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August 4, 2016

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(Attn : DCS CRD)

National Stock Exchange of India Ltd  
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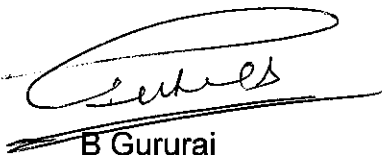
Dear Sirs

Sub: Transcript of Analyst concall

We are sending herewith a copy of the transcript of conference call with analysts, which took place on July 21, 2016, after the announcement of Q2 2016 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  
FCS 2631

Encl: as above

# “ABB India Q2 Results Conference Call for Analyst”

**July 21, 2016**

**MANAGEMENT:**    **MR. SANJEEV SHARMA – MANAGING DIRECTOR, ABB INDIA LIMITED**  
                          **MR. T.K. SRIDHAR – CHIEF FINANCIAL OFFICER, ABB INDIA LIMITED**  
                          **MR. MADHAV VEMURI –LOCAL DIVISION MANAGER, PROCESS AUTOMATION, ABB INDIA LIMITED**  
                          **MR. SUBIR PAL – LOCAL DIVISION MANAGER, DISCRETE AUTOMATION AND MOTION, ABB INDIA LIMITED**  
                          **MR. PITAMBER SHIVNANI – LOCAL DIVISION MANAGER, POWER GRID, ABB INDIA LIMITED**  
                          **MR. C.P. VYAS – HEAD, ELECTRICAL PRODUCTS DIVISION, ABB INDIA LIMITED**

**Moderator:** Good Day, Ladies and Gentlemen and Welcome to the ABB India Q2 Results Conference Call for Analysts. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes, should you need assistance during this conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. T.K. Sridhar – CFO, ABB India Limited. Thank you and over to you, sir.

**T.K. Sridhar:** Thank you, Malika. Thank you for arranging this call. Good afternoon, Ladies and Gentlemen, this is Sridhar, CFO and Head of Investor Relations for ABB India on the call. Along with me is Sanjeev Sharma – Managing Director of ABB India, and on the call are Madhav Vemuri, the Head of Process Automation in India; Subir Pal – Head of Discrete Automation and Motion; then we have CP Vyas who is a new Head of Electrification Products and also Pitamber Shivnani – the Head of Power Grids. And apart from them, I also have the communication colleagues, Peter Stierli and Manashwi on the call.

We have a tight schedule and we did not want to delay the call, earlier we were supposed to have it tomorrow but we said that it is not good that we have a late call on this, so we are having it just when the results are being announced. So this timing which we have done for the first time might be a little bit inconvenient for you guys because this could be a lesser time for you people to analyze the numbers. But having said that, I think we will try to improve it further so that next time you get bit more time and also the comments are bit more sharper.

And now just for the benefit of all of us, I would like to read out the numbers because you would have had lesser time to look at the numbers but after I do this I will hand over to Sanjeev so that he takes us over the macro and the other stuff, which is the norm.

And looking at the numbers – order received for the quarter was Rs.2,040 crores and the last quarter same time was Rs.1,895 crores. And just for your understanding, this means the quarter-on-quarter growth for the orders is 8% and the backlog at this point of time is Rs.7,752 crores. And revenues for the quarter is Rs.2,102 crores against Rs.1,932 crores which is 9% up for the quarter.

Profit before tax is Rs.121 crores and for the quarter of Q2 last year was Rs.89 crores, which means it is 36% up. Profit after tax is Rs.77 crores against Rs.57 crores of last year, meaning 35% up. Operational EBITA at Rs.148 crores as against Rs.123 crores. So this is for the Q2 performance.

When it comes to the cumulative six months – order book is Rs.3,870 crores against Rs.3,750 crores which is 3% catch-up which we have done, which is a growth for six months. And revenue, Rs.4,102 crores against Rs.3,746 crores, which is 9% up. And profit before tax Rs.228 crores versus Rs.170 crores, which is 34% up. And profit after tax was Rs.148 crores versus Rs.112 crores, which is 33% up. And operational EBITA is Rs.255 crores versus Rs.230 crores, which is 11% up.

So these are the broad numbers which I think you would have already got in terms of result from the stock exchange as well as the press release. So with this backdrop of the information, I hand over to Sanjeev to take us through the results in the market what he is looking at. Over to you, Sanjeev.

**Sanjeev Sharma:**

Thank you, Sridhar. Good morning to ladies and gentlemen, thanks for joining today. I will just give you a bit of an overview about how we see the market and the company's performance. Well, on the macro view, all of us know about Brexit and the effects of it through trade and FDI channels are relatively low for us and it has limited impact on our performance. There is a projected GDP of 7.5%, but what we are watching closely is the industrial production which remains quite sluggish at the moment and capital goods sector continues to struggle around it.

Gross Fixed Capital Formation, an indicator of investment is happening in an economy, remains quite dismal. It has been declining sharply compared to last year the private sector CAPEX continues downward trend as excess capacity persists and there is no requirement for green shoot investment as is visible to us. Low capacity utilization, less than 70%, and high debt burden are affecting the investments in the market place. So that is our observation. Credit growth, it has dipped all time low to about 8.7% year-on-year basis due to asset quality concerns at PSU banks and sluggish private sector investments.

On the other side, in Railways, we see planned investments of \$132 billion for modernization in next four to five years, and 12 ports coming up. I believe these investments will play quite well going forward.

Now, on the market highlights and projects point of view. ABB India, we had some good observations around on the new investments and technologies which are coming into the market and the adoption rate is increasing. It is in the area of gas insulated switchgears (GIS), HVDC (high voltage direct current), VAMS, Statcon, which basically provides better quality of power, around the country. So these are the new technologies and high end technologies wherein we find that the adoption in the country is increasing and it plays well for our product portfolio.

We have also seen good adoption and upgrade of technologies across utilities around the country. Just to highlight some of our significant achievements in quarter two or as it is called quarter one in India. We bagged the first 400kv gas insulated switchgear order from Power Grid Corporation and this will be built out of our Savli factory and it will be delivered to Silchar Misa. And this is a significant order and also it gets built by our expertise here in India and that is more well for the capacity that we have created for this technology. We also had an export order for hybrid switchgear called PASS and that will be delivered to Djibouti in Africa and that opens up new avenues for us and new market segment in Africa where we supply technology from India.

We do see in market a good focus on 100 gigawatt of solar and 60 gigawatt of wind capacity addition by 2022. I think that theme continues to play well. So we do see several large orders

from renewable segment for us and that is what we booked in quarter two. And contribution to orders has increased, but pace of growth is normalizing now.

Our focus on Railways is also paying off well, contribution to orders has increased from 2% to 4% and also on the export front transformers, circuit breakers and many other equipment have been supplied for rail project in Ethiopia. And in the smart industries and infrastructure side, the new generation of MCCB, miniature circuit breakers, Tmax XT was launched across multiple cities in India and was very well received.

So these were some market highlights and projects. And on the performance side, as Sridhar mentioned, we are up 8% in quarter two and momentum was maintained by growth in base orders and it was very well supported by service which was up 32% year-on-year basis.

And around the quarter two performance, as I mentioned, renewables continue to have a significant share in order flow and recovering demand in the automotive sector is also driving automation orders. But traditional industries are quite sluggish at the moment.

On the revenue side we are up 9%, high volume of technology driven short cycle orders, the relentless pursuit of cash and continued focus on time delivery of opportunities and streamlining of operations, resulted in higher revenue and better cash position for us.

On the profits and margin side, a combination of various initiatives in operational excellence and quality in the works, various product lines added to steadily strengthening margins, and that resulted in PBT of Rs.121 crores and profit after tax of Rs.77 crores.

So this is from me as an overview for you. And I give I give it back to Sridhar now.

**T.K. Sridhar:** So, Malika in interest of time, because the call will be ending at 1:30, can you open the call for Q&A?

**Moderator:** Certainly, sir. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Renu Baid from IIFL. Please go ahead.

**Renu Baid:** Sir my first question, just to understand a little bit. You did mention about the hybrid substations, PASS, and they getting penetration into other African markets. Overall, if you can also highlight how has been the demand environment for the medium voltage switchgear in India as more utilities are preferring to go for GIS and allied segment. So how is the outlook for our switchgear market both in terms of demand as well as the competitive price pressures here?

**Sanjeev Sharma:** CP Vyas, our Electrification Products Division Manager is on the line, CP, would you like to answer specific to medium voltage?

**C.P. Vyas:** Yes. Renu, what I have seen from the medium voltage point of view, demand is not growing in medium voltage and we are still under the price pressure for the medium voltage.

- Renu Baid:** So no traction from the state utilities as well?
- Sanjeev Sharma:** Yes.
- C.P. Vyas:** I have seen one more that the GIS also demand in the medium voltage, I have seen the increasing utility business also.
- Renu Baid:** So probably the conventional AIS is not growing but GIS is growing within the mix?
- C.P. Vyas:** Yes, I agree.
- Sanjeev Sharma:** Right. So what we see is that there are traditional segments, the market segments, they are muted and Renu, what is happening is that we are going into new segments and new markets to ensure that we have a fair share of the action which is happening in the market place. So that is the overall theme as C.P. Vyas informed just now.
- Renu Baid:** And what would be the capacity utilization currently at a GIS or hybrid facility?
- T.K. Sridhar:** So Renu, if you are talking of GIS both MV as well as HV put together will be around about 50% to 60% of the capacity utilization what we are.
- Renu Baid:** Second quick question on the inverter side, recently ABB had launched the new range of inverters for solar which are higher efficiency, so are we looking at marketing those products in India? And will those new range of inverters be manufactured in the Indian listed arm or would be imported?
- Sanjeev Sharma:** Renu, any technology that we launch anywhere in the world is available to our customers in India and I think the sooner that technology can be made available it will be available. So Subir Pal, our DM President is online, Subir, would you like to add to that?
- Subir Pal:** Yes. We have a concrete road map for bringing in new product lines in the inverter segment, and we also have localization plans in place. So as the market develops we will localize them as well for local manufacturing.
- Renu Baid:** But are we seeing market for this range of product pretty active in India or still it would take some more time?
- Subir Pal:** The market is evolving, so there is experimentation in certain corners of the markets, so some prototypes getting tested, etc., for the higher voltage inverters, we are also participating in that. And as it develops, I think by 2017-2018 we will see considerable traction in those markets.
- Renu Baid:** And sir my last question, if you can highlight a little more on the export business performance, both in the new orders as well as execution of the current orders that we have in the backlog and contribution to revenues? Thank you.

- T.K. Sridhar:** Total orders as of today or accumulative basis to the, you are talking about orders that have been used?
- Renu Baid:** Both.
- T.K. Sridhar:** So we still are in the range of 14% - 15% of total orders from exports and it is across, it is not at one place where we are looking at it, so the growth is across the various segments. In terms of revenues, we are slightly higher because those orders which came up in terms of projects has come up in Power Grid is now under execution now, so we are talking of a couple of more percentages. So we are talking orders in the range of 14% to 15%, revenues in the range of 16% - 17%.
- Renu Baid:** And are we seeing the order pipeline in the export market improving or it still remains on the sidelines?
- T.K. Sridhar:** From our traditional markets Bangladesh and Sri Lanka, we still have a strong pipeline which we see at this point of time.
- Moderator:** Thank you. Our next question is from the line of Charanjeet Singh from B&K Securities. Please go ahead.
- Charanjeet Singh:** Sir, if I look at the segmental performance in Discrete Automation and Electrification Products, both of these segments have shown pretty robust growth. So specifically on the Discrete Automation is it just the solar segment which is driving the growth or there are other portions? And also on the Electrification Products which you can highlight how the growth can be going forward while we have delivered 15% growth in the first half.
- Sanjeev Sharma:** So as far as Discrete Automation and Motion is concerned, the renewable segment both wind as well as solar has been strong and I think the growth is coming from that division. And then we are also seeing some good traction in the Railway orders.
- Charanjeet Singh:** And sir in the electrification product?
- Management:** Electrification Product, I think it is basically driven by localized component which we have done on the breakers and switches and the control products. So those projects are getting now materialized and were able to generate more revenues out of that.
- Charanjeet Singh:** And sir, if we look at the other segments, Process Automation that continues to be weak, do you think as the demand from the cement volumes we are seeing picking up and maybe the refinery CAPEX can come in, so can we see these Process Automation segment seeing uptick maybe nine to 12 months down the line?
- Sanjeev Sharma:** Well, I think we do not give any future forecast around the segments. What we see currently is that there are a lot of consolidation taking place in the market place wherein the stressed assets are being acquired by the corporates which have better position. So I think it is more of exchange

of assets rather than construction of new assets. But we do see green shoots in the case of cement and steel sector, that is visible right now. But very difficult to predict nine to 12 months from here.

**Moderator:** Thank you. Our next question is from the line of Abhishek Puri from Deutsche Equities India. Please go ahead.

**Abhishek Puri:** Sir, couple of questions. First on discrete Automation, despite the strong growth we are seeing margins coming off in this segment, so is there impact of higher raw material or new products that we would have launched there or what is the reason for that? And secondly on the Power Grid's business we have seen very strong margins as well as growth trajectory bring good, last year versus this year I think there is a massive increase in the circuit kilometers which is being commissioned by the government as per the RFT document. What is your sense of the CAPEX going forward, I mean because Power Grid has been highlighting a flat CAPEX for next couple of years as well? Just these two questions from my side.

**T.K. Sridhar:** So Abhishek, I will take the question on the margins part of it and then Sanjeev might pitch in for the market side of it. So on the margin side of it, Discrete Automation is bit lower compared to the previous year. One impact is definitely the foreign exchange because DM is one which puts quite a few good content in import from the other countries, but whereas its major customers are locally there. So that is one impact which is because if you look at the currencies what was there previously to what is there today, they have definitely strengthened at least 3% to 5%. And also the most sort of important thing is that you have a mix of product and projects which play definitely a different game, so it is a mix of this as well which is attributing to the variations in the margins. But I think it is depending on the execution timelines you get the margins related to that. So on the Power Grid side of it, I think definitely the exports is a major game changer in this particular segment, so exports have been bit higher and service has been quite a significant contributor in this particular quarter and that is the reason why you can see a big uptick in the Power Grid's margins as such. So over to you Sanjeev on the market side of it.

**Sanjeev Sharma:** Well, on the transmission and distribution sector, that is where the Power Grid comes in, I think what we see in the market place is that now that generation capacity is coming to a good level that is available and I think that needs to be brought to where the consumers are. So we do see going forward there will be much more focus in the transmission and distribution projects led by Power Grid in their current model. And also we understand that Power Grid in future also will participate with tariff based bidding against competitors from like private players. So I think there will be a bit of a change of model but I think on the investment side we believe it is a pretty strong play going forward in the transmission and distribution area.

**Abhishek Puri:** Thank you. Just wanted to add here for this question, I think the power generation projects are beginning to decline, last year we did 24 gigawatt, this year target is 16 gigawatt and going forward I believe it will be even lower. So would that impact the transmission and distribution CAPEX as well on an overall basis?



- Sanjeev Sharma:** What we see is that as far as power availability is concerned through generation is going to stabilize for some time. But that being available, that does not mean that it is transmitted to the location where it is needed and I think that is where most of the emphasis will go as the power generation equation stabilizes and it shows up in the transmission and distribution projects.
- Moderator:** Thank you. Our next question is from the line of Girish Nair from BNP Paribas. Please go ahead.
- Girish Nair:** I wanted to know in terms of solar, how many gigawatts of inverter orders did you get in first quarter? And secondly as an allied question, we have been reading that about 24 gigawatts of orders from the solar sector are due in this year. So just wanted to know if there is any traction on that front? So if you could give this outlook.
- Subir Pal:** In terms of first quarter, how many megawatts have been booked? It is roughly hovering around the number of 300 to 350, that is the first quarter both in quarter one and quarter two we have seen that kind of traction on that rate. And could you repeat your second question please.
- Girish Nair:** Yes. I was saying that our 24 gigawatts of solar projects are going to be bid out this year, so I was just wondering whether you have seen that pickup on your side?
- Subir Pal:** 24 gigawatt of solar, I think is far too ambitious for this year at least. What we are seeing is typically up to 5 gigawatt of solar could happen this year. And it is reflecting on our pursued bank and should be good for us.
- Girish Nair:** And the other question is, the other expenses have shown a significantly dip, I mean you mentioned in the last quarter that there will be continuing operational expenses on the new shared service center that you have built and warranty provisions and these should continue. So just wanted to know what is the reason for the dip in other operating expenses? Thanks.
- T.K. Sridhar:** I think the reason why it has dipped, of course we have the expenses what we said of the one-off expenses which we had last quarter and we expected it to come for the next couple of more quarters, I think it is just only a stabilizing cost which is happening over there. So it will take over another two, three quarters to come out of that. And we don't expect any much major cost in the next one quarter at least, but there will be some one-off cost, at this point of time its not coming. And other things which we have been always been pursuing upon is on the operational excellence initiatives be it collection of money against an old provided receivables liquidating the liquidated damages what we have already provided for and collecting money against it has really helped us focusing on the base client expense levels is another area of focus for us. So in this quarter I would say that we have good cash generation within the organization, that means we had task forces which have been working on networking capital management and that has yielded results which you could see in the interest cost as well as in the bottom-line attrition.
- Moderator:** Thank you. Our next question is from the line of Mahesh Bendre from Way2Wealth. Please go ahead.

- Mahesh Bendre:** Sir, just wanted to know what is the outlook for the order inflow, if I have to look for next 12 to 18 months which are the sectors where you see encouraging development for us?
- T.K. Sridhar:** Normally we do not give an outlook in terms of numbers, what we could basically give you is how we see the market.
- Sanjeev Sharma:** Sure. I think looking forward in term of where the investment formation is taking place, what is visible is that it is definitely government spend in the areas of railways, then you have transmission and distribution and also policy related response with the renewables. So these are the ones which really stand out. And of course, as we mentioned some time back, transmission and distribution projects, I think whether they are coming directly from PGCIL or they are being participated on tariff based bidding by private players, I think that will be a strong play going forward in our view. So that is something which is the big ticket investment area which is led by government. But then other segments that we see on the private side which we see good investment will be probably more mid-sized industries like say food and beverage, more consumer-oriented consumption type of industries, I think they are building up their capacities in the country because not only for demand in the country but also these industries see a good opportunity to export out to new opening up of the markets in the Middle East, Iran coming into the play. So we can see that there are market segments which are looking into India as a base, both the local players as well as global players to make good of the opportunities that will open up in the Middle East, especially in Iran. So those are the typical areas we see it will play out.
- Moderator:** Thank you. Our next question is from the line of Fatema Pacha from ICICI Prudential Life Insurance Co Ltd. Please go ahead.
- Fatema Pacha:** Sir, just wanted to understand, if order backlog is sluggish and if we need around 20% revenue growth, is it possible that the product order inflow is so strong that in the same quarter we can grow as much, is it possible or you are practically at the higher end of the product percentage?
- T.K. Sridhar:** So what we are seeing today is an order backlog of roughly around about 0.9x at this point of time. So now going forward, I think you are expecting 120% growth I think which is...
- Fatema Pacha:** 20%.
- T.K. Sridhar:** Yes, which are fairly ambitious growth level. So the market does not grow at 20% first of all. So we have been trying to make consistently a mix of both products and projects getting optimally revenue within the quarter. And it also depends projects has a lifecycle, as in project execution cycle and so it could vary according to that as well. So having said that, our focus is on basically making sure that we have the base orders absolutely robust so that the conversion keeps taking in a very meaningful way to support the revenue requirements of the organization and the large orders on top of it as per the cycle from which it is to be executed get executed. So the market is tough, we know it is very challenging so we are making all efforts to make sure that we are able to support the revenues of the organization.

- Fatema Pacha:** And just on the HVDC, that they will be parent and you have combined one, have we included in Q2 or its yet some time?
- T.K. Sridhar:** Which one, I didn't get you?
- Fatema Pacha:** The HVDC.
- T.K. Sridhar:** HVDC is one which is Agra you are talking?
- Fatema Pacha:** Yes, the new one.
- T.K. Sridhar:** The new one or the old one?
- Fatema Pacha:** The one which got awarded in Q1 in this quarter as in, the June quarter.
- Sanjeev Sharma:** Well, what we have is in our books we are executing the Northeast Agra project which is at an advance stage of energization and testing the lines between Northeast Agra and that is going to be at a very-very good readiness of handing over to the clients by early next year. So that is the one that we have in the books. We have not booked any other order in our books for the HVDC and as a policy unless we book an order we don't talk about it.
- Fatema Pacha:** We have not got the advances or what is the thing, or the percentage mix is getting negotiated with the parent and BHEL or what is it?
- Sanjeev Sharma:** As I said, we have not booked this order that you are referring to, so we will comment about it when we are at that stage.
- Moderator:** Thank you. Our next question is from the line of Rohit Joshi from Dion Global Solutions. Please go ahead.
- Rohit Joshi:** My question is that, we have seen good growth in the Power Grid segment, revenue growth, as well as the EBIT margins have increased. So the contribution has come from the power systems or power product which you have not realigned as we book?
- T.K. Sridhar:** I would say it is a good combination of both. So as we said in the exports earlier has also been, exports and services have been a key contributor for the revenue improvement in Power Grid. And also when it comes to the revenue portion of it, I think the export projects which were maturing now are creating this particular volume growth.
- Rohit Joshi:** And what sort of investment have you made - the CAPEX, like half of the year have gone?
- T.K. Sridhar:** Half of the year CAPEX, so we are at about Rs.20 crores of investments what we have done in terms of CAPEX.
- Rohit Joshi:** And similar amount would be spent in the second half?

- T.K. Sridhar:** Yes, correct.
- Moderator:** Thank you. Our next question is from the line of Sujeet Jain from Yes Securities. Please go ahead.
- Sujeet Jain:** Sir, I you could throw some light on the percentage of revenue from renewables and as well as the order book percentage from renewables and as well as the percentage of revenue in DAM from renewables?
- T.K. Sridhar:** From Discrete Automation and Motion?
- Sujeet Jain:** Yes.
- T.K. Sridhar:** So in terms of renewables we are still riding at 15% of our revenues come from renewable.
- Sujeet Jain:** That is overall revenues? I am sorry to interrupt.
- T.K. Sridhar:** Yes, please. So Discrete Automation revenues for the half year is Rs.1,143 crores and for the quarter it is Rs.529 crores.
- Sujeet Jain:** What I am trying to ask is, as a percentage of total revenue how much is renewables and same is the number for DAM, how much of revenues is renewables?
- T.K. Sridhar:** So we don't disclose or not even track as what is in DAM by division in discrete automation what is the renewable. Overall revenues from the renewables is what we track and that is what I told you.
- Sujeet Jain:** Like 15%?
- T.K. Sridhar:** Yes, you are right.
- Sanjeev Sharma:** And you should be aware that it's not that the renewable segment is only exposed to DAM, we have the other business units also exposed in other division for the same segment.
- Sujeet Jain:** And is it safe to assume that we will grab about 28% - 30% of the incremental solar sector orders going forward? Like you said 300 megawatt to 350 megawatt every quarter if that is the run rate.
- T.K. Sridhar:** So we do not give those forward-looking statements, so it is left to your conclusion.
- Sujeet Jain:** And one last question about Internet of Things which you mentioned in the circular, probably too early to talk about it. But what kind of opportunity that will be eventually?
- Sanjeev Sharma:** I can talk about that. We have a focus of IoTSP which is Internet of Things, Services and People. And in this particular area we have an excellent installed base and this installed base has lot of possibilities for our customers to make use of these new technologies that are being developed

and being released by us in this area. So we do see lot of interest in the market place with our existing customers and also the customers when they are making their decisions, so this is becoming a one-off criteria in the discussions we are having with the customers.

**Sujeet Jai:** Certainly, but if you could throw some more light as to which divisions, which segments it would fall additionally in India?

**Sanjeev Sharma:** It will definitely fall in the Process Automation, in DM, it will fall in the EP, and also the Power Grid. So actually anything that goes into assets and those assets needs to be monitored on real time basis to extract data for making better productivity decisions, they all go part of IoTSP as the package. And not to mention Services, because that is where it becomes the delivery vehicle for the existing install base and as far as the divisions are concerned their products get ready to deliver the solution. So as a matter of fact, much of our portfolio is IoTSP ready and on top of it we have the capability to do the data analysis. So I think combining these two factors together is becoming an interesting proposition for our customers.

**Moderator:** Thank you. Our next question is from the line of Ankur Sharma from Motilal Oswal Securities. Please go ahead.

**Ankur Sharma:** Sir, my question was on the Power Grid segment. Firstly, what we understand is that post the recent HVDC order which was won by ABB there is going to be extension of that into Kerala as well as from Pugalur you have another line going into Kerala. So by when do you expect that order to come through and are the bids for that already out?

**T.K. Sridhar:** The contract that you mentioned about this extension to Kerala, this particular tender is under bidding, so there is no conclusion taken there by the customers yet. So I think it is still out in the open.

**Ankur Sharma:** No, but do you expect that to be finalized by this year, is that something that we can expect?

**T.K. Sridhar:** I would say they were certain situations for that, it could also go to Q1 next year.

**Ankur Sharma:** And sir my second question was, on the 765kV GIS market, now what we are given to understand is that the Chinese and the Koreans possibly have an edge over the European peers given the fact that Europe mostly operates at 400 or lower kv and you would have to therefore make this product specifically for India. So how competitive are we versus the Koreans and the Chinese players and are we seeing strict implementation of the domestic manufacturing clause with Power Grid orders?

**Sanjeev Sharma:** We have our Power Grid President Pitamber Shivnani on line, Pitamber, would you like to take that?

**Pitamber Shivnani:** Presently we will not like to comment on our strategy for that.

- Sanjeev Sharma:** So I think only thing I can say at my end is yes, it is true that the market is quite active and as far as we are concerned, we are a major player in GIS. We compete very well in those markets and we have orders on those markets for our own equipments. So as far as India is concerned, I believe the market is redefining itself, how much it will be at 765kv, what will be at 400kv, what will be 220kv, 145kv, so there is a redefinition taking place because many state electricity boards are moving to the GIS only strategy. So it is quite an interesting play and I think you will know maybe in one or two quarters from now from us how ABB's standing is into different segments of those.
- Moderator:** Thank you. Our next question is from the line of Sanjay Doshi from Reliance Mutual Fund. Please go ahead.
- Sanjay Doshi:** Sir, just wanted to get some clarification on your operating EBITDA which is given in the press release and the reported EBITDA, there is a difference of about 1 percentage point. Can you just help us understand what are the key components here?
- T.K. Sridhar:** Operation EBITA, we have actually this time it was in line with the Group results, we have migrated to some operational EBITDA, we have call it EBITA which is basically I think nothing but same.
- Sanjay Doshi:** Without the depreciation part?
- T.K. Sridhar:** Yes, exactly.
- Sanjay Doshi:** So there is no real FOREX impact in the quarter?
- T.K. Sridhar:** Not much.
- Moderator:** Thank you. Our next question is from the line of Vibha Kashyap from Narnolia Securities. Please go ahead.
- Vibha Kashyap:** My question is from services, can you comment how it has done this quarter and what is the outlook going forward, if you can say.
- T.K. Sridhar:** Yes, outlook we do not give but definitely Madhav on the call will tell you synopsis of how services have grown. So Madhav if you are there, can you take it?
- Madhav Vemuri:** Service is something in which we keep working on the existing installed base and that is why we mentioned a while ago we have a huge installed base created over many-many decades in this country across the entire utility and the industry spectrum. So we have advantage of getting reconnected with our customers in terms of lifecycle extension and the debottlenecking optimization upgrade retrofit and so many other aspects of the asset management. So from that standpoint we continue to have a strong base for service portfolio and also our new solution in terms of value add and efficiency improvement thing and IoT as we say, are bringing in new opportunities for us continuously. We need to work, service is something which is not against

an inquiry hence we need to work and invest a lot of time in terms of values funding and technical differentiation creation. So that investment is going on and we continue to look at a very big potential that we can generate from this install base in this country. How much and what and how soon it can happen is something which we will not be able to predict and put a number on, but we are pretty confident that there is an opportunity going forward.

**Vibha Kashyap:** Sir, my next question is for CAPEX, what is your CAPEX plan?

**T.K. Sridhar:** So till now we have spent Rs.6 crores, so I think we are consolidating on the CAPEX and our existing investments what we have done, so once they do it then we will definitely think about it and we will definitely keep in mind the new products and the technology what we need to bring in to the country so we already have a very robust strategic plan on that.

**Vibha Kashyap:** Sir, can you repeat the order book and order backlog number, please?

**T.K. Sridhar:** Order book for the quarter is Rs.2,040 crores, order back log is Rs.7,752 crores.

**Moderator:** Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to Mr. Sridhar for his closing comments.

**T.K. Sridhar:** Thank you and thank you everyone for joining us at this particular time. Apologies once again for the inconvenience caused due to very short time allotted for you to look at the numbers. So we will try to do it much better next time. So thank you and if you have got any some unanswered questions you can come back to me or Sohini or Peter Stierli, so we will make sure that it is getting appropriately addressed. And also thanks to the management team members who are there on the call. Thank you.

**Moderator:** Thank you very much, members of the management. Ladies and Gentlemen, on behalf of ABB India Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.