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August 8, 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 July 28, 2025 and August 2, 2025, we are enclosing a copy of the transcript of conference call with analysts, which took place on August 4, 2025 post announcement of un-audited financial results of the Company for the second quarter and half year ended June 30, 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
Q2CY2025 Earnings Conference Call
(April to June 2025)
August 04, 2025

**MANAGEMENT: MR. SANJEEV SHARMA – COUNTRY MANAGING
DIRECTOR
MR. T. K. SRIDHAR – CHIEF FINANCIAL OFFICER
MR. G. BALAJI – PRESIDENT, PROCESS AUTOMATION
MR. SANJEEV ARORA – PRESIDENT, MOTION
MR. GANESH KOTHAWADE – HEAD, ELECTRIFICATION
DISTRIBUTION SOLUTIONS
MR. SUBRATA KARMAKAR – PRESIDENT, ROBOTICS**



*ABB India Limited
August 04, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to ABB India Limited's Q2 April to June Quarter CY 2025 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 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, Rayo. A very good morning. Warm welcome to all of you ladies and gentlemen for the Q2 Analysts Call what we have today. So, it is proud to say that we are in the NSE Boardroom today, taking on this call. Along with me, I have Sanjeev Sharma – the Country Managing Director of ABB India Limited, and I have all the Business Heads other than Kiran Dutt, who is traveling at this point of time.

So, we have Balaji, representing Process Automation, we have Sanjeev Arora, Head of Motion and we have Ganesh Kothawade, representing EL and also Subrata Karmakar, from Robotics. And also, we have the other management people in the room. So, it is a great privilege for us to address this particular call from this iconic place where we have been associated since the last 30 years.

So, without wasting the time, over to you, Sanjeev, so you can take us through the Q2 Results and also get to hear from the leader.

Sanjeev Sharma: Thank you, Sridhar. Good morning to all of you, welcome to this call for our 2nd Quarter of 2025. We are happy to be addressing you from the National Stock Exchange. We are using their Boardroom, they have invited us here to celebrate 30 years of ABB India listing on the National Stock Exchange, and the whole management team and other team members are present here.

I will give you, given the occasion, a bit of a snapshot of how ABB has delivered shareholder value in last 30 years with kind of journey the that we have performed together with NSE. As you know we are manufacturing in this country for 75 years, but this snapshot that you see is for last 30 years.

Total shareholder return is 8,500% during this period and consistent dividend has been paid out every year since the listing of ABB on NSE. Our share price has risen 6,745% and market capitalization increased 68x. A lot of 100 shares is worth more than INR 6 lakhs, and net worth is 33x.

Now, key financial performance indicators between 2024 versus 1994 is our revenue from our core operations is 20x in crores. Our PAT is 37x, EPS is 27x, DPS is 6,209% and dividend payout is up 2,850 bps. So, that is the kind of shareholder value that we have created from our India operations for our shareholders. And also that is the belief that we participate in this market.

And you can see in last 30 years how many ups and downs have come in the markets and how many ups and downs have come into the global economy, local economy. And our belief system is that these are all temporary passing matters. We stay consistent in focusing on our customers, bringing more products for the country which are good for nation building, continue to localize it, continue to expand into the geographical reach and also continue to connect with new market segments, which show up as the country is growing in its sophistication across the length and breadth of it and that continues to reward us and also continues to reward our shareholders.

If I look at many last quarters, I think practically after we came out of COVID, we saw continuous growth in orders, revenues and profitability, and I think all of you who have been joining this call have been part of that journey. And we are very pleased with how that journey and the growth has come for our portfolio and we enjoyed it, and we have created a very strong balance sheet at this point of time and also good momentum for our portfolio within the company. So, much so that for the first time, our backlog is about INR 10,000 crores and like everything, I think when the market had been strong for a very long period of time, a point comes when the market takes a breather. And I believe, we are passing through that point and maybe last quarter and at the current point, we see that the market has been readjusting its growth trajectory. And we believe, it is going to be momentary and then it will come back to its own forward trajectory again.

So, that gets kind of reflected in our orders and which is also kind of correlated with the large orders we had last year which are missing in the last quarter, but our backlog continues to expand. Revenues continue to expand and we have certain exceptional items in the PBT, which Sridhar would be able to explain.

You can see that the financial performance, the base orders, we continue to see base effect is strong. It is only the large orders are a bit cyclic. So, we continue to enjoy the growth on the base orders. Revenues expansion is 12%, which means the execution capability of the business is at a solid level.

Our cash balance stands at INR 5,500 crores and Board of Directors have declared an interim dividend of INR 9.77 per equity share of face value of INR 2. So, this again is in consistency with the last two years that we have started declaring the interim dividends for the shareholders.

Now the portfolio, we have introduced some new products which are prime for this market and we will continue to gain more market share of the existing market as well as we are introducing new products and opening up new market sectors.

On the sustainability front, if you take 2019 as our base, we have reduced our GHG emission by 87.5%. We are rated strong in ESG performance by CRISIL, and comprehensive sustainability training is delivered to over 50 suppliers.

We continue to see stronger momentum in core segments in quarter two, complemented by few emerging segments, like for example, we particularly like transport, building and infrastructure, discrete and process industries. But at the same time there are certain classic segments within these segments, which are kind of subdued and sluggish. But we have a mixed market picture and as you said, our order backlog stands at highest level above 10,000 customers.

Some of the key highlights and I think you can go through them, right, this shows the diversity of the applications and the markets we supply, be it SCADA for remote terminal unit for pipeline projects, we have the power distribution for energy major, we have machine and factory automation for large paints and polymer company, supplying solutions for tires, robotic solutions for a two-wheeler manufacturer, and automation for a smelter project, and power electronic building block for control systems for Indian Railways. So, you can see how diverse our product portfolio gets supplied in the industry as well as in the core projects across the country.

Same way we continue to deepen our connect with our customers, so not only in Tier-I, we go to Tier-II, Tier-III, and new emerging markets within the country, and we continue to enjoy engagement and growth in these aspirational countries that we have at this point of time.

Well, our focus remains on the market segments which are relevant for us, which are considered a high growth, which is about 15%, moderate is between 8% to 15%, and low is less than 8% growth at the moment in the market. So, that gives you a snapshot of how we are seeing the market at this point of time.

Our theme of the quarter is pharma and healthcare, and just to give you a little bit of in-depth view how we see it, India is ranked third of pharmaceutical production by volume, and pharma industry shall reach \$130 billion by 2030, a CAGR of 12%. And we see that the pharmaceutical market continues to grow in future and we continue to engage with our solutions. I think this is one sector which always stays part of our solution engineering, whether it is the automation systems, our drives and clean room solutions, or it is the powering such large plants, all those solutions go. And also in the robotics side, there are pharma majors who apply into certain applications as well.

Now, when it comes to sustainability in practice, our goals for this year, we are on track. As I said, 87.5% GHG emissions based on 2019. Our target is that four of our campuses will become zero waste to landfill. Already three are achieved. That means no waste goes to the landfill from our plants. Out of four, three we have already achieved the water positive unit. That means we put more water in the ground than we take it out and water recyclability target is 50%. We have already achieved 41%.

We continue to have a CSR focus and not only at the central level, but all the locations where we are present. And our leadership team really is very conscious in terms of engaging the communities which we can affect in a meaningful way. And this is something which gives us a lot of pleasure and a lot of fulfillment apart from delivering good results for the market as well as our stakeholders.

Now, as for the outlook is concerned, we see mega trends are in electrification, energy transition, digitalization and automation, and sustainability. Because these are elements which are really kind of appreciated by our customers, which is part of our portfolio. And on the macro factors, of course, continued government expenditure, private investments, private consumption, and as inflation is easing, I think these are good positive tailwinds for us going forward and that we hope to kind of exploit as we go forward.

Now, before I hand it over to T. K. Sridhar to give you financial highlights, let me take the benefit of all our business presidents present in the room to give you a very quick snapshot of what is happening in Process Automation, Motion, Robotics, and Electrification.

So, let me invite Balaji for a very quick comment how does he see Process Automation so that you can take a benefit of a more granular view of each of the business areas we have. Balaji?

G. Balaji:

Thank you, Sanjeev. As all of us know in Process Automation, we cater to solutions to various segments, specifically oil and gas, power, water, specialty chemicals, pharmaceuticals, and the heavy industries of metals, minerals, mining, etc.

From a Process Automation context, I think we are continuing the journey in what ABB does, which is to make the industries leaner and cleaner. Our solutions are bringing both the scale and sustainability to various industries that we cater to.

In terms of our performance of H1, I would say what is standing out, as you might see in the subsequent slide, is our profitability. We are holding course. This is a reflection of a good order backlog, strong execution. Notwithstanding the FOREX variations, I think these two positives have resulted in good results.

We do see demands coming in from core industries of various energy, mining, and paper industries. But overall, we have seen the markets have been sluggish in the H1 of 2025. We have seen some late positive movements that we hope would continue for the balance of the year as well.

Overall, we remain positive. We are watchful about the market. We stay prudent and cautious. Thanks, Sanjeev.

Sanjeev Sharma:

Thank you, Balaji. I invite Sanjeev Arora, who is the President for Motion division, Motion Business Area. Sanjeev?

Sanjeev Arora:

Yes. Thank you, Sanjeev, and good morning to all. So, from Motion perspective, as you are aware that we are into motors, both low voltage, medium voltage drives, low voltage medium voltage, and traction business. And this, I would say, I would start with a positive note that although we talk about the sluggishness and other aspects a bit later, but then the base load orders for us are intact. And if I see the progress from last quarter to this quarter, the base load orders have shown some improvement. However, having said this, what we are missing is the large orders. And on top of it, of course, we are facing some headwinds when it comes to the price realization. But then our theme still remains that how we can give the best of the technologies globally available to our local customers. That is our motto.

We are promoting energy efficiency with all the product ranges what we have across our Motion. And the customer is also appreciating and really going in that direction as well. The good part is the Motion portfolio is so large that we are serving be it the light industries, the heavy industries, infrastructure, railways, so we have a large bandwidth of operating in many segments. And we can really counter the cyclicity of that segments as we go forward.

But having said this, we are quite hopeful that in maybe H2, probably once we see some momentum in the large projects, the things would be back on track.

Sanjeev Sharma:

Thank you, Sanjeev. So, I invite Subrata to give a bit of an overview on the Robotics side.

Subrata Karmakar:

Thank you, Sanjeev, and good morning. As you know that in India, manufacturing is getting smarter and smarter. And in that way, robotics use of manufacturing industries in India is rapidly growing.

Industry segment, if I talk about automotive and other than automotive, electronics, warehousing technologies, everywhere today, adaptation of robots are very high. Small customer, medium and large customers are also proportionately, we see the demand from all segments. Software wise, digital twin, one of the highest level of software today and AI and digitalization on top of it, actually getting robotics technologies smarter and demand for the robotics in the industries are growing.

We are very hopeful in India and the growth for robotics automation in the future. Thank you.

Sanjeev Sharma:

Thank you, Subrata. And last but not the least, I think our largest division head for the ELDS distribution solution, but speak on behalf of the electrification, Ganesh.

Ganesh Kothawade:

Yes. Thank you, Sanjeev. So, when it comes to the electrification, basically we are supplying the technologies, which is the switching and protection of the power distribution network. So, typically, we supply the medium voltage and low voltage components and the switchgear and majorly into the power generation and distribution, building segments, rail and road infrastructure, data centers, renewables, heavy industries like cement, steel, oil and gas.

So, if we see post-pandemic, the momentum was really good, which is little bit softening when it comes to the larger inquiries, typically which is coming from the heavy industries and the data center. But base inquiries are still strong. As you can see from the results, our base orders have actually shown a growth and we also see a very good pipeline when it comes to the data centers, renewables and building and infrastructure.

Sanjeev Sharma:

Thank you, Ganesh. And over to you, Sridhar, to give financial items.

T. K. Sridhar:

Thank you, Sanjeev. I think with the business leaders participating and the time taken place, then the results will be shorter. So, let me try my best at this point of time, if that is okay.

So, base orders for the quarter, we grew at 5%. Last year, the same quarter, we had some orders from Data Centers and from Mobility sector segments in Motion which is not there at this point of time.

So, I think this definitely shows that our focus on Tier-II and Tier-III has been pretty consistent, and they have been paving the results. So, just to sort of give a good insight about, we did improve our Tier-III and Tier-IV market shares during the first six months, and that is also reflected in the results.

Order backlog, INR 10,064 crores, all solid order backlog with clearly mandated scheduled delivery over the next 18 months to 24 months, both large and small orders, which will happen. And every business segment will have its own cycle to do it, so while Process Automation will have a longer gestation time and Motion business also will have a longer gestation time, the balance all will be executed in the next six months to nine months to come.

So, revenues grew, all-time high for the second quarter in the last five years, INR 3,175 crores, EBITDA is at 13%, lesser than compared to the previous quarter, so we will definitely come back to the story of what impacted profitability in this particular quarter.

So, cash balance at INR 5,054 crores, this is after also declaring and distributing the dividend of INR 700 crores, which we did in the month of May after the AGM, so we still also have the Board has approved interim dividend, which will also happen in the next few weeks to come.

Now coming to the profitability story, if you look at it, we have a profitability of 21%, which we started for the same quarter last year, 21%. So, what happened in this particular quarter? We had a few things which was basically very specific for this particular quarter.

The first and foremost is because there were QCO guidelines which we had to comply and we had the customer orders on the other side, which we have to deliver, so therefore, we had a hard choice to make in terms of importing material to supply to the customers to meet the delivery requirements as well. And that definitely impacted both Motion as well as the Electrification business segment, Motion to a small extent, but definitely to a quite large extent to the

Electrification segment, that is number one. And because of which your import content was higher.

And the second thing was also the mix of the revenues and definitely a larger impact from the trading revenues, so this was basically depending on the in a project schedule that deliveries what we had to be made to the customers.

And the other couple of things was we did take one-off cost in the case of Electrification segment and as you know, ABB follows a conservative accounting and then risk appraisal process and therefore, wherever we saw a risk and to the extent what is evaluated is right is what we took in. And we also declared it to the market in the SEBI results that we have taken one-off cost of INR 39.5 crores.

Apart from that, I think the one which was basically beyond our control was the exchange rate, right? So, exchange rate we follow a fair value hedging in which the results of this particular hedging impact go directly to the P&L. So, that is something was unexpected, especially when it comes to Euro and CHF.

The currency in the last quarter appreciated more than 10%, so all the evaluation on the forward, which we had taken and the cost which we hedged and we had the important, so definitely had an impact on the material cost per se combined which we had a 4.6% swing, right?

And other expenses what you see it is all volume related, so we did not have any one-offs over here and the personnel expenditure is pretty steady and stable. So, I think a long story short, I think this was a very specific quarter where we had this particular impact and this is something what everyone is working around to understand how we should mitigate this going forward.

So, Electrification is working on the one-off claims as to how it could mitigate and so on, on the imported content and the mix as to how we could make it better so that we could deliver better results going forward.

So, having said that, I think as what Ganesh was alluding to, what Sanjeev Arora was alluding to, I think the market is definitely a bit of a mixed bag at this point of time with bit softening in some sectors while some other sectors are moving. So, it is a basically a cautiously optimistic approach which what the businesses will take.

The next slide. Yes, I think this has been the pattern sort of what has been there for the last eight quarters where we have seen consistently each and every quarter we had some large orders which give a favorable impetus to the order. And now in this quarter, we did not have a large order but the base orders definitely grew, right, by 5%, it is a bit of a motivation factor for all of us.

So, order backlog is INR 10,064 crores. They are a mix of large orders and also the product orders which will get delivered in this, right? So, I think almost 50% - 50% of it is coming from

large orders and they will get delivered over the next 18 months to 24 months depending on the project schedules what we have.

So, this is a slide which I think is more only from the investor standpoint when people when ABB Group looks at India, so they look at a 9% degrowth, while as we look at, on a standalone basis, a 12% degrowth. So, this is how the demand order and the supply side of it is interpreted.

Here is basically a bit of segregation, which we would already explained to. I think this is pretty much very evident that in this particular quarter, we did have INR 56 crores of impact on account of FOREX and INR 39.5 crores of this freight cost, which we had taken off a one-off in Electrification segment. So, other expenses stay steady, so there is no much impact. Our ETR at 25.7%, which is also steady.

We dwell a bit more into the segment-wise numbers. So, **Electrification**, INR 1,400 crores roughly in orders. And this is basically, and if I look at it, in the previous year, the same quarter, we had a large order there to the extent of INR 148 crores. So, that is something, because whereas we see here INR 1,432 crores and if you take only the base orders of Electrification quarter-on-quarter, we have delivered 9% growth on that. I would say the focus of Electrification, the building segment, the data center is strong and therefore we have got this growth momentum still continuing. Revenues, INR 1,379 crores. It could have been higher, but I think we had the issues to deal with in terms of QCO and import content. So, I think that is important.

So, that is something which probably had to be scheduled according to the earlier, that is what we get. Backlog at INR 3,500 crores, I think most of it will get exhausted in the next 12 months to 15 months. That is the trajectory what we see. And profitability, as what we mentioned, it has an higher import content, a revenue mix of higher trading revenues therefore and we had a FOREX volatility in the one-offs impacting that.

Motion also had INR 396 crores of large orders in the INR 1,329 crores of the last year. And therefore, on a standalone basis, I think for the base order, it is still delivered and solid growth as what you will see. Orders definitely grew for control systems railways and good system drive products on sale which happened. And also, in terms of the base order, yes, there was a bit of a competition, in fact, when it comes to some of the business divisions in Motion. But I think the overall basket of large base orders is still growing.

Backlog at INR 4,000 crores. I think here is where because we have a good mix of system orders, or the project orders, and also the base orders to do. So, I think, it will get spread between 18 months to 24 months for the total execution. And profitability was impacted again, as what we had in the case of Electrification. We also had a FOREX impact. We also, part of the businesses, had to deal with the QCO challenges. And also, there was an impact of prime realization for multiple business divisions, especially motors in Motion. So, I think that is more of a competitive scenario, which is emerging out over there.

Process Automation, this is a division which actually reflects the large orders getting decided in the market. So, if you look at it, it is pretty much stable between what we had last year to this year. There is a slight decline and that is more of the fact that a couple of decisions got have been postponed for the last two quarters. That is reflective of the investment scenario, which is more cautious at this point of time.

Revenue is slightly subdued to the extent of INR 500 crores. We expect that this would actually become the next two quarters to come as the delivery schedules are getting framed up for the supply. Order backlog declined by 12%, that is more reflective of the subdued order intake what has happened in the last two quarters. Revenue execution maintained the same trend.

But the good part is profitability, despite a bit of a FOREX impact, they were able to recover that or offset it in a way through good revenue mix. They had high service content within the orders. And also, they had a good amount of projects, which they could close out and actualize the market in the quarter. So, I think this was some of the positives which could help offset the impact on the Forex.

Robotics last quarter had a large order from the electronics segment, which is actually not present in this particular quarter. So, they are at maybe INR 120 crores roughly in this quarter. And the future, as what you heard from Subrata, is pretty much promising. And we stay committed on this particular division as such.

And revenues grew all time high of INR 236 crores. But it was more evident from the fact that it had a large content of trading revenues, because Robotics has a longer runway to move for in terms of localization. So, we still depend on quite a few imported components. And therefore, the trading revenues are higher and they also had a FOREX loss. But I think the basic fundamentals of the business segment remains strong.

Next slide. Yes, this is something to prove as to how we are in the different offerings to the customers, the business areas, Motion and Electrification still hold 75% - 76% of the businesses coming from and that is also represented in the product portfolio of offering mix, which are 12% from the services and 13% from the product projects and so on.

Channels to market, partners and end users are important for us, so they constitute 80% while OEMs and EPCs are left and this is also a reflection of the fact that the large orders in terms of decision making are slightly getting delayed.

By geography, we are predominantly still a domestically focused organization, so 88% of it comes from the local market and 12% from the exports. Earlier, you would have seen 90% coming from the domestic market and 10% from exports. There is a bit of a change at this point of time, because it is also a reflection of the domestic market softening at this point of time.

So, overall, I think as Sanjeev was mentioning, we had quite a bit of a strong run in the several quarters after COVID and this is a quarter where we had specific issues to deal with. And we

are more than happy to deal with it in a very transparent way and disclose it to the stock exchange and the results, so that is what we have done.

So, thank you very much for your patient listening. So, we can open up for the question-and-answers.

Moderator: We will now begin the question-and-answer session. The first question is from Renu Baid from IIFL Capital. Please go ahead.

Renu Baid: Yes. Hi, good morning, team. Thanks for the opportunity. My first question, Sanjeev, is now it is been almost six to nine months that you have called out that business is a bit soft with respect to large orders and CY '25 likely to be a year of moderation. So, how are you seeing second-half of the current year panning out? Is the momentum being sustained, slowing further or improving? And in your view, what will drive back the positive investment sentiments from the private sector, especially large projects?

Sanjeev Sharma: Our take is that, especially as Balaji explained that we do have a pipeline of orders which are yet to be converted. I think we do see something in Process Automation, but it is not a big mountain of a kind of forward log, but it is a reasonable log for us to convert.

Likewise, in the Motion, Electrification, on a regular scale, I think it is a good market setup going forward. But not super strong as we have the experience in the last quarter. So, I would say on a normalized basis it is a good market, but not as strong as we have witnessed in past couple of years or three years. Now going forward --

Sanjeev Sharma: What we can see going forward is that there is a bit of uncertainty in terms of what is going around the world. So, especially, on the private CAPEX, during these times, people become more cautious in terms of how much capital they want to commit till the clarity comes in terms of domestic market as well as for the export participation for our customers.

We do believe that the government CAPEX has started picking up, but it is yet to gather pace, and I think that will be one defining factor as we go forward. And also, we will see that the new market segment and new trends which are emerging in the marketplace like energy transition and cities expanding and creating more robust power supply. Data center and recent events wherein something happened in terms of somebody was not able to kind of participate in the cloud services. I think that may lead to more digitalization services and the localization of the cloud and the data centers locally. Those trends may start emerging as well and that go positively for our business.

So, I say second-half, yes, it will take time for it to come back, but I think, if I put a mid-term, which is, say, next year onwards, hoping that everything falls in place, I think we should start getting the momentum back in the marketplace. That is the expectation we have.

- Renu Baid:** Sure. Secondly on the profitability of margin front, a, demand moderation and plus inflationary impact has been probably visible in some of the segments like Motion and EL. And Sridhar, in your view the QCO impact how elongated could that be in terms of readjusting for the domestic standards and getting the qualification done and probably that lingering impact of that on our margin profile?
- T. K. Sridhar:** Okay. Good question, thank you. I think this time, being six months, what we had performance, we also definitely would have also looked at the balance sheet, which have been abbreviated that has been published. So, we do have inventories which are high at this point of time, which was roughly INR 1,800 crores to INR 2,300 crores, INR 500 crores.
- So, we have imported quite a bit of material to meet these compliance requirements and they got probably relaxed as late as last month. And therefore, we expect that we will have to use these imported components to supply in order to gain time and also liquidate these inventories and so, they give you impact as what we see.
- We have in some of the products, one-year runway up to September 26th is what we need to be ready for that and in some of the products. We will come to know in the months to come. So, as we are preparing for this, we will have to be making sure that we stay committed to the deliveries, what we are given as per the customers. And therefore, we are okay to invest by importing material and using it in the consumption.
- So, I think in the next six months, we will have a mix which we have to do judiciously in order to ensure that we have a balance consumption between imported and the localized and also the revenue mix in terms of how we do more of manufacturing revenues and service revenues to shore up the margins.
- Renu Baid:** Sure, and the pricing impact in terms of inflation as well as weak demand, any price hike that you are taking or the market itself adjusting?
- T. K. Sridhar:** So, I have the Motion and EL leaders over here. So, the question is, are you going to pass it on to the market the price adjustments?
- G. Balaji:** Yes, of course. Whatever inflation is there, the market should definitely be able to absorb it.
- T. K. Sridhar:** So, I think, Renu, what could be a bit of a challenge is that the volatility of the FOREX is something what the market may be not be so easily accepting it. Okay. So, the reason is because we have a short cycle order. The long cycle project orders definitely have a possibility of correcting it because they go by industries, by adjustments. So, that is protected. But whereas, if you look at the products which we are 70% and they are more short cycle, I think this challenge of balancing the volatility risk vis-à-vis the margins what we have committed on is going to be definitely a work to be done.
- Renu Baid:** Sure. Thank you and best wishes to you.

- Moderator:** Thank you. The next question is from Mohit from ICICI Securities. Please go ahead.
- Mohit:** Yes. Good afternoon, and thanks for the opportunity. My question is, are you anyway impacted by the tariffs announced by the U.S. on India, either on the revenue side or the cost side?
- Sanjeev Sharma:** Well, I think as you can see, that 90% of our business is domestic, right, so that is where we get it. And most of our products we have quite high localized content. And that is the strategy of ABB globally, to be local for local. So, that means we are increasingly, post-COVID, deepening our supply chains locally. And that is something which is helping us.
- So, as such, on the kind of a tariff side, we are not exporting a very high volume into the U.S. at the moment. There are a couple of products which we do. So, we will see how that pans out. But that is not a very high mix of our overall orders and revenues at this point of time, yes.
- Mohit:** Understood. My second question is, can you please explain the nature of hit you have taken on the Electrification side? And why, and are there a risk of further such risk? And how are you mitigating it?
- Sanjeev Sharma:** So, it is a kind of a typical project topic, we have been executing a project, wherein certain corrections had to be done into the installed equipment. So, that is where the hit comes. And as far as we are concerned, we are an engineering company. We deliver engineer solutions. And all these engineer solutions need to comply with the local standards.
- So, at times, if there is a deviation on it, we never step back. We always correct it first. And then make sure that the customer enjoys the product how it is meant to be. So, that is the nature of it and we have already corrected those, what you call, anomalies that we detected. And in collaboration with the customer, we have that back online for our customers.
- Moderator:** Thank you. The next question is from Bhavin Vithlani from SBI Funds Management. Please go ahead.
- Bhavin Vithlani:** Hi. Good morning. Two questions. One is, what could be the impact on the exports given the tariffs that we have seen and many products that ABB is the feeder factory for the global side?
- The second is, on the motors business, we have seen significant increase in the competition where MNCs like WEG and Nidec have set up greenfield facilities and the larger existing ones like CG has doubled capacities. You also spoke about price realization being under pressure and more color on this would be more helpful. These are my two questions.
- Sanjeev Sharma:** So, as far as tariff is concerned, I think I answered that question in my previous response. So, as I said, as far as 90% of the market is domestic and out of the 10% of the exports, only a very minor part goes into the U.S. specifically. But there is some export for that, something we do not see as a major impact.

And we hope this situation like in other countries will resolve itself given the tactics of negotiation in place. So, we do not see significant impact on us at this point of time. And now when it comes to competition, I think competition is way of life. ABB is a global company. This competition in one form or the other exists in many markets globally for us.

And we deal with it and we know how to play this out. And especially in domestic market, we have had a very strong run of our Motion businesses in the market, which is visible in our results post-COVID. And when there is an extraordinary performance by a company, which was us, there are always competitors who get more interested in those market segments and there is much more activity.

So, I think, it is a fairly normalized behavior that we see part of our portfolio, unless Sanjeev, you have something to add, Sanjeev Arora.

Sanjeev Arora:

Definitely, Sanjeev. I think you have given the right perspective. And as far as the price realization, if I pick up that point, definitely we will have that push of increasing the price level to the market. And we have been connecting that in last quarter as well.

So, coming back to the competition, that Sanjeev has explained very well. And we are expanding our base in India. And we are going into the segment specific, energy efficiency, the best of the technologies present at this point of time in the globe, with the, I would say, the local footprint. So, that we keep that forte.

And the customers are also appreciating and they are actually giving that kind of credit to ABB as far as motors you are asking specifically. And that is also getting well explained in the improvement in the base load orders. So, yes, the competition is welcome. But then on other part, we are doing our stuff to stay ahead. Thank you.

Moderator:

Thank you. The next question is from Amit Mahawar from UBS. Please go ahead.

Amit Mahawar:

Yes. Hi. Sanjeev, I have two questions. First is, so last year you had a very strong base of large orders also. In second-half, can you recoup? I do not see too many large proportion orders for you. I do not see a lot of segments which otherwise would have been large orders in second-half. So, is it safe to say this is going to be a 5% or maybe 5%, 7% growth year for orders? I know we do not give guidance, but some color here. That is question number one.

Sanjeev Sharma:

So, on the traction side, I think we still have some play out in the market which we are hoping to secure going forward. So, it is not dried out, but it was not in last quarter. And we do see some good play there because the expansion by railways, metro, I think that is still quite a strong market segment.

So, I think that is something we should keep back of mind. And our portfolio is pretty strong as well as pipeline is reasonable there. Now when it comes to the other market segment, as we said, yes, if you net out the large contracts which are cyclic in nature from the previous year, our base

order remains pretty strong. And I think that is what counts. And also our small cycle orders, there also remains quite strong.

And I think that is the nature of large contracts that you get them, they show up in your backlog and you execute over a period of time. And that is why you can see our backlog numbers are expanding. But yes, we will take the market as it comes. And typically, we do not second guess the market. We really, really deal with the market as it shows up.

And I would say for the conversion point of view, for the large projects or reasonably medium-sized projects, the pipeline is reasonable at this point of time. And we are hoping to convert them in the third and fourth quarter of this year for us.

Moderator: Thank you. Next question is from Atul Tiwari from JPMorgan. Please go ahead.

Atul Tiwari: Yes, thanks a lot. Sir, my question is whether you are seeing increased competition from Chinese imports in any of the product segments that you are present in?

Sanjeev Sharma: So, we did have a lull for a period of time given what happened between India and China. I think though it is not out there in open, but we do see participation from the Chinese manufacturers in the marketplace, and some of the corporates, when they are deciding, they are bringing that into the mix of buying as a possibility from Chinese players.

So, yes, I think your question is in the right direction. So, Chinese players' participation with the products which are manufactured in China and imported directly by the corporate, that has come into the mix now.

Atul Tiwari: And sir, which product segments this will be?

Sanjeev Sharma: Mostly it is coming in the heavy industry or heavy equipment.

Atul Tiwari: So, I mean, which of your product segments this competition is coming in, Electrification or Motion?

Sanjeev Sharma: We have seen some of it in our Process Automation segment.

Atul Tiwari: And sir, obviously, I mean, all of us know about heavy industrial overcapacity in China and the prices which are obviously totally unrealistic. So, is the same situation here, that the prices are way off the mark?

Sanjeev Sharma: They are. I think the buyer is taking benefit of that sentiment, but I think that is not the price where we will participate just to keep the order and the revenue books going. So, we typically, as I said, we have a long experience in this area. It always comes for a period of time and then it dies itself out. So, we participate with a reasonable kind of quality in the eyes of the customer and the appreciation for the local value-added by us. And whenever we see the participation or

that appreciation, we participate. But if the decision is purely based on price and which is way out of fundamental expectation, I think we do not participate.

Sanjeev Sharma: We still let the customer know what the value proposition we have, but sometimes customers get enamored with the price level they get.

Atul Tiwari: But you have not in any competition in Electrification and Motion segments till now?

Sanjeev Sharma: No, we have not seen that in Electrification and Motion at the moment, and nor in Robotics, little bit, but not much.

Moderator: Thank you. The next question is from Sameer Thakur from Ambit Capital. Please go ahead.

Sameer Thakur: Hi. Thanks. So, on a high import content, I understand that the increasing import volume could impact revenue in quarters as well. And is it safe to assume that this is the bottom quarter and will we get back into that 12% to 15% PAT margin in a quarter from Q3?

T. K. Sridhar: So, Sameer, we do not give any guidance, but I think to answer to your question to a color to that, as I was mentioning earlier as well, so we have a topic to handle, right? So, the QCO is not a simple topic so it has its processes to go through. So, but on the other side, we have deliveries which are committed to the customers. So, we stay committed to the customers. There is a momentary impact in terms of using more of imported components to deliver to the customers.

So, therefore, we will continue to have a judicious mix between using the imported materials which we have definitely stopped, assuming that we do not face any headwinds in future and also increasing the manufactured content. So, I think at this point of time, to answer your question, it will be a mixed bag, right? So, the earlier sort of a band which we had given 12% to 15% is something which we need to work out to be there.

Moderator: Thank you. Next question is from Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Sir, my question is on the prospects pipeline. So, I know you spoke it earlier, but has it reduced or is it just timing delays? So, just wanted to understand the discretionary and non-discretionary part of that and whether it is there or whether it is getting delayed and when do you think the recovery will happen, which quarter?

Sanjeev Sharma: So, let us give you a very quick snapshot. Balaji, do you see it is reduced or it is delayed in the Process Automation?

G. Balaji: I would say that it is just picking up that is been a general sort of a delay in decision making and we wait for the customers to make the decision at the appropriate time and then we proceed ahead.

Sanjeev Sharma: Okay. Sanjeev Arora, do you see in Motion it is reduced or it is delayed?

- Sanjeev Arora:** No. As I said earlier, so we have good prospects and I do not think it is reducing and it is a matter of just time that we get into our books.
- Sanjeev Sharma:** What do you think, Ganesh, on the Electrification side?
- Ganesh Kothawade:** As I said, the base enquiry is still strong, so it has not reduced. Some of the large enquiries, particularly in chemical, oil and gas segment is getting delayed, some of the decision. Some reduction which we have seen in heavy industries like cement and steel.
- Sanjeev Sharma:** How do you see in Robotics, Subrata?
- Subrata Karmakar:** It is a little bit of a time gap, but the pursuit level is very good.
- Sanjeev Sharma:** There you have it.
- Parikshit Kandpal:** So, this continues to remain in this quarter and looks like what the commentary is spoken by the business leaders. So, maybe towards the end of the year we will see some pick-up happening?
- Sanjeev Sharma:** Let us hope so. So, I think we will meet again.
- Parikshit Kandpal:** Just one question to Sridhar. On the margins earlier you have been guiding about 12% to 15%, so how do we pivot now, given that H1 is over, so do you think now we will be able to maintain the lower end of the margins?
- T. K. Sridhar:** We had a market commentary, and we had an operational topic to deal with, Parikshit. So, are we out of the QCO? Answer to that is no. We still have to deal with it in the next couple of quarters to come as well and be ready for 2026, right?
- So, as we navigate the next quarter, we will make a judicious mix of how we use this. But also, shore up the manufacturing revenues to be at this point, to give you a bit of a qualitative direction, quantitative direction is not possible, and we do not do it.
- Parikshit Kandpal:** Okay. Sure. Thank you, team.
- Moderator:** Thank you. The next question is from Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Thank you for the opportunity. I just wanted to clarify, when we talk about base orders and large orders, are they separate topics, like certain sectors only go for large orders and those are not coming, and thus we should be seeing base orders separately? Just want to get a better sense as to whether a large order is just a summation of bigger parts of orders, which can also be given up as base orders, and thus the trend should be seen in combination, or should one just focus on base orders separately? Thank you.

Sanjeev Sharma:

So, if you really see our portfolio construct, I think we may have explained it earlier also, they have three distinct areas. One is the MTO and MTS business, which is the made-to-order and made-to-stock, which are the made-to-stock and then these are the ones which are high-flying equipment, we make it as a regular production, and it gets generalized into the market consumption. So, that is what is a classical base order and there is a very pretty robust strength, a good strength out in the marketplace, and is a function of the demand and also the competition participation, and the price realization, and whether we want to participate in that price. But there, I think we have a very good traction, and that is a very good expanding area.

Now second part, which comes, is for ETO, engineer-to-order, that we use the same product that we produce, we do value-added engineering and make more subsystems for the customers, let us say, in the energy, year-on-year kind of business, wherein we give a complete power distribution solution for industries, cities, etc.. There again, I think so, it is a small to mid-cycle order. MTO, MTS is a small cycle order. And this ETO business, again, is quite robust and it is going into the new emerging market segments. And there again, we will call it as a base-plus order. They are not the large order because they can be a single unit or it maybe these are orders where some multiple of same units are required. So, there again is a volume that happens on our shop floor.

Now, the last but not the least is our systems order wherein what we do is we use our core automation technologies and electrification technology and plus third-party material to integrate a system order for a customer wherein a value-added performance-based solution is given.

And typically, that is where these large orders come. And they are quite cyclic in nature and they are very dependent on large CAPEX happening either directly by the government through EPCs or end users securing them themselves.

The other large order that can come is in the ETO space which is in the data center or in the MOTR, the traction business wherein suddenly a particular partner has a very large trains contract or a metro contract and they will offload a lot of volume of the technology that goes into those.

So, I would say as for the base order is concerned, it is pretty robust. Volumes are not affected. A particular market segment may get affected because of the increased competition intensity. But then we choose how much we want to participate in terms of price correction. We continue to play the premium side of the market there.

And ETO is quite robust. And system business is quite cyclic. And if you compare previous years, I think we had a fair mix of the systems orders as well as large orders coming from railway and traction. And relative to that, if you see the numbers, that is where I think they are kind of showing a different picture. But the base orders remain fairly robust for us at the moment.

Aditya Mongia:

Just a related question. Do we have meaningfully different hit rates in base orders and, let us say, large systems orders? That will be the final question. Thank you.

Sanjeev Sharma:

Good point. So, base orders are a pure function of flow in the market, like how well we channelize ourselves in the market. So, more expansion of channel partners, more expansion of our integrated partners. So, it is a function of that. As well as reaching out to Tier-II, Tier-III markets. And also participating in more market segments where the machinery manufacturers are catering to those market segments. So, it is a function of channelization. It is less of a hit rate but more of channelization. I think a major part of the business comes from the channel management and I think that way we continue to get better and better.

And other way how we get better there is by localizing and introducing more products in the market so that the channel partners can do more meaningful value add for their customers in the marketplace. So, that is how the base order functionality works. And when it comes to large orders, yes, that is a pure hit rate.

Like, for example, I mentioned that we had a couple of opportunities we let go because of the Chinese competition wherein the price which was put on table of customer was way out of normal trend and the customers took a bite on it and we let it go. So, yes, that is where the hit rate goes down. But in favor of not mixing our books with the toxic orders which typically will not give much of value to our shareholders.

Moderator:

Thank you very much. Due to time constraints, we will have to take that as the last question. I would now like to hand the conference over to Mr. T. K. Sridhar for closing comments.

T. K. Sridhar:

Thank you. It was very nice to talk to all of you once again in this quarter which was definitely a different quarter than the previous quarter since the COVID where we had always been declaring absolutely pretty strong results. And I would also say that this result what we declared given the market situation what we are in according to us is decent enough apart from the impacts what we had on the profitability which were one-offs.

So, having said that, I think we would like to look forward to talk to you again in the next quarter. And thank you once again for all participating and supporting us in this particular journey and also the management team who is here. And from here, we go for the next event.

Sanjeev Sharma:

Which is the bell ringing ceremony. And I think we will do it on behalf of everybody on the call.

T. K. Sridhar:

Yes, you have been a strong support for us in this journey of 30 years. I think from where we were to where we are today, it would not have been possible without the support of all people like you and the investors who have imposed their confidence in ABB. Thank you very much and looking forward to talk to you next time. Thank you.

Moderator:

Thank you very much. On behalf of ABB India Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.

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August 04, 2025*

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