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May 15, 2026

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: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

Ref: BSE - 500002 / NSE - ABB / ISIN - INE1 17A01022

In continuation to our letter dated May 08, 2026, we are enclosing a copy of the transcript of Analysts/Investors Call, which took place on May 08, 2026 to discuss the unaudited financial results for the first quarter ended March 31, 2026.

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

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For ABB India Limited

Trivikram Guda
Company Secretary and Compliance Officer
ACS-17685



ABB India Limited

Q1 CY2026 Earnings Conference Call

(January to March 2026)

May 08, 2026

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

Moderator: Ladies and gentlemen, good day, and welcome to ABB India Limited Q1 January to March Quarter 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 touch-tone 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, Rutuja, and good evening, ladies and gentlemen. Thank you for joining the Q1 2026 results. So on the call with me is Mr. Sanjeev Sharma, Country Managing Director, ABB India. Kiran Dutt and Ganesh Kothawade, who represent Business Divisions Electrification. Sanjeev Arora is unable to join because he's traveling but we have Balaji who leads the Automation Division.

So over to you, Sanjeev. I think we have the presentation up. But the press release is in the process of getting uploaded. So some technical glitch not from our side, but from the other side of it. So I think they're trying to get it sorted out. So in the meantime, we will take the liberty of talking you through the presentation. Which is definitely going to give some color about the press release also. Yes, over to you, Sanjeev.

Sanjeev Sharma: Thank you, Sridhar, and good evening to all of you, and thanks for showing interest and joining in on Friday evening this late. And we will keep it sharp and brief for you; for those of you who are joining it for the first time and also those who would like to have a bit of a reminder.

ABB in India at a glance is a company, which is focused on electrification, motion and automation solutions. We have a very strong footprint for manufacturing in the country. We represent all ABB Group business divisions in the country, which are highly localized and also are connected with the customers.

And at the same time, we serve our customers from our 28 sales offices, an increasing number of channel partners who take us to the deeper side of the market and also do value-added services closer to the customer. And from this country, we are exporting to about 30-plus countries, which are increasing as we progress with our portfolio and footprint of manufacturing.

So those of you who have been following ABB on a constant basis. So last year, we did see there was a bit of a market correction. And then I think that were also reflected in our numbers. But for last quarter of 2025 and the first quarter, we see demand has become resilient, and we are seeing quite a good uptick of it in our books. And this is across all of our segments.

As you know, we have 16 divisions, which are distinct business models, are connected with 23 market segments. And we see all the market segments are showing good resilience and good capex formation and also good ordering.

So we had a 25% order growth, 6% revenue growth and we continue to have a good cash position within the company. And also, we have a good backlog, which gives us good revenue possibility.

Sridhar will take you to the profit after tax numbers when we break down the financials later on. But some of the highlights that we announced about \$75 million investments to expand manufacturing and R&D in the country.

And we also dispatched first locally manufactured wind power converter from the Nelamangala facility, which is, again, one milestone and also opens up another revenue and order stream for the future.

And we also have ARTU Formula, a next-generation low-voltage (switchgear) platform, which is used by our partners in the market to give a value-added solution to power distribution industry. And on sustainability side, we have Scope 1 and 2 greenhouse emissions down by 82%. And we have secured rank 3 in Electrical & Electronic sector and rank 9 across industries in BW Businessworld's Most Sustainable Companies award.

If you see the order momentum, it is coming across core and emerging sectors, namely in transport, building infrastructure, data center, food and beverage, process industries and renewables and which just gives us good visibility going forward because the customer interest and the order pipeline formation is robust at the moment.

And given our backlog, we see very good revenue execution going forward. Of course, we will see what impact the West Asia issues have, but those will be temporary as we go forward. So you can see that we have a portfolio wherein we are seen by our customers in the segments like data centers, renewables, industries, infrastructure and transport as the best-in-class supplier of products and solutions, and we continue to gain and enjoy that confidence from our customers. And these are some of the examples that you can see.

So among the market segments, we are in our 16 businesses, our focus, which is the 23 market segments. You can see the emerging industries, which are growing quite strong. And infrastructure and transport that is on a healthy scale we have highlighted by colors. And core industries, which are modest, but they also form a fairly large part of our portfolio. And we continue to see strength in some of these market segments, which are cyclical in nature. And that's exactly what is interesting about our portfolio, 16 business models operating in 23 market segments, and we continue to show resilient results over a period of time because there is a cyclicity among the market segments. So that's a good place to be, and that's what we have observed over a period of time.

Just to give you an idea about what we do in the data centers because that's a flavor of the day. So we have a lot of products and solutions, especially in the low-voltage power distribution, which essentially powers up the computer racks in the data centers and also the medium

voltage and primary secondary distribution, which brings in the power into the data center and the alternate power sources like generators, battery energy storage that also become part of that solution.

UPS is another power protection facility, which goes from us. And then we have a number of drives and motors that go into the cooling system components and number of installation products and also automation solution for data centers plus medium-voltage substations. So this combination is enjoyed by customers, especially the hyperscalers.

We have a good demand globally for these products. In fact, very strong demand globally as well as in India, and we are kind of serving our customers quite effectively, given our capacities available and our capability is available locally to support not only in installing the solution, but also provide long-term service and support to the customer.

Sustainability in practice, as I mentioned to you earlier, our GHG emissions are down by 82%. Water recyclability is up 46%. And you can read our BRSR report, which we have released and there, again, we have highlighted in much more details about what kind of focused effort our company does in this particular area and we continue to get recognition for the work that is done by our teams across the country.

On the CSR part, we continue to stay focused on three areas: education and skilling, diversity and inclusion, communities and environment. And we have our track record for the last 10 years that we spent 100% of our commitment and we really measure not by spend, but by impact. And we also do audit for the impact of all the spend done in the areas we mended to begun. And our Board and the CSR Committee regularly reviews it, and they have been quite satisfied in terms of the impact that we create with our CSR spending.

Now factors that we are watching for 2026 are the economic power, then green energy and sustainability, urbanization is smart infrastructure, automation and AI, consumerism and lifestyle upgrades and of course, coupled with the global uncertainty, this is a combination plate that we have. Quite frankly, we have seen many cycles in this country, we are manufacturing for the last 75 years. We have probably seen most of the events that we can record in the history. So our team and the businesses are pretty resilient in terms of not to overblow the uncertainties because every year, there is something. Last year, it was tariff. This time is the West Asia. And a few years back, it was COVID. We have all gone through those cycles. But the team really knows to keep focus on the customers, what the customer is demanding and to keep fulfilling what customers' demands are. And I think that's a simple recipe for us to stay resilient.

On the financial highlights, now I hand it over to T.K. Sridhar, who will go more granular on the results.

T. K. Sridhar:

Thank you. Thank you, Sanjeev. So just to give more insights about how did we perform in Q1. Orders were pretty strong. I think 25%, base orders 9%, but large orders is something which we got. And it was from the data center space and the railway space, right? So not to

mention what the order values, but these are the two market segments from which we got this large orders.

But overall, I think we are in a very solid position in terms of order backdrop. INR11,000 crores, I think this is a good backdrop, which gives the nice visibility for the coming quarters. That's what we can go through.

Revenue, INR3,184 crores, slightly subdued, I would say. I think we were sort of well positioned to go to INR3,300 crores, INR3,400 crores levels. But the last minute topics which we had to deal with on account of the West Asia crisis sort of stifled the offtake as well as the supplies. And that's something which we had to state where we are at this point of time.

And this naturally had a cascading impact on the performance and the profitability level. But apart from that, we also had a quite interesting development on the metal side of it, which is copper, silver, and aluminum. And apart from that, we had the currency, Indian rupee depreciating pretty sharply against the European and the U.S. dollar.

So that's something which really led to a to a new debt performance as far as profitability is concerned. I'm sure that this is not in line with the expectation of the market. But I think that this is the best possible option with the revenue mix, which we had and the crisis which we have to deal with at the last minute. So this is something about what is the factors which led to a muted profit growth. So that's what it is.

But the cash is definitely strong. So we have, at this point of time, INR6,042 crores, but this is without the cash which we got from the sale of Robotics. If I include that, it is roughly round about INR7,600 crores. So that's the overall strong cash position, what we are in at this point of time.

To deal with what really impacted the profitability a bit more in a granular way, I think other income, of course, included the interest which we had been getting on the advances and the cash balance which we have, that's been increasing. So from that, if you look at the material cost, stood same levels at 61.3% and 61.4% sequentially. But that compared to Q1 '25, we are definitely up by 3.5% or 3% right? So that's what it is.

And now if you look at what it leads to the book margin, I mean, the higher material costs in 3.7% I would attribute basically three factors to that, one is definitely competition intensity and when the commodity and the rupee depreciation part of it and the revenue mix of it, so the competition and the intensity, probably a percentage, commodity price increase and rupee depreciation, almost 2% and the revenue mix the balance 1%. So roughly, this is the cut between what was the material cost in Q1 2025 versus Q1 '26. That's the sort of stuff.

Personnel expenses as a percentage, it remains the same, but higher in terms of value, more relating to a people increase and the salary increase, which happened and a slight delta for the Labor Code impact on the revised salaries what we have. So that's how it is.

But I think on the expenses part of it, because we were well positioned to do a larger revenue. So we had our revenue expenses, which is slightly higher. And if you look at it, as we

mentioned, there is also a swing in the exchange commodity losses, which is this time INR27.5 crores impact on issues which are well known to us.

So overall, I think this is a quarter where there has been a correction, there has been a bit of an unprecedented headwinds and due to which we could see profitability, which is going down and revenue could have been a bit higher compared to what we are doing at this point of time. But a more positive part of it, which we are all looking forward to is the development in the orders which is going to give a good runway for revenues in the coming quarters.

Next slide, a bit of a color on how did the division, how did the business segments perform. **Electrification**, 36% up. So I think on year-on-year, solid percentage is what we see, and that's more driven by the data centers in the building segment in orders what we are getting from this. And revenues also driven by backlogs but could have been higher. That could be something which we would have wished for.

And profitability, 21.4 to 15.2 and last year, we had a very big data center order, which we got executed in Q1, which is not there in this quarter. That's what we mean by revenue mix. And more importantly, the cost impact on account of copper and silver price, which has been definitely to a high level in electrification segment and to add to that for the rupee depreciation. So this is something which we saw. But I think we have a backlog of INR4,000 crores, which is executed below the next 5 to 6 quarters.

Motion. Motion grew by 22%. They are maintaining their quarter-on-quarter growth consistently, a band of plus 20% despite the competition intensity what they see. And it is more driven by orders from the rail segment and also the renewables and private industries, which we have also been able to do for the drives part of it. But there's a slight decline in the exports, right, but I think it's more indicatable because of the crisis, which we had to undergo in the last minute over here in the month of March.

Revenues INR1,200 crores and profitability at 12.8% as you all can see. So I think that's a bit subdued. And also here, the material cost was higher, and that's also attributable to the same reasons as what we do. So overall, if you look at these factors, it has impacted the major product divisions of electrification and motion to quite an extended system.

Automation. While electrification and motion showed a robust growth in orders, automation which depends on more on private capex and the public expenditure is more subdued on the order intake part of it. But I think we have a good opportunity pipeline, but the decision-making speed is slightly slower at this point of time as what we see.

So I think a good opportunity pipeline, but slow decision-making is the characteristic of automation is what we see at this point of time. But we are confident that this will turn out to be potential orders in the quarters to come.

Revenues, they are driven by weaker order backlogs. So the revenue pace is also a little bit slowing down, but the profitability is higher because of a good mix between service and project systems and also some good profitability, profit marginations on the projects which are

under execution and completion. So this is the overall view on business side. And order backlog, INR2,100 crores, I think we will have to ramp it up forward.

So this is a bit of the business models, what we see by business areas, if you look at it MO and EL are now 81%. We don't have robotics at this point of time, so robotics used to be 4% to 5%. So, but now without robotics slightly changed, 19% to automation and 81% at MO and EL.

In terms of offerings, projects at 7%, 81% for products and the rest for services. By exports, I think it was 11 and 89, slightly higher because of the bit of more export orders, which came in. So that's it.

So, I think we could probably try to take some questions between now and half past 6, because this being a weekend, we don't want to extend beyond 6:30. And just in case if there are some questions left, we can answer later for next week.

Moderator: Thank you very much. The first question is from the line of Renu Pugalia from IIFL Capital. Please go ahead.

Renu Pugalia: Good evening, team. My first question is on the private sector investment revival that you were expecting sometime around early this calendar year. So do you see -- as you have briefly highlighted, but do you see the customer sentiments getting materially impacted on decision-making and closure beyond the process automation within the core business segments.

And also any likely budgetary impact on cash flows? Can that derail or postpone the infra spend which is in the moderate growth category that you have highlighted in terms of order flows? That's first question.

And second would be on the recent capex that you've announced. How do we see the export portfolio ramping up and our exposure to data centers in terms of local product footprint expanding with the recent localization of plans that we've announced on the new capex?

T. K. Sridhar: Okay. So Renu, I think the first question is around the market. I think we have -- on the private capex, we have Kiran and Ganesh, who could give an electrification view of how the private capex happening, and we have Balaji. And so for the motion piece of it, I think they will all -- their commentary will also cover in a way directionally that's because we don't have Sanjeev on the line. So, but I but I think we will try to answer that from this, right?

On the capex part of it, which is the \$75 million, what we said or -- and not \$75 million, that's for the total ABB excluding the Hyderabad labs, is probably lesser. So we will -- I will give you a color at the end. So Kiran, if you would like to take the question and then we pass it on to Ganesh.

Kiran Dutt: Thank you, Renu for the question. What we are looking at is quite a robust scenario in terms of investments in...

- T. K. Sridhar:** We lost a bit of a connection in between, a technical glitch, right? So, but in our thoughts, we are now gathered together as to what we need to answer. Over to you. Kiran, back to you.
- Kiran Dutt:** Thank you.
- T. K. Sridhar:** Capex.
- Kiran Dutt:** Thank you. I think we were speaking about private capex and then I was talking about data centers as well. I was also talking hyperscale and colocation both getting into investments, and we are in some very good investments coming in at the same time, orders for us as well. I was also talking about railways and renewables. Rail, we are talking about both in terms of rolling stocks at the same, we're also talking about the station development and innovation projects, extremely good inflow of capex there.
- We are also looking at renewables, specifically, I was talking about the best systems, which is extremely promising for us, and we are able to get great orders in the first quarter. The last point I wanted to make is on the building side, it's quite mixed scenario at this point of time. On the [inaudible] are seeing a very good numbers, but at the same time, residential side, while the mid and the lower end is a bit of a challenge, but at the premium segments, we see a very good opportunity. So that's what from my end. Maybe Ganesh, if you can add your thoughts.
- Ganesh Kothawade:** No. Kiran, you almost covered the segments which are looking promising. Like what you see data center is very strong renewables is also coming up very strong, and it's reflecting in our order book also and the opportunity pipeline, which is getting showed. And there is a private investment, which is coming in even the industry side, we have seen a couple of very strong inquiries, which are in the pipeline. So we are very optimistic about the investment, which is coming from the private side.
- T. K. Sridhar:** Very good. Balaji, if you are there.
- G. Balaji:** Yes, from an automation side, firstly, I just want to qualify that there is a certain life cycle and of a project, especially in the early stages, and it follows a pattern and typically automation comes towards the end of ordering. We see a strong pipeline. However, there are industries that depend upon petroleum products as their raw materials, that is a little bit of stress.
- We see that this could be a temporary one. Having said that from both public sector and private sectors, the inquiry bank is quite strong. And those inquiries which is already issued, they are proceeding. And unfortunately, due to the nature of the stage, I'm not able to call out those specific segments. But there is a very strong pipeline and quite a strong movement towards closure of orders.
- Renu Pugalía:** Sure. Can we conclude that basis, while you have seen execution headwinds because of the West Asia crisis, ordering momentum or process has not seen any derailment or postponement from customers because of the ongoing inflationary trends or the West Asia crisis. Is that right? Or there is some impact? That was my question.

Kiran Dutt: See, you have looked at our order growth, right. So that itself very clearly reflects the way we are in the position now. On electrification side, [inaudible] that shows the kind of robustness in terms of investment in India. And that's where we are also able to get a portion of that pie. And that's the reason why we are showing that.

T. K. Sridhar: So I think there was one question which Renu had raised about the investments, how much this is going to help us. I think, as you have already heard in the past, ABB sees that there is definitely a market which is developing for the products and services what we are manufacturing. So [inaudible] future market opportunities -- to serve the future market opportunities.

So this is basically coming from right products expansion. We have the service expansion for motion and also have in EL, the smart products manufacturing also increasing quite extensively going forward, right. So that's the plan, what we have. And I think we will hear more as we go into the few quarters as these projects are getting commissioned.

Moderator: Thank you. The next question is from the line of Amit Mahawar from UBS. Please go ahead.

Amit Mahawar: Yes. Hi, Sridhar. I just have two questions. First is, do you think this is going to be a year where we will have a lot of lumpy orders, which is basically going to be part of the intake? And more importantly, and you can specify if this is going to be a strong high-double-digit growth year for orders?

And second is on profitability. If I look at the parent commentary, obviously, EL was a very, very strong indicator. And we also saw that in some bit in our results in terms of top line growth. Do you think the profitability this year can be significantly better than last year?

And I understand the short cycle weakness is still holding up. So any color on the profitability? I know we don't give guidance, and we have variations in this quarter. But the balance of the year, any color on profitability because I can see a lot of initiatives by the parent. So I just want to understand how is India positioned?

T. K. Sridhar: Okay. There is limited knowledge of how the parents are profitable, if you understand, they have the balancing power of -- for again in countries, which are exporting, right? To economies which has weaker depreciation in currency and that's an compensating upside, right? So which -- whereas you don't have it.

So that's an intrinsic advantage what they have. And also their growth, if you look at it in the [Inaudible] in the supply. And so their ability to get a premium is far, far higher, right? So therefore, what I mean to say is yardstick of the global performance to compare the India performance is something I think we cannot work it, right? So that's this thing.

So now coming to India performance as such. I mean going ahead, we have in backlog of INR11,000 crores, I think we'll have to execute. So what is probably, which we will have the lever is around the capacity absorptions, which will really help us going forward. That means the velocity of revenue conversion has to increase depending upon what the customer off take is, right?

But whereas if you look at the pricing, the support to get more probability is something which is now saturated compared to the previous. Right? So now you have a lever of volume, which could pull up the margins, but you have the other impacts of the forex and the commodity, which is not in our control, which is basically more than offsetting what you can also do on a volume basis.

So I think what we expect is that, I think we should be able to mitigate this risk of forex and material volatility at this point of time. With the volume, which we see. But I think we need to work more on how the market develops in terms of accepting more price increases to the market. So that is more color, which I could give at this point of time on it.

Amit Mahawar:

So when we talk to channel partners across you and your peers, there's a very clear short cycle weakness as we speak for different reasons. It's been there for 2 years. Do you think this is a year where your base business can grow top line by 15% and large order, I can already see last 2 quarters are very, very strong, and we have a good pipeline.

So collectively, the intake for it to move towards a different run rate, do you think this is too early for us to comment or in next 2, 3 quarters, we can see base orders shifting because there is a restocking cycle for last 2 years. So when you comment on base business, Sridhar, that will be helpful?

T. K. Sridhar:

So I think Amit base business, we grew at 9%, not the 15% of , right? So that means we definitely see the channel partners. I don't know whom you have spoken with, I think what we see is that there is a market velocity which is there. It's not that the market is bad, but I think it's more about the timing of it, right? So it could be a bit of a, as you rightly said, choppy bit of situation. But the good part is that there are opportunities, and we are confident these will convert into orders for ABB.

Moderator:

The next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal:

My first question is what kind of inflationary pricing actions we have taken across businesses to mitigate the impact of inflation so if can quantify the price you have taken to mitigate this across these businesses?

T. K. Sridhar:

Commodity inflation. Okay. So we are a product business. That's what it is. If you look at it, we have more than 70% of our business is always -- I mean, even though we call it a short cycle, it will have some lag. So therefore, we always have a lag to impact the price because that's something, which we as a business, take a strategic decision to revise the prices. So to add more color to it, I think I could invite Kiran to give a bit of more insight on this as to how do we manage these price increases.

Kiran Dutt:

Absolutely. At the end of the day, there any price increase in the we have done -- so go for a price increase. We have already gone for two price increases is public anyway. And that's the way. And as Sridhar said, there is a lag between the prices which are impacting the costs which are impacting and the price increase in the market. And that's what we need to manage, and that's what we have done. We already have taken two price increases now.

- Parikshit Kandpal:** And can you quantify, sir, how much is the percentage increase?
- T. K. Sridhar:** So that's something which is very sensitive for us to disclose. I don't think it's an answer which we could give, please.
- Parikshit Kandpal:** Second question is on data center, sir. So on data centers now, I mean we are maybe going from 2 gigawatt to maybe 10 gigawatt in 4, 5 years. And there would be a significant ramp-up from the hyperscaler side. So I think initially, inventory, you did mention about 4, 5 product lines there. So just wanted to understand how is the TAM increasing as hyperscalers gain market share in this tax effect -- and also if you can help understand what are you doing on the substation side of it?
- T. K. Sridhar:** Ganesh?
- Ganesh Kothawade:** Yes. See, as you very rightly said quite a lot investment, which is happening on the data center, not only in the Hyperscale, but even the Colocation and the Edge Data Center. And our portfolio is very well positioned across the electrification as well as all other products to really take on into this particular job; and we are also actually matching the capacities as per the requirement because many of these hyperscalers has already signed right contracts with us. and we are very well positioned to capture this particular market. In fact, we are building up the capacity to meet their demand.
- Parikshit Kandpal:** Substation side, what I exactly going to do and also the opportunity in terms of TAM, what is like our per megawatt opportunity addressable opportunity now with this ramp up? The capex is INR80 crores, INR90 crores or INR50 crores to INR100 crores, what would be our per megawatt opportunity there? And on substation side what would exactly want to do it...?
- Sanjeev Sharma:** So as we have discussed in the past and also in a slide today that we have different opportunities in the data center, which is a direct opportunity within customer by the power supply bringing a medium voltage input to this where they want to set up the data center. So that medium voltage, stay kind of switch gear and the associated equipment. That's where our scope is. And after that, it gets stepped down and goes into voltage distribution to the power rack or rather the computer racks, that's another scope.
- And by the UPS and also in the utilities and ancillaries, we have drives and motors going. So that's the typical scope we have in India as well as globally. Yes, we do know what is a factored scope per megawatt, but this is something we don't publicly talk about. But yes, it's a substantial scope, especially when you have the larger gigawatt opportunities, I think the size is a very large opportunities that we see.
- So, so far, we have executed some contracts with the hyperscalers. I think the speed at which they are executing it and also the quality they are executing it, the demand of our products is preferred in the marketplace. And that's what we are enjoying at this point of time in India as well as India. So I'm sorry, I'm not able to give you a factor, but we do know the factors.
- Parikshit Kandpal:** The percentage of current order book in data center at if you can share to the total order book, what as a percentage of data center order?

- T. K. Sridhar:** Data center orders would be up to 12% to 13%.
- Parikshit Kandpal:** Okay. Sure, sir. Thank you.
- Sanjeev Sharma:** It's not a fixed percentage. It does vary in a band based on when the order gets booked and what's the size of the orders and the book. So it can vary between 12% to 16% as well.
- Moderator:** Thank you. The next question is from the line of Atul Tiwari from JP Morgan. Please go ahead.
- Atul Tiwari:** Thanks a lot. Sir, in the month of April and May, have you noticed any incremental weakness over the month of March for your short cycle orders because of the customer sentiment around war and fuel prices, etcetera?
- Sanjeev Sharma:** So let we do 90% of our business is in India and 10% is exports. Quite frankly, last year there was a weakness in the market for different reasons, but those two or three quarters we saw it. But starting last two quarters, we are fairly experiencing robust demand at the moment. So quite frankly, it is not adding to our concern directly what's happening in the West Asia at the moment. If there is a lag effect that comes up in the quarters later on, of course will share with you.
- Atul Tiwari:** Okay, sir. Good to know. And sir, my last question is on price hikes that you mentioned. So when you are taking the price hike, are those hikes acceptable to customer and despite the price hike, are you able to kind of broadly maintain market share for the expected product?
- Sanjeev Sharma:** So we have had quite a good experience during COVID period. We're in a lot of supply chain disruptions came and we had to pass on some cost to the market and which we did. And now one thing, one phenomena we have understood and clients have understood pre-COVID and post-COVID is that post-COVID the customers have become more kind of more aligned with the thought process that when the market disturbances take place.
- They have to participate in the market with the suppliers to get the high-quality products. So one is that the demand for the high-quality products like ours is quite high and the customers appreciate it. But whenever there is an inflationary issue or where the displacement of the supply chain takes place. Whenever we go with the better price in the market wise, I think customer responds positively. So that's where our team is quite sensitive to it, not that we have to pass on everything. We also optimize with the productivity in-house. And then whatever we cannot hold on, our customers are able to participate on that. And the increases that we carry it out is basically calibrated around that.
- Atul Tiwari:** Okay, sir. Good to know. Thank you.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** Good evening and thanks for the opportunity. My first question is, do you have escalation clauses in long-cycle orders like Metro rail, which you've signed in this quarter?
- T. K. Sridhar:** Escalation for?

- Mohit Kumar:** Price escalation, commodity inflation, if it happens, there is escalation clauses which protect us?
- T. K. Sridhar:** Yes. Mohit, I think it's a very good question. Thanks for that. So I think there are escalation classes. There are price variation classes in all contracts which we do on a long-term basis. But we should understand these price escalation process may also come with a ceiling, up to which it is there. So it's basically about risk mitigation and how fast we execute this particular contracts. But the answer to your question, yes, we do have price escalation clauses in our contracts.
- Mohit Kumar:** Even when you signed with the private parties, right? Is that right?
- T. K. Sridhar:** Yes.
- Mohit Kumar:** Are we seeing the conversation happening for very, very large data centers of 100, 200-megawatt quantum or do we think it's too early and those conversations will start in maybe CY27 and CY28?
- Ganesh Kothawade:** No, it has already been started because whatever hyperscalers has placed in the previous years, those executions are ongoing and even whatever contracts now, which we are signing or discussing there is already delivery schedules, which has been given for the '26, '27 and even up to '28. So conversation is already going on. So I don't see any delay into that.
- Moderator:** next question is from the line of Puneet from HSBC. Please go ahead.
- Puneet:** Yes. Thank you so much. In the beginning of the conversation, you talked about 1% impact from competition intensity. Can you give some more colour on what are you seeing in the market and in what segments?
- Sanjeev Sharma:** So we have 16 distinct businesses. And if you pick up each and every business, they have a very different profile of competitors. So if I collage it for the whole company it was a very large kind of a country. So I would say, yes, you're right, there is a competition intensity as the size of the market grows. You have participation coming from Japanese. You have a participation coming on Korea, some Chinese. So you naturally have non-traditional players which they're increasing in the marketplace. So it's not the majority of our market segment. It's on the certain market segments wherein it is more [inaudible] capacity increasing on the competition side.
- Puneet:** That's helpful. And if you can just give some more color on how should I think about the \$75 million capex in terms of phasing and when do you expect it to capitalize?
- Sanjeev Sharma:** It is about expanding our capacities, both in the development as well as certain businesses, which we had they were small, but now they have grown to size that they require larger places to produce more. And also, we have introduced some new product pipelines, which are localized and they also have not only mandate for India, but they also have mandate for exports. So those are the places in these expansionary investments have been carried out. And this is a continuous process, and we will see that in future, there's always a run rate for it.

- Puneet:** Understood. That's all from my side. Thank you so much.
- Moderator:** We'll move to the next question, which is from the line of Rahul Gajare from Macquarie Capital. Please go ahead.
- Rahul Gajare:** Yes. Hi, good evening. So we have seen a sharp decline in margin over the last 2 years. And we understand this is a combination of QCO, Forex and now the Gulf war being the latest variable. Now based on your assessment and on the back of the price hike that you have taken, when do you think we can see ABB going back to 18%, 19 or if that is a two-step process, when do we see the company going back to 16%, 17% margin?
- T. K. Sridhar:** Okay. So I think, Rahul, I think we need to deal with the problems one at a time, but unfortunately the problems keep coming it doesn't seem to be ending. But having said that, I think there are continuous efforts to mitigate this particular risk and go to market. It is a combination of both volume and pricing and also the inflation being available to take the inflation of commodities and it's a very bit of a I would say, not a simple game, but have work to do, right? So, I think all efforts are on.
- We also aspire to be in the so-called once we had reached 15% and we have been that and we will be there at 12% is what we ended up last year. So that is actually a good range to be in and what we see with the current challenges, what is ongoing in the market.
- Moderator:** Mr. Rahul, is the question answered.
- Rahul Gajare:** Yes. So, do you see the entire year will be subdued in terms of profitability based on the backlog that you'll have, having the limited price hike that you have been able to take?
- T. K. Sridhar:** So normally, we don't give any guidance about what could be the future.
- Rahul Gajare:** No, no, I'm not looking at guidance. This is your cost and you have taken X price hike. So have you been able to take price hike higher than the cost. That's the only thing I'm looking at?
- T. K. Sridhar:** They are short cycle orders. The price hike which we take today is not valid next quarter because of the commodity and the forex rates move faster than the price hikes what we have.
- Rahul Gajare:** Okay. So regular price is the answer.
- T. K. Sridhar:** Because I think there is always a lag between what the inflation in the market is behaving on the input cost vis-a-vis the pricing which you could take. We are taking into account the competition intensity and the market dynamics.
- Moderator:** The next question is from the line of Sameer Thakur from AMBIT Capital. Please go ahead
- Sameer Thakur:** I got disconnected earlier. So, in data center in a 12% to 14% of backlog -- so it's mostly in electrification, if I'm not wrong, should we so like 24%, 25% of the backlog in electrification? And is that margin accretive? So, mix can be positive going forward? Is that the right?

- Sanjeev Sharma:** You mean what is the percentage in electrification. I think we haven't calculated top our head, but we've given you on the company basis. But yes, it is substantial in the books of our distribution solution led by Ganesh and also on the smart product business, SmartPower product group as well. So yes, this is definitely positive for our books as well as on the margin side, yes.
- Sameer Thakur:** Okay. I got disconnected earlier. So, I'm not sure whether it's a repeat question, but any split on the price and volume in the growth?
- T. K. Sridhar:** So is the first quarter. So, we have another 4 quarters to go probably then we will be in a good position to say that what could be an aggregated impact of this.
- Sameer Thakur:** Understood. Just last question. In data centers, generally give the base orders or generally there are large orders only?
- Sanjeev Sharma:** We have both. There are two ends of it. One is you have the hyperscale asking for a very large-scale power supply into it. But then also we have the partners and integrators who supply into the mid-level and colo data center and they supply power supply into those. So those are not as large, but that's where we are able to address different market segments in the data center.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.
- Subhadip Mitra:** My question was on the margin side. We've seen the impact over the last 4 quarters also because of the QCO impact? And my understanding was that the QCO impact should probably taper off over the next 1, 2 quarters. I just wanted to get an understanding that with the price hike that's already been taken and hopefully, with the QC impact going away probably over the next 2 months, can we see some recovery in margins going on?
- Sanjeev Sharma:** So yes, I think your answer is yes, and that's why we come every morning to our office to make sure that, that happens. But what our observation over a period of time is that whenever the markets are disturbed, whether it is because of the COVID reasons or some QCO reasons, these are not very good things because what you require is you require certain amount of certainty and linearity for businesses to operate based on how the business models have been constructed. But yes, last year, because of tariffs, uncertainties, then QCO and this year now whatever is going on to West Asia, there is some kind of a disturbance that comes to the linearity.
- The moment things stabilize. I think given our equation with the gross margins we get out of the market and we do it on top of the stable supply chain, I think you have seen that whenever that happens, we have a good margin availability into our business. We had to allow a little bit of a sustained period of stability, not so much variations every few quarters.
- Subhadip Mitra:** Understood. Just one last question from my side on the data center a bit. While we are hearing of a 2-gigawatt annual capex is what the government is targeting. Are you seeing the annual ordering now in the 2 gigawatt was because our understanding was that the current bidding pipeline is probably somewhere between 500 to 700 megawatts.

- Sanjeev Sharma:** We do see it in the project pipeline that buildup is there, yes.
- Subhadip Mitra:** Perfect. And would you be also catering to the overseas market for data centers where you produce in India and supply to parent for data centers overseas?
- Sanjeev Sharma:** So, we have organization all over the world, and we have capacities to serve. But right now, you're right, the demand on the global system is quite high. So, there are certain specific products, which our global businesses pick up from India. And yes, we do participate in that.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. T.K. Sridhar for closing comments.
- T. K. Sridhar:** Thank you very much. Thank you, everyone, for joining this particular call at a very short notice, but we thought that we should complete it immediately because we have some extraordinary results to tell about it. So, what I think we'll again definitely connect in the next quarter. And in case in the between, if you have any queries, anything which you need to know more, feel free to drop a line to us. We will answer to your queries. Thank you very much and to the team who could make and join the call.
- Moderator:** Thank you. On behalf of ABB India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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