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November 06, 2025

BSE Limited
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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 October 30, 2025 and November 06, 2025, we are enclosing a copy of the transcript of conference call with analysts, which took place on November 07, 2025 post announcement of un-audited financial results of the Company for the third quarter ended September 30, 2025.

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

Thanking you

Yours faithfully
For ABB India Limited

Trivikram Guda
Company Secretary and Compliance Officer
ACS 17685

Encl: as above



ABB India Limited
Q3 CY2025 Earnings Conference Call
(July to September 2025)

November 07, 2025

**MANAGEMENT: MR. SANJEEV SHARMA – COUNTRY MANAGING
DIRECTOR
MR. T. K. SRIDHAR – CHIEF FINANCIAL OFFICER
MR. KIRAN DUTT – PRESIDENT, ELECTRIFICATION
PRODUCTS
MR. SANJEEV ARORA – PRESIDENT, MOTION
MR. SUBRATA KARMAKAR – PRESIDENT, ROBOTICS**

Moderator: Ladies and gentlemen, good day, and welcome to ABB India Limited Q3 (July to September Quarter) CY 2025 Earnings Conference Call.

As a reminder, all participants' lines will remain in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that the conference is being recorded, and any unauthorized recording of this call is strictly prohibited. The recording will be made available on the company's and SEBI's website, subsequently.

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

T. K. Sridhar: Good morning. Thank you very much for conducting the first few words about it. So, ladies and gentlemen, very good morning once again. Welcome to the Q3 2025 investor call of ABB India Limited.

So, on the call along with me are Sanjeev Sharma – the Country Managing Director of ABB India. I have Kiran Dutt, who leads Electrification business in India and also Sanjeev Arora, who leads the Motion business and Subrata Karmakar for the Robotics. Unfortunately, Balaji, who leads the Process Automation Division, is not able to join because of his customer commitments.

So, with this, I hand over the call to Sanjeev to take us through the initial micro on the market slides of ABB. So, over to you, Sanjeev.

Sanjeev Sharma: Thank you, Sridhar, and good morning to all of you. Happy to welcome all of you to our Quarter 3 performance earnings call.

So, I will give you some business highlights, followed by financial highlights by T.K. Sridhar, and then we will have a question-and-answer session.

So, if you see the business highlights:

We had 13% base order growth and 14% revenue growth. But if you compare last year, we around in this quarter, we had some large contracts, large orders. So, if you look into the overall order growth, that looks (-3%). But the base order growth was quite healthy.

Profitability is 16% up quarter-on-quarter. And it is (-7%) year-on-year, profit after tax. And there are mixed issues, I think, which we will take up in the financial presentation. I will give you more details then. And we continue to maintain a strong cash position, nearly Rs. 5,000 crores.

We continue to expand our portfolio and bring more premium products to the market because market is demanding it. And we have introduced IE5 ultra-premium efficiency LV motors. And this is proven induction motor technology and free from rare earth materials.

We also successfully commissioned some ABB Ability™ SCADA Advantage solution for THINK Gas Private Limited, enabling end-to-end automation and digitalization for compressed gas distribution network.

Sustainability is on target, and I will give you more data. And all our motion factories are certified as zero waste to landfill as on date.

So, we saw a good revenue growth of 14%, and as I said, net of large orders, we had (-3%) orders growth, plus 13% in the base orders. And our order backlog stands at Rs. 9,895 crores, gives us a good visibility of revenues in the coming quarters.

Renewables, buildings and infrastructure, discrete automation, process industries, I think these are the themes which are built around the opportunities we saw in the marketplace.

The diversity of our portfolio plays in diversity of applications, right from wind turbine converters to gas chromatographs, oxygen analyzer for a leading integrated energy player, electrical instrumentation for a global F&B player, robotic solution for EV mobility, insulated case circuit breakers for power distribution equipment company, process automation and drive solution for metal. So, we can see our 18 businesses playing this 23-market segment always keeps the robustness of the business model at the company level.

The key element of our expansion of our business is to continue to expand into new market segments, also new geographies and also keep introducing and reintroducing our technologies to our partners and customers. And our team does customer connect programs across the width and the depth of country in the market segments as well as geographies and the large and the medium and the small size customer base and that is something that keeps us growth initiatives and the growth impulse that we need inside the company and that has been the drumbeat for last many years and our team continue to have that drumbeat going.

Our focus on diverse business market segments spread in 23 market segments; we continue to see high engagement and high response in data center, electronics and renewable and our portfolio is resonating well in these and these are the long-term gains. And I think we see a much more capacity buildup coming in these areas in the near future. And the moderate growth is basically the segments in the middle and the low growth segment that we see at this point of time which continue to rotate over a period of time are listed on the right column.

The theme for the quarter is giving an idea about textiles, a deep dive. India is the world's second largest producer of textile garments with 4.6% share of global trade. It is expected that it will grow at 8.6% CAGR and the competitive advantage of India into this sector is availability of raw material and also skilled manpower at competitive cost, which is a driving element for this business. The government is paying attention and has some good initiatives in this area including the PLI scheme and the GST rationalization to boost domestic demand. And also there are key trends which are right now affecting. I think there is a bit of a challenge for this sector with the U.S. tariff impact, but at the same time India is diversifying itself and creating more partner

countries to mitigate those tariff impact. Infrastructure is being modernized and also more sustainable manufacturing practices are being brought in this area. And ABB offers motors, drives, PLCs, engineering tools, service and support and host of other solutions in this particular market segment. So, we always make sure that we have good propositions for this growing and important segment in the country.

On the sustainability in practice, we are on track. You know, our target for reducing the GHG emission was 87%. We have achieved it at 87.05%. Zero waste to landfill units we had target that in 2025 four units will be zero waste to landfill. We have achieved four. So, great job done by our team and locations. And also we focus on that our units will turn water positive units. That is we put more water in the ground than we take it out. And our target is four units. We have already achieved three. And one unit remaining is under certification at the moment. Most likely by end of the year we will achieve the target. And water recyclability is at 44%. And our target is 50% for this year.

On the CSR and performance with purpose, we continue to focus on education and skilling, diversity and inclusion, communities and environment. And for last 10 years, we always spend 100% of CSR allocation. And now having run this program for a period of time, we can really see visible impact wherever we have engaged, and we do it in a very institutionalized way, and our teams can see the impact on the communities with the targeted programs that we have taken.

For 2025 outlook, I think tailwinds are private consumption, government capital expenditure, and moderating inflation, but headwinds, as we know, trade uncertainty is playing out around India. We have prolonged geopolitical tensions which haven't found a way to subside, but I think we will have to see that through. And of course, there is a volatility in the global financial markets, and there is a lot of fluctuation on the FOREX. So, these are the things we need to navigate, both on the opportunity side and the challenges side as we finish 2025 in 1.5 months, and then also enter 2026.

I hand it back to T. K. Sridhar to take you through financial highlights. Over to you, Sridhar.

T. K. Sridhar:

Thank you, Sanjeev. So, I think we now get into the most meaty part of it, which is the numbers, where I think people are waiting for more information sharing.

So, if you look at these numbers on the slide, the orders, base orders, which we call, have an execution cycle which is shorter compared to the larger orders, which more represent the project orders or the long-term system orders. We have grown for the quarter a 13% growth, which is, as per what we understand with the market dynamics, which is there, this is pretty healthy stuff, at least because it gives us the visibility of revenue conversions going forward, just not depending on the large orders which are there in the backlogs at this point of time. And this is spread across all the business divisions in the respective business segments.

So, it is not just in one division, which has really helped us to do it, but it is across. So, it is, I would say, a good recovery which has happened from the previous quarter, where we could see certain offshoots which are coming up. So, that is about the orders.

When we come to the backlogs, Rs. 9,900 crores of backlog roughly on the books. And this would be definitely be executed over the next quarters. We do have a plan and there are no slow-moving or non-moving orders. Everything is lined up for execution in the few quarters to come. And almost 30% of it as a composition of large orders. So, it is basically 70% which are the smaller orders which will get executed on a month-to-month basis.

Revenues, because we have a backlog and we said that we would definitely be executing it, so it has generated a 14% growth. And profitability, we are at 16.4% on PBT compared to 14.9% sequentially, and 20.5% compared to the previous year. We will dwell upon this as we go forward. And that is more due to the material cost impact. We have a mix issue of revenue which we are having because we are definitely pushing the new technologies around and also FOREX, which Sanjeev alluded to in his section. And last but not the least, the very recent impact of QCO or the BIS certification which is needed for the locally manufactured products to be used in production.

So, this is basically the overview of how we are for the quarter. And the cash balance, Rs. 4,500 crores. Of course, we could have done slightly better over here. We have stocked up strategically inventory to make sure that we are not bound by any QCO obligations which could come up as a surprise or a delay in certification. We need to serve our customers because we have committed delivery times for the backlogs and we have done a conscious strategic stocking up over there on the inventories which I am pretty much sure will get liquidated as we go into 2026.

So, this gives a bit of a more granular view of the P&L. If you look at it of revenues we did discuss and then we come to material cost. So, material cost is something which I know that people are looking at as to what could be the increase in the material cost and I think it is better that we go business area by business area so that you have a bit of more granularity on it.

So, overall, it is an issue of mix of revenues. The portfolio changes which has happened and also on the competition which has intensified in quite a few segments and also the fact that we had an ability to command a premium in the post-COVID era which has now sort of dried up. So, that is something which is not there now and also market dynamics which are slowing down the decision on quite a few orders and therefore opportunities are restricted in the market to play with. And last but not the least, we have the QCO impact as well. So, that is how it is.

Other expenses are more or less steady. No one-offs in the expenses. And, yes, unlike the last quarter, we did not have any FOREX, big FOREX impact in this particular quarter. But I think the rest of it is basically mathematical calculation. So, this is how we have an overall P&L structure.

Electrification. On electrification, in Q3 2024, we had almost Rs. 560 crores of a large order, right, which is not there in this particular quarter. So, that means against 1,700-1,800, if we round it off, if we take off 600, so then we are talking of Rs. 1,200 crores. So, I think the base orders have still grown in electrification. So, that is something which is important to note. And we have been consistent in that particular effort.

So, the revenues, I think it is across all divisions. There have been no division which is finding it difficult to execute the backlog and the revenues. The backlogs definitely is down 2%. It is more related to the pace of execution is faster than the pace of intake of orders. And that, therefore, it is a reflection of that. But I am sure that as the market picks up and we are able to be successful, we should be able to also line up the backlogs going forward.

Now comes the profitability element. So, I think there were a bit of a questions as to what is the impact which is playing out in electrification. So, just to give you a bit of a picture on it, I think both MO and EL have similar issues. So, they have an issue of mix, which is basically what we do, which is a reflection of both market segments where we play out and also the portfolio what we have used to deliver the solutions to the customers. I think that is how we see the mix.

So, that means if a high profitability segment is absent in this particular, or lower in this quarter, but we have gone, because I take you back to those slides where we used to say what are the high growth markets, the moderate, and the low growth market. And naturally, the competition also plays out accordingly in these particular segments. And that has a reflection on the mix topic as what we see. The mix is one thing and then, of course, the competition as what we see in the limited opportunities what we have at this point of time, which has also got an impact on how the pricing is done and followed by the QCO and the FOREX impact.

So, now just to draw a bit of a color, what is the mix impact in electrification? Probably 1% could be the mix impact which we had, because that is the portfolio changes what has happened. That is the market segment changes what has happened where we have delivered these particular revenues.

And competition, clearly, I think, as I said in the past, we had a clear advantage of 1% to 1.5% in which we used to claim a price premium, which is not there at this point of time. And QCO impact, it depends on business to business, ranging between 0.75% to 0.8% is what we have. And FOREX, 0.6%. So, roughly, this works out to a gap of 3% on an average, which used to be the trend earlier in EL in the last three quarters, as what we have seen, right? So, if you look at it, a gap of this is contributing to that. And so, that is how we see EL.

But is this something not normal? According to me, we have gone through these particular cycles. Cycles at this point of time are softening as what we see and therefore we play out. We continue our investments as what is needed for the future. We see that the opportunities are there. They are something which are not drying up at this point of time, but of course the decisions are delayed. And also we make sure that we pick those opportunities which are relevant for our

portfolio and are good to play, good to participate in. So, that is basically an approach what ABB has and that has been consistent even in the past.

Motion. We had a good order intake in this particular quarter. Of course, we had a large order which played out in Motion to the extent of Rs. 150 crores which was not there and to the extent of Rs. 900-990 crores which was there in the last quarter, the similar year. So, again, a good base order growth. So, Motors having good base order growth is actually a bit of a refreshing sign because that is the early trends which pick up to see how the market is behaving.

So, execution, 9%, as you know, as I was alluding to, a lot of system orders and large orders which are also sitting as a part of the motion backlogs and that is why you could see at 4,100 backlogs which are there and they have probably a higher content of large system orders and long-term orders which will get executed over a period of 12 to 18 months as what we see.

So, now coming to profitability. We did talk about it in the Electrification. So, here, I think the mix is again 1% to 1.5%, which plays out, and then we have the market dynamics. And the competition is more intense in terms of degree over here, because motion has a larger play in core sectors as well as the middle sector. And that is where the competition is intense and then they have a higher impact in terms of competition dynamics. And they also have a bit of a QCO impact and of course FOREX impact because they have a huge content of FOREX, which is there.

So, overall, I think 4.5% to 5% variation in Motion compared to the previous profitability levels and what is now can be attributed to QCO and FOREX impact, which is 1%, 1.5% and then you have the market dynamics and the mix playing out on the rest which is more market-led topics as what we see.

So, now the question could be, so is this QCO impact going to remain for some time? Answer to that is yes because the dates are definitely changing. So, we are preparing ourselves to make sure that we get our slots, get our preparation done for navigating this particular challenge. And every business has an action plan but it will take some time, probably another 1, 2 to 3 quarters minimum which would take this particular issue to be resolved at least for ABB as what we see.

So, what is this really QCO impact? I think this was a question which had come to us. I think we normally have been using our locally designed products to serve the customers, but as they have to go for approvals and they have to wait for the process to be completed, so naturally then we need to definitely use imported equipment to serve the customers, and therefore that is causing (i) a cost which is higher when you import, and (ii) definitely FOREX volatility, which is impacted to the imported denominated currencies, right? So, these are some and a couple of these things. So, can we come out of this faster? Yes, our efforts are there, so we need to make sure that we are able to work on this consistency in a focused manner.

Process Automation. I think PA was pretty interesting. So, they are cyclical in nature because they operate more on the core sectors like metals, mining, and oil and gas, and a little bit on

pharma side of it. So, they see the order intakes stagnant because the decisions, especially on larger expansions, are getting delayed and they are relying more on retrofits and sort of smaller size orders and they don't have any large orders at this point of time. And that is basically why the revenue levels are also sort of stagnant at Rs. 600 crores, and they have a backlog which is falling down because the revenue is coming out of these particulars exhausting the backlogs.

Profitability is pretty much consistent. They don't have a QCO impact. They are systems businesses, so they have multiple vendors through whom they could source the material, so they relatively are less impacted by the QCO impact. But for the FOREX impact, because there are long-term contracts, they have FOREX variation clauses and therefore they are not much impacted on it. But they have, because they are long-term contracts, the probability to have improvements on the designs, on the optimization of the processes is better yielding them and also they have a higher content of services to the extent of 30% in their offerings and therefore they have a better ability to maintain the margins as what we have seen in the past.

Robotics. ABB globally announced the divestment of robotics, so we still have, the decision in India is fully dependent on the Board's evaluation and the next set of processes which will happen, which is at this point of time not decided. So, they did have a good order intake in this particular quarter to Rs. 203 crores and that had come from their segments which they play out in automotive and electronics area and general industry. So, that is how the backlog is stronger.

Profitability again, so I think it also depends here more on the mix and a bit of a FOREX. They don't have much of QCO impact over here. They had a bit of a lower service revenues in the last two quarters and therefore the profitability is muted as we stand, right? So, this is basically how the segments perform.

And then finally we go to the chart which looks at the channels of the market. If you look at it again, we have a similar ratio of this thing, nothing much changed compared to the previous 1.5 years. But only thing to note, on a cumulative 9-month basis, projects have basically come down to 8%. We have services at 13% and products still at 79%. So, I think the ratios more or less remain the same, not much of a change is what we see.

I think we can now open the call for the Q&A.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sumit Kishore with Axis Capital. Please go ahead.

Sumit Kishore:

My first question is in relation to your margins. Your profit margins for the quarter are closer to the lower end of the white band of 12% to 15% that you wish to operate in. Qualitatively, if you could elaborate whether margin pressures around material cost, the market dynamics, post-COVID correction are all factored in or we still have some room to go? Can this be the new normal for profitability in coming quarters after the record highs that we saw in the last calendar year? So, your comments here will be very useful. That is my first question.

T. K. Sridhar:

Sumit, I think when I had definitely elaborated more than adequately on the profitability movement segment by segment at an overall level, right?

So, I think that is already answered. So, I don't want to repeat it again because that is the same thing. So, now the question is, and as rightly, even in the last calls which we had said, so we are at the lower end of the percentage is what we want to operate in. And we are doing it at a pretty high levels of 15%. That probably registered in the mind as a new normal for quite a few of the markets. But I think we are at the end of the day in an engineering industry. And so we have our cyclical impacts to be handled.

Coming back to what are the topics? I don't think we don't have any one-off topics other than what we told about the mix, the market dynamics as what we understand, which is more related to the competition scenario playing out on the limited investment decisions what we have, and of course the FOREX and the QCO. So, I don't have anything much more than that.

When will we improve or move forward as in this particular journey? Probably I think the QCO should be addressed in another three to four quarters is what we see because that is the timeline what the government has also given. And therefore, I should assume that that is what the time with everyone industry will take. That is how it is. And the balance part is dependent on how the market develops and how private consumption and the investment decisions on the public sector happen. So, that is how we see.

And just to give a bit of more color to our answer on this, do we find opportunities drying out at this point of time? No. Yes, the opportunities are there, but the decisions are delayed and the choice of customers today are quite variant. And the only thing, a factor which is probably unknown at this point of time on account of geopolitical topics between, how does it play out is what we need to see, right? So, that is something which is unknown at this point of time and left to the best guess of you guys.

Sumit Kishore:

So, in the backdrop of what you said and what Sanjeev mentioned on the call earlier, well, base orders are higher up 13% year-on-year. They are stable quarter-on-quarter. So, is it right for us to sort of interpret that given the decision making is a bit deferred in the backdrop of the macro environment geopolitical tensions, is this level of base orders absolute terms likely to persist for some time before we see a breakout because of a more diversified CAPEX cycle playing out? So, across three segments, the main ones, electrification, motion, and process automation, how should we think about where we are in the CAPEX cycle and how this can play out over the next 12 to 18 months?

Sanjeev Sharma:

We have had a very good cycle post-COVID wherein we enjoyed very good growth both in expansion of orders, revenues, profitability, and all elements. And that was on back of India growth story as well as lot of CAPEX put in by the government in the right places. And also we had a good support in our segments that we were focusing the new segments, mid segments, and also large core segments.

At this point in time for last few quarters now there is sluggishness in the market in terms of CAPEX formation as well as expansion projects. They are at a good level, but they are not in a very strong expansionary mode.

So, from our perspective, this is a cycle which comes as a correction after a strong growth. Whether it takes one quarter, two quarters that our perspective is this is going to come back. The growth is going to come back, and we will ride that cycle because our 18 divisions focus on this very dynamic 23 market segments. The moment the order intake and the order formation takes place, it will directly reflect in our books in the orders, revenues as well as in the capacity utilization, which directly impacts profitability as well.

Moderator: Next question comes from the line of Renu Baid with IIFL Capital.

Renu Baid: I have two questions if they can be addressed. The first would be given that the team has mentioned that they are seeing some green shoots in base orders and tariff settlement is near, do you expect pickup in the investment cycle or broad-based pickup in large order finalizations, which has been not the case for the last two to three quarters? So, what would be your view on the likely revival or recovery in the CAPEX momentum? And if the momentum is the way it is there today with flattish book and just early teens growth in base orders, would you think it would be possible for ABB to manage double-digit growth in CY2026? Probably that too would be a year of moderation of consolidation like 2025. And in case if you can give any comment, NVIDIA the recent relationship on which NVIDIA and ABB are working together for solid state drives for AI data centers. In your view, by when you think the product service market would be available and ready? And in case if that product is available in India for ABB, to what extent it can increase the TAM for us in the DC market?

T. K. Sridhar: So, Sanjeev, I think we could invite Kiran and Sanjeev Arora on this, because they are reading the market quite stronger for EL and MO or any of 75% of our business. So, I have Kiran over here. Kiran, so you could throw some colour on Electrification and Motion, Sanjeev Arora could throw some colour.

Kiran Dutt: Thank you, Sanjeev, and Sridhar. I think it is a good question in terms of the market how it is behaving and also a quite elaborate question in terms of what exactly we are trying to do in data centers as well. I think let me pick up from few of the segments of the market. Let me just pick up something on renewables, rail and maybe something on data centers since the question is there.

Now, when I look at the way renewable sector is behaving, what we see is a good expansion in terms of the renewable market. Specifically, when it comes to renewable, I am also looking at something known as battery energy storage systems, which we call it as BESS. So, that is something which is really topping on the charts in terms of the opportunities which is available for the future as well. And we are also looking at something on green hydrogen, which is also becoming very prominent as a sector in the market.

When I look at rail, you have seen lot of expansion across investments from the government and also into the metro sectors, metro rail across the various cities of India. So, that is something which is an investment which is coming across. And we find that this is going to really contribute to the base orders going forward.

On the data centers, when I look at it, I segregate into two parts: one in terms of hyperscale and the second one in terms of the colocation data centers. When I look at hyperscale, yes, there is a bit of a sluggish kind of a movement in India at this point of time or probably in the Q3. And we are also looking at EBIT in terms of sluggish growth there in hyperscale.

But at the same time, what is important to understand is how exactly the colocation data centers are behaving. I think colocation data centers, there is a huge demand for them in terms of the capabilities what they can extend and also the difference of the customers and they want to have colocations, which is really supporting them in their day-to-day processes.

So, we feel that data centers in colocation would grow and we have seen substantial growth in Q3 as well. And we would like to go forward with our services and solutions to them even this quarter as well and last quarter as well we have been doing the same. Maybe over to Sanjeev Arora.

Sanjeev Arora:

Thank you, Sridhar. Thank you, Sanjeev. And thanks, Kiran. I think I echo what Kiran has just mentioned, so giving a flavor of the discrete part. Base load orders as Sridhar has mentioned, they have been very good for us. And that shows the early signs of positivity in the market demand. Because when we compare to last few quarters, yes, there was a challenge. And Kiran has well explained on the segments part.

But then when we touch upon the cement and the steel and the oil and gas part, I would say that the investment cycle has started in these segments as well. So, cement, we are seeing a bit of a revival and upturn in the investment. Same goes for steel industry. And also we do see a good pipeline in the oil and gas sector. So, yes, the markets will be a bit dynamic. Price pressures will be there. But the good part is that demand will also be sustained in the coming quarters as we see now. So, that is the comment from my side.

T. K. Sridhar:

Thanks, Sanjeev. Thanks, Kiran. So, Renu, I think hopefully this gives you a more granular view than at the company level. So, because at least only process automation and robotics, so process automation forms only 13% and we alluded. And that sums off the comments which Kiran and Sanjeev have given also applies to them in a way. So, I think overall, we feel that the market would be at similar levels as what we see at this point of time in the next one or two quarters. And then probably we could see some things which could be on the positive side as what is the assumption at this point of time.

Renu Baid:

Anything on the NVIDIA opportunity or TAM for India? The recent engagement with ABB parent with NVIDIA for AI data centers to develop solid state drives and cooling solutions. In

your view, can the solutions be available to ABB in India, when the products are prepared and ready? And to what extent it can increase our TAM in this particular segment.

Sanjeev Sharma: So, at this point of time, I don't have the complete details of this particular deal. I know as much as you know in terms of intent of ABB Express with NVIDIA. But as a principle, if there is no geographical restrictions or obligation of those technologies, all technologies ABB develops, they are naturally available to our customers here in India.

Moderator: The next question comes from the line of Atul Tiwari with JP Morgan. Please go ahead.

Atul Tiwari: Sir, my question is on this QCO. Could you elaborate a little more on what exactly is the nature of this QCO order, which is leading to higher imports? And how long this impact will continue before you adjust to the QCO fully?

T. K. Sridhar: So, Atul, I have actually in my commentary elaborated quite a bit including what is the impact on QCO, right? I think probably people joined in late or missed out what I said. What is QCO? The government in its mission for Atmanirbhar Bharat has wanted to create a system where Indian manufactured or developed products are more used. And before they use, I think they had to be tested and qualified by the Bureau of Indian Standards and that is something which is getting done. So, till now it was not mandatory, but now it has been made mandatory.

So, therefore all the products have to be, whatever we manufacture including the subcomponents have to go through the testing and certification of these particular institutes. And it takes a lot of time because the number of labs are less, the number of slots are less and there are so many people competing for the same slots. And therefore, it is definitely a problem. So, probably I think, that is exactly why the government also keeps extending these particular deadlines, because they know that there is a capacity issue which they have to address, right?

But now on the other hand, having come to know that this is problem on hand, we need to draw a decision which is better in terms of serving the customers. We have no other option, if we want to keep the customer serviceability as the main criteria, but to use imported material to make sure that are already certified for the global laboratories that which could be used, right? So, that is something what is QCO about and how are we handling that.

So, to address this because there is going to be definitely a lot of time which will be taken to get our product certified and so forth the others as well. And therefore, in the interim, we have no other option but to import material to serve our commitments to the customers. So, what does this mean? What used to be locally developed and which we are using at a cheaper cost, which we now need to import for the base cost itself increases, number one.

Number two is that you have a FOREX which is attached to this particular transaction. So, that is also subject to volatility. So, you have an impact on both. So, how long will it continue? It could continue as what I said to another three to four quarters is what I mentioned.

- Atul Tiwari:** So, very perversely, this order which was designed to promote Indian manufactured equipment is leading to higher imports. So, that is what I wanted to understand. So, as an industry, are you guys not representative of government than that it is serving the opposite purpose of whatever was intended?
- T. K. Sridhar:** We have done through a lot of other associations everyone. Every industry is making sure that it is representing itself to the right authorities to do it. But this is a government objective.
- Sanjeev Sharma:** Atul, you can also help us by writing analyst report and publish it in the major media. And Sohini can help you with all the information. Any help that we can get to get this thing through is always good. But it is a matter of time. It will be sorted. But yes, that is the stage we are right now.
- T. K. Sridhar:** We need to go through it, Atul. We have no other way, okay? But it is good in the overall interest of the nation in the long run. That is how we look at it, okay?
- Moderator:** Next question comes from the line of Lavina Quadros with Jefferies. Please go ahead.
- Lavina Quadros:** Just wanted to check, sir, on the robotics arm, I am sorry if I missed it if it was discussed earlier. But on the robotics arm, given the parent has sold it at a valuation, earlier there was a thought that maybe the robotics arms gets listed separately. I mean, how are the Indian shareholders going to get compensated for it? Just to understand. Will the arm be separated out? Or will the valuation be in line with what is being offered to the parent?
- Sanjeev Sharma:** So, we had made it clear at a global level that the robotics business will find its own footing, so that they can find their growth path in future. And then initial interest was to list that company. But then in the interest of the shareholders, we got a very good offer from SoftBank and Global Board decided to choose SoftBank to be the future owner and take this business forward.
- As far as India assets are concerned, these assets will be evaluated by the Board, Independent Directors included. And we will follow the due process of evaluating it. After the valuations are done like we have done in the past and the local Board is satisfied, based on that valuation, separation of this asset will be done into a new company. But then this is something is not given. This is subject to ABB India Limited's Board approval.
- Lavina Quadros:** Sir, just lastly on this only. So, listing is unlikely, but a separate valuation will be decided and then you will follow the due course process. Broadly at least as of now that is what seems to be the case.
- Sanjeev Sharma:** Absolutely. So, that is how these assets are dealt with. And if you see the history of similar assets separated from ABB India Limited, we follow a very tight governance model and that is led by the ABB India Limited Board.
- Moderator:** Next question comes from the line of Samir Thakur with Ambit Capital. Please go ahead.

Samir Thakur: So, you said that the pipeline for energy industries and process industries, that is still there. And is this just a problem of conversion to orders? And are you seeing that pipeline is increasing? Or is there an underlying issue with the demand or any loss of market share there?

Sanjeev Sharma: Is this question for a specific market segment?

T. K. Sridhar: No. I think it is for process industries in general, process automation which is oil and gas, cement, steel, and other core sectors. Balaji is not there. Balaji is not there on the call. I think he is with the customer.

Sanjeev Sharma: So, as such, if you really look into the focus of ABB into the process industries, we have very distinct focus on market segments like oil and gas. We have mining. We have cement. We have pulp and paper, and metals. So, these are the market segments, which we participate with their CAPEX cycle as well as their OPEX cycle. And CAPEX cycle is sometimes the greenfield project and sometimes it is the expansion of the project. And also sometimes they have the upgrade of their digital infrastructure, energy efficiency infrastructure.

So, we find that in these sectors given they are the continuous industries, they continue to invest in all the cycles. It is the intensity changes only when the greenfield projects kind of are announced or major expansions are announced by these players who are operating in this market. So, our typical drumbeat and our rhythm is around OPEX as well as the expansion in the normal course of the business. And that we see is quite robust at this point of time. And that continues to be robust because these are substantial industries. They have to continue to invest into the area we are.

Now when it comes to the major expansion, the greenfield expansions, in certain market segments, we definitely see there is a greenfield expansion, but it is not widespread. And I believe the cycle of the demand versus how much capacity is available, there is likely to be an upsurge in the capacity utilization of, so that is probably capacity expansion of many of these segments.

At the same time, one has to also keep in mind, this is something which I cannot say as confirmation. But in the news media, there is a clear mention that between India and China now there is a thaw of relationship, and more and more businesses are opening up. So, it is unclear what will be the impact of Chinese imports in the country.

So, I think all our customers who are in these process industry segment, they will be also evaluating very closely how this will play out, whether the Chinese imports will flow into the market in an uncontrolled way, whether that will impact their price realization in the market. So, I think that part is unclear at the moment and that will define the future demand curve for these industries in our opinion.

Samir Thakur: If I can squeeze in one more just coming back to again QCO one. There was a deadline in November '25 as well for some of the products. So, just I also wanted to check if I understand

clearly that imports, the TC related imports that we keep on doing, is that the right way to think of? We had earlier imported in, I think, March, April, May, in that quarter. And probably going ahead, we have to keep importing unless you build the certifications.

T. K. Sridhar:

Yes. So, what happens is this. The government keeps moving these particular dates, right? So, what has come in what we thought as we were working in the second quarter, that November is a date before which we have to close this. And in case if we don't do it, then you have to definitely use the important subcomponents what we require, right? But we go with that anticipation. And we try our best to get it qualified in the laboratory, right?

But if we see that there is a delay, we have no other option but to make sure that we have to import more for future requirements. But then the government as we neared to this thing, the government takes a call to extend it. So, this is basically exactly what they said. So, now the government keeps moving these deadlines depending upon how the progress is and how they are able to monitor this particular process. So, we need to go with that and be in line with the process for certification.

There is no, definite saying that it will close at this rate come what may. It is not going to happen because as I mentioned earlier, the capacity is less vis-à-vis the work to be done, which is humongous, right? So, that is taking more time. And therefore, we have to go along with what the government is directing us to do.

Moderator:

Next question comes from the line of Amit Mahawar with UBS. Please go ahead.

Amit Mahawar:

Good morning, Sanjeev, and Sridhar. Congratulations on maintaining a very good order momentum in base orders, better than industry maybe. Sir, I just have one question. You have the book in process automation, which is maybe around 30%, 40% down. EP is the only segment where we have grown very well, 15% top line. And I don't worry about margins, etc., on this issue. But do you think in CY '26, we can touch a 10%, 12% revenue growth given that mobility orders will take some time, given that energy is not a large basket for us and the discrete portfolio for us is growing more in just short of teens or less than that. So, a quality of assessment, Sanjeev, which will help us.

Sanjeev Sharma:

So, I think it is fair to say as process automation is concerned net of robotics, it will be only 13% of our portfolio 12% to 13% of our portfolio. So, we take benefit of industry cycle whenever there are large CAPEX projects and the large, consolidated orders coming to us or system orders coming to us. Other than that, we continue to gain on the ETO, which is engineered to order business, which is largely sitting in MO and EL. So, that continue to benefit. And then, of course, we have the EL business, which is the product business, which is made to store and made to order fast moving products in the marketplace.

So, in the made to order, made to store and ETO, I think the business is quite robust. And we do feel that given the backlog that we have, the execution of it is well lined up. They are clean

orders. So, we will see an uptick of revenue growth with that as we go forward both in EL and MO. But then there are some long gestation orders sitting in the mobility side that you are right.

So, I think if you net that out, I think rest of the book to bill orders as well as in the EL and MO will continue to push the revenues upwards. And as far as the PA is concerned, it goes through the cycle. So, we have seen it for a very long period of time. And whenever the cycle on the large orders pick up in that area, of course, they positively contribute to us.

Moderator: Next question comes from the line of Rahul Gajare with Macquarie Capital. Please go ahead.

Rahul Gajare: I just have one question. You have touched on delay in order finalization, I think, in your opening remarks. Now, it is very clear that I think the entire order inflows are supported by base orders. But in the last four quarters, we have got only Rs. 400 crores of large orders. I want to understand if you could highlight discussion with clients and if it is further possible to quantify the kind of large orders that we are looking at over the next maybe three to four quarters, I think that will be helpful.

T. K. Sridhar: So, normally, we don't give this particular future projection as such, right? So, we just only give a color on how the markets are and that's exactly what Kiran or Sanjeev or Sanjeev Sharma did allude to at this point of time. So, I mean, when it is large orders definitely are widespread in all the three business areas such as electrification, motion, and process automation.

What we are saying is at this point of time the opportunities are there, but the decisions are getting delayed. It is not going the same pace as what it is. But I think the good part is the base orders keep growing and which is what our focus is. So, I think to be honest, we cannot give a direct sort of a projection or a number to this particular question. I am sorry, that is the sort of policy which we have.

Rahul Gajare: In that case, is it possible you all can highlight the kind of growth that you are thinking of when you are talking about classifying certain industries into high growth or medium growth or low growth? Is that something you can do?

T. K. Sridhar: Actually, we don't give any growth projections, right? So, we only say our ambition is to be there in the trajectory of how the market is moving and what do you call, maintain that momentum of what we have seen. And I think, of course, post COVID, we had a very, very fast growth trend which is now softening out. So, our always ambition is to be in the double-digit corridor as what Sanjeev was mentioning earlier.

Rahul Gajare: Appreciate that.

Moderator: Next question comes from the line of Aditya Mongia with Kotak Institutional Equities. Please go ahead.

Aditya Mongia: My question was more at a broad portfolio level gaps that you see emerging as the market conditions change as well as opportunities that may be coming in the market that we don't

currently serve. In a sense from an inorganic perspective, how actively are you thinking about your portfolio at this point of time?

Sanjeev Sharma:

So, I can take this. So, at a global level with the robotic sale as well as how we generate cash, I think we are a quite robust company globally. And also at a local level, our cash reserves are quite healthy.

So, our global CEO in the last call has made it very clear that ABB is looking for large ticket inorganic options around the world. And whenever such options are exercised, they also have a footprint effect in India and we participate with our books in those acquisitions as well.

So, that is one part which is very much in the play. And I think that is a very strong and solid intention of the management to grow our bolt on portfolio. So, that is what we are looking for that the existing businesses should acquire businesses which complement their existing portfolio and also their ability to serve their customers even more effectively or the channel partners or the channels even more effectively.

So, that is very much on. And we also have a similar focus in India for inorganic approach other than the global, wherein we do have a list, but it takes two to tango. So, that we are working on. And we stay again focused on the bolt on opportunities for the existing businesses and also the specific new emerging market segments, which are relevant in India and relevant for our business in India, they find that focus. And this is done not only by us, but it is also participated by our global divisions. And they together with our local divisions, they are always focused on those opportunities, and we do have a pipeline. We will let you know soon we succeed either globally or locally with these opportunities we see in the marketplace.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. T. K. Sridhar for closing comments.

T. K. Sridhar:

Thank you very much. I think it was a very interesting discussion on QCO on the market dynamics and the opportunities as well as robotics piece of it. So, thank you for supporting us and also thank you for giving some valid inputs around our businesses and wish to talk to you next time after the full year results in the month of February and have a good closing. Thank you very much all of you.

Moderator:

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

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