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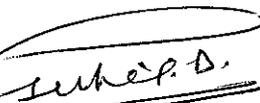
Dear Sirs

Sub: Transcript of Analyst concall

We are sending herewith a copy of the transcript of conference call with analysts, which took place on July 24, 2015, after the announcement of Q2 2015 unaudited financial results of the Company. The said transcript is also uploaded on the Company's website.

Thanking you

Yours faithfully
For ABB India Limited



B Gururaj
Deputy General Counsel &
Company Secretary

Encl: as above



Power and productivity
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ABB India Limited Q2CY15 Investor Conference Call July 24, 2015

Management: **Bazmi Husain** – Country Manager & Managing Director
T.K. Sridhar – Chief Financial Officer
N. Venu – Division Head, Power Systems Division
Priteesh Mahajan – Division Head, Process Automation
Subir Pal – Division Head, Discrete Automation and Motion
Raimondo Salandra – Division Head, Low Voltage Products

Moderator: Good afternoon ladies and gentlemen, I am Karuna, moderator for this conference. Welcome to ABB India Limited Investor Relation Call to discuss the Q2 results for 2015. For the duration of the presentation all participants will be in the listen-only mode. I will stand by for the question-and-answer session. I would like to hand the call over to Mr. T.K. Sridhar. Thank you and over to you sir.

T.K. Sridhar: Thank you, Karuna, Good afternoon to everyone. Welcome to the Q2 result call of ABB India. So along with me is Bazmi Husain, the Country Manager for ABB India, then N. Venu – the Division head for Power systems, then on the call are Priteesh Mahajan – Division head for Process Automation, Subir Pal – Division head for Discrete Automation and Motion and Raimondo Salandra, Division head for LP. So over to you Bazmi.

Bazmi Husain: Thanks very much Sridhar and good afternoon to all of you and thank you very much for joining the call. Let me first begin with welcoming Sridhar, now formally the CFO for ABB India. I am very happy to tell you all that the Board has confirmed the appointment today.

Now looking at Q2. I think from an operational perspective, execution perspective and performance perspective, Q2 has been a satisfactory quarter. We have been able to deliver some growth in the top-line and the continued focus we have on improving our operational efficiency and product competitiveness, has also resulted in improvement in profitability. Cash generated in this quarter is better, sequentially as well as year-on-year. So from a performance perspective and execution perspective this was a satisfactory quarter. However when you look at the market dimension of it, it remains a very challenging one and that is reflected in the order intake situation. While base orders have held steady and good, it is really the composition of the large orders that had been the cause of order intake being below same period last year. Having said that, there were some large orders and I'm happy to tell you that we have booked a large order this quarter from Bangladesh, and also from PGCIL. But overall there have been fewer orders in place and industry is more or less very-very subdued in its approach towards investment. However, like I had mentioned last time I think at this point in time for much of the core industry like steel, cement, etc., the demand, the capacity utilization has remained at sub-70 levels and therefore I think now the demand situation has to improve before we can see or before see an improvement in the appetite of many of the companies to actually invest for future capacities.

The other thing which is there is that although we have improved on our revenue performance compared to period last year, much of our customer base is stressed for cash. Following our cash over revenue policy, which is something that we clearly intend to drive even harder now, we have kept back something to the tune of about 150 crores this quarter because the payment as promised in the contract, or the payment conditions, have not been fulfilled. So with that business scenario, with much of a standard core industry breakdown I would also say that there are some areas where there have been some good growth. If you take renewable for instance, I think solar continues, the market continues to actually develop quite nicely. I would say it is now - compared to what I said last time that is still a small business - beginning to show signs or coming to the point or closer to the point

rather, where it is switching over from being a small business to being a good sized segment for us.

Wind also has been I think showing good development in the market. Other areas which have done better are clearly railways that there is some investment going on. Overall I would say T&D is not as badly impacted as industries are, but again I think there it is a little better but I think renewable clearly are the area which have seen the most robust growth. On the service side I am very happy to tell you that we continue to keep our connect with customers and that has allowed us to grow quite nice double-digit in service and that I think also helped us from a performance perspective.

So that being the overall scenario, I think I would say that if you look at overall with the industrial production yet to gather pace, the credit to industry has hit multi-year lows - these signs have to reverse before we are going to see a revival. If you look at the new projects that have been announced in Q2, they have fallen really-really sharply to about let us say one fourth of what it was in quarter one. So I think in that situation we are I think still a few quarter away before we would begin to even see industrial revival.

With that I am going to now give over to my colleague Sridhar who will go through the financials.

T.K. Sridhar:

Thank you, Bazmi. So good afternoon to all of you once again. I think Bazmi has already given you an update on the markets as well as the orders front, so I will start from the revenues.

Revenue is a mixed bag. If you look at the segment wise numbers, the product divisions by and large grew pretty firm and definitely better than the last few quarter. So it was really good that we could see that our base orders - which was our focus area earlier - are really paying off, so we could see a faster turnaround of these orders. While in the projects, we definitely see that there is a hold back from the customers because they also want to be clear on the execution front of it and so we have some material which we still can ship out even today, pending customer clearances and once financial lines are in place.

And needless to say I think in this environment we still follow our policy of cash over revenues, because that is pretty important that we have the cash with us. Order backlog is pretty consistent and we have a clear visibility of revenues going forward. From the profit perspective, yes, it was better across all divisions, leaving aside power systems on account of revenue shortfall. Expenses by and large were under control and the depreciation was bit higher in this quarter because we adopted the new rates as per company's act of 2013, the impact of that was additional 8.5 crores for the particular quarter, so on a like-to-like basis if you add this back the profitability we would definitely see a better growth on profitability for the quarter.

Collecting cash, actually continued to remain a challenge but in spite of this we could definitely manage a better collection and better cash for the quarter. But if I

look at segmental information, we see that power products is coming up pretty well, so there is a good development of profitability here. We also benefitted in terms of the material cost with respect to the Euro advantage, because we are net-net an importer and this benefit majorly comes to the DM in the automation division.

So with this I think this is snapshot of what it was because we have spoken about the economy and everything else, so I would like to open up this for the question-and-answers.

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

Renu Baid: Sir my first question is on the export side, I think that is one area where we did not discuss much in the opening remarks. So if possible you can share how has the export performance been for the second quarter both with respect to new order flows as well as executions? And are we actually seeing the growth in exports sustaining to double-digit levels or probably being much better than that?

Bazmi Husain: Well, when it comes to exports as I have mentioned we did get a large order from Bangladesh that have booked in this quarter. Overall though exports have been down this quarter and they have been down primarily on account of delays in some of the large projects that they were not closed on time. Having said that, I think we have to watch how this overcapacity which is there now in China as well as a global economy slowing down what impact it will have we have to watch that. I think I would say that overall we will grow, at what level, I cannot say at the moment.

Renu Baid: Sure. Overall sir what would be the share of exports in the current order book?

T.K. Sridhar: On a six monthly basis, a half year basis, I think we are still 15% of the orders.

Renu Baid: And on the revenue side?

T.K. Sridhar: It is between 13% to 14%.

Renu Baid: Sure. Second, just operationally on the line item, have you seen any FOREX loss impact in the current quarter and other expenses, any particular reason why it was slightly higher?

T.K. Sridhar: You mean to say the other expenses, right?

Renu Baid: Yes, it seems to be a little higher than usual.

T.K. Sridhar: The FOREX loss for the quarter is 11 crores.

- Renu Baid:** Versus about 13 crores last year?
- T.K. Sridhar:** Yes, you are right. But we had other expenses, basically on account of inflation and then on the training and other things which we are spending right now gearing up for the future. So that's why you see is a slight increase in expenses.
- Renu Baid:** Right. And sir my last question on the renewable side, as Bazmi mentioned that solar renewable we are seeing now or the business shaping up into a meaningful size and scale, so if you can share a little more with respect to how has been the proportion of that on a very broad basis in terms of our business mix and how are we seeing the order pipeline of this business growing meaningfully and absence of the industrial sector.
- Bazmi Husain:** Okay. I am going to take initial portion of that answer and ask my colleagues to chip in because when we talk of the solar market we really serve the solar market from PP, PS, DM, LP all these divisions also and in case a PA as well when we are looking at multiple sites by the same operator that we actually serve the market with all our offerings. So for ABB it is really something which is very attractive because from our entire portfolio we have offerings into this market. Now I am going to first ask Venu who is our Power Systems head to talk a little bit about the market or what the visibility there is, and after that possibly Subir from DM can add and then Raimondo. Okay?
- N. Venu:** Okay, thanks Bazmi. I think, as Bazmi said, as far as solar is concerned we have a multi- pronged strategy - some projects we supply products alone, be it inverters or transformers or medium voltage switchgears or substation automation. Some projects we take on, on a turnkey basis supplying a balance of system including instrumentation, control, and automation. As per market in the last two quarters, we are getting almost anywhere between 2000 megawatt to 2500 megawatt coming up for ordering. It is picking up and our expectation is that it would in coming quarters it would touch anywhere between 3000 megawatt coming up for ordering and various combination, some are for products and some are for systems. Subir, you would like to add anything?
- Subir Pal:** Just to add to that, I think the solar inverters come up early in the decision making cycle of solar plants and we have seen the spike in the solar inverter business and reflecting in our order book which is now nearly contributing to 20% of the division orders.
- Raimondo Salandra:** Yes, from the low-voltage product point of view, besides inverters the main supply of DM division. We are looking at the potential market of US\$300 million of roof top project where we can play a role combining box with application. So that is still a potential that we can explore it and we are just at the beginning but it is a huge market we can approach as a low-voltageproduct as well.
- Moderator:** Thank you. We have the next question from the line of Sujay Jain from Yes Securitas. Please go ahead.

Sujay Jain: Sir my question is one the working capital which has increased substantially I think by about 300 crores, does this mean increased execution going forward we have seen 6% jump in sales this quarter, can this continue? That is the first question.

T.K. Sridhar: Yes, you have only one question or something else well?

Sujay Jain: Yes, apart from that in exports we saw a dip in first quarter, we saw 25%, 30% increase in fourth quarter of last year. So the dip in the export for the first quarter and second quarter is this is a one-off?

Bazmi Husain: Okay. Let me take the second question first and the Sridhar will talk about the working capital. When we look at exports - are these temporary phenomena or is it new reality that we have to adhere to? We believe it is a temporary phenomenon. There clearly have been delays in the decision making because of elections in some countries, etc., but I do not think that this is something which is fundamentally changing the situation.

T.K. Sridhar: Thank you Bazmi. So on the working capital front, as we said initially, we still have 150 crores of material which is lying as inventory with us because customers are not ready with the finances or the site is not ready. So we would like to dispatch it when there is a visibility on the finances, that's number one. And number two is that receivables have slightly increased because of the additional sales and tight liquidity market. So we still have the challenges to collect the money from our customers and the growth phase would increase slightly. And also when we are servicing the solar market, so which is a short cycle project so we need to first bring in the material and keep them ready so that when the order takes can push the material out.

Moderator: Thank you. Our next question is from the line of Kunal Sheth from Prabhudas Liladher. Please go ahead.

Kunal Sheth: Sir just wanted one clarification, we mentioned that we have delayed sales of 150 crores this quarter, we had also mentioned similar number in the previous quarter so just wanted to check, is there similar customers where we had postponed sales even last quarter or are these different customers?

Bazmi Husain: Different, they are not the same.

Kunal Sheth: Okay. And basically are these mainly SEBs or private or would you like to throw some light on?

Bazmi Husain: No, we will not like to really mention any customer by name indicate that might be, but again as I said I mean this is a situation where many of the customers they have got very stressed balance sheet and they do have some issues. But that is again reflecting of the overall situation, as the situation begins to improve I think all these things will go away.

Kunal Sheth: Sure sir. And sir can you throw some light on how is the competition behaving, has there been some reduction especially after the domestic manufacturing clause initiated by Power Grid?

Bazmi Husain: Yes, I think that I would like to basically ask Venu to give you more on this one.

N. Venu: I think domestic manufacturing clause as part of Make in India policy, we are not seeing much traction on the ground yet but lot of tenders what we are seeing they are trying to dilute and add a clause over there saying that we can now start manufacturing more in India even if you have a parent company guarantee. Now these are the things that are coming up, but in the subsequent quarters we see more of that coming out in the tender conditions.

Kunal Sheth: Okay. So basically still we have not seen that impact of reduced competition but we hope to see that in subsequent quarters?

N. Venu: That is right.

Moderator: Thank you. We have the next question from the line of Bhavin Vithlani from Axis Capital. Please go ahead.

Bhavin Vithlani: Two key questions, one is you have seen the order flows being slow the last couple of quarters, if you can throw light on breaking the orders into the power and the industrial and which are the segments that are showing a greater slowdown versus any segment which is showing positive traction? That's question one. Second is, how big could renewable become for ABB? And if you can help us giving by if six or seven crores a megawatt is the capital cost for solar, what is the addressable market for ABB in that inclusive of all the products that you highlighted?

Bazmi Husain: I think some of that I had already talked about but let me reiterate it for you about which are the sectors there which are more stressed than others, I had said that manufacturing, the process automation side, steel, cement these are probably most impacted sectors, so these are the most impacted sectors where the most growing sectors are renewable right now, somewhere in between would be the T&D part where there is some activity there.

Bhavin Vithlani: Have we see positive order inflow growth in power business for this quarter?

Bazmi Husain: No, we think there is some activity so it is not as gone as steel and cement where it is really really down. So you want to add to it Venu?

N.Venu: No, on an overall basis in power, some decisions are taking longer time but I think what Bazmi says is that we see a traction in T&D especially on the substations and renewable substation, grid connections and then balance of systems we see a lot of traction over there. On to your second question, how much of solar we play 6 crores to 7 crores if you talking about, at ABB as a whole we play up to 2 crores to

2.5 crores per megawatt, we have talking about various channels on products, on systems, on overall basis that is our play.

Bhavin Vithlani: Okay. Last thing, I just missed the data point, you said how much was solar inverter as a percentage of orders, you gave that data point earlier.

Bazmi Husain: It is 20% of the division in DM are from solar.

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

Charanjeet Singh: Sir I would like to understand more on the railways part, you have mentioned in the beginning remarks that railway some activity is starting to happen and can you just elaborate on that and which are the products which are best suited for the segment?

Bazmi Husain: I am going to just talk about a few products and ask Subir to talk more on the railways. Railways primarily we serve from three business, we serve from the turbocharger business because I think close to 70% of the diesel locomotives in India have ABB turbos. Then we also have the transformer that go on the electric locomotives, those are also supplied by ABB and then we have the electronics part that is also where we have a play. And Subir would you like to add more?

Subir Pal: I think you have covered most of the portfolio that we are offering to railway, and on the power electronic part we are having a constant stream of orders because we keep on participating in the locomotive related power electronics and there we are significant player and we continue to hold steady there. And we see that the number of pursuits and opportunities are on the rise.

Charanjeet Singh: Okay sir. But will you be able to quantify this like how large is this right now and how large this can become in next year?

Bazmi Husain: It is difficult to exactly quantify at this point of time, but when I compare it with the division revenues and orders it is to the extent of 8% to 10% at the most.

Charanjeet Singh: 8% to 10% in which division?

Bazmi Husain: In DM division, whereas overall it could be different because lot many other products are in the portfolio particularly turbocharger which is one of the major things from process automation.

Charanjeet Singh: And sir in the solar inverter space we have seen that ABB has had a great success in this, but do you see like other competitors coming into this market and trying to erode the market share, how is the competitor scenario in that segment?

Subir Pal: Yes, it is true that there are several players in the market but in any growth market initially there is a lot of interest from small to large players and it is only the long-term players which can sustain on a long-term basis. So I think we differentiate ourselves as a long-term player with very good technology base with service and support with a very large network and a very long-term vision and commitment.

Charanjeet Singh: So just one thing, what would be our market share right now?

Subir Pal: I would not comment on market share because there are too many reports in the markets which quotes different numbers, but all that we can say is that we are the leading player in this market and we have strengthened considerably this year.

Moderator: Thank you. Our next question is from the line of Ankur Sharma from PhillipCapital. Please go ahead.

Ankur Sharma: My first question was on the transmission business, given the fact that all new transmission projects are going the tariff based bidding way, now what is ABB's strategy here, are we tying up with developers to bid for these jobs or how does it really work out for us once the private guys win these projects. And more importantly, is there a risk that these guys could actually more the imported player way and get their equipment from the Chinese or the Koreans then buying it locally given that there is no domestic manufacturing clause for them?

N. Venu: I think boot or boom transmission projects is one of our key strategic segments. So we are always working with the potential developer and they always look at the value - in terms of our optimization, our total value of the whole system and compared with only the tender thing. And also you need to understand, the boom or boot players have to maintain the asset for 25 years and that's where we come into picture. We not only give them the solution which will be useful for quite some time and we also provide maintenance for a long-term period which proves cost effective for the boot developer. So this is a very key business strategy for us and we play a very dominant role in this segment.

Ankur Sharma: Okay. So our role would be limited to being the equipment supplier rather than putting in our own equity into such projects, is that correct?

N. Venu: No, we only offer our systems, solutions, and product. We do not put any equity in those things.

Ankur Sharma: Okay. And sir just to close this off, are you seeing a trend where more and more equipment is actually being sourced from outside by these private developers given the fact that there is no mandatory domestic manufacturing clause unlike Power Grid?

N.Venu: No, not yet.

Ankur Sharma: Okay great, that's very helpful. And sir my second question was, we have spoken a lot about how the whole solar market is building up in terms of order flows from

there, on the wind side, obviously we have substantial presence on that side as well but are you sensing that wind has kind of taken a back seat and solar has kind of picked up in a larger way over the last few quarters?

Bazmi Husain:

It is just like that, let me just start off and Subir can add on to it. Clearly solar is growing faster, so that answers one part of your question that that's the way the market is developing, so it is not a matter of choice, it is how the market is working out. Secondly, while sun is available all over India, wind is not so the places where wind is not going to be available are limited areas, much of those areas, many of those states whether it is Karnataka or it is Tamil Nadu or Maharashtra, parts of Gujarat, I think there already in many of these areas there is substantial wind that is there and keep in mind that when we are talking about solar it has grown rapidly but even today India has just about 4 gigawatts of solar, whereas when it comes to wind it is north of 16 gigawatts. So technically India has a lot more wind than it has of solar today, but the potential for solar and at the rate at which solar is growing that is what differentiates. And I think I have mentioned it earlier that at ABB and companies like us we are a rate of change player, the size is one thing but the rate at which things change that decides the opportunity for us. So both give opportunity but at the moment solar opportunities are larger. Subir, do you want to add more?

Subir Pal:

I think you have answered the basic point that solar at the moment is at a faster clip than wind growth between both are growing and wind also, for suppliers getting into wind has a longer cycle to tie up with specific OEMs and to have prototyping done, etc., so it is a longer cycle to increase the wind business volume the way in solar it is possible.

Ankur Sharma:

Okay, that's very helpful. And just one last question is, we were executing this large HVDC order for Power Grid, the Northeast Agra line, sir could you just update us on what is the status there and by when are we looking to kind of finish this job?

Bazmi Husain:

That project is under execution. It is going on in execution and we do not normally comment on project that are under execution.

Moderator:

Thank you. Our next question is from the line of Deepak Agarwal from Elara Capital. Please go ahead.

Deepak Agarwal:

My only one question is, in the balance sheet I have seen the fixed assets number has come down almost 80 crores. So just wanted some clarification, is this purely because of depreciation or what?

T.K. Sridhar:

Yes, exactly. Because we embraced Company's Act 2013 depreciation rates in this year, the first quarter was a catch up for the previous differentials what we need to charge and also depreciation of 8.5 crores on a quarterly basis.

Deepak Agarwal:

Okay. So this 40 crores kind of run rate we can assume on the depreciation side going forward?

T.K. Sridhar: Yes, you are right.

Deepak Agarwal: Okay. And my last question is, can you comment on how do you see the revival especially in the power systems division which is where we are seeing some kind of pain still continuing, what is the outlook on that?

N. Venu: Power system you are talking about from top-line perspective or...?

Deepak Agarwal: From the top-line perspective.

N. Venu: We talked about in the beginning of this conference call, as Bazmi was explaining in fact some of the projects where the decisions got delayed and due to that we could not complete our procedures and as you know ABB we always have a very robust way of recognizing the orders after completing the documentation, and so on. But on an overall basis we see a few, like renewables, is growing and the T&D will start growing apart from PGCIL, couple of other states are also coming up for the bidding and we see the traction of pipeline of the projects and we are fairly confident in the next coming quarters.

Deepak Agarwal: So the most of this 150 crores delay or the inventory that you hold back is part of the power systems division?

N. Venu: Yes.

Deepak Agarwal: Okay. And my last question is, can you comment on how the like you mentioned some kind of an order like renewable is growing fastest followed by T&D and then followed by railways. So in terms of proportion or approximate in terms of your order backlog what would be each of this business put together?

T.K. Sridhar: Sorry, actually we do not give this information, so we can only give a statement that order backlogs are steady.

Moderator: Thank you. Our next question is from the line of Chockalingam Narayanan from Deutsche equities. Please go ahead.

Chockalingam Narayanan: I think most of my questions have been answered, only one thing was on receivables, how much is over six months?

T.K. Sridhar: Over six months 570 crores.

Chockalingam Narayanan: So that has seen a fair amount of increase from the Annual Report numbers?

T.K. Sridhar: I will get back to you on this, just give me a minute please.

Chockalingam Narayanan: Okay. And second thing was on, I think yesterday on the parent company's con-call there was a mention about some large orders in solar – what is the quantum, and what is the scope for ABB India in this?

Bazmi Husain: But that is a global picture, I mean right now ABB India technically we would be serving the market that is around us.

Chockalingam Narayanan: No, it was specifically with regards to India, so does that mean...

Bazmi Husain: What was there with regard to India was that, it is like that while in this quarter for ABB India what you are seeing there is orders are down by 6%, for ABB orders from India are actually up because there are some orders there, equipment is placed directly or imported from another country into India. So from an overall ABB perspective India orders have gone up this year compared to last year. But what we are reporting right now is for the listed entity and for the listed entity the orders are down.

Chockalingam Narayanan: Okay. So you mean to say that there are areas where sales within India does not get catered to by the India entity?

Bazmi Husain: No, because depending on if some customer buys something from power dealer supplying from outside a lot of ABB equipment comes from that actual result, the service revenues once installed base is there of course then comes locally. The same thing happens when we export to other countries, right, this is a normal business.

T.K. Sridhar: On the receivables side of it we are in about six months we are 260 crores, the same number, at the end of the year we were 234 crores so our entry is of 16 crores.

Chockalingam Narayanan: Okay. And the inventory position when you mention in the first quarter you would outline that there was 150 crores number, now that has got executed in this quarter that has got moved or?

T.K. Sridhar: That has got moved.

Chockalingam Narayanan: Okay. And sorry, one extension of this question was, in the opening remarks Mr. Bazmi mentioned that cash flows have been better but when I look at the one hedge cash flows have actually not been as much as we have seen of increase in borrowings, so how should one understand that comment?

Bazmi Husain: That was for the quarter.

T.K. Sridhar: Yes, so the cash generated for the quarter was definitely higher than the sequential quarter as well as the last quarter of the same time. On a half yearly basis definitely your comment is valid.

Moderator: Thank you. We have the next question from the line of Girish Nair from BNP Paribas Securities. Please go ahead.

Girish Nair: I wanted to know firstly what is the number employees at the end of this quarter and the gross block that you have today that's the first question?

T.K. Sridhar: Okay. So number of employees is we have over 6,000 people right now.

Girish Nair: Okay. And the gross block?

T.K. Sridhar: Actually we do not give this information on the quarterly basis Girish. I mean we do not have much CAPEX for the last six months. As we said we are consolidating CAPEX, so it is more or less in the line which we ended in last year.

Girish Nair: Sure, thanks. And the second question that I would like to ask is, if you look at the past one year would you say that you are less positive today then what you were a year back or would you say you are more positive on the CAPEX cycle that you are seeing the scenario?

Bazmi Husain: Well, I would say a year back we were more optimistic about the timing of recovery, by now we were expecting recovery to have kicked in.

Girish Nair: Sure. And what would be the key reasons that you feel this has not taken place?

Bazmi Husain: The thing is I think this is subject for a lot of discussion but frankly there is no reason for our customers to invest because their existing capacities are not fully-utilized and then there are certain policy issues for the sectors specific especially in the power side. You all know about it, some have been sorted out, many are still to be done.

Girish Nair: Sure. And finally the government has been talking about Make in India and you did make a comment about it in your remarks, when it comes to ABB what specifically what would you expect the government to do, I mean very specific to ABB what would you like to see changed in the Indian environment that will really encourage ABB need to pursue investor, apart from demand.

Bazmi Husain: We manufacture anywhere between 75% to 80% of our total portfolio in India. We have been manufacturing here for more than 60 years. So for us, the term 'Make in India' may be new but the practice is old. So in that sense I think we do not see that for us to do more we are not only manufacture here, we develop here, we design here so in that sense our global expertise, our global knowledge is available and is used for actually producing more out here and even exporting more from here.

Moderator: Thank you. We have the next question from the line of Amit Mahawar from Edelweiss. Please go ahead.

Amit Mahawar: Bazmi just wanted to understand the motors market in India specialty the HT Motors you have, the competition you see in last six, eight months or one year has gone up in terms of overall intensity, the demand is still relatively softer. So how do you see the HT Motors market in India in the next two, three years panning out especially in the light of expected traction in the gross capital formation, industrial CAPEX if you see. And second also if you can throw some light on the LT part of your portfolio, how ABB is positioning itself in this billion dollar plus market total? Thanks.

Bazmi Husain: Okay, I would request Subir to take this question.

Subir Pal: On the HT Motors you see most of the HT Motors are linked to new industry projects and industry as well as power projects and since number of projects in the pipeline are not many at the moment and that recovery cycle is yet to kick start, we are seeing quite a sluggish market as far as HT motors is concerned. But because it holds promise as a business line there is lot of new competitors which have entered in the market, so creating a very tight scenario as of now but if the economic cycle revives naturally this business is one of the good and promising business lines for ABB. So we still stay committed to it and we will sustain by virtue of our quality, performance, and the brand value that we have. And in terms of LT motors, I think it is a much wider spectrum of applications in which it goes and we are seeing that the market is slightly very mild improvement in its trend and that as Bazmi mentioned that it provides us a glimmer of hope that it is perhaps coming out to a more sustainable level and we see that our portfolios are kept ready and we are expanding in some of the newer product launches and keeping ourselves ready for the future.

Girish Nair: Thank you. My last question is basically how much is railways as a proportion of ABB's total industrial business and how do you see this segment in the next two, three years growing for ABB? Thank you.

Bazmi Husain: The exact numbers cannot be said of a specific quarter or multiple quarters because railways revenue and orders comes from multiple product portfolio, product and solutions portfolio of ABB and therefore it has very wide variations in terms of contribution to the overall business volume. On its future prospect, as you hear that there are dedicated freight corridors, there are metro rails, expansion of DMRC Delhi, so various projects pipelines looking quite promising and we are quite hopeful that this business line of ABB should flourish.

Moderator: Thank you. We have the next question from the line of Deepak Narnolia from Antique Stock Broking. Please go ahead.

Deepak Narnolia: I have one question particularly related to gross margin, I see that RM-to-sales ratio in this quarter is actually lowest since last two three years at 65.4%. So my question is that this is mainly due to product mix or your cost saving program or commodity price and what is the kind of sustainable level of RM-to-sales going forward you expect?

T.K. Sridhar: Actually it is a mix of all what you said. I think the major impact is definitely coming from the localization initiatives what has been done. The revenues are mildly tilted towards the product revenues consisting of both exports and services, and also not to forget the positive contribution from the Europe impact. Another thing is that project systems and power and PA have been doing pretty well in terms of the operational efficiencies due to which we are able to get better profitability over there.

Deepak Narnolia: So what is the kind of sustainable RM-to-sales you expect?

T.K. Sridhar: We have been saying that we will be in the range between 66% to 68%, so depending upon what is the mix.

Moderator: Thank you. Our next question is from the line of Rakesh Vyas from Major Trend Capital. Please go ahead.

Rakesh Vyas: Sir my question is, can you give some light on future order outlook sir?

Bazmi Husain: No, we do not do that. Thank you.

Rakesh Vyas: Sir one more question sir, sir ABB India is going to raise 600 crores NCD sir, can you throw some light on this one?

T.K. Sridhar: Yes, this is basically in the view to repay the costly debt with a cheaper debt and that's how what we are doing, so NCDs are actually under process.

Rakesh Vyas: NCD is under process, is the purpose to reduce the debt sir?

T.K. Sridhar: Yes, purpose is to reduce to replace the high cost with the low cost debt.

Moderator: Thank you. Ladies and Gentlemen, with this I would now like to hand the floor back to Mr. T.K. Sridhar for his final remarks. Over to you sir.

T.K. Sridhar: So thank you everyone for joining this particular call. So just in case if you still have some questions and answers you can feel free to write to us to the communications department. Thank you so much.

Moderator: Thank you very much sir. 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, user handle is ABBIndia. Thank you for your participation and you may now disconnect your lines. Thank you.