in the macro factors as it is supposed to play out. There is no opportunity decline in the market, but it is more definition of decision making which is slightly moving up the quarters as we go forward. And that has definitely left and resulted in a backlog which is lesser than the previous year. But I am sure that with the orders, in case if we are successful and it gets decided in the future, this should also help us to do it. But the good part of it is that even though the orders are down, we are definitely on the revenues we are not so bad off because we had a good service revenues which came up over there, which definitely helped the profitability as well. Next slide.

Robotics and Discrete Automation, large order from an electronics sector, so helped up shore up the orders, and this was also something which we expect in the last quarter, but firm and effective by in this quarter. And all of them trending in the right direction, including the profitability for robotics.

This is just another slide which is good to understand where are we and how we are. In this particular slide, if you look at it, MO and EL still dominate the product offerings of us. So we are at 74%-75% of the business, which comes from these particular two segments. And the balance is driven by process automation robotics. So it remains constant here and there, couple of percentages, quarter-on-quarter, but overall it's better.

In terms of offerings, again products are 73% and projects 13% and 14% is what we see, definitely in line with what used to happen previously, in terms of channels as well as constant. And in terms of exports, this quarter was slightly, definitely higher in exports. That's what we could see. And this is in revenues, but in orders we were higher in exports as what we see.

So, this is something which is pretty interesting and as we see another thing which I would definitely look at it is that the orders from Tier-3 and 4 have improved substantially compared to the previous quarter. This is a welcome fact and is also resonating with our efforts which is happening by reaching out to the hinterlands of the country to be more relevant in those particular markets as well. So, overall, a good quarter according to us, other than revenues, which is slightly

off the mark, and that's more driven by the macro factor, but all the other topics in place, that's what I would say.

Yes, so this is the last slide if I am not wrong. Yes. So now we can open up the meeting for Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. First question comes from the line of Renu Baid Pugalia from IIFL Capital Services. Please go ahead.

Renu Baid Pugalia: Thank you. Good morning, team. My first question is, Sanjeev, you did mention that macro is not looking so exciting, but you are focusing more bottom-up. But what we saw in TA in the last quarter with respect to orders getting postponed from customers and execution, does that phenomena concern you in terms of the likely execution for this year that we missed it from double-digit growth to single-digit or flattish execution this year or bottom we have fair amount of confidence that double-digit revenues growth trend should be in tact? That's the first question.

Sanjeev Sharma: Thank you, Renu. So in our view the Process Automation business represents largely the project business, which is about 10% of our total portfolio. And they do depend upon how the customers feel confident in the process industries as well as in the large government infrastructure projects, say, in the oil and gas and the other power generation area.

So there, many projects which were on pipeline are still on the pipeline, but because of the uncertainties which are floating across the world and also domestically, certain customers held back the decisions. And we do believe those projects are still in the pipeline and those decisions will improve. So, that's what it is. So, it's very difficult. We have just finished the first quarter briefing. So, it's difficult to say what happens at end of the year.

But as far as our base business is concerned, that continues to be robust. But it is to be acknowledged that as per the large projects are concerned in the market, they are there, but they are sluggish in decision making, at least in the first quarter. And we will see how the 2nd Quarter goes for us and 3rd Quarter plays out. And then that's how we will be able to comment to you more specifically when we have the commentary for 2nd Quarter and 3rd Quarter.

Renu Baid Pugalia: Got it. The second question is just pulling few inputs from the annual report, within the product segment, others as a category in the last two years have grown very smartly from Rs. 1,400 crores to Rs. 2,400 crores plus revenues, our fastest CAGR. So, can you share some insights in terms of what type of product portfolios become a part of others here and what is the kind of localization efforts which ABB has put in to improve the local manufacturing footprint of this fastest growing segment for us?

Sanjeev Sharma: So, if you have been Renu, you have been hearing our commentary for last, almost at least in my history, about 38 quarters. And so we have maintained that we play the market from three or four angles. So, one angle is we continue to expand our portfolio, and then we continue to localize it so that it becomes more attractive price point to have voice to the customers. And as

the economy is growing, it continues to kind of become more sophisticated. So, more and more ABB sophisticated products keep coming and we can now localize and spread it in the market. So, that's one effect which is playing out in this year as well.

And other part is our geographical penetration because India's growth is moving into Tier-2, Tier-3 series. And Sridhar mentioned that that expansion is causing expansion of our portfolio intake from the market.

And last but not the least, the economy continues to expand and the market segments which were moderate in size early or small size, they have become substantial in size now as we go forward.

So, these are the few things which cater to it. But you are absolutely right. Especially in the electrification and motion, we have expanded our portfolio, and that portfolio is playing out in favor for us. Yes. And definitely, as you mentioned localization of the product after we have tested the product in the market that there is a good demand and acceptance. Then we go ahead and we manufacture, localize and we expand on top of it.

Renu Baid Pugalia:

Any particular products to call out or nothing specific here?

Sanjeev Sharma:

In the case of the motors, if you can see that we have expanded our portfolio there. You can see that in the case of MOLM, we have a good intake of export orders there and that has contributed and that's on the back of localization. Likewise in MODP, which is our drives product, there again we have expanded our portfolio and also have localized. And same thing goes for the traction side. Again, we have expanded our portfolio for mass transit, locomotives, electric, bus, truck, and they are playing out in our field.

Now just to give you some granularity on the electrification side, I have Kiran Dutt with us. Maybe he can paint some color around it.

Kiran Dutt:

Thank you, Sanjeev. Thank you, Renu. that's a very good question in terms of expansion of portfolios. On the electrification side, what we have done is there are two parts of it. One in terms of energy management solutions, where we started expanding our portfolio there, so which is very, very important for customers in terms of finding out in what way the buildings are efficient or the industries are efficient. So that's one part of the portfolio which we expanded. It is also related with the digital portfolio, what we have expanded as well.

The second part of the story is the launch of LIORA, which was also explained during the presentation. LIORA is the modular switch range, which is for commercial buildings and the residential buildings. This portfolio has really expanded a lot, and we are seeing a lot of traction in terms of orders and revenues coming in during Quarter 1.

Sanjeev Sharma:

In the case of ELDS, our distribution solutions, if you recall that we had inaugurated a expansion of our facilities in Nashik 1.5, 2 years back, and that production of GIS facility is on. And that really has created quite a large base for us to serve the market, wherein the market has become

sophisticated because they require small footprint switchgear, which can go into the basement of buildings or it can be small urban area because the land is something which is more premium in those areas.

So, we are seeing quite a good expansion of our portfolio and the investments that we made in that area. And also we continue to expand in Nashik our localization effort. And there are certain products which I can't say directly the name of it, but those are the products which are only produced in one country in Europe and another country here which is India and we have started exporting that as well apart from very high consumption within our own product which has localized our product as well as you have a much better uptake in the market and that also reflects in our profitability and growth.

Renu Baid Pugalia: Sure. Thanks so much, team, and best wishes. Thank you.

Moderator: The next question comes from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre: Hi, sir, thank you so much for the opportunity. Sir, industrial, the process automation business is showing a weakness in terms of negative growth for the last three quarters. So, when do you think we will be able to come back on the growth path in this segment?

Sanjeev Sharma: Thank you, Mahesh. So, as far as when we talk about ABB present in this market with 18 divisions and 23 market segments, so we are the true reflection of what the market is doing. So, what we do is, when the market and the customers that we are trying to serve, they are ready for decisions, they show up in our books.

So as I said, process automation is 10% of our large projects of the process automation is 10% of our portfolio. And largely we have fast-moving industrial goods. So that base order continues to perform well, because the country is expanding and is absorbing those products quite effectively.

But when it comes to large projects, they are cyclic in nature, and it all depends upon how the private CAPEX and the government CAPEX is forming in the marketplace. So, I would say indirectly if we watch these market segments and see the CAPEX formation there and the government CAPEX release, that should have a direct correlation with when the recovery in the process automation businesses will come.

Mahesh Bendre: Sir, last question from my end. Last two quarters the order inflow has been soft overall. We had a single-digit growth this quarter and previously we had negative growth. So going into the next 2-3 quarters, will the momentum remain the same?

Sanjeev Sharma: So we are coming on back of last 5 years wherein we grew CAGR 22% in last 5 years and our revenues grew 20.5% on back of economy growing 6% to 6.5%. So, we have had a fairly strong run over a period of time. And then what happens is that once you have a strong run, just like in

the markets, you have a time correction, and you also have a price correction. But in this case, you can say that certain market segments take a breather and then the next cycle of investment comes. And that's where it reflects in it.

I believe 2024 has been quite eventful. And 2025, as you can imagine, right from new government coming in U.S. and also now the recent weak event, so there are a lot of events which are playing out in the minds of our customers. And that reflects into our books at the moment. But I believe the moment this uncertainty is cleared out, we believe the underlying of Indian economy as well as Indian spend capacity is quite high and it will pick up. Whether it happens in the running quarter or it happens in the next quarter is difficult to say, but we are very optimistic going forward that we will have reasonable rates of growth in this market for us.

Moderator: The next question comes from the line of Subramaniam Yadav from SBI Life Insurance. Please go ahead.

Subramaniam Yadav: Thank you, sir. Sir, just wanted to have a color on this chart of high, moderate, low, what we give every quarter. So, how do we read into this? When we see quarter-on- quarter changes in couple of sectors moving to moderate, what is the view we take? Is it a quarterly view we take or yearly view we take on the sector and then we move that segment to moderate from the low?

Sanjeev Sharma: So, that's an interesting question. So, one is that this particular picture is both for our internal as well as external consumption. Internally, what we do is we make sure that all our sales team and businesses are laser focused on all these segments in the low, medium and high, because that's where the capital formation takes place and the serviceability offers have to be very high, both on the sales side and also post order side. So, that's one part.

And on the second side, we look at it from a kind of a holistic trend that these particular market segments are relevant for us for long-to-medium term. And we will stay focused on that. So ideally, it is not quarter-to-quarter because this capital formation of the size we look for and we track doesn't change quarter-to-quarter. I would say calendar year basis is a reasonable way to look at it.

And also another way to look at the high, medium and the low is that these high segments are the ones which are relatively new market segments. They say like data centers started picking up in 2016 and 2017. They were next to nothing. Now it is a substantial part of our portfolio, and the rate of growth is still quite high. So, that's where they say.

So, we have a bit of a matrix and more granularity to it which we track. But yes, to your question, to your answer, yearly adjustment is more relevant for it rather than quarterly adjustment.

Subramaniam Yadav: Sir, but when we look at the number of sectors moving from low to medium, but in terms of our inflows which are not matching that thing, so hence my question was related to that.

- Sanjeev Sharma:** Yes, so if you see the low segment, still they form quite a substantial percentage. I think it's almost 45%, Sridhar?
- T.K. Sridhar:** 45%.
- Sanjeev Sharma:** 45% of the volume comes from the low market segment. So, we see that as an opportunity because those segments are actually primed to spend more in CAPEX because they haven't done it for a very long period of time. So, if you look at it from that angle, it's just a matter of time when those kick in. And when the market conditions and the confidence in the large CAPEX spender is there, then this low segment starts priming both on the OPEX and CAPEX side. So, you can just imagine that given the growth that we had of 22% CAGR in the last 5 years, how well it will play out once these low market segments or some of those segments also start joining the medium side of it.
- Subramaniam Yadav:** Sir, finally, if you can give some color on this service income, because that pie has been increasing and leading to a better margin for us. So, how do we look at that service mix going ahead?
- Sanjeev Sharma:** Service is almost every time between 12% to 13%, but ideally our aim is to get to 15%, but with more orders coming in, so service as a percentage looks pretty much the same, but if you look only at the growth of service and exports, they are very robust, I would say.
- Moderator:** The next question comes from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** Good afternoon, sir, and thanks for the opportunity. My first question is on the motor side. As per the annual report, the penetration of IE3 and IE4 was 54%. What was this number for CY '23? And what will the market share in IE3 and IE4 motors?
- Sanjeev Sharma:** So, Mohit, actually it is a very good question. I am also interested in those numbers, but today Sanjeev Arora is not here. He is travelling. He is responsible for that business. We may not be able to give that answer immediately plus we typically don't go to that granularity of information because it's very sensitive to business.
- Mohit Kumar:** Sir, any color on the order's number for CY '23. CY '23 versus CY '24, that 54%, how does this compare?
- T.K. Sridhar:** As Sanjeev was mentioning, we don't give those numbers. Otherwise, then we will have a different set of calls.
- Sanjeev Sharma:** Or if you can next time, you can bring as a base reference our competitors' numbers and say, hey, how they compare against them, then perhaps we can bring some granularity.

- Mohit Kumar:** Sir, how does the acquisition of Siemens Gamesa renewables electronics portfolio help ABB India? What are the revenues for this business in India in CY '24? And how does this expand the portfolio?
- Sanjeev Sharma:** Okay, that is a global acquisition, what has happened. In India, we have not great footprint about it. So, we are buying only some inventories and capital equipment as what we informed the stock exchange in the last quarter. So, they are very much, they are players in the wind and renewable players. We need to find out how it works out going forward. So, not much of relevance for India at least as what at the moment, it becomes a product part of the global portfolio, and the global team will guide our local teams how relevancy of that portfolio in the market becomes. We should allow it sometime before we can be more specific about it.
- Mohit Kumar:** Thank you and all the best.
- Moderator:** The next question comes from the line of Parikshit Kandpal from HDFCE Securities. Please go ahead.
- Parikshit Kandpal:** Sir, hi, congratulations on a decent number. My first question is given slight sluggishness in the market and the muted growth, so how are the prices for the products holding on? So, have you seen any price cut or has the competitive intensity increased?
- Sanjeev Sharma:** Well, generally, on an overall basis, you are right, there is a bit of sluggishness in the marketplace, more specially on the large project side, I would say. In certain product categories, of course, there is an increased competitive intensity. Whenever there is an increased competitive intensity, you will see an effect on the prices, price realizations. But I would say that is on the minor side of the portfolio. I would say the main story is that the large projects which are being held back, they should be released in coming quarters. That's something we watch, and we are working with the clients. As far as the price adjustment, in minor product categories, there are definitely the pressures which we are seeing, mainly due to the competitive intensity as well.
- Parikshit Kandpal:** Any commentary on the margin guidance? I mean, still maintain that 13% to 15% band or like how it will move now on a net margin level?
- Sanjeev Sharma:** No, we have been saying that 12% to 15% is where we are talking at the PAT margins at this point of time. So, that's how it is. So, now we are reaping the benefits of the earlier quarters of good, priced orders we are getting secured at this point of time and also the leverage on the capacities which is playing out. So that's something which we will continue to watch out for.
- Parikshit Kandpal:** Okay, this is the last question, sir, on export. So any benefit you are getting on export because this quarter growth has been strong and an impact of the global trade friction which is currently going on in the US? So will it likely benefit us in India because we don't have much of exposure to the US in the parent company?

Sanjeev Sharma: Too early to say. the global landscape is under formation with too many conflicts, both on the economic trade and some kind of hot spots in the market. And all of them, at least in this week, we find some resolution is being found. US was talking to China last week in Geneva. Some positive news is coming there.

Next Monday, coming Monday, Ukraine and Russia is talking to each other. Maybe a resolution comes there. And we also had, day before yesterday, the hot shooting war going on our western borders that came to a halt. So, these things had to play out and for a company like us or rather simple people like us who just look at the customers when they are going to decide orders, it is difficult to decide for how that will play out on our portfolio.

But on the export side, we are allocated certain export markets. We are doing quite well there. And India as such, the way the trade system is, seems to be net positive for us, for our industries. And whatever portfolio that we are exporting, we are not seeing any kind of dampening effect.

In fact, we had quite a good expansion of our export orders compared to last quarter. it was about 40% increase.

T.K. Sridhar: 40%.

Sanjeev Sharma: So, our exports increased 40% year-on-year basis.

T.K. Sridhar: In orders.

Moderator: The next question comes from the line of Umesh Raut from Nomura India. Please go ahead.

Umesh Raut: Hi, sir, good morning. My first question is pertaining to exports and services. So, if I look at your trend as a percentage of contribution from exports and services, it is the remaining range bound with a range of about 10% to 14% since the last few quarters. So, how do you see a pick up happening here? Whether your install base can lead more of a big in the services business for you in the medium-to-longer term? And would there be any change in strategy from parent side as well in terms of supply dynamics so that you can have better traction on the export side?

Sanjeev Sharma: So, a growth of 40% on export side, I believe, is quite a healthy growth. And this is something which is available. When we talk about percentages, as long as the domestic market growth is strong, then the percentages of export even after 40% growth look nominal, right? So, that's what as far as the domestic side is stronger, the percentages will continue to be playing out that way, but we are quite happy in terms of how our export markets are developing.

As far as the group is concerned, yes, our prime focus is on Indian market being a multinational corporation present in India. But given the facilities here are world-class, more and more global divisions are using our base for opening new export markets. It is a gradual but very steady process so that we are able to serve both domestic as well as global markets. And our teams are

doing a good job there. And we will see it will be a more steady path. But at the same time, there is a long path of continue to gain on the export markets from India.

Umesh Raut:

And my second question is with respect to capital allocation policy. So, given that you have cash balance of Rs. 57 billion and sometime back you have also mentioned that you are looking forward to inorganic opportunities in the domestic market, but nothing has fructified in last two years. So, any color here how you want to utilize this capital going forward?

Sanjeev Sharma:

So, we are expanding our capacities organically to meet the market demand. So that's how some of the balances are. We have increased our dividends. So that's how our shareholders are benefiting out of our cash balances. And as we speak, there are quite a few inorganic opportunities in our crosshairs. But then it takes two to tango.

So, as and when we are able to secure them, we will announce it to you. But yes, definitely there is a plan, both organic rewarding shareholders and plus inorganic opportunity and there is no rush for us. We will wait for the right opportunities at the right price so that that creates more value for our portfolio as well as value for our customers. But definitely it is on the plan.

Umesh Raut:

Okay, sir. Thank you so much. I will join back the queue.

Moderator:

The next question comes from the line of Jonas Bhutta from Birla Mutual Fund. Please go ahead.

Jonas Bhutta:

Hi, gentlemen. Congratulations on a great set of results considering the environment. Just a question on the stickiness of the electrification segment margins. When I look at it from a recent quarterly perspective or even from an annual perspective drawing on information from the annual report, just could you help us connect the dots in terms of while the last two quarters order inflows for this segment have sort of moderated and the base quarters are sitting with large project orders, that coupled with a higher or let's say, no deterioration or the foreign exchange used or the import content remaining more or less the same as a percentage of sales, the margins for the segments seem to be really sticky and probably even trending upwards.

So, I would appreciate it if you can give us some strategic decisions that you have taken that has put electrification as a segment at these margin levels and what happens when growth resumes in order inflows? Directionally, do margins for these segments sort of trend even higher from these levels? That's the only question.

Sanjeev Sharma:

So as you know, Jonas, the profitability is a net result of multiple factors that flow through order margins and then how productivity measures that we do within our location and that's where a lot of investments go.

So, every year our units are more productive than previous years. Plus, how we manage our supply chain, our suppliers, that's another factor. And also how we are kind of localizing

continuously our portfolio. So, it's a combination effect that comes. And sometimes it is largely aided by margin realization, and at times it is realized by the supply chain realization, and sometimes this also gathered a localization and a combination of those factors.

Going forward, we feel we are committed to this journey. And we do see that the volumes will continue to come. So, it means the utilization rate of our plants should remain good going forward. And also the quality of customers and the market segments that we are dealing with, they reward the people with a good portfolio, right?

But at the same time, as far as the factor of pricing is concerned, it stabilizes after some time. But then we continue to use the other leverages which are available. Anything, Kiran, you would like to add?

Kiran Dutt: Thanks, Sanjeev. very similar to that. One point to be noted is with respect to the order inflow, if you look at it with respect to even Q4 of '24 and then Q1, we are at around 71% growth compared to that. So the order inflows are always there. And when I look at the order backlogs, the order backlogs have really increased by 36%. So, for sure, which is going to give us good visibility in terms of the revenues which are going to happen, and we are sure that that would support in terms of the profitability as well.

Jonas Bhutta: Got it. And if I can just squeeze in one quick one for Sridhar. So if you can help us, when we see this line item called foreign exchange used, which tantamounts to roughly 50% of sales at Rs. 60 billion odd, most of these imports can be attributed to which segments? If at all you have to put in some directional thing, not asking for exact numbers.

TK Sridhar: You know, imports will happen in all divisions, right? It's only a question of in which division it is higher, in which division it is lower.

Jonas Bhutta: Yes, as the intensity is higher.

TK Sridhar: Exactly, right. So, technically what happens is in the projects division, it is slightly lesser on a direct import basis because they do more of projects, but they also draw from the motion and electrification wherever needed, who import, right? So, definitely, I would say in terms of imports could be pretty higher in robotics because they depend quite a lot on the imports from outside countries because the ecosystem for robotics in the country is yet to be developed as what is needed.

TK Sridhar: And the next one is power electronics, which is the system drives and drive products, which depend quite a bit on exports, and also definitely in EL, where we have the electronics piece which is required. So overall, just to sort of sum it up for you, if you look at exports per se, I would say because the volumes are pretty much higher in EL and MO, they would do almost 70% of the imports will come only from these two segments and the balance 25%-30% come from robotics.

Jonas Bhutta: Understood. Thank you, and all the very best.

Moderator: Ladies and gentlemen, in the interest of time, we request you to restrict to one question per participant. The next question comes from the line of Amit Mahavar from UBS. Please go ahead.

Amit Mahavar: Hi, Sridhar and Sanjeev. Good morning and congratulations on stable profitability. I just have one question, sir. You know, the outlook for CY '25, particularly on base orders, can you throw some light on some high growth segments, particularly propulsion, semi-acid propulsions, and renewable low voltage and motion orders? Do you think there is a risk of this year being 10% or less growth in orders? That's my question.

Sanjeev Sharma: You are talking of base orders, right, if I am not wrong?

Amit Mahavar: Yes, sir.

Sanjeev Sharma: So, it is very difficult to predict. Let me be very honest. Because given the Amban situation, lot of moving parts at this point of time, which one would never have expected, so naturally, so then at this point of time, Amit, we are not able to even say that whether it will grow at 10% or less than 10% is what we see, right? But our intent has always been to be aiming for double-digit growth, right, and then be in line with what the market could sort of decide as a result of these particular macro factors which is beyond our control, right. So, that's how I see to be honest, Amit.

Amit Mahavar: And the second quick one is on capacity creation. ABB has always been realistic and measured when they think of capacities, and we have seen that many times and which also helps in the time of low growth. This year and next year, anything particularly one or two items where we are thinking of adding capacity or capability? If you can be specific without going into much details, whatever is allowed and possible?

Sanjeev Sharma: Yes, since you asked, so we will have capacity expansion, especially in the units which are relatively small in the business. So now they are coming of age. So we have to put them into the larger units because their volumes have grown, and they are demanding much more space. So there are some in Process Automation. We also see the same in the electrification on back of growth as well as on back of expanded portfolio which needs to be localized. We also see something similar in motion. And you will hear from us once we are ready for it and willing to kind of show that as an available capacity to the market.

T.K. Sridhar: Amit, as you alluded to, definitely before we go through with our CAPEX plans, we are very measured in that to understand what capacities which we have, which we could first leverage upon and what are the other options available. And then it's a well thought-through decision before we start to invest in organic and inorganic options.

Amit Mahavar: Thank you, Sridhar and Sanjeev. Lovely to hear all of this.

- Sanjeev Sharma:** Thank you. Last question probably. So we are six minutes past 11.
- Moderator:** So we take the last question from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Thank you everyone for the opportunity. I wanted to get a sense from you across your segments of the level of sophistication of the product as you suggested on the call. I wanted to understand, A) in which segments is it driving our margins up because on a relative basis we are fairly strong? And B) from here on, have you seen the customers, internationally, which all segments can incrementally benefit as the customers further moves in this direction?
- Sanjeev Sharma:** So, if you go back to the slide where we have these 18 divisions coming across 23 market segments, the margin accretion would definitely be very attractive in the first sector where we are growing faster because that's the place where technology plays a differentiating factor to quite a large extent and where the speed of execution is also important. And also new solutions are very relevant in those particular market segments. Therefore, the margins there would definitely be at this point of time attractive for the reason is because they are also starting from a lower base and trying to set up their shops in India as what we see. So, this run should come and can continue for some more time till the base expands and comes to a stabilization level.
- In the second category, where it is called realistic growth between 8% to 10%-12%, there is a bit of a mixed bag where you have sectors which offer a margin for the value which we deliver and some of the sectors go by tendering model which could be more competitive in nature. And while we come to the last sector, which is the low growth sector but a high volume impact there, there margin accretion comes more from the leveraging on the capacities and the delivery and the volumes what we build rather than just by ability to push prices over there.
- So, according to me, Aditya, all these three segments have characteristics which are quite different, right. And while the first one is very good to be in because it has the highest margin potential, but it does not have the base through which we could really drive the margin. So naturally, we need to have a good balance between all the three market segments and which give us the growth what we are in today at a pattern of 12% to 15% as what we see.
- Aditya Mongia:** Got that. Thank you so much for your response. That would be my only question.
- Moderator:** Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I will now hand the conference over to Mr. T.K. Sridhar for his closing comments.
- T.K. Sridhar:** Thank you. Thank you very much once again on behalf of ABB for taking time out to understand what's happened in Q1, 2025 and definitely look forward to interacting with you more and more and as we go into Q2, 2025 and also the other macro factors as what we see today sort of ease out and it becomes a more level playing field for all of us. So, thank you very much for joining



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the call, and thanks to the ABB Management also who could take time out to listen in and also to answer appropriately to the investors. Thank you very much.

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.

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