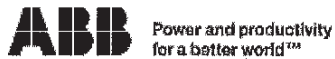


**“ABB India Limited - Q4 & Full Year 2013 Results
Investor Relations Call”**

February 18, 2014



MANAGEMENT **MR. BAZMI HUSAIN – COUNTRY MANAGER AND
MANAGING DIRECTOR**
MR. AMLAN DATTA MAJUMDAR – COUNTRY CFO
MR. N. VENU – HEAD, POWER SYSTEMS
**MR. PRITEESH MAHAJAN – HEAD, PROCESS
AUTOMATION**
MR. SUBIR PAL, HEAD OF STRATEGY AND MARKETING

MODERATOR **MR. TK SRIDHAR – HEAD, INVESTOR RELATIONS &
COUNTRY CONTROLLER**



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

Moderator: Good afternoon, ladies and gentlemen. I am Inba, the moderator for this conference. Welcome to ABB India Limited Investor Relations Call to discuss the Q4 & Full Year Results for 2013. For the duration of the presentation, all participants will be in the listen-only mode. I will standby for question-and-answer session. I would like to hand over the conference to Mr. T.K. Sridhar. Thank you. And over to you sir.

T.K. Sridhar: Thank you, Inba. Good afternoon to everyone. Welcome to the Q4 & Full Year Results Conference for ABB India. I am T.K. Sridhar – Head of Investor Relations for the country and also the Country Controller. Present on the call with me are Mr. Bazmi Husain, Managing Director of ABB Limited; Amlan Datta Majumdar – Country CFO; Priteesh Mahajan – Head of Process Automation and Venu – Head of Power Systems in India and Subir Pal – Head of Strategy and Marketing. Also, in the conference call along with me is Sanaj Natarajan – the Media Relations Manager. So now I hand it over to Bazmi to take us through the results.

Bazmi Husain: Thank you, Sridhar and good afternoon, ladies and gentlemen. What I am going to do is like every time I am going to first start off and cover 2013 as a year in terms of what the environment was like, talk a little bit about the key highlights for us during the year, look a little bit ahead into how we see the market developing, then Amlan will get into more details on the financial performance, we will then open up for Q&A session. At that point in time other colleagues will step in.

First of all, looking at 2013 really was characterized by a slowing GDP growth rate, especially for manufacturing sector which took really the brunt of most of the slowdown, and also the rupee depreciation as well as the volatility did not help the situation, and essentially increase inflation and also intensified slow growth situation that we have. There were last time when we talked about a lot of qualitative change in the market in terms of reforms that took place. I think for all these reasons that I just talked about they did not translate sufficiently into some substantial growth trends. Credit was of course become more expensive and that delayed further CAPEX investments. If you look at some of our more traditional industries, steel, cement was down, oil & gas was flat I would say, in the traditional area, Paper results are down, power generation because of the known fraternity of a lot of things, that was also down. Mining in the traditional sector was the only thing I would say where there was let us say some signs of hope of investments. Having said that there were a number of areas where there is a growing momentum, solar renewables continue to be on a growth path, also was a good year for wind in India in 2013 and also on the Railways sector and there in Railways I include both Indian Railways as well as Metros that are coming up, I think that continue to grow. So overall I would say there were few areas where there were some positive sign but then most of them they were down from an investment and growth perspective.

Looking at our own performance, I think it is fair to say that in this rather difficult macro environment we have been able to hold steady in terms of our revenues and orders for the whole year, slightly up/slightly down, quarter-on-quarter both revenues and orders did grow. Now, the focus that we have had in last several quarters when we talked about the investment

and the focus that we have had on projects management and operational efficiency has helped us to improve our profitability in this environment.

The good news though is that even though there were no large orders in the market we did grow our base orders. And base orders are in that sense in this environment that has also been our focus to really to go after base orders, they are short cycle orders, they also have lesser risk of getting canceled, etc. from a customer perspective; customers are more likely to go ahead with smaller projects. So I think base orders growing clearly has been a result of intense focus. Exports continue their good double-digit, almost 30% or thereabouts growth. So, it is helping us balance. And the other thing the execution part really relentless execution in every aspect, whether it is operations, whether it is project management, whether it is our supply chain has really resulted in efficiency that has been translated into real numbers at the bottom.

At the same time, we have also tried to get closer and closer to our customers. I think since the last three years we have been running a program, standard thing called Net Promoter Score thereby reach to our customers and find out what do they appreciate about ABB, whether they would recommend us to others. That is really a measure of how customers feel about ABB. And there I am really happy to share with you that this year we restart to well over 8,700 customers and partners and we had a Net Promoter Score of plus 40, which is compared to the year before where we were about 30. So, it has improved. So clearly, in this market we are focusing on getting closer to our customers and the result show that while there are many things that customers want us to do better and we are working on that and we get back to them what we are doing on what they highlight to us in the areas of improvement but more and more they are telling us that they like to do business with us.

We also continue to invest because like I was saying last time that we are a long-term player and we see that equation for India to remain intact. The demand side of the equation is very much there, nothing has taken that away. So, we continue to invest in November of last year. We inaugurated two very large factories near Baroda, place called Savli. We set up GIS production facility which is a very high capacity state-of-the-art facility. Also, we will be producing Hybrid Switchgear called PASS which is really meant for extending their capacity of the existing substations especially in the city areas -- PASS GIS factory. The other factory we set up was for Distribution Transformers, both oil based 1, but also dry-type, and that makes us the first global player to have dry type Transformers facility in India. Those of you who would like to understand dry-type what that mean is that if you go around and see all the malls and the buildings coming up, dry-type Transformers are preferred there, because they have a lower risk of fire because there is no oil, it is all dry-type. So, we set up these two large factories. They are fully operational. So we continue to invest.

Looking at some of the other things, I talked already about exports, but last year commissioned the 765K Substations at Cholapur, Indore and Gwalior. That was I think a great achievement. We tested and supplied 1200 kV Transformer SL at breaker.



Power and productivity
for a better world™

*ABB India Limited
February 18, 2014*

In the Mining sector, both export orders as well as in India, I think we have made success. On the B.V. side in 2012, I talked about supplying about 220-230 MW of Inverters, etc. for the Solar market. In 2013, I am happy to tell you that we exceeded that and we were well over 360 MW of Inverters for that market. So that makes us great both in 2012 and 2013; in 2013, we had actually increased our lead of being the #1 in this market.

We have had a lot of by getting closer to our customers, getting into the new areas. Now, if we look at the results, I think Amlan will talk more about it but one thing I would like to emphasize on is that three years ago we talked about increasing our focus on Power Products and we mentioned at that time that we see that as crucial for our long-term profitable growth and we started a number of activities including something we called "In Country For Country" where "In Country For Country By Country" which was basically looking at how do we make products which are more suitable, most cost-effective for the market in India and that has given us real good dividends. Power Products has returned double-digit profitability last year, we see that as a very sustainable, in fact doing that in that market I do not have to emphasize to any of you what that means for us in a good market, and the market will turn around, it is only a matter of timing.

Looking across, Power Systems was I think our most lack of large orders, obviously, it was impacted plus end of 2012 as part of the ABB initiative where we reposition Power Systems into more higher profitable and higher ABB content orders, in that sense as well, when the terms and conditions and the scope was not something that we wanted to have for future, we were very selective in some of the orders. I think industry took most of the hit for 2013 and that shows in the Discrete Automation; Discrete Automation had clearly a problem in the market, we have analyzed it very carefully and we are convinced that the issue that are there are market volume-related, and we are of course improving our efficiencies in that area, but we feel we are very well placed as the market begins turnaround.

In the Process Automation, we are now very much getting back on the growth side. Even though the market has been very-very depressed, we have gone more after shortcycle orders and that has helped us to grow small amount even in this difficult environment.

I mentioned about those Solar and Wind, not just for Solar, but I think for Wind as well we had over 300% growth in that segment. And this was really driven by the way the government has incentivized growth. So it is more based now on production. Given the fact that we already had wind-generator factory this has helped us to grow.

Export, I think, it is not just in the product side but also on the project side. We have grown quite nicely in exports. We see this growth rate that we have got that it is possible to sustain and even grow. We are not seeing this being limited in near-term.

Looking at services, services now reaching at about 11% of our overall volume, giving us very good profitability. So, I think we will continue to focus more on service as well.



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

Just a short bit of overview as to going forward, I think there are certain areas where we would see improved investments. I think Oil & Gas are slightly on the upstream side, there is growing interest. I think Solar will continue to grow. Food and Beverage is another focus area for us. New things like Data Centers we see them up and coming. Mining especially deep mining where we see a growth potential in that. I think the more traditional areas like Steel and Cement, etc. right now the demand is so low that that will have to pick up before the investment cycle will begin. Bottom line, I think that there is good potential for growth even in this depressed environment, because we are focused in newer areas, we have made ourselves more competitive and so we do expect that the market as it recovers we are well placed to take good advantage of that. So that is just a bit of a general overview. We will be happy to take more questions as they come. In the meantime now I hand over to my colleague, Amlan to talk about the financial.

Amlan Datta Majumdar: Thank you, Bazmi and good evening, ladies and gentlemen. Remembering the last call that we had after our results for the quarter ending September, I think lot of initiatives still has been taken by the government in the last three months but on the ground we are yet to see a lot of benefits there. But, yes, that environment has become probably a little bit more positive but we are yet to see the results. The GDP growth is really dampening and actually GDP growth in our sector may not be the best indicator because the Capital Goods sector is almost the victim, and the last IIP figures that have come out are not encouraging, it is still minus. Having said that our whole lot of business being transacted in the market. And we have been telling and sharing with all of you in the last three years that we realize very soon early in the day that it is beyond our ability to manage the market, but what we can do is possibly manage ourselves better and that is what we have been doing. So, it is good news that the rupee stabilized at around 61-62 against dollar, it is not moving very much, it is a little range-bound now. IIP negative is of course not a good news. But we went into the new sectors which helped us a lot.

Coming to the results, generally, the fourth quarter, that is the quarter ending December 2013 the company has been little better than some of the earlier quarters. I think Bazmi spoke quite a bit about the orders but we also have to remember that we had decided at some point in time about a year-and-a-half back that we will refrain from taking orders not where ABB we believe are not in a position to add value right now because of the market conditions. So there is a little bit of impact from that but on our growth side, we have grown very well, not only in the export market but also in the local market. If you remember even for the quarter ending last September, both the quarters orders have not been bad, they have been growing, the first two quarters were of course a little difficult. On the overall 6% growth for the quarter and for the year it is down by about margins significant in percentages.

On the revenues, we have been growing at a small base. The reason for growing at a small base is as we have announced a year earlier that our focus is cash over revenue and profit over volumes, because we wanted to consolidate our position and make the company more efficient rather than going forward for only top line growth. So while doing revenues as we have said in the last few calls that we are very careful that we are shipping our material to people who are



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

in a position to pay and have the willingness to pay. Generally, we have not faced big problems, but there are issues where we have not been very aggressive in pushing our revenues. But still there is a revenue growth for the quarter about 6% and for the year 2%.

The profit for the quarter actually looks pretty impressive in terms of percentage growth on the absolute values, it is quite a bit 250% over same quarter last year but I do not think we want to be really complacent about that. We had been telling you that we had taken a number of initiatives in the last three years, I think multiple times we have mentioned, one what Bazmi mentioned, localization of our core business to the extent it was possible within these three years mainly the Power Products, in other areas as well. We had been taking a number of initiatives both on supply chain and operational excellence and we had mentioned to you about 2-2.5-3 years back that we have had a completely new team, a new set of talent who have been working on different strategies for supply chain management and for the last few quarters the benefit started coming in.

On the 'Talent Management' we also have been strategizing and acting with calculated moves, especially we have been emphasizing on market development, project management engineering, and those have also started giving us benefits.

But overall what we have been trying is that in any area that we are involved in the business we wanted to optimize cost. It does not essentially mean that we wanted to reduce cost in every area, but we wanted to optimize it as it is best for our business.

If you look at our income statement as you have seen in the SEBI, our material cost which is the biggest pie has settled down at 70% except last quarter of 2012 where we had some unusual cost updates we did on a conservative basis otherwise it has settled down at 70%. We expect this to come down further. A lot of our actions are working and we expect this to come down further which is good for our business that kind of business that we do.

Our personnel expenses have been steady at over 8%. We are continuously rightsizing the operations but also hiring new talents. So it is not that we want to not only reduce our work force, we are just rightsizing both in terms of quantity and quality. So, this is also 8.5%.

Other expenses have been pretty flat... I am sure this question will come up again; the other expenses include Rs.11 crores of FOREX loss on which we have very little control as against Rs.8 crores of gain in the last quarter of 2012. So we have an adverse of swing of about Rs.19 crores, of course this is just an assumption to come to an operating result. If we did not have this FOREX loss, the swing would have been higher by about Rs.19 crores more.

We have one issue which is being faced by most of the companies in our sector – Capital Goods, Infrastructure. That the market liquidity being very tight, the investments are not rolling over many times, that means people are not really moving with the cash. So, cash is becoming a problem in the market, and we have shared that with you in the last 1.5 years. I am happy to tell you that we are still not happy with the current situation but I think we can see a



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

clear improvement in the cash position. Our operating cash flow is Rs.539 crores at the end of 31/12/2013 as against Rs.48 crores in 2012. So it is a massive increase in operating cash flow, which actually makes us happy because this really shows the health of the business. Profit is anyway an opinion, but cash is a fact. We still have some borrowing on our balance sheet, about Rs.300 crores which is much lower from what we have been telling Rs.700-800 crores earlier, it has come down to Rs.300 crores and this Rs.300 crores represent non-operating cash out mainly, but this Rs.300 of borrowing. And our intention is that during this year if the market is little supportive, we want to really get back to 3 years back condition where we were able to do business without taking any money. So overall the things look good but this borrowing that we had in the major part of 2013 has also increased our interest cost very significantly. Actually, our interest cost for the year if you see stands at Rs.101 crores against Rs.43 crores in 2012. So, if the market liquidity has helped us a little more in the sector, I am sure like many other companies would have done pretty well on that business even better.

So overall the situation I would not say that we are very happy with the results that we have but we are pretty much convinced that we are on the right track, all our initiatives taken in the last 2-3 years have started yielding results, there is a positive environment in the team and the customers are reacting more positively than we had expected. We just intend to keep up this momentum and do better and better.

On the overall situation we must say that the financial outlook for ABB would depend a lot on how the market is developing in the next 6 to 9 months. We all know that there is a general election in three months and then we have to see in next 6 months whosoever the new government how they are settling in and what are their policies, how much it is helping the industry. All of you who are in this field know pretty well that power sector is still moving, though it is muted due to the investments from the government side, but the industry is very severely affected. And to revive the industry, it is important that the government policies are encouraging and market sentiments do improve. So looking forward to a good time but also cautiously optimistic on the development in the socio-economic political situation.

I think we should switch over now to take some questions.

Moderator:

Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session for investors. The first question is from Inderjit Bhatia of Macquarie. Please go ahead.

Inderjit Bhatia:

My first question is actually on Q4, if you look at clearly the story has been the entire Power segment doing very well on the revenues front, while the Automation business doing very well on the margin front. So would you add some qualitative comments on this, exactly what is happening, where exports are kind of doing well and those kind of things, little more color as to why this divergence?

Bazmi Husain:

Power segment a lot more are on the long lead side, where there are a number of projects going into execution, and of course, I am generalizing it now, Power segment you will have more



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

long cycle and Automation you have small amount of long cycle orders. On the Power side, therefore the volumes a lot of that is driven by projects that are already in execution. Secondly, I think on the Power Product side, both a combination of higher exports as well as greater competitiveness because of the "In Country For Country" initiatives that has been going on has improved our results in that. And the same data if I look at the Automation side, as I said, on the Discrete Automation & Motion region, because of the hit that came in the industry, that is where some of our volumes have reflected that and also our profitability in Discrete Automation & Motion. On the Process Automation side, again, there is an element of project business in there where improved project management and other operational excellence improvement activities including supply chain has begun to show results. It is really a reflection on where we focused on, how the market has been, where we have done I think better job in improving our competitiveness so the results reflect that

Inderjit Bhatia:

And just a follow up on that, what is the export as a percentage of overall revenues in the Power revenues? You have a fairly large amount of cash balance, but the other income is fairly low. If you could just throw some light on that? And also the tax rate which is kind of running at close to 35%

Bazmi Husain:

I am not going to get into details, we do not give split of export by various divisions, but on an overall basis, exports are in excess of 15% of our total volume.

Amlan Datta Majumdar:

On the other income, the cash generation really took place at the latter part of the year because you know that up to the mid-year or even in the third quarter the market situation has been very bad, market showed some very small improvement in the last quarter and we have been taking multiple actions since February of last year to close projects, meet customer requirements wherever it is possible, renegotiate with suppliers, so a lot of cash got generated in the latter part of the year. So, we had a lot of cash sitting on the balance sheet, at the end it is a lot of cash got generated for the company. The tax rate actually is a little conservative tax rate because it gets calculated all the time and you know the tax situation is extremely volatile in the country for most of the companies, we keep hearing about that, so we have no major demands on the company, but with our consultants has a little bit of conservative calculation on the tax provisions, but as of now there is no tax exposures but we have provided a little bit of more tax.

Moderator:

Thank you. The next question is from Renu Baid of B&K Securities. Please go ahead.

Renu Baid:

My first question is on the execution side. We have had by the year end fairly reasonable order book though lower YoY. Given that you have mentioned that you are focusing more on short cycle orders, your current order book sticking more with quality orders, so will it be fair to assume that most of this order book will be executable in the next 12-15 months? And also if you can align with this give some color on what is the proportion of base orders in our total order book today?



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

- Bazmi Husain:** If you look at overall orders surely we have a greater proportion now of short cycle orders. So when you say most of the orders being executable in the next 12-15 months we have orders that will be in other 2-3 years cycle in terms of execution, but the percentage of that orders is coming down. It is not that we do not have orders, we have no backlog beyond 12-15 months, no, not the case, but our focus and the output both have been that we have a greater intensity of short cycle orders today than we used to have earlier, reflects both the market situation as well as our focus, because in this time what we wanted to is we want to make sure that what we are taking because at the end of the day whatever orders we take we have to execute them and 70% of our cost is what we buy. So we do not want to take a lot of orders in bad times and have to execute them when the market turns around.
- Renu Baid:** What has been the growth, if you can give some color in terms of any change in the mix of base orders compared to CY12-13...?
- Bazmi Husain:** Overall orders were down about 4% for the year, right. Base orders I would say between 5 to 7% increase.
- Renu Baid:** Sir, my second question is you have talked about in this particular quarter that there have been a much more wider spectrum of customers to whom we have received base orders. In opening commentary also you have mentioned of some broader signals of short cycle investments from customers. So do you think these orders will not carry the risk of any likely delays and they would be having better payment terms?
- Bazmi Husain:** You are right, most smaller projects are more likely to go through, they do not get hit by changing priorities. #2, the terms and conditions for short cycle orders are better.
- Renu Baid:** You have early done substantial CAPEX for large I would say product factories in the last 2-3 years. So any particular feature that you would like to highlight for the next 2 years that you would like to invest in for the product lines or facilities for your CAPEX guidance for next 12-18 months?
- Bazmi Husain:** We will not give guidance as to where we will be investing, but all I would say there is we have no appetite that is getting filled up for investment, we will continue the investment as needed depending how the markets develop, how we see where we can actually get and deliver more and benefit more, we have the capacity invest more and we will do as we did.
- Moderator:** Thank you. The next question is from Nirav Vasa of Motilal Oswal Securities. Please go ahead.
- Nirav Vasa:** My first question pertains to this existing utilization rate across the factories. Can you give some numbers relating to that?
- Bazmi Husain:** The nature of the business that is there, so depending on which shop floor or which kind of product they say there are some products for example, if you take Transformers, they are very



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

long lead item, if you take Motors, they are very short, but on the average, I would say we are between 80 to 90% utilization in our factories at the moment. So, we definitely have to improve that, and as the market offtake picks up, I think we have the capacities to deliver.

Nirav Vasa: Second question pertains to the new factories that you have set up. If my understanding goes right, the kind of products which have been manufactured in your new factories, especially for GIS products and everything, typically, customers prefer to certify that manufacturing unit. So just wanted to get any update on what is the certification process and how far we are standing there?

Bazmi Husain: I think you are referring perhaps to PGCIL requirements of proven track record and all that kinds of...

Venu Nuguri: Talking about our new factories qualification, you also know that especially on the PGCIL they are also changing the qualifying requirements especially keeping parent companies guaranty and the type test considering that 42.15. So with that we still have to go sometime to get qualified, but meanwhile our endeavor is to try and offer these products to industrial customers. We already received a couple of orders, those orders are under execution from this client.

Nirav Vasa: Would it be possible for you to quantify those numbers in terms of order inflow for the GIS products please?

Bazmi Husain: We are not going to quantify that but the one thing I would say in terms of getting factories qualified is that PGCIL and other utilities are actually not as stringent requirement today of qualification. Earlier, they would require type-tests from the factory that was delivering it. Today, they require type-tests of the design which is more reasonable and is what is used globally in most other places. So, well within this year we will be qualified to be bidding for PGCIL tenders.

Nirav Vasa: Last question, what was the royalty and technology charges which were paid to ABB in CY13 Vs CY12?

Amlan Datta Majumdar: Royalty and technology charges we have been consistent at paying say about 3-3.5% that we pay to the ABB company. Generally, it is not exactly calculatable but sometimes it might go up or come down, not in percentage but in absolute value based on the revenue and other value-added factors.

Moderator: Thank you. The next question is from Sumit Kishore of JP Morgan. Please go ahead.

Sumit Kishore: In your opening remarks, Amlan, you mentioned about the employee rightsizing that the company has been doing. Could you talk around it? And the employee count as of December 2013? Also, the FX hit that you have taken in the full year in your P&L in the cost line? As



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

well as the value of imports on a CIF basis for the full year what we are trying to see here is that with the INR depreciation as the company's dependence on imports in a cost line reduced?

Bazmi Husain: Before I give you the number, I think I should repeat again. When I say rightsizing, it is not only reducing some employees, that is what I meant. I would say yes, we have been rightsizing in terms of numbers, also we have been hiring continuously in the right areas, as on 31st December 2013, we have 6,371 employees.

Sumit Kishore: Versus 6,752 in CY12?

Amlan Datta Majumdar: That is right, 6,752 employees was on 31.12.2012, so about 350 people overall basis gone down, but actually more people have gone down and we have hired a lot of people, so that is the way it is. That was #1. Then, FOREX hit for the 2013, full year is Rs.24-25 crores, and say the last year that is 2012 it was Rs.46 crores, so the loss is less this time on a yearly basis. On a quarterly basis we have an Rs.11 crores loss whereas same quarter last year we had Rs.8 crores gain.

Sumit Kishore: And my last question was on value of imports from CIF basis. This number is as per your CY12 annual report was Rs.19.4 billion

Bazmi Husain: I do not have the number right now. Our import is about 30-32%.

Sumit Kishore: Any directional reduction in proportion of imports because of localization...?

Bazmi Husain: Yes, it is coming down as and when we localize more, but depends on how the market is developing. If the market is developing in an area where we do not manufacture which is not so much, then it might go up in certain areas, over time imports are likely to come down, that is the intention.

Sumit Kishore: And would it be right to infer that the rightsizing which has happened is mainly in the Power projects where your focus sort of reduced?

Amlan Datta Majumdar: No, that is not the case. It is depending on the requirement 47:57 (technical difficulty) That is what I am saying, that we have heavily hired in some areas, we have reduced in some other areas, we are rightsizing according to the markets requirement, but the fundamental focus is we want to remain a technology-focus company, that is our core strength and we want to focus that. So accordingly, our human resources we are adjusting.

Moderator: Thank you. The next question is from Kunal Sheth of Prabhudas Lilladher. Please go ahead.

Kunal Sheth: Could you throw some light on our localization program where is it and where is it headed?

Bazmi Husain: First of all, let me say that it is not just about localization, localization was basically something source it locally, we are not looking at local sourcing or local manufacturing, we are



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

indigenizing. So we are actually looking at more indigenization which is also looking at the design aspect of it. So, our program has been much wider and that is why you can see that the impact is also much deeper because it is really looking at if we were to design this year what would that have been? Now, as to how deep and wide it is, practically, it is not something where we say anything and everything has to be indigenized and localized, no, okay. It is where we see competitiveness that could be improved. So even in areas where we are competitive today we are embarking on program to look at indigenizing that. And this is also something different from the way we did that in the past where we look at indigenization when we were not competitive. Today, we are now looking increasingly at those products where we are competitive is in today, but how to make them as a more competitive or to keep our competitive edge over longer periods of time. So, there is no end to that. So it is not like we can end to our indigenization program, not at all. New things come up, new requirements come up, new competitors come up, this will continue across. Where it has been focused on this time around initial focus obviously when into areas like power products, we had clearly identified three years ago in this area where we will focus on that initially; the medium voltage part, the high voltage part, these were clearly a lot of products that we have introduced into the market and not only are these products doing well in the local market but we are finding that export also in these areas becomes more attractive. So, Power Product has been a key focus area, but not limited to that in the Low Voltage products, we have indigenized a lot more of our Low Voltage portfolio, and as the industry begins to recover, you will see a lot of impact, we talked about the factories that we put up in Power Products, but equally important in the factory is that we have put up in the Low Voltage side. For Railways, we have indigenized and even actually made ground up designs or some of the power electronics that is required for Railways application so that has also been part of it. We frequently talk a lot more on the Power side but not respected to Power alone, it is across the company and it is a never ending journey, it is not like we are done with medium voltage or high voltage, not at all.

Kunal Sheth:

Also, can you highlight what are the key products in our export basket currently?

Bazmi Husain:

It varies a lot; there are two aspects I would say; one is certain product rate...I am not going to get into too much detail for you there, but there are certain product ranges for which we in India are the global feeder factor. No matter where you buy those products they are made here and then they are exported out. One is the global feeder factory that we have in there, and both on the Power as well as on the Automation side, that is one aspect. The second aspect is on the growing amount of exports which is more geography-led, not product-led. Some years back we talked about Africa being a focus area for exports and that is developing well, I am not going to give you specific information as to how much in Africa right now, but we are drawing at a very satisfactory rate in there and it will continue to happen.

Moderator:

Thank you. The next question is from Charanjit Singh of Axis Capital. Please go ahead.

Charanjit Singh:

You had mentioned about the demand improving from oil and gas and deep mining sectors. If you just elaborate on the kind of your products being supplied to these sectors, what is the



Power and productivity
for a better world™

ABB India Limited
February 18, 2014

opportunity size which you are looking at going forward in CY14? Different end markets which you had mentioned – Food and Beverages.

Bazmi Husain:

I am going to answer parts of your question, other parts not. One part you said about what are the offerings we have, let us say in oil and gas sector and mining sector, etc. Upstream Oil & Gas essentially when you are looking at it is a very... and I am going to oversimplify this to you, essentially something you want to push something down to get something pushed up. So what do you want pushed up is basically oil or gas. But in order to do that you have to kind of create a pressure. So, a lot of that pressure that you create is through electrical equipment. You need motors, you need generators, you need the compressors, you need the drives, you need the switchgear and guess what, everything I just said we are the leaders not just in these products but in the application globally in upstream oil & gas. So ABB has an extremely portfolio in upstream oil & gas. In India, oil & gas was more downstream, refining and below, but there is now increased this thing on exploration. Our offerings are basically the entire electric and the automation which is required for upstream oil & gas and also the pipeline that comes within. So that is what we offer in upstream oil & gas. Looking at it from mines, etc., a lot of that is related to the Mine Hoists because you have to bring the equipment whatever you are extracting from deep down, and perhaps at this stage I can ask my colleague, Priteesh to maybe talk a little bit about what we do in the mining sector.

Priteesh Mahajan:

If we look at mining, we really see it maybe in three parts: Open pit or open cast mines where we do electric and automation for conveyors and for the machines that you have. Second part is material handling and again as process automation and also as I would say as a product supplier to some of the OEMs we are supplying again an electric and automation for the stacker reclaimers or different equipment that we have, the different machines that we have in the mines. The third part of our offering on mining would be on the underground mine where we do again starting with the Mine Winder itself. So as ABB it is surprising but may not be known to everyone but we are the company which has probably the biggest installed base of Mine Winders in India, so we have a large installed base of Mine Winders where we do not just the electric and automation but also the mechanicals of the Mine Winder. We are one of the key players in the world on the Mine Winder. Additionally, taking it from what Bazmi said on oil & gas, we also have a lot of electric which we supply for operations in the mine access we have an underground mine 600 mtrs down you would have an electric substation or a small substation, and that is something we at ABB either do the substation or we supply products which go into that. So it is a complete range of offering. In addition to this what going forward I think what would be very important is optimization and the automation solution which could be quite crucial from the management perspective, whether you look at solutions for blending of minerals and other such things.

Charanjit Singh:

Sir, if you could address my question on the opportunity size which you are seeing in these markets?

- Priteesh Mahajan:** I would not want to actually give any specific numbers, but let me just give an indication, I do not want to talk about the size, but if we look at mining, it has been a sector which is a little bit constrained by the bottlenecks, the mining licenses, land acquisition and all. We would see a lot of growth going forward. So, sector size is right now little uncertain in the short term. When things start to move then I think it would be a little clearer, and all the reforms really take effect like Bazmi and Amlan had said earlier.
- Charanjit Singh:** You also mentioned about the Services now being 11% of our revenues. So how do we see this Services business going forward growing at what proportion of revenues, what is targeted at in the maybe next 2-3 years?
- Bazmi Husain:** Services, as I said, it is about 11% of our revenues, but I think more important in that is the fact that it is the glue that binds our customers show us. It is very important for customer retention service plus also very healthy profit levels. So, I think having customer retention and healthy profits are I would say bigger drivers then just the volume growth on an overall basis. Volume growth we are looking for new installations, service is basically part of our strategy to keep our customers as well as improve our profitability. It is an integral part of the strategy, but the main drivers I just talked about.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the floor to Mr. T. K. Sridhar for final remarks.
- T.K. Sridhar** Thank you very much for joining the call. It was pleasure having you on this call. For any further questions or clarification, please feel free to write me back a mail or call me back so we will try to do our best to answer your queries.
- Moderator:** Thank you. Ladies and gentlemen thank you for choosing Chorus Call Conferencing Service. This concludes the conference call for analysts. For further updates on ABB in India, you can follow ABB India on Twitter. The account name is ABB India. Thank you for your participation. You may now disconnect your lines. Thank you.