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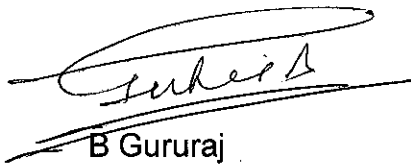
Dear Sirs

Sub: Transcript of Analyst concall

We are sending herewith a copy of the transcript of conference call with analysts, which took place on November 3, 2015, after the announcement of Q3 2015 unaudited financial results of the Company. The said transcript is also uploaded on the Company's website.

Thanking you

Yours faithfully
For ABB India Limited



B Gururaj
Deputy General Counsel &
Company Secretary

Encl: as above

“ABB India Limited Q3-2015 Results-Investor Relation Conference Call”

November 3, 2015

MANAGEMENT: **MR. BAZMI HUSAIN – COUNTRY MANAGER & MANAGING
DIRECTOR, ABB INDIA LIMITED**
 **MR. T.K. SRIDHAR – CHIEF FINANCIAL OFFICER, ABB
INDIA LIMITED**
 **MR. SUBIR PAL – DIVISION MANAGER, DISCRETE
AUTOMATION AND MOTION, ABB INDIA LIMITED**
 **MR. MADHAV VEMURI – HEAD OF SERVICES, ABB INDIA
LIMITED**

Moderator: Ladies and Gentlemen, Good afternoon. I am Karuna, moderator for this conference. Welcome to the ABB India Limited Investor Relation Call to discuss the Q3 Results for 2015. For the duration of the presentation all participants' lines will be in the listen-only mode. I will stand by for the question-and-answer session. I would like to hand the call over to Mr. T.K. Sridhar – CFO, ABB India. Thank you and over to you sir.

T.K. Sridhar: Thank you, Karuna. Good afternoon, Ladies and Gentlemen, welcome the Q3 2015 result of ABB India Limited. So on the call we have Bazmi Husain – Managing Director of ABB India, Subir Pal – Division Manager for Discrete Automation and Motion, Madhav Vemuri – Head of Services for the country. So the other people who usually used to join are busy with the APW event. They will not be able to join and so we will handle your questions. So over to Bazmi.

Bazmi Husain: Good afternoon everyone and thank you for joining this call.

For the previous quarter I think we feel still satisfied with the performance that we have had. If you look at environment, I think industrial production is yet to gather pace and also if you look at the core industry it is still quite sluggish. Although, there are many positives that are coming up, inflation is becoming more stable, RBI has cut the interest rates further, FDI is up in H1 - I think these are all really good signs - our FOREX reserves are up. But there are still a lot of challenges - our export contracted, capacity utilization which is really a key for us from an industry perspective because till existing capacities are utilized, people will hesitate to invest in new capacities; even if the interest rates come down and that is really borne out by the fact that the despite reduction in interest rate the growth in credit remains to be quite muted.

So if you look at some of the highlights in the quarter and year-to-date, I think one thing certainly would like to mention is that the first phase of the North-East Agra ultra high voltage DC lines has been energized. This is the first of its kind - it is the largest capital in multi terminal HVDC line that is there in the world. Also, we continue to build on our growth story as far as solar is concerned, we are also looking at some of the product side of the business which remains quite healthy. Low voltage products - we have emphasized on this over the last several years that it is an area that deals more with distribution side and there will be more growth here and we are beginning to really see some of that

On the low side, as I said, things remain very muted in the industry, export orders also are not keeping up as before, although now we see a better pipeline coming into the picture – it has been impacted by the slowing demand in many of the large economies, I think that has impacted global economies too. So in that environment I think if you see, we have more than 60% growth in orders in the quarter, I think that is quite deep and it is a combination of really good focus on the product side but also some of the projects that we mentioned in some of the previous calls that delayed decision making in some of the projects they all came together, and this is a situation I think when you are looking at more project kind of orders there the decision making is not as fast as it should be and indeed as far it has been. And we have a very strict policy of when we actually take an order, thus becoming L1 is not a criteria or I think we are very strict about the paper work part of it. So 60% plus growth there, year-to-date we are 11% up. Revenue growth

for the quarter is at 7% and I think Sridhar is going to talk more about it but I can see that even let's say small amount of revenue growth results in better profitability impact because costs are under control, our material costs hovers round 65% despite the fact that we still have a lot of our factories, our capacities are nowhere close to full utilization. And despite that we are able to actually see a big impact even in the smallest revenue side. So I think overall it has been a fairly decent quarter.

The good part I think, if you look at the external environment, new projects announced in quarter three have picked up. From the time projects are announced to the time the projects are actually realized after announcement, and then still several months later, sometimes even several quarters later, that ordering comes to us. But I think it is certainly a good sign that after a very sluggish quarter two we see a growth in the total value of the new project that have been announced. In terms of number of projects, that remains more or less the same but value has gone up which is really good, and which means that there are some larger projects that our customers are beginning to really look at. So I think going forward depending of course how soon or when they get realized I think that should be something quite good.

Solar I think has reached a point where it's crossed into double-digits for us. We had some really good success in this quarter. We also announced in the first quarter that we reached a 1 gigawatt milestone, I am very happy to say that in next three months actually we were able to cross the second milestone, which is 2 gigawatt. That is really reflective of the potential of that market and that is an area where other than the solar panel we make several things which is there and our market acceptance and track record is very good. Given the targets that the government has set, I think this could continue to remain a very fast going sector and I think we are well positioned to take advantage of that.

Again, we have focused more on the product side, as I have said in several other calls earlier - yes we go after projects but we go after them in a very disciplined way. Our strategy really is we take the projects attractive for us and also drive products harder. We have capacities to deliver on large projects and we also believe that when there is a turnaround that capacity will always be in use.

Exports: I think something that we have begun to see now, on an overall basis growth coming back, I mentioned that earlier that it was a little tepid in the first half. I think in quarter three we can see things close to a come back - the visibility of the export project I think has also now improved, so I think that is going to be good.

Service continued to grow double-digits in orders, so that is really good news because service, like we talked about earlier first of all indicates to us that market is beginning to look at more maintenance kind of activity which means more usage and more production, but it is also very attractive part of our business. So I think Sridhar is going to talk more about our profitability part but I would say that if you look at orders, every one of our divisions grew so it was consistent across, it is not just one division that has contributed to the growth but all across. So many of these actions that we have taken in the last several years have really now we can say, I said that

last time as well that we are well beyond the point where we are fixing something, there always will be some small issues regarding one order and another but overall I think we are in very good shape.

On the revenue side, I would say that the system businesses, power systems and process automation both because of the stressed environment that is there and we follow a policy where we do not want to dilute which is really cash over revenue. We hold back revenue in case we do not believe that the contractual conditions are being met or customers are unable to pay at that point of time. I think it is for that reason in some of these project businesses you would see more of a variability of revenue. First of all it is dependent on the timing of the project as such and secondly also depends on our assessment whether the contractual conditions are met or not, so we do not want to ship out unless we have got confidence of payment.

So in summary I would say that in the market we see some small signs of improvement but I think in any substantial measures are yet to be fully reflected on the ground. All the expectations are continuing to build up, there are emerging opportunities, renewable for sure but also transportation and I think the railways is another sector where there is good growth that is going on. In the meantime I think on a continuous basis that we focus on improving our efficiency across the value chain and we are very well positioned for growth is the market revives and investments in late cycle industry follows and I think this is very important to remember that market revival will still take some time for that to reflect to our customers wanting to go for increased capacities, because there first existing capacities have to be utilized before new capacities come into picture.

So with that I would like to hand over to my colleague Sridhar who will take you through the financials part and then we can open it up for Q&A together with my colleague Madhav Vemuri who is handling services, so he is on this call as well as Subir Pal. Subir handles the discrete automation and motion division from where we had the largest play that we have in the solar area. So over to you Sridhar.

T.K. Sridhar:

Thank you Bazmi. Good afternoon once again Ladies and Gentlemen on the call. So just to take you on the financials of ABB India.

So we touch upon first on economic scenario in continuation of what Bazmi was saying. The growth in IIP is definitely a green shoot which we are seeing and most interesting part is that the growth happened because of recovery in capital goods sector. And of course that came out from the commercial vehicle production but I think that is the start of it and so we hope that over longer term it starts improving on the same line. Another important factor which helped us during the quarter or which is going to give us more comfort in the coming quarters is the interest rate cut by Reserve Bank of India. We wish that the quick rate of taking the country picks up and we have more investments coming in, then even though they are less at this point of time. FOREX reserve has been consistently increasing and that's investor confidence that we see and more and more investments coming in from there.

So from the macro as to how it reflects on the ABB India results; so orders for the quarter grew up by 61% as to what Bazmi was saying, it was across all the divisions for the quarter. And on a cumulative basis, all these segments within the company grew, other than the tepid growth only in process automation which was flat. On the revenue side of it, I think almost all the divisions continue to grow, other than PS and PA for the quarter. PA was basically a reflection of the industry situation in the country, so it was at a low end but PS had a better backlog and with the execution of those backlog projects in the coming quarters we see no issues in PS picking up.

So overall the 7% growth for the Q3 I think has basically reflected on the bottom-line as well, so as you see the cost structure of the company it has sort of stabilized, so we are at 65% for material cost, which is it is clear that we are in the right direction. And couple of things which I would like to say in relation to the material costs, I think the indigenization and the localization initiative which we have long back adhered into the organization has started to yield results, they have been quite stable. And also the euro and favorable FOREX impact was also another major factor which could help us on these particular results. That apart, I think the other new area is solar, which is faster revenue with better margins; it is also another contributor for the growth in the profits.

And also, as Bazmi was saying, service definitely grew faster than normal - that is what we are seeing, and with higher margins on the service and the faster growth rate I think it has only added to the bottom-line. So this is basically on result part of it and when it comes to the exports, exports in the last two quarters were sort of flat. There are orders which will come up for execution in the next two three quarters and I think we would see more action on the export front going forward.

So the depreciation as we have clearly mentioned has an impact of changeover which we started in the first quarter of 2015 with the adoption of the new Companies Act. So the depreciation is a bit higher than what it was in the previous quarter and the impact is around 8 crores over there. Due to favorable exchange rate of course the exchange rate did not much impacted us during this particular quarter. Other expenses remained stable compared to previous quarter. So by and large I think with the cost structures in place and with revenues being the key driver in the months to come, we will definitely be able to get in to a better picture on the result side of it.

We are definitely very concerned about cash in the market - the cash in the market is still yet to pickup so we still find customers holding the money, but in this event I think what has come to our help is the issue of NCD which is replacing the costlier debt with an cheaper debt and it is supposed to continue for the next couple of years at least. So that is an initiative which we took for the organization, so this is also one of the factors which has lead to a better bottom-line in our results.

And if I look at the subsequent quarters from sequential performance, if you leave aside the Q4 which is always the highest quarter for the year, I think this by and large was the best quarter which we had in terms of orders, in terms of revenues and in terms of profitability. And also if I

see in terms of the last five years of Q3 alone on a standalone basis I think there also I think this quarter seems to be better than last or other years and normally Q3 in ABB used to be a flat performance, contrary to that this quarter we are better off.

So this is it from my side. I think that we can now open up the call.

Moderator: Thank you very much sir. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: One, though Sridhar had given some clarification, I just wanted to reiterate from you once again, the export market you mentioned was broadly flat in the first half with respect to orders and we are expecting that segment of the market to improve. So would it be possible to highlight essentially the pick up that we are expecting would be predominantly product driven or again a combination of systems as well as products and would it be more centric to other Southeast Asian markets or bit from the Middle East and the other African markets where we have exposures?

Bazmi Husain: Well, first of all it is a mix of product and projects because like we have said several times before we are actually playing in both. What we do have however on the project side, we have developed what we call engineered package exports, there we work together with a partner who does actual groundwork there but we engineered a solution fully, so it is from a customer perspective this is a very good solution, also low risk for us, as in project it's no risk solution. So I think it is a combination of products and projects, number one. Where are we seeing growth from, actually right now at this point of time in the surrounding region in Asian countries we see actually a better prospect of growth for exports.

Renu Baid: And what has been the share of exports and our order inflow as well as order book?

T.K. Sridhar: Order inflow is about 12% which normally used to be 15% till last year, this time is it 12%.

Renu Baid: And the order book?

T.K. Sridhar: It is more or less the same both on the orders and revenue side.

Renu Baid: And if you also just try to correlate, power systems last year we had received large chunky orders from the export business, so probably were you referring to same orders that they will come up for executional billing in the subsequent quarters and that will improve sales as well?

Bazmi Husain: Yes, you are right, but also on the order side, not just on the revenue side.

Renu Baid: And second sir, thought on a relative basis the outlook on recovery is mixed, but if we compare to last year today we are relatively better position on the backlog side 8% growth, so when we look at the next 12 to 18 months does it inspire some better confidence in calendar year 2016 when we look at it as a whole with better growth prospects both with respect to combination of orders as well as volumes?

- Bazmi Husain:** You know I wish I had a crystal ball about this, the thing is all I am going to say is that we are prepared to deal with market as it will develop and grow. We are very well positioned to take advantage of it and if the growth is somewhat delayed - I do not think we are talking about whether or not there will be growth, we are only talking about the timing of growth. And so the growth is a little further delayed, I think we are very well equipped to handle that as well. I would not want to make any projection as to what and when this will be, I think your guess is as good as mine, maybe even better.
- Renu Baid:** Now just in the perspective for the last two years the order book was more on a weak, declining to just flattish side and at least this time the order book position with better inflows looks better off. So probably...
- Bazmi Husain:** Sure, I mean our competitiveness is showing and whenever the market has more orders to give out then we benefit from there.
- Renu Baid:** And sir my last question, if we can slightly share individual particular segment wise how has been the order pipeline outlook and the current order inflows that we have received in the quarter, that would be helpful to understand the bottom up.
- Bazmi Husain:** I mean as I have said I think the growth sector like solar we see that to continue for sure and I think those of you that will be here for Automation and Power World would also see some of what we are putting together. In the sense that we would be having full micro grid type running the whole exhibition as a micro grid in the heart of Delhi with everything including battery storage, solar and with fully featured micro grid connected to the main grid. So I think there would be some of the things that I have just mentioned would go along with solar. I think storage should also be developing but it is yet to start and as you saw with solar and other things - there is some time before it becomes substantial. I think transportation is another area where there is good movement, upgradation of the train system we see bigger capacity engines etc, I think these are all things that help because as you are aware for ABB we play both in diesel as well as in electric locomotives, more than half of the diesel engines in India run on ABB turbochargers and also when it comes to electric engines whether it is transformers or converters both main and auxiliary - we play in both the sectors - and of course including the metros. So this will be something that I think will drive more growth. The more traditional growth areas I think if you look at from per capita consumptions of steel or cement or whatever, it clearly tells you that we will need to grow in that area but the point is that since existing capacities are not utilized today they have to be utilized before the investment cycle will begin. So long-term, yes it is will, but how long, that time would not want to make a guess.
- Moderator:** Thank you. Our next question is from the line of Kunal Seth from Prabhudas Lilladher. Please go ahead.
- Kunal Seth:** Sir, if you can throw some light on how is the T&D sector shaping up in terms of pipeline and opportunity?

Bazmi Husain: T&D sector is clearly one of the sectors that is still quite active, I think we would see a growth in both T&D. The need of course is to grow more in the D side and when I say grow I mean I am talking also of more automation, more capacity increase, more intelligence into the system, I think those are the dimensions where there would be also growth in the distribution side. On the transmission side I think clearly there is a need both of long distance transmission but also now that India is a one single grid we see that I think the time lines that are there I think will have to be further strengthened. So long story short, T&D they will continue to grow, I think there is good growth potential there.

Kunal Seth: But sir are we seeing increased competition in that space or...?

Bazmi Husain: There is never a time when there is no competition, so I think it is good for the industry, good for us. Are we seeing competition? Absolutely yes. Does that worry us? No, it does challenge us and I think our ability to handle the challenge is better. So yes there is competition but I think we are a long-term player and we are very well resourced not just with our manufacturing footprint but our R&D footprint here in India. So yes there is competition but that is not stopping us.

Kunal Seth: Sir and you have mentioned that smart solutions will be important or core element of our next level strategy, so if you throw more light on that part of the story in terms of what do you intend to do with it and how will it fit into your long-term strategy?

Subir Pal: In terms of the smart solutions, I think we have the portfolio, the market needs to develop. As you know, we are showcasing some of the micro grid concept and it also includes areas like electric vehicle charging system and those are the areas which hold a lot of potential in the future. Currently in absolute terms, the orders or the revenue maybe very-very small but going forward those are the things that we see as sunrise sectors. Many of these things are focused in our APW event and are demonstrated well.

Kunal Seth: But any sense on sir how big this could be in let's say next five years or so?

Subir Pal: In terms of smart solution, there are several areas, one is related to renewable energy, generation and usage, the other is the connectivity part of it, the internet of things, all things getting interconnected and collaborative. And the third part of course is the energy storage part which is also developing in terms of technology, but the usage of it in various context is yet to mature to a level where it can be translated to orders and revenues and I think what we project is that over a period of four, five years certainly these will contribute substantially in our business.

Moderator: Thank you. Our next question is from the line of Ashutosh Narkar from HSBC. Please go ahead.

Ashutosh Narkar: Two or three questions, first one on your renewable energy thrust. If you can broadly outline what is the actual market size for India and what is the target market for ABB both in the solar and wind energy segment? That's one. Second one as Mr. Bazmi pointed out that potentially at some point in time orders are received or the MoUs are signed in this quarter but actual booking

happens two quarters or a quarter down the line. Now is that something which we should be looking at or if you can guide us what has been the latest trend, so I assume some portion of this good order inflow could have been booked a quarter or two back. That's one. The third question was, are we seeing actual improvement in execution from some of the project segments or it is just that there is any hardly any improvement?

Bazmi Husain:

Well, regarding what is the market size of solar, keep in mind that right now in India we have four gigawatts of solar that is actually installed and that clearly if you compare it few years ago a tremendous growth rate, 4 gigawatt. But if you look at countries which install 20 gigawatts in a year, 4 gigawatts is not from that perspective a big amount. The government targets are very clear that by 2020 they want to take it up to 100 gigawatts and that growth rate that is required, you can do the arithmetic is really a tremendous opportunity. So in the existing market that is there, we had issued a press release for that some time back that more than 50% of the solar energy that is installed in India runs on our equipment and so I would say the market is quite good in terms of its growth potential and we are well placed. As a matter of policy we do not give any specific guidance in terms of numbers, this data arithmetic you will have to do it for yourself.

Ashutosh Narkar:

Sure. But if I could just rephrase my question, let's assume 6 crores per megawatt is the cost of the plant, what is that ABB can target and given the amount of competitive intensity is that something which is still giving us pretty good amount of margins? If you could just throw some very broad light on this argument.

Bazmi Husain:

It is like more than half the cost comes from the panel itself whatever they are there and we are the next biggest piece - the next biggest element that is there converts the inverter and electrical part and that is us. But these are well published figures that you can actually get to how much each component is worth, it is a most crucial part and it is other than the panels the one which has the highest value and that is where we play.

Ashutosh Narkar:

And on the order inflow side if you can give us some idea as to how things have panned out over the last two, three months timeframe?

Bazmi Husain:

Like I said earlier, we have not really seen much action on the ground yet, so I think before you can say that yes it is improving I think let us wait some more time because whether it is something which sustainable or not I think we will have to see. But yes, we are of course cautiously optimistic about that growth will soon return, but how soon, soon is something that cannot really say.

Moderator:

Thank you. Our next question is from the line of Harish Biyani from Kotak Institutional Equities. Please go ahead.

Harish Biyani:

Sir if you can share the segment wise breakup of order inflow for nine months CY15, the way you share in your annual report?

- T.K. Sridhar:** We do not do that in the quarter end, so we do it only annualized, but only thing which we could say is that all the sectors have grown, only the PA division is where we have a flat performance.
- Harish Biyani:** In the power automation division?
- Bazmi Husain:** Yes, process automation, not power automation.
- Harish Biyani:** Yes, process automation. So remaining one would assume that the segment which has got the solar inverters that would have seen significant growth in this particular quarter?
- Bazmi Husain:** Could be, I do not know.
- Harish Biyani:** And nine months too?
- Bazmi Husain:** Yes.
- Harish Biyani:** The discrete automation and motion segment.
- Bazmi Husain:** Yes.
- Harish Biyani:** My second question is on the solar inverters, is the realization per megawatt closer to around 3.5 million to 4 million, broadly because you have a four gigawatt capacity you kind of seem to have freed the market at least in the last six months also helped by better indigenization, so is that a correct understanding? And will the margin be more or less similar or better versus the current margin in the segment that you are reporting?
- Bazmi Husain:** I will let Subir answer most of it, I will just say that when it comes to of course, it is a continuous process and the endeavor to kind of reduce our cost or come out with more cost effective solution, this is not like a onetime effort, this is something that goes on continuously where we try to actually bring our cost curve down faster than the market prices. So this is something that we do on a continuous basis, but regarding the other portions of your questions like around the inverters, perhaps Subir can take that.
- Subir Pal:** Yes. So cost is of course one part as Bazmi explained that we are continuously improving on the cost side so that we stay very-very competitive. At the same time, the reliability of these inverters in the long-term is a very key issue in the solar market because these plants have to sustain over a period of 25 years lifecycle so the components need to be extremely reliable and the inverters form the heart of the entire plant. So from that angle I think we have built an extremely robust reputation in the market which actually translates into better confidence from our customers on this product. So that's how we get a fair share of the market growth that has happened.
- Harish Biyani:** Mr. Pal in case you can help us understand, you clearly have a capacity in India for solar inverters, how in terms of your competitors is there any major competitor who has a capacity in India at this point in time? And a related question for Mr. Husain is that, we have also seen and

heard that some of the Asia peers in the T&D space are setting up capacity also in solar inverters, so if you can share some light on that?

Subir Pal: On the capacity side, I would say our capacity is quite scalable because solar inverter is one of the products in the portfolio of power electronics and power electronics we have been doing in India for a very long period. So in terms of scalability of our capacity, we are extremely scalable, so as the market grows we can catch up with that. Regarding competitors capacity, I would not like to comment.

Harish Biyani: Mr. Husain, in case you would want to give some light on the T&D capacity which is being set up by some of your competitors say in the GIS space especially eh Asian peers and also in the solar inverter side.

Bazmi Husain: I mean typically in these calls we do not talk, we just there is competition, we respect it, and we are well equipped to handle that.

Moderator: Thank you. Our next question is from the line of Charanjeet Singh from B&K Securities. Please go ahead.

Charanjeet Singh: Sir in the press release you have mentioned about our first few orders specifically in the marine generator and control start solutions for mining, if you can give us some more color in terms of these markets of marine generators and mining solutions?

Bazmi Husain: I think in India if you look at mining, and Madhav can also add to it later, in mining I think there is a lot of potential because most of the mining that is there in India today it's surface and sub-surface and there are not too many underground mining and that will begin to happen. So there is a huge opportunity in India for growth in mining and Madhav can add to that later. But also for the marine market, I think these are again beginning to grow market share in India and since we are globally a leader in that, I think bringing those solutions to India we see a lot of potential for that.

Madhav Vemuri: Yes, just to add to what Bazmi said, the mine automation and the mechanization of the existing mine and also the life extensions of the critical process equipment like shovels, drag lines, mobile transfer cost etc is something what is picking up and this is something which is going to continue for some more time. So we see a momentum and there is huge potential opening up for renovating, rejuvenating and improving the current of it and also adding the automation like things both in terms of drives and controls, so that is where we see the potential coming from.

Charanjeet Singh: And sir specifically on the renewable side sir, we have seen a good success in the initial phase in the market, have you any examples globally where ABB would have shown such kind of a success and how it could have panned out with maybe competition coming from the Asian peers going forward in solar and wind specifically?

- Bazmi Husain:** I am going to restrict myself with looking at market share, what Subir mentioned in earlier answer it talked about the fact that electronics is not a new business for us, it has been there, we have been very active in it, all our portfolio around convertors for railways, all our portfolio around high current rectifiers, these things are all essentially based around power electronics. So one of the things which is important in that is that you need to make it survive the kind of environment that exists in India and I think that is there, we have more experience than almost any of our competitors and that is why that gives us an edge to make more reliable equipment for the Indian market and the field performance proves that. So and this is something that ABB does not just in India but in other parts of the world too, so we are able to take global platforms and customize them better locally. So there is a new entrant into the market, that advantage that we have remains for substantial period of time and in the meantime of course nobody is staying still so we continue to improve upon what we already have. Now I do not think that really is our biggest concern at the moment.
- Charanjeet Singh:** Sir just one last question from my side on the oil and gas space, with OMCs now improving their financial health post all this diesel deregulation, do you see some kind of an opportunity coming for us in that segment?
- Bazmi Husain:** Absolutely, I think oil and gas sector is clearly a sector both upstream and downstream where we have a lot of play. So as the sector improves further I think on one hand of course there is deregulation itself but because the losses go away but on the other hand the lower oil prices are also some of the companies in that sector are looking at investment cycle, that they are not pushing forward with the same vigor that they were when the oil prices were higher. So I think there is a balance there, so I think we are well positioned there, we have a lot of offering both upstream, downstream, we have to see how the market develops.
- Moderator:** Thank you. Our next question is from the line of Gaurav Sanghvi from Bajaj Allianz. Please go ahead.
- Gaurav Sanghvi:** Sir I would like to understand the strategy for the export business in next three to five years what are the key products or key geographies we are targeting?
- Bazmi Husain:** Can you please expand on that question.
- Gaurav Sanghvi:** Sir basically on the export side, export revenue growth was very strong and export run flow was very strong in last year. So just wanted to understand company strategy on export business, any key products and key geographies you are targeting for export growth?
- Bazmi Husain:** It is like this, for us when we look at exports, said that several times that our primary presence in India is to sell the market that we have which is the Indian market, so any product that we develop, everything that we manufacture has to be largely based on the consumption here in India. At the same time export is an opportunity, ABB is well positioned because ABB is present over 100 countries so we can offer good support locally to almost every place that we export to. So are we restricted by anything? No, we just look at it from of course the point of view whether

the environment there and what we do are clear and a good match or not, and if it is then we really pursue the export opportunity but primarily we would not be looking at export at the expense of the local market. At the same time for ABB globally India is a cornerstone of the global strategy, so increasingly more and more products, their ownership and global support and manufacturing in India is much more now than it was before and that is a trend that is going to be increasing.

Gaurav Sanghvi: And sir in terms of as you mentioned export has been flat in last two quarters, just wanted to understand any key issues because we have....

Bazmi Husain: There is no issue, it is a reflection of the market.

Gaurav Sanghvi: No, because order inflow had been very strong in the last year, so just wanted to understand

Bazmi Husain: It is just a reflection of the market, you know how the global market has been in the last six months or so, it is just a reflection of the market.

Moderator: Thank you. Our next question is from the line of Ankit Fitkariwala from Jefferies. Please go ahead.

Ankit Fitkariwala: Sir just wanted to check on one small article that we have been seeing, so there are some article saying that ABB Global might sell its power division and some Chinese company is interested in buying it. Just wanted to know your thoughts, in case there is any news like that and any impact on the Indian arm?

Bazmi Husain: Well, I am not going to actually comment on any news that comes out. ABB, we have said repeatedly and in our global strategy that we reiterated in September this year, in London was that we are a power and automation company and these two pillars they will remain. What we have done though is to really relook on how we have put these businesses together, so historically we have been five business division, power system, power products, process automation, discrete automation, low voltage products. Now we have put them together into four divisions instead of five and one of the division where we have put largely products and power system together we call it power grids division where we do power and automation for the grids. The other three divisions, process automation part of it and discrete automation and motion, and low voltage The low voltage part we now call electrical products division where we are electrical all the way up to medium voltage, so something which goes on side. The power and automation with the grid, we deal with power grids, part of it power and automation for the site so to speak whether it is individual house or individual building or a refinery or whatever, that is really a site or solar plant whatever, that is done in the other three businesses. So we are just regrouping a bit and regarding what comes out in newspaper and any news article or something that I really do not want to comment on.

Moderator: Thank you. Our next question is from the line of Subhadip Mitra from JM Financial. Please go ahead.

- Subhadip Mitra:** I actually had a question on the T&D side of the business, firstly if you can please shed some light on the HVDC ordering pipeline. And secondly, what in your opinion would be the scope of increase on the discom CAPEX side once the distribution reforms happen and how big could that potential market be?
- Bazmi Husain:** On the HVDC pipeline, I think first of all increases in renewable energies, the green energy corridor etc, they will have more HVDC connections are going to be needed so we see that actually beginning to grow and you could see that in the plans as well that are published by the Ministry. So I think HVDC is a growing business in India, how fast that will happen? Well, I think we will just have to wait and see but I think it is really beginning to take off. Regarding what happens when the distribution segment starts getting to get more investments, I think ABB play there is very-very large, I mentioned on the medium voltage side, also on the transformers, I think several calls ago we have talked about, when we set up the dry type transformer factory where we make dry type transformers mainly for use wherever you have fire hazards could be a big issue like a building or whatever. I think within a year and half of setting it up we had to expand the factory, so I think that clearly shows the kind of potential that those market segments have. So we have almost full range of offerings in the distribution segment and as the segment really opens up before investments that will be really, really good and look forward to that.
- Subhadip Mitra:** Any sense in terms of how large could this discom market get over the next period of three to four years?
- Bazmi Husain:** Well, how large it will potentially get? Globally if you look it, if you look at investment that go into generation, transmission and distribution, the biggest element actually is in the distribution side, in India you know that is not the case so that we can work out the potential for yourself.
- T.K. Sridhar:** Thank you gentlemen. I think we are coming to the end of this particular call, so we have constraint of time to continue further. So if you still have any further questions or unanswered things please feel free to write a mail to us or talk to us in the future. Thank you so much.
- Moderator:** Thank you very much sir. Ladies and Gentlemen, thank you for choosing Chorus Call conferencing services. This concludes the conference call for analysts. For further updates on ABB in India you can follow ABB India on Twitter, user handle is #ABBIndia. Thank you for your participation and you may now disconnect your lines. Thank you.