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BSE Limited
P.J. Towers
Dalal Street
Mumbai 400 001
(Attn : DCS CRD)

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E).
Mumbai 400 051

Attn: Listing Dept.

Dear Sirs

Sub: Transcript of Analyst concall

In continuation of our letters dated July 24, 2026 and July 31, 2026, we are enclosing a copy of the transcript of conference call with analysts, which took place on July 31, 2026 post announcement of un-audited financial results of the Company for the second quarter and half year ended June 30, 2026.

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

Thanking you

Yours faithfully
For ABB India Limited

TRIVIKRAM GUDA

Digitally signed by TRIVIKRAM GUDA
DN: cn=TRIVIKRAM GUDA, c=IN, o=PERSONAL
Date: 2026.08.07 10:43:11 +05'30'

Trivikram Guda
Company Secretary and Compliance Officer
ACS 17685

Encl: as above

ABB India Limited

Q2 CY2026 Earnings Conference Call

July 31, 2026

MANAGEMENT: **MR. SANJEEV SHARMA – COUNTRY MANAGING DIRECTOR**
MR. T.K. SRIDHAR – CHIEF FINANCIAL OFFICER
MR. KIRAN DUTT – PRESIDENT, ELECTRIFICATION PRODUCTS
MR. GANESH KOTHAWADE – PRESIDENT, ELECTRIFICATION DISTRIBUTION SOLUTIONS
MR. BALAJI – PRESIDENT, ENERGY INDUSTRIES DIVISION AUTOMATION

Moderator: Ladies and gentlemen, good day, and welcome to ABB India Limited Q2 CY 2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded and any unauthorized recording of this call is strictly prohibited. The recording will be made available on the company's and service 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, Dorwin. Good evening, everyone, ladies and gentlemen. Welcome to the Q2 2026 Earnings Call of ABB India Limited. So along with me is Mr. Sanjeev Sharma, the Managing Director of ABB India.

And also we have Kiran Dutt with EL business along with Ganesh from ELDS, Distribution Solutions. And then also we have G. Balaji from Automation. And Sanjeev Arora is not available as he is traveling. So we will have the call with all 5 of us in this particular time. Sanjeev, would you like to start now?

Sanjeev Sharma: Thank you, Sridhar, and good evening, everyone. We are very mindful of the fact that all of you have taken time on Friday evening to attend this call. We really are appreciative of this accommodation. And today, the way we'll run the call, there's a slight change. As you have known, T.K. Sridhar for a long period of time. He has been CFO of the company and also has been managing Investor Relations. So you have known him from that position.

In the month of May, the Board accorded him the status as the MD, Managing Director Designate, starting from 1st of January 2027. So now between now and end of the year, I am preparing the transition. And part of the transition, I would like to invite T.K. Sridhar to present my part or the Managing Director's part in this conference and also in November quarter so that you get used to it.

In the meantime, we are also deciding on the new CFO for the company, which we will announce in due course. And so that the transition in January is seamless. So you will continue to hear the same voice in the coming quarters.

Over to you, Sridhar.

T. K. Sridhar: Thank you, Sanjeev. And I think it's always a pleasure to work with you and also other team members. So for the people on the call, I think I already had a rehearsal at the Board meeting. So I did both the MD presentation and CFO presentation. So I think I carry on from there.

And so as Sanjeev was alluding to, the CFO search is on, we should be complete in the next couple of months, and then we have the process of induction there as well. So I should now continue the presentation. I think presentation is open, and I hope everyone is able to see that, right? So yes, I think let's go to the first slide.

So this is the slide from where we start, right? So this is ABB at a glance. People who have already familiar with this, there's only one point to note. Now the number of manufacturing locations has increased from 5 to 6 because we had Nelamangala, our second location which has been added so that's why the 6 locations, but the balance is in number of shop goods will increase as the businesses start to spread out in the Nelamangala second location as well.

We go to business highlights. I think we just uploaded this presentation. I do not know how much time everyone got to look at the presentation, but I would like to take you through that. We start with a half year review. We are at 36% up on orders, INR8,600 crores roughly on the orders. And revenue, INR6,743 crores, which is also 13% up on the half year, but for the quarter, it's definitely a different number.

Backlog, strong backlog, INR11,900 crores of order backlog, in which there is no slow moving or a non-moving order. Everything you will get materialized over a period of time as scheduled with the customers. Operational EBITA, 12.8%, and we will look at it in a greater detail as we go forward in the presentation.

On the profitability and the earnings per share is INR33.61 as what we stand today based on the half year results. And the cash position is strong with INR7.2 billion. And I think you would have heard just now in the part of the presentation, we did declare an interim dividend of INR90 per share, which includes the proceeds which we got from the divestment of robotics plus a 50% payout ratio of what we do from the normal earnings per share.

For Q2 2026, very important 50% growth in orders. So that's year-on-year comparable to the last year same quarter and this year and 21% on the revenue growth, PAT up by 8%, operational EBITA, up by 23% and the cash position already spoke about at INR7,200 crores and dividend of INR90 per share is especially what we did.

On the sustainability side, we take pride in doing this because it's the right thing to do. We had an 85% reduction on the baseline on the GHG emissions of Scope 1 and 2. And also 99.7%, almost 100% of the waste is diverted from landfill. That's something which is there.

And also, we got some recognitions during the quarter, India's Most Sustainable Company in the Capital Goods sector also awarded by Business Today. And we moved up in the ladder of the ESG rating by 300 basis points on the CRISIL standard. So, we still remain as a strong company as we are.

So, this is something for the last 8 quarters, how did we perform.I think we have been seeing growth momentum. And the last 3 quarters, we definitely see there's a good uptick in the orders. So, 50% is up for the quarter, and revenues as well, we are able to ramp up the revenues because we have a good order backlog, which is going to be converted in the next quarters to come, to gear up by 21%. And where did we get all these orders from? I think it is more from renewables, building and infrastructure, data centers, then the process automation and also food & beverages.

So, this was our slide where we see how we are positioned in the different markets and how do we see those markets as well. So, as we are presenting 23 market segments, both from energy, emerging industries consisting of renewables, data centers and electronics and infrastructure and transport, core industries as such. And I think all these industries; all the fundamentals remain intact.

We have been saying that these industries are growing at different paces, but they are all important for us, even though core industries may have a slower growth, but whereas emerging industries will have a faster growth but the base of core industries is pretty heavy, which generates equal amount of opportunities for us. So, our spread between these two could be 15%, 25% and 60% or 50% is what we see in terms of our order book or revenue, that's what we see.

So, hopefully, I think there are a lot of levers as to how this for this market growth – green energy and then the AI and the data protection pushed by the government and the capex, which infrastructure spend, where the government is focusing on that. And of course, the PLI schemes and GST.

So ready to get orders from. I think this is something that's a new slide, which we added. So, I think this is different from what we used to do.

So, in the electrification segment, from building and infra market, we got a gas-insulated switchgear. And then for the data centers, we got Ring Main units and from renewables, of course, the smart power products, which was offered to them. So, on the motion side of it, we got traction on auxiliary converters from the railways, and motors, which we supply to food and beverage industries and large AC motors to building an infra segment. On the automation side, marine and ports where we gave electricals and drives and power distribution for power plant and energy industry. Electrical control systems for large refinery.

So, theme for the quarter, this has been a practice what we have been following for quite some time now, where we take the business, where we take around different markets, then in different segment as such.

So, in this quarter, we have Water and Wastewater management system as one of the markets where we see there is definitely a growth for us. So, the ABB play in this is 4% to 8 percentage. And the midterm growth, which if you look at is roughly about 10% CAGR over the next 5 years to come.

So, what do we do over here? We have motors and variable speed drives; we give both for inlet and outlet pumping stations. Then we have PLC controllers, which we give for command centers, distribution systems for electrical rooms. So that's an interesting area, but a market which will grow slowly. That's what we see with the play of 4% to 8%.

Good. I think the growth of 50% and the speed of growth, what we are seeing would not have it possible had we not taken these initiatives of connecting with the customers and in different Tire 2, Tier 3 cities, where our sales teams are fully engaged with the customers on ground. So different programs as suitable for different businesses tailored to the needs of the customers are actually what we call mantra, which we have been following, and it has been paying rich dividends so far.

Sustainability in practice, I think we did discuss this some time ago. So, I think this is how we said that we improved 300 basis points from 64 to 67 and therefore, ranked the first to the heavy electrical sector for strong ESG performance.

We believe that not only being a performing organization is important, we also need to be a good corporate citizen. So therefore, our involvement in community development and engagement, which continues to remain strong, and we will only dwell upon it going forward. It's a very passionate topic at the Board level as well, where how we are engaged on the community development as well, and it's one of the places where we take pride in being associated with the overall development of the company and the areas surrounding us.

We now go to financial highlights. This is something what I think I'm sure that you are waiting for. So, orders up 50% and then revenue is up 21%, operational EBITA 23% up with a 13% more or less similar as what it was in the last quarter same time. And then profit after tax endpoint was 11.6%. And sequentially also, we are better off, and we have been growing across all the parameters, that's what we see.

And as far as the half year is concerned, so we are at a place where we think that we could perform better as we go forward because we get leverage of revenues and we will be able to generate cash. So, we will tell deeply as we go.

I think this is one slide, I think, which I had taken out in a couple of quarters before, but we've got this slide back up because I know that you would have looked at the global press release, which talked about 82% of growth, and this is something which we want to defer between these 2. And this is in dollars at an INR 84 in rate which we take because we have been maintaining consistency from the beginning of the year.

So, I think the global press release told 82% because you have India growing at some time. And also, we had other ABB companies outside India getting some orders from Indian customers, which were 124, right? So, this was what created a difference of giving up 82%. But when you look at absolute India orders, so we are intact at 50% is what we told. This is basically what ABB India had both on domestic as well as exports.

So, we dwell into now a segment-wise information. So, orders for electrification, the strongest growing segment we see for the quarter, 77% up on orders, and orders again from data centers, metals and mining, infra, cement sectors.

We have a strong backlog, which is also today at INR4,800 crores, INR4,900 crores, for EL, electrification segment. So, I think we are growing at 31% and profitability at 15%. Yes, and this has been impacted basically material cost impact due to metal prices hardening and also the forex volatility, what has impacted us.

Motion, a stable growth. quarter-on-quarter, I think you could see that 26% growth coming in every quarter sequentially as well. And if you look at revenues, slightly lower because they have long gestation orders from the railway segment, which is better revenue-wise in the future quarters to come and profitability at a strong 12% is what we see.

Despite the commodity increase and the revenue mix challenges because some of the West Asia, they were not able to see the export. There was some holdback in the initial period of the quarter, which now what we release. So that's something which they are looking at. And their other backlogs stand at INR4,900 crores.

Automation, this is a place where we see that there is a bit of a cyclical nature of orders. So we are at this point of time, even though we say 24 percentage growth comparatively, but more important is –that it could have been still better. That's what we see.

So the revenue is at INR524 crores, it's 7% up. But hopefully, I think going forward with orders to come and orders with the energy and the fossil industries business divisions will book I think we'll see this. But the good part is that out of the , INR524 crores, at least 30% is of services. So that helps and to maintain the margin corridor.

Okay. So a bit of a deep dive on the P&L account. So material cost was 63% roughly compared to 61% last quarter, and 60% in the Q1 2025. So we have a bridge profit walk, which we will take you through. But these are just numbers to say that material cost is a place where we impacted. But there was also a definitely an increase in other expenses as well, which is more linked to the revenues, which we executed.

So this is the profit walk. I think apart from the charts, which are there on the top side of it, which is just a bit of a trend, which you look at EBITDA, PAT and EPS, more important is how do we look at the EBITDA bridge. I think when you look at EBITDA, it was 13.6%points in last quarter, and today, it is 12.6 percentage. And what we got was a scale benefit 2.1% What we lost on material cost was 3% roughly. And then we had other expenses and the employee-related expenses, which increased. And so that was 2.2%, because last quarter, at the same time, we had a really high forex impact, and that is not there in this particular quarter that probably gained us this particular advantage of 1.6%, right?

So I think the question could be that the scale benefits would technically be higher than the expenses, what you see compensating for the other increases. So that is something which we would like to see going forward. But also the price increases to the market being a flow from the actual product, it always takes a lag.

The timing cannot be matched with the material cost increases, obviously, price increases you give to the market. So therefore, there is a lag which will come up. So hopefully, when the macro factors settle down and we're able to come to a stable level. So, I think these two will match at some point of time.

I think this is a normal trend, which we have seen specifically in short-cycle product business. So this is typically the problem what we have. Now coming to what is the material cost comprising of? Again, we go back to the basics, material cost increase is on account of our copper prices and the metal prices, which have risen, which have hardened.

And the forex, volatility, what has actually happened and also a bit of a mix change between slightly lower exports and a bit of more projects and low-margin orders, which got executed because it's important to keep the factory loading the volume up and running so that we are well prepared to take the scale benefit going forward to a higher level. So overall, I think this is basically the profit bridge between what we delivered last quarter to this quarter.

Next slide. I think this is a standard slide what we have been seeing, just to tell us what is the composition of how we are looking at the businesses. So I think if you look at it, Q2 '26 in terms of revenues, EL is 50% up, 35% on motion and 15% for automation. So this is broadly the spread what we see.

And in terms of geography, you could look at it, we have just 13% in exports for the quarter compared to 17% what we did in the previous quarter at the same time. So even though in the half year period, we are more or less the same. –

I know I'm 100% sure that you have all this information. But just to basically sensitize, this is a topic which we will have to continue to deal with in the next few quarters to come. So elevated commodity prices and continued rupee depreciation will be extended as what our research says. I think we are preparing as to how to manage this. So this is a situation for the businesses to handle. So they are geared up to address this in a very strategic and very phased manner.

This is my last slide. And on the outlook, the megatrends, electrification, automation, digitalization will be the key megatrends, what we see along with grid modernization and transition. So this is something what we think will be the area of focus for all of us to determine the 23 market segments, what we have and the 15 business divisions that we have, will all be in interjecting on these particular things.

So I think with these macro factors of the government capex which is expected to pick up, the private consumption which is going to drive, and a robust manufacturing base what we have and start dealing with geopolitical uncertainty as well as current situation and the subnormal monsoon is going to be the aspects which are going to play out in the next 2 to 3 quarters, that's what we see.

So this is more a bit of a short-term outlook, what we see because today, with the rapid changes which is happening, I think the short term is more reliable or I think something which we could look at it rather than even medium term as well. This is the last slide and we have completed our presentation.

So we now open it up for question and answers.

Moderator: Our first question comes from the line of Umesh Raut with Nomura.

Umesh Raut: My first question is pertaining to strong ordering performance during the quarter. So if you can give us details about growth on base ordering side during the quarter? And second, also growth in terms of ordering from, say, emerging industries, infrastructure and transport, and core industries in these 3 buckets.

T.K. Sridhar: Okay. So the first thing is about large orders or base orders. I think we want to move away from differentiating between base orders and large orders. I think we realized that large orders were very important when we had Power Grids as a division because large orders we define as USD15 million, which is roughly about, say, INR900 million or INR1,000 million or INR100 crores of orders which in a business where we have almost 70% or almost 80% coming from products, I think these type of large orders is something which is very less. So I think to answer to your question, in this quarter is everything is base orders.

So the next question was how did you perform in these different segments? I think Data Centers orders in this quarter has been almost 15% to 17% of our orders came from base orders. Metals and Mining was 15%and then oil and gas was 9% and Buildings and Infra was 8%. Renewables was 6%. So, I think the balance is all, distributors or order segments.

Umesh Raut: Understood. My second question is pertaining to acquisition of Rotork by parent and probably synergy that India business make it from the areas like data center, water or say, power, especially because now Rotork is industrial flow control specialist and probably, in a few of these end user markets, your addressable market can go up. So how do you think about this synergy playing out for India business?

T. K. Sridhar: Great. So I think it is pretty early for us to comment on it, because globally, if you look at the announcement as well, the shareholders of Rotork have still not approved this particular deal or it is pending for the approval. So we have no other information other than that which has been announced by the group.

So we have nothing to comment at this point of time. And it will be too early for us to work and give you these details. So probably when we get more information or when the group advances on their particular pursuit of this, then we could sort of share with the investors further details on this.

Moderator: . Our next question is from the line of Renu with IIFL. Please go ahead.

Renu: Yes, hi. Good evening team. My 2 questions. First is, when we started the calendar year 2026, the team was fairly conservative and cautious on the growth outlook. And then we had the Southwest Asia conflicts.

Now looking at the numbers, 1Q was a soft quarter, 2Q bounced back very strongly on execution and revenue side. So what has changed in terms of business offtake? Was it just slippages of revenues, which caught up in the second quarter? Or you are seeing a much better acceptance from the customer in terms of deliveries?

And also reflected in the numbers, the channel partner had seen a pretty good jump in the revenue mix this quarter. So was that also to do with any share of channel inventory stocking up involved versus relatively soft offtake from any users or EPC companies? That's the first question.

And the second question is, looking at the order accretion, which is fairly well balanced in large and short cycle orders of the first half of the year, where do we see the margin headwinds easing out?

And with operating leverage kicking in by end of the year, do we believe worst for ABB in terms of the operating EBITDA is behind? And can we see margins coming back to mid-teen levels through end of the year or next year? Yes. Over to you, Sridhar and Sanjeev.

T. K. Sridhar: So now, Renu, coming to your first question, which is the transition from what was the market in the first quarter and second quarter. Yes, I think when the first quarter we closed, because at the time, it was what was the West Asia crisis had struck the entire world.

And if you remember the quarter 1 call, we did say that we did miss certain revenues because of the West Asia crisis. And that also had a spillover on the Q2 revenue, which we had. So I mean, I cannot deny that particular fact, right? And whether it is only export-oriented revenues, the answer to that is no. It's a mix of both export on domestic revenues, because export is one side of it, but domestic is also important, because we get material to import from the other countries or feeder factories, which we then converted to finished products to apply locally as well.

So this is basically the situation. So it's a mix of both. And therefore, when you look at H1, so H1 revenues are 13% up. Otherwise, it would also be up by a larger percentage. So it's sort of a stabilization which has happened.

Coming to your next question on the margin side, I think we have a strong backlog. It is all dependent on 3 things. As what I'm saying, will the material cost, the metal prices and the forex rates remain at today's level, okay? If today's level is sort of maintained, because we know that this is what it is today in the pricing. And we see that the mix, and we don't have any distortion in terms of supply chain, right?

Probably we get better leverage of the operating leverage going forward in the next 2 quarters. But our research says, and this comes back to the same slide where I was showing the different commodities and the prices, our research says that we will still have certain headwinds from that particular side, and we have to carefully navigate this particular situation as what we see.

So today, I'm not comfortable to tell that what is that mid-teens of EBITDA margins, which we will do. Most important is protect what we are today so that we are able to develop the revenues and the orders in a good manner and then start to grow from there. That's what we are looking at it on a short-term basis.

Moderator: Thank you. We will proceed to the next questioner, that is Parikshit Kandpal with HDFC Securities. Please go ahead.

Parikshit Kandpal: Congratulations on a decent quarter. First question is on the 3 segments, Electrification, Motion and Automation. So you earlier alluded on the commodity inflation and forex impact. So just wanted to understand passing on the pricing or the cost inflation. So where are we facing challenges and where it is easier to pass on inflation? And what kind of price hike you have taken in this quarter?

T. K. Sridhar: Okay. So we have 2 gentlemen, Kiran Dutt and Ganesh Kothawade, who deal with Electrification, which is the major part of our revenue. So I would invite Kiran and Ganesh to throw some light how are they managing the price transfer to the customers. Kiran, would you like to go first?

Kiran Dutt: Parikshit, thanks for your question. I think it's a very important question at this point of time. When you have this West Asia crisis and also the kind of prices we are going through with respect to the commodity prices impact and also the forex impact. So I think these two are really hitting us hard.

And you can also see from the slide that the margins of Electrification has dropped from what it was earlier as well. So it was very, very important for us to take some corrective actions. Of course, there's a bit of a lag in the corrective actions what we have taken and the impact of the price and cost which is impacting us. So that you can see in the graph itself.

At the same time, what we have done is we have passed on two price lists into the market. These are two price hikes. This is a publicly available price list, which is there. And this is really supporting us in terms of trying to compensate the EBIT which is coming into picture.

When I look at the acceptance, yes, there has been a lot of challenges in the market with respect to the customers accepting the price. But I think it's been handled in a very dedicated way from our side in terms of creating an awareness on what exactly is happening. Of course, most of the customers are aware of what's happening in the commodity price.

But I think it's very important to very clearly explain to the customer what is in-depth, the content of silver of copper, which is present in our products. I think it was very evidently proven to the customers and customers for sure are quite logical in accepting something as a product with very high reliability and sustainable performance. I think they are coming back to us and paying the price what we need.

At the same time, I think digital market is extremely important, and they understand the connectivity of devices which are required from our perspective. So they are coming back to us even more faster than what they were doing. And hence, there is a price acceptance as well from their end. That's it from my side.

T. K. Sridhar: Thank you, Kiran. Ganesh, do you have any comments to further add to what Kiran was alluding to? Ganesh? Have we dropped or?

T. K. Sridhar: Yes, I think the question was how are we dealing with the price increases to be passed on to the customers given that we have cost increases are coming from the raw material input cost, which has gone up, right? So that's something which the investors want, the analysts want the clarity. How we're managing the price adjustments to the market? So we heard Kiran's version, which is more on the product side. So now we could listen to your version, which is more on the system side.

Ganesh Kothawade: Yes, sure. Like even Distribution Solutions business, 60% business comes from the product, which is a flow business, which we basically market to our partners. And there, we are able to pass on the revised price list with increased pricing, taking into the consideration of the commodity impact. But as you said, there is a system business and a majority of those business actually, when we bid, we bid through basically on the L1 basis. So it's all basically the tendering business where we have to go for the reverse auction.

And that time, sometimes we are not really able to pass on these prices because there is quite a lot of competitive prices, which we need to quote. But flow business, which is the major part of our business, where we already increased our prices and passed on commodity price increase in the market, and you will see that reflection which will be coming in the coming quarters.

T.K. Sridhar: So I think Parikshit, just to reiterate what Kiran and Ganesh told, there will always be a lag. If the prices stabilize, the input prices stabilize, then you will have this particular lag catching up. But otherwise, this still will continue, right? So that's something which I think is important for us to realize in this market at this point of time.

Parikshit Kandpal: Second question was on the geopolitics and also the maybe -- I mean, what I think or believe is -- if you can just correct me. The order growth or the inflow growth, which has been quite strong Y-o-Y. So is there any -- are you seeing any delays in decision making from the client side, given the higher level of commodity prices and geopolitics or more in a normalized situation, otherwise, order inflow should have been stronger.

So just wanted to understand the color on the ground and the demand side across the segment. Barring the current situation, we are in high inflationary environment and any delay in decision making from the client and its impact on growth of order inflows?

T.K. Sridhar: So you'll hear two versions, one from Balaji, who leads the Automation division where it's more project-related orders from the customer. And exposed to core sectors, while we have Kiran, who could dwell upon from the private side of it. So Balaji, you would like to start from your version as to how you see from the government infrastructure side of it? And how is the core sector behaving to this now?

G. Balaji: I would say that there has been certainly a certain amount of impact due to the West Asia crisis. For once, for sure, since we deal with the refining sector, which is one of the key sectors here. When we see on the capex side for those investments that have been already announced, those projects are more moving ahead, though a bit sluggish, which is typically normal of the movement of public sector.

However, when it comes to services, the companies really pull back because of the increase in crude oil prices, and that's easing up now. So essential activities are carried out. So I would say there's a little bit of sluggishness definitely on the refining side. On the downstream other core industries, which had a direct relationship with the crude oil prices, we did see a little bit of a sluggish movement, but I would not say that we press the panic button. Since the crude oil prices are settling even though the situation is quite volatile, we are still seeing movements here. We would rather see that there could be some real movements in the upstream side, we are hopeful that certain projects will be shortly announced.

The power sector definitely has seen a lot of investments while we're seeing a lot of growth in the renewable side, but considering the low inertia of renewables and the crisis that is coming up in terms of natural gas supply chain, we are seeing a good uptake in the conventional power generation systems as well.

T.K. Sridhar: Thank you, Balaji. So Kiran, would you like to give a view on the private side?

Kiran Dutt: Absolutely. Thanks, Sridhar, and thanks Parikshit. I think it's a good one to have this kind of talk. Let me just give you some perspectives as Balaji has talked about on the core sector. Let me give you some perspective on some of the sectors, which we are into. And let's look at one or two sectors. Maybe I would like to take a building first.

On the building side, if you look at it, there are 2 types of buildings. One on the residential side and on the commercial side. But what we found was the decisions on probably the residential side has been pretty sluggish, whereas the commercial side has been pretty faster. And that's where it's actually supporting us in terms of growth, in terms of orders.

On data centers, I think it's very much important for, I think, every client who is coming into India for data centers, I think they want things faster and that's where we have an advantage of able to supply faster from our side because we have the local facilities here, and that's what is supporting us in terms of growth in these sectors.

Now to cater to data centers and buildings, you need to have partners who have the ready-made availability of these content of materials. And that's where the pickup from the distributors and the partner segment, the subsystem integrators as well has been on a very high offtake during this particular quarter because decisions have been faster from both data centers well and commercial buildings. So that's where is the impact, and that's where we have been quite successful in terms of growth during this particular quarter.

Moderator: Our next question is from the line of Atul Tiwari with JP Morgan.

Atul Tiwari: Yes. Sir, in this quarter frame, the parent company reported 81% order inflow growth and you have reported 50%. And historically, we have seen that there is some difference, but not as large a difference as in this quarter. And I think in previous quarters, you have presented slides also explaining the variation. So could you comment on where is this wide variation coming from in this quarter?

T.K. Sridhar: I think in this quarter as well, in my commentary, I explained that we have given a slide on this. If you look at the presentation, which has already been upload on the portal, it is a separate slide, which is talking about demand versus supply of how much of ABB Group orders and ABB India Limited booked orders.

So this is more coming from Indian customers placing orders on ABB Group companies for systems which ABB India cannot provide or their convenience per se, and that's basically where you have a gap. So that's the situation there what we have because of which we have 80% growth as shown by the group, whereas we are talking about 50% growth.

Atul Tiwari: Okay. And sir, of this 50% growth, how much is volume led and how much is price led? Any comment on that?

T.K. Sridhar: We normally don't look at it from that volume and price led because it's all embedded in the offerings what we do because we have a mix of products, projects and services.

And if you look at it, it will be mostly volume, right, because price, of course, has a lag as what Kiran was alluding to. So I think it's mostly volume, and that's where we get the leverage from.

Moderator: Our next question is from the line of Amit Mahawar with UBS.

Amit Mahawar: I just have 2 quick questions, sir. First is -- is it right to say that the base orders, I know you've not differentiated on base and large, but it's after a gap of almost 1.5 years that the base order growth is almost more than 20%, clearly, which has not been the case in the last 1.5 year. And bulk of this is value growth in pricing because when we talk to channel partners, there is a very strong impact on June quarter onwards of the pricing and volume is yet to play out. That's my first question, sir.

T.K. Sridhar: So Kiran, would you like to take this question?

Kiran Dutt: Yes, Sridhar. What we are seeing is -- as Sridhar said, we do not differentiate, of course, we do not want to differentiate between base orders or the large orders. And I was also speaking to you on various segments of the market, which is actually supporting us in terms of growth. So the partners are able to get the pull from the market, and they are seeing a lot of very quick decisions being taken by the customers there. So they are very excited to place a stock order as well and also cater to the requirements of these customers. And that's where the order growth has been happening.

Amit Mahawar: Okay. Sir, second question is on the capex. So we are expanding capacity. We are spending a good number to prepare ourselves for the upcoming high growth in some specific segments including data centers and renewable power. What kind of top line can this USD75 million, USD80 million capex handled in the next two years to three years if you can give the quality of the top line also. Thank you.

T.K. Sridhar: Okay. So I think we don't measure with respect to topline. So actually, what we want to ensure is that every year, when you look at the future demand, we want to make sure that we have at least 15% of our headroom to cater for the future demand.

So that means at every, any moment of time, our capacity utilization hovers between, say, 80% to 85% or 90% is the maximum, right? So every year, we could see that there is for an incremental growth of 10%, 15% to create a headroom, right? So we always plan for that ahead, right?

And this capex, what we are doing at this point of time and every year will help us maintain that momentum of 15% to 20% headroom of increase in sales, which we could cater. Yes, if you ask me, are you only looking at that? Are you want to do a big scale investment to look at in 5-year to 10-year horizon for per se, I think that's a very big topic to handle at this point of time, given the uncertainties we have as we see, Amit.

Amit Mahawar: So the gap, I understand the gap. A lot of orders are going from Indian customers to the parent entity. I'm sure the division heads who travel to India from the head office, also note a very significant demand in India. So how should we see this for the listed entity in terms of, because you have a huge cash balance, M&As are not easy happening from the local country.

Any colour on this and the importance of the factory setup in India for the parent? Because the gap is widening. It's a good news for the parent, but the stakeholders of the list could hear, but I also want to understand maybe how should we see this for the preparedness or the mandates are possible for India. Thank you.

T.K. Sridhar: Okay. So Amit, I think the variation which you see today, which was one-off, okay? And the reasons for that were basically because one-off and orders globally was actually diverted to a local Indian customer, and therefore, they had to novate it to, of an already executing backlog was novated to Indian customer and who in place had to place an order to global company. So that's basically to manage the execution of an order, which was an ongoing, right? That's number one.

And number two, was more from a sector of marine and ports, where we don't have the system in this particular country at this point of time or the competency. So that's, therefore the main systems and the references because globally, I mean, other companies in the European ABB units have that particular experience.

They get the main order and we are associated with the support and the service and installation of that in India, right? And typically, there is a journey. So whenever we want to bring a large system order, the main system gets executed by the global parent. I think this also would have seen in Power Grid orders of HVDC where you have repairing first and then afterwards Indian entity gains the competence, it's the same.

So the journey on marine and ports has started in that way. So probably going forward, we will do that. So the two things to your question, first thing, this is just a onetime what you see, but previous quarters and all, we didn't have so much of variations to the differences between Indian and the global.

And there are reasons which I have already explained. So I think as Kiran, Ganesh and everyone are saying, our focus is on India and 90% of the business comes from India. So I don't think we will lose any scope on that.

Moderator: Our next question is from the line of Bhavin Vithlani with SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Congratulations, Sridhar, and team, exemplary performance on orders. My question is the kind of strong growth you have seen in orders. Could you talk about are we seeing an expansion in the market share for ABB, I mean if you can talk about the Electrification and the Motion segment individually.

The other question that I would like to ask is the pressure that we are seeing from your peer set is especially on the railway side. So within the Motions, if you could maybe talk about segregating the railways and the other part of the Motion, are the margin performance very different than the margin, the pressure that you're seeing is a good part coming from the railways. These are my questions.

Sanjeev Sharma: I think with respect to, the question is about Motion, about the railways and the traction. So I think what we have is we have long-term contracts with the railway exposure, and those are not difficult. I think there's only a time element of execution based on the configuration being changed with by the railways.

So I think the predictability of revenues is there in front of us and also the price predictability is also there for us, including the service that we will deliver to them alongside the delivery. So we don't see any specific pressure at this point of time.

On the metro, which is the business from the same segment, we see good traction, and I think there's a good expansion going on. And there are certain OEMs and the kind of players in the market wherein we work closely, and they are succeeding in the marketplace. And accordingly, we are getting that effect. So as such, we don't have any impact in our overall books and on the railway and metro side.

Bhavin Vithlani: The first question was on the market share, the kind of strong growth that you've seen in orders. Have you seen expansion in the market share or is it the market growth that we are seeing at such strong level?

Sanjeev Sharma: Yes. The market digested whatever the previous year's growth was, and now it's normalizing again. So I would say these growth rates that we see, it comes in a spurt after the lull in the market and then they normalize to a kind of a level that we like. And that's how our capacities as well as our expectations are built in. So I would say that, yes, markets are coming back. There are certain concerns in certain customers and certain market segments. But most of the market segments we are exposed to, we are seeing quite a good traction at this point of time.

Moderator: Thank you. Our next question is from the line of Mohit Pandey with Citi. Please go ahead.

Mohit Pandey: Yes, thank you sir. Sir, if I look at the absolute order inflow for Electrification and Motion 1Q to 2Q, it seems to be flattish to down on a quarter-to-quarter basis. And if I understand correctly, we have taken price hikes. So is there an underlying volume sluggishness on a quarter-to-quarter basis or is this interpretation wrong, yes.

T.K. Sridhar: I think if you look at sequentially, we were INR2,400 crores in Q1 and INR2,400 crores, a similar number in Q2. The good part is that the data centers, which are helping us is continuing to do orders every time, either directly or indirectly to channel partners. So I think that's basically what it is, coupled with the pricing, which is always happening as a part of the market reaction. So I think this is what it is, Mohit.

Mohit Pandey: Understood sir. Sir, and is the QCO impact completely behind us now?

T.K. Sridhar: So the QCO impact, I think there are two veterans on the call, Kiran and Ganesh. So they have to deal with QCO day in and day out. So I think getting a firsthand input from them would be valuable. So Kiran and Ganesh, we can start with Ganesh first.

Ganesh Kothawade: Yes. Actually, QCO because we also got used to now what is the requirement which came from the government because earlier that was something which was not very clear. So we as well as our suppliers were struggling to meet those requirements. So that clarity is also now in place.

And also, there is some of the relaxation which is coming from the government on some of the components and equipment where they have postponed and given an extended time for us to meet those requirements. So at this moment, I will not say it is completely behind, but it is definitely relaxed and we got an extension of time, and we also learned how to meet those type of requirements. So that's what.

T. K. Sridhar: Thank you, Ganesh. Kiran, from the product side of it?

Kiran Dutt: Absolutely. Thanks, Mohit. I think it's a very important question as well on the QCO side. I remember last year, Sridhar, you and me were answering on and Sanjeev was answering on QCO last year a lot on what was happening and where was the lag. But I think we are well versed in terms of QCO now. Probably we'll get some more degrees as well on QCO. So, I think QCO is not behind us, but at the same time, I think it's supporting our business growth as well.

We are well aligned in terms of the government requirements of QCO. The testings are in progress, some of them already. More or less, everything has been completed as per the guidelines of the government. So I think it is something which will keep on moving. And with the local supplier base, with the local factories, I think localization plays a very important role, and that's where we have been extremely successful in ensuring that we meet the requirements of QCO.

Moderator: Thank you. Our next question comes from the line of Sumanta Khan with Edelweiss Mutual Fund. Please go ahead.

Sumanta Khan: Hi. Good evening. Congratulations on a good set of numbers in a very tough macro. Can you give a sense of your roughly INR11,900 crores order book that you have? Some sense, what portion of this is executable over 1 year?

T. K. Sridhar: Over 1 year, I could tell you for the next...

Sumanta Khan: I think longer duration execution cycle and then what percentage would be slightly shorter cycle?

T. K. Sridhar: Yes. So I think -- so over the INR11,900 crores, whatever we have, we will consume at least 40% in the next 2 quarters' revenues what we need to have. Plus, we will have some left for that one bill to meet the revenue commitments with the customers, right? And the balance will go to the next 4 quarters of 2027.

Moderator: Thank you. The next question is from the line of Mohit Kumar with ICICI Securities. Please go ahead.

Mohit Kumar: Hi. Good evening, sir. Thanks for the opportunity. And good to see very, very good order inflow in the quarter. My first question is, how has the inquiry pipeline from the data center segment developing? And especially, I'm talking about the pipeline improving over last 6 months, given the lot of projects that we announced. –And the related question is that is there a need to invest in any new products or investment to improve our TAM to serve these hyperscalers there?

T. K. Sridhar: Okay. So I will request again Ganesh and Kiran to throw the light. So Ganesh deals heavily with data centers followed by Kiran. So Ganesh, over to you.

Ganesh Kothawade: Yes, sure. Mohit, this is actually a very interesting question, and I fully agree with you. Quite a lot announcement and very, very strong pipeline from the data center, which we are really seeing it. And to meet those requirements, there are definitely certain particular components are required, particular type of breakers.

And we are investing quite heavily in increasing our capacity, because we are definitely seeing that picking up which will come -- the demand will multifold in the coming quarters and maybe like 2027, 2028, we will be struggling to meet those demand. And looking into that, we are already started investing into our capacity for that particular product, which are required in the data center. You're absolutely right.

T. K. Sridhar: Thank you, Ganesh. Kiran, would you like to throw some light on products for business?

Kiran Dutt: Yes, Mohit. I think Ganesh spoke probably from the hyperscale side. Let me talk to you on the probably colo part side. So on the colo side as well, the demand has been quite substantial. We see a very good pipeline of orders being concluded and also concluded pretty fast as well.

And because there are a lot of changes in configurations from the clients, we are looking at what could be done in terms of their footprint, what is required, and what kind of specifications are required. So we are working on that. We have also, if you remember, launched a factory in the first quarter, which is the second factory in Nelamangala.

That's what we were talking about in the slide as well that there's a new location for us for some new products which we have launched for the data center requirement. So we continue to invest. We continue to localize, and we will continue to develop new products which are required for data centers.

Sanjeev Sharma: So thank you very much. So I think this could be the last question we had taken. And we are very mindful of the time and the Friday evening for all of you. Thank you very much for really taking this effort to join here.

I hope the people for whose questions we could not take, but your questions could be answered or the questions you had partly could be answered, but you can always reach out to ABB team in case you have any specific queries. And with this, we would like to wish you a very good weekend. Thank you very much.

T. K. Sridhar: Thank you very much. Looking forward, in fact, with you next call. Thank you, Kiran, thank you, Ganesh, and Balaji.

Moderator: Thank you. On behalf of ABB India Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

----------------------- (This document has been edited for improving readability) -----------------------

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