

July 29, 2021

BSE Limited  
P.J. Towers  
Dalal Street  
Mumbai 400 001  
(Atten: DCS Listing)

National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (E)  
Mumbai 400 051  
(Atten: Manager Listing Department)

Dear Sirs

**Subject: Transcript of Analysts/Investors call held on Friday, July 23, 2021 as per Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Ref : BSE Scrip: 543187 (POWERINDIA) NSE Symbol: POWERINDIA**

Please note that as per our intimation letter dated July 16, 2021 and in furtherance to our letter dated July 23, 2021 wherein we had shared the copy of Investors presentation and Press release, a conference call was organized with Analysts/Investors on Friday, July 23, 2021 at 4:30 pm.

We are now enclosing the transcript of the said conference call held with Analysts/Investors which is also being uploaded on the Company's website at:

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/financial-results--reports-and-presentations>

You are requested to take the same on your record.

Thanking you.

Yours faithfully,  
For ABB Power Products and Systems India Limited



Poovanna Ammatanda  
General Counsel and Company Secretary



Encl: As above



**“ABB Power Products and Systems India Limited Q2  
2021 Analyst Conference Call”**

**July 23, 2021**



**ABB POWER PRODUCTS AND SYSTEMS INDIA LIMITED**

**MANAGEMENT:**

**MR. N. VENU – MANAGING DIRECTOR AND CEO**

**MR. AJAY SINGH – CHIEF FINANCIAL OFFICER**

**MR. POOVANNA AMMATANDA – GENERAL COUNSEL AND COMPANY SECRETARY**

**MS. MANASHWI BANERJEE – HEAD OF COMMUNICATIONS**

**Moderator:** Good day, ladies, and gentlemen, and welcome to the Analyst Call of ABB Power Products and Systems India Limited Q2 Results. At this moment, all participants are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time, you may click on the Q&A tab available on the media player to ask an interactive question. Please note that this conference is being recorded. I now hand the conference over to Mr. N. Venu – Managing Director and CEO, ABB Power Products and Systems India Limited. Thank you and over to you, sir.

**N. Venu:** Thank you, Stephen. Good afternoon everyone. Thank you for joining us for the call. I hope all is well at your end and you continue to take all necessary precautions to keep yourself and your family safe. India has suffered a severe healthcare crisis this year and seen a return of a much more virulent form of Covid-19 outbreak. The country is still reporting the second highest number of COVID-19 cases in the world, as per the World Health Organization, which has also put a bind on business growth. But it brings some solace that over the past month the country has been reporting a decrease in cases. In what is the world's largest vaccination program, more than 40 crore vaccine doses have been administered, which brings hope that we are heading in the right direction towards recovery. For us, the health and safety of people has remained at the center stage. We believe that is the bedrock of our long-term growth vision.

So, as we have already uploaded the presentation in BSE website. Those who are not seeing my PPT, please refer to the PPT which just now has been uploaded on the BSE portal.

Moving to the Slide #3 Safety is our license to operate and a non-negotiable virtue. Offering support to essential services, we couldn't switch 100% to remote work. So, we ensured COVID-19-appropriate behavior across sites to limit the spread of infection. Inculcating safety values being fundamental to self-reliance, we continued the trend of safety operating tours and refreshers to ensure a safe working environment within our premises and reported no serious injuries.

Safety is inbuilt in our passion and pursuit of powering good. To that effect, we also continued to receive appreciation for our safety and service standards from leading industry players, customers indicating we have been on the right track.

Our efforts to be known as a climate conscious company continued too. We kept on nurturing our environmentally responsible values - the values that percolate down to every employee. This World Environment Day we took yet another opportunity to renew employee awareness on climate change and our role, as a company and as individuals, in curbing it, be it through trainings on eco-system restoration or personal carbon footprint assessments and measures to reduce it.

As we now move to the next slide, Slide #4. Further, our focus was steady on managing the Covid-19 crisis for employees, customers, partners and the community as a whole, and on lending support to the country's relief measures.

We were able to achieve more than 90 percent vaccination rate at the company level and facilitated more than 6,000 tests for our employees and partners. We are still conducting regular vaccination drives for the remainder of our teams and their families, continuing to provide PPEs, and making provisions for medical assistance and equipment such as oxygen concentrators to support our workforce across the country whether it is our factory, office or project sites.

In the April-June quarter, we continued to work on a war-footing, mobilizing our resources pan India to help our people whenever they needed us. We also funded hospitals and NGOs to ramp up their medical infrastructure for higher patient intake. We quickly repurposed and reprioritized our CSR spends and efforts. We facilitated makeshift care units through over 100 extra beds - including those for intensive care - and enabled the supply of critical equipment such as infusion pumps, defibrillators, ECG machines, crash carts, neo-natal resuscitation kits and more.

We extended support to much-needed innovations to relieve the economic burden of wasted vaccines and enable vaccine delivery to remote healthcare centres. For the last mile delivery of Covid-19 vaccines in South India, we partnered with a not-for-profit organization, C-CAMP, for funding research, development and deployment of portable refrigerated containers.

Moving to the next slide, Slide #5. Within our premises, to ensure healthy and safe work environment, we instituted a team of doctors, deployed new work-flow protocols to ensure social distancing and reduced physical contact, redesigned work spaces and added extra shifts to space out the work. We conducted regular sensitization, training sessions and workshop to keep an open communication channel for our employees and their families.

On the delivery side, we strived to handle with resilience the pandemic-imposed challenges - lockdowns, supply chain disruptions, mobility restrictions, and demonstrated a credible performance. Some of our factories and project sites had to be fully or partially closed during the second wave for weeks, in line with local government guidelines. We noticed that our customers faced similar hurdles, resulting in delayed decisions and slower pick-ups from our factories.

Moving to the Slide #6, We continued to deliver credible performance year on year. Orders were up more than 30 percent YoY and revenue more than a quarter. Demand was driven predominantly by rail, datacenters, and utilities, helping us strengthen our position in future high growth segments which we have been talking about since past few quarters.

However, in Q2, ~INR 100 crore of orders, where we were L1, were deferred by customers due to the pandemic. Closure of shopfloors, project sites and disruption of logistics, affected production, project execution as well as service activities, resulted revenue loss of up to INR 200 crore. Yet we were able to double our net profit since same time last year. As this is also half yearly results, as you can see, comparison between half yearly to half yearly, as we have almost all KPIs improved compared to the last year.

Moving to the next, Slide #7. We booked multiple transformer orders from power transmission, rail and infrastructure companies and delivered our power quality, digital solutions, and service to utilities and datacenter companies. Our portfolio will facilitate power system stability, protection, and energy efficiency.

Our focus on digital solutions remained very strong. Through power system studies we consulted customers on deploying clean energy in line with the grid code, while advancing India's mission to achieve 450 gigawatts of renewables penetration by 2030. Withal, our portfolio prowess continued to reach offshores and we booked our first 400 kV GIS order in South America.

Moving to the Slide #8, We steadily solidified our efforts to build back better, be it through demonstrating efficient remote commissioning and upgrade of mission critical power assets, such as we did in Bhutan and for the Rihand Dadri HVDC transmission link, or by making our operations more sustainable through smaller environmental footprint and an inclusive and talented workforce.

Under our diversity-focused hiring, we have launched a Diversity 360 program, we strived to hire aspiring and exceptional women and develop our culture of diversity and inclusion. Our quest to tackle the under representation of women in engineering across industry and build future talent today was strong and clear as ever.

Besides, we engaged in key industry discussions including in the Ministerial Thematic Forums of the UN High-Level Dialogue on Energy 2021. We spoke on accelerating citizen-centric energy transition to achieve the 2030 Sustainable Development Agenda in the power industry, and of our vision and ideas.

Moving to the Slide #9. You may be knowing that earlier this year, we announced our carbon-neutral targets for 2030. These targets are based on a three-dimensional approach to decarbonization, encompassing our operations, our products and our contribution to society and the environment. Central to this mission is the UN SDG Goal 7 of providing clean and affordable energy to all.

We aim to transition to fossil free electricity by March 2022, reducing our emissions, and over the course of a decade, decrease waste generation by half and freshwater use by a quarter. We also target a 50 percent reduction in CO<sub>2</sub>e emissions along the value chain. We will electrify our operations, our transport fleet and implement energy management standards to ensure we walk the talk on climate action and sustainable market development. Our aim is to be carbon neutral in our operations by 2030.

Moving to the next slide, Slide #11. I think you all know better than me, but just to give you perspective from our side. Talking about the market environment. The second wave of Covid-19 caused a significant setback, delaying economic recovery a fair bit. The manic spread of the virus and the healthcare crisis affected our supply chains as well as our expectations we had at the start of the year of achieving normalcy in the immediate future.

We saw business activity slipping month on month and industrial production remaining muted due to the curbs and disruptions triggered by the pandemic. There was hardly any respite in inflation and we saw price of oil and other commodities soaring. Yet, we remain cautiously optimistic of opportunities ahead in sectors we track such as renewables, transmission, rail, and datacenters.

The government, the Reserve Bank of India and even the IMF are optimistic about India reaching double-digit growth in FY 2022, even though there have been downward revisions. In the sector we operate, we had India's power consumption growing nearly 18 percent in the first week of July to over 30 billion units (BU) compared to a year ago. It returned to pre-pandemic level mainly due to easing of lockdown curbs and delayed monsoon, which partly means we have opportunities in the pipeline and partly that we have our work cut out.

Moving to the Slide #12. In the second quarter, Covid-19 headwinds notwithstanding, we remained the partner-of-choice for our products, services and software. We saw high interest from utilities, transport and infrastructure segments, which were secured through direct sales and contributing to EPC projects.

We continued to make headway in our key focus areas such as renewable integration, power quality, datacenters and rail, all essential drivers of our business growth and Vision 2025, as well as the of the Indian economy.

We enabled renewable power utilization for key industry players, increased electrification of industries and transport, quality power for datacenters and played a part in bringing Indian Railways closer to its carbon-neutral ambition.

Slide #13, which is also a very important slide. Despite difficult market conditions, we continued to make in India for India and for the world, leveraging our wide installed base and expertise.

Customers' trust remained rock solid as we saw service and export orders exceeding the 15-20 percent range in the order mix, wherein service orders rose 50 percent YoY and exports added in more than 30 percent to the order book.

We were chosen for cyber security of critical power infrastructure by a leading utility, for power asset automation solutions by a major steel maker and for substation charging for a hydro project. Export demand for our products, systems and services poured in from Africa, Latin America, South America, South Asia, Europe and many other regions.

Moving to the Slide #14, It seemed at the start of 2021 that the ordeal brought upon by the pandemic could be getting over. Then, the second wave hit. With a surge in infections in April business confidence deteriorated with weak demand conditions and reintroduction of lockdowns. Priority of industry was on protecting people.

Our three-pronged strategy, put in place at the peak of the pandemic, of protecting our people, preserving business continuity and preparing for the new norm continued to support us in walking the tightrope. Even though manufacturing activity posed a challenge across the board, we covered a good distance over the last one year with a credible and sustained performance.

As of 30 June 2021, our order backlog stood at INR 4,770.8 crore, which will unlock revenue streams in the coming months.

Operational EBITA stood at INR 46 crore in the second quarter, with EBITA margin at 5.8 percent. Profit before tax was INR 21.6 crore and profit after tax rose 49.5 percent YoY to INR 16.3 crore.

Remaining debt-free, we also maintained our AAA/Stable rating from Indian rating agency CRISIL. Short-term facilities remained A1+. Both highest ratings accorded to Indian corporates.

Moving to my last slide, As I often say, we are invested in India for the long-term. While we aim to introduce new products to capture a bigger share of the market, our goal is to localize our portfolio to build indigenous capabilities. We will continue to make in India for India and for the rest of the world.

Our key focus will be protecting our people and along with them build our capabilities in high growth segments such as rail, datacenters transmission, renewables and HVDC.

We will focus on these segments and accelerate growth through services, digital solutions and exports leveraging our strong local footprint. We have a comprehensive portfolio of future-ready and state-of-the-art products, software, services and systems to cater to them. Commitment to lowering the carbon footprint of our operations, product localization, digitalization of the grid will be a part of our yardsticks to measure our success going forward.

Nothing is complete without our people. Hence, we will relentlessly work toward their safety, their growth and their upskilling. We will also strive for building diversity, as part of our strategy Diversity 360, in our various functions and balance the mix of competencies across businesses.

In this Energy Transition, we see ourselves playing a leading role through our digital and energy platforms. We aim to be the partner of choice for our customers and for the industry to advance a sustainable energy future.

With that, thank you once again for taking your busy time and also attending this. I will now request the operator to open for Q&A.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Renu Baid from IIFL Securities. Please go ahead.

**Renu Baid:** Sir, I have three questions, my first question is to understand that post the second wave, have we seen some signs of delay in execution from key customers and projects? And will that impact the execution momentum on the order backlog that we have today currently, any thoughts on this side?

The second question is, while you mentioned and commented about a strong growth in services and exports on order inflows, can you also share how was the performance in terms of revenues for the first half? And broadly, how are we placed in terms of ramping exposure in these segments from a revenue business perspective?

And the last question is, the key focus markets that you have highlighted, data centers, rail, and metro, how should one look in terms of the likely growth of these segments in your business portfolio? So, probably from a three to four year perspective, in your view, how large can these business segments be, given that data centers are expecting almost \$8 billion, \$10 billion dollars of CAPEX, rail, metro, we would be favorably placed at a lot of funded projects, JICA funded projects and likes. So, these would be the questions. Thank you.

**N. Venu:** Okay. Thank you, Renu. Let me just answer your first question. So, post second wave, we have not seen any major delays, the delay was only during the wave 2 period, that is the last quarter. But now I see more and more customers are trying to catch up. And in fact, we have even seen some of the customers accelerating the execution. So, by and large, we have not seen any major delays. So, that's one.

The second question is on the service and revenue. I think, if you recall, we have been also telling you that our exports are in the range of 15% to 20%, higher side of the range. And our plan is to take it to 20% to 35% over time and then our revenues are also trending in that same band right now. Same is the case with services that are in the range of 10% to 12%, but our plan is to take it to 10% to 15%, and we also seeing the same direction in the revenues part of that.

And to answer your third question, I think likely growth of our high growth segments, especially rail, data centre and renewables and also HVDC, I think we do see that these are quite big growth elements in the new energy transition, and they're going to take up a bigger pie of our future order backlog. They will definitely be major, major contributors for our orders in the two to three or three to four years period.

**Renu Baid:** So, can it be more than a third, broadly, in terms of mix? I mean, 30% to 40%, given the size and scale of these segments?

**N. Venu:** Yes, 30% is definitely a minimum, we are looking at an excess of 30%.

**Renu Baid:** Sure. And if I can add one more question, would it be possible for you to share the outlook on the HVDC orders in pipeline, how are they placed and the broad timelines in terms of the likely award that we see?



**N. Venu:** Yeah. So, basically, we are seeing three or four HVDC projects as we speak. And one of them, we are hoping that it will get finalized by the end of this financial year. And there are two more large HVDC projects where our PGCIL and customers are looking at. And definitely given long-term view, we see one major project per year. We see quite a long of pipeline. And our view is that one major project per year is what we can factor in.

**Moderator:** Thank you. The next question is from the line of Yogesh Singhvi from Sky Investment. Please go ahead. As there is no reply from the current participant, we move to the next question from the line of Sujit Jain from ASK. Please go ahead.

**Sujit Jain:** Sir, a quick question, if you can, the global tie up that we have done in Sweden with Power Cell, that is for fuel based stationary power solutions. And I am sure that has potential of even disrupting the standby backup power, which is supported by DG set. It'll be too early, but what is the scope of that tie up? And how we can leverage on that in India?

**N. Venu:** Yeah. Sujit, I think that's very specific information and we will not be in a position to share anything. So, this is basically like a pilot basis we are doing and we have not reached a stage where we would like commercialization.

**Sujit Jain:** And you spoke about digitalization in the presentation, cyber security solutions as well. And looking at the capabilities that Hitachi brings to the table through industrial IoT platform, what is the percentage of revenue that you have already started booking in terms of industrial IoT solutions in your key segment?

**N. Venu:** This is in the very nascent stage, the cyber security as a revenue stream. Working with customers in educating, in partnering with them, together we got to learn, both our customers as well as ourselves. So, right now, our focus is on doing system studies, where are the loopholes, where are the plugs, and then we will give it more of a consultancy standpoint, and then we start deploying the solutions. IoT is not known for cyber security, but we have now partnered with our parent organization Hitachi, where Hitachi has very strong IoT platforms. So, together with Lumada, we are offering our asset performance, APMs and enterprise software solutions to our customers on IoT platform of Lumada of Hitachi. And we see there's quite a bit interest from many of the customers, started from industrial customers and also quite a lot of renewable customers. So, we can start taking a lot of things on a remote monitoring, remote measurements, etc, of many of these assets.

**Sujit Jain:** Any number that you can give, what it has reached as a percentage of sales, to begin with?

**N. Venu:** Right now it is too low, we are not in a position to give any percentage. We are doing pilots with customers.

**Sujit Jain:** Sure. And one last question in exports, can you practically offer your solutions across geographies and markets? Or there are some restrictions in terms of which global entities, in

terms of for example this entity in India, which markets it can service and which market it cannot service, etc?

**N. Venu:** So, we have a dual strategy, one thing is what you said right, in some of the product lines we have a strategy that particular markets are being allocated and then we will be developing the markets together with the local sales organization of that particular country. That's the one strategy. And then we also have a strategy where some of our product lands at global feeder factories, so that means we will be selling either directly to our customers but also through Hitachi ABB Power Grid sales organizations. So, it is a combination of both, Sujit.

**Moderator:** Thank you. The next question is from the line of Yogesh Singhvi from Sky Investment. Please go ahead.

**Yogesh Singhvi:** Sir, I just had two, three small questions. First is, what is the private and government order split in your order book? I understand majority of order book is from the government side, like from PGCIL and others, but I just want to have a quick idea, what is the split between private and government orders, including export also? By private means, like private industries, like some data centers or...

**N. Venu:** Thank you, Yogesh. If you really take the split, the bulk of our order backlog falls under private. So, around 60% is private and the rest is part of the government. So, most of the things like the data centre, like industries, which we have been announcing major wins from the last quarters, so that's industry and private, we call it as one; and the government is pure government like PGCIL, like state utilities, and the railways.

**Yogesh Singhvi:** Okay. That's helpful. And second question will be sir, due to this pandemic situation, there might be some delay in execution and delivery of the products. So, have there been any instances where customers have been levied us with liquidated damages? I hope in government contract it is there, early damages, in private I am not so sure. So, how that situation is emerging?

**N. Venu:** I actually answered, in fact, we had a major delay last year, and huge disruptions, and due to that some of the projects got delayed. But then there the government and also many utilities have extended suitably whatever the delay, and we did not face any major delay, liquidity damages on those contracts. And I was just answering to your colleague just now that we don't foresee any major disruptions due to this Wave 2. There is some disruption, but there's a good catch-up plan until unless we hope there is not going to be any major potential Wave 3, and if that is not there we hope that it will stabilize and then we come back to the normal, if not in the next quarter, but next couple of quarters.

**Yogesh Singhvi:** And if you permit, I can squeeze in another questions. It is about our overlap with the ABB India, because I see in their presentation also they talk about data centers, railway electrification and metros as a growth areas in future. So, is there any overlap between their product and our products? Or they play in some like LV, or we are in MV or higher voltage segment? Or we both go as a go-to-market strategy we adopt in the marketplace?

- N. Venu:** Thank you, I think that is a very good question. First of all, there is absolutely no overlap between Hitachi ABB Power Grids and ABB. And when it comes to data centers, as you know, we have the competency to build the data centers right from the integration and then also the studies and also the automation, etc. So, that's where we will be focusing. And in some cases, we will also go together with ABB wherever it is required, but we are very clearly saying that our competency on the data centre is the high voltage substations, whether they are air or gas insulated substation, engineering package, grid connections studies, digital substation, dry type transformer; and in electrification at the power distribution, backup power, data centre automation, battery storage, power quality and consulting, cyber security, these are all part of our portfolio and there is no overlap there.
- Moderator:** Thank you. The next question is from the line of Hitesh Kumar from AXA Capital Advisors. Please go ahead.
- Hitesh Kumar:** I just wanted to understand, what is the addressable market opportunity for the data centre for the products that we have?
- N. Venu:** We will not be able to quantify exactly, but we will tell you for a hyperscale data centre, per megawatt hour of data center, what's the value we are tracking. But meanwhile, if you have any questions, please go ahead.
- Hitesh Kumar:** I also wanted to understand, what's the competitive landscape in this space, in the data centers project that we cater to? Who would we be effectively competing with over here?
- N. Venu:** Yes, again, depending on the kind of buying pattern of customers, if customers want to buy the whole things, then we have some sort of global players who will be competing with us, we know them. And then depending upon suppose customer wants only, let's say, a grid connection for the data centre, then the set of competitors for that particular thing is different. But when it comes to us, I just now was telling you that we have a wide portfolio for the data centre, and we have the huge capabilities to build the data centers, and that's how we can offer either whatever the customers are choosing for only limited ways, but some customers buy only the platforms from us, some customers buy only the grid connection, some customers will buy the entire thing, including the studies of stabilization, grid connection, automation and electrification of those kind of things. I will come back to you on the value on this. Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Thawani from Zenith. Please go ahead.
- Amit Thawani:** Sir, can you please tell me how much is data center part of this order book right now?
- N. Venu:** We don't quantify the order book by segments, Amit. Datacenter is one of our growth levers, so we are tracking the growth of that, but we will not be able to quantify how much of the data center is part of our total orders.

**Amit Thawani:** Fair enough, sir. Sir how is your order book looking after the 30<sup>th</sup> of June. What is the order booking like this month?

**N. Venu:** As per our strategy we don't give outlook. But I can tell you that our pipeline is very robust. Our pipeline across the segments, the segments of the renewables, because our customers who have actually missed the targets, they are really accelerating now to see quite a robust pipeline under renewables. We also see quite a robust pipeline in the datacenter. We also see quite a pipeline on the TBCB projects, we see a quite robust pipeline in rail segments. So, coming back to the key fundamental thing is that there could be a potential delay in decision due to this how the COVID will pan out.

**Amit Thawani:** So basically, if doesn't come in this quarter and probably come into the next quarter just in case we have any delay in the decision making.

**N. Venu:** Absolutely, Amit.

**Amit Thawani:** We have lot of MNCs in India. So, India had a great talent pool as far as software engineers go. So, you have MNCs like Honeywell and WABCO, they kind of hire talent in India to cater to the software needs of the parent as well as their local software needs. Are there any plans to tap into the talent pool that we have in India on the software side?

**N. Venu:** I think, Amit, it is a very good question. But we have not only planned, but we already had implemented plans long back and that particular thing is a separate entity. It is not part of the listed entity. So, we have a separate legal entity which is 100% owned by our parent. So that is where we house this thing. We have at this point in time more than 2500 engineers, principal scientists working across for our global companies, and we have the center in Chennai, and we have the center in Bangalore.

**Amit Thawani:** Sir, my final question is on the EV Charging infrastructure. Can you tell us if there are any plans to how we intend to participate in the EV Charging infrastructure?

**N. Venu:** EV Charging is one of our growth segments. So, here what we do is, we do both front end and backend. By front end, backend we are talking about very high flash charging technology which involves, connecting the generating sources, especially new generating sources and also connecting to the EV loads center. So, our portfolio is geared towards not only the public and commercial transport but also a large scale four wheelers in that. So again, I am talking about both front end and backend . So, we have the portfolio of what we call as Grid eMotion Flash Charging technology which is the world's fastest flash charging technology and there we are now doing this pilot in Chennai together with Ashok Leyland. We are going to inaugurate in the next couple of months and our buses, the Ashok Leyland buses will be running using our technology in IIT Madras. And similar case we have with Grid eMotions Fleet which is a large scale EV Charging where grid integration project will be depots and terminals involving convention lined pre-fabricated substations including transformers, switch gears, rectifiers, chargers, pantograph, auxiliaries, smart digital and service solutions. So, this is all part of our

entire portfolio for the electrical vehicle charging. It is not only one charger. We definitely make the charger, but there are a lot of other things where we are talking about flash charging technology, so much of the voltage and currents are required and we engage those kinds of things. So, we are fully gearing up and we are working actively with all the stakeholders in many of the states. We are looking for opportunities in these places.

**Moderator:** Thank you. The next question is from the line of Jonas Bhutta from Phillip Capital. Please go ahead.

**Jonas Bhutta:** Just a quick two questions. First, for the past 3 quarters we have noticed that the raw material to sales ratio has hovered around 60% of sales. Do you believe that this now captures the worse impact or the most impact of higher raw material prices and from now on sequentially we should actually see the material margins actually go back to the old norms? Or is it a function of the sales mix today given there is lesser orders which have higher gross margins? That is the first question. The second question is now that you mentioned that you are targeting almost 3 or 4 HVDC projects, just wanted to understand how would this be managed, so given that post the demerger the current entity is largely a product company and may not be talking EPC projects while the projects may be awarded on EPC. So how will this be managed by us in the current form, erstwhile while you are part of the ABB Group at that time, it was managed by the group entity itself. But in this case if you can help us how this will be managed?

**N. Venu:** Let me answer your second question and meanwhile I will ask Ajay to take your first question. So Jonas, what I have told you is that when it comes to HVDC we see one project per year, next couple of years, 3 to 4, that is what we are seeing the visibility of in the pipeline. That is what I said.

Our purpose is to serve the sectors with our portfolio right from products, systems, services, software. So that is why if you have seen my presentation and the slide, we also have products, we also have projects, we also have services. We continue to serve across. And previously even though we were part of the previous ownership, the HVDC competency always remains with the Power Grids, entire execution capabilities including the turnkey execution. For example, we are almost on the verge of completing Raigarh-Pugalur HVDC project, entire HVDC is done by the team which is part and parcel of Hitachi ABB Power Grids right now in India. So, what we are saying is that our strategy is to go to the projects where we have a vigor of our products, our competency and leveraging our engineering capabilities. So that side we said we will do. Suppose if a particular substation has 50% of civil, we do not want to do. We will provide our substation engineering capabilities to them. So that is why we have created another company, our group company which is Linxon, they will do that kind of thing. But HVDC and STATCOM, FACTS, SVC whether they are turnkey or full turnkey or whatever the model it will be done by the Hitachi ABB Power Grids in India.

**Jonas Bhutta:** So even the civil part will be managed in house?

**N. Venu:** Absolutely. Right now, Raigurh-Pugalur is done by us, NE Agra done by us. So same is the case. So, Ajay can you answer the question.

**Ajay:** Thank you for the question. So, coming back to sales to raw material ratio, so currently it is hovering around let us say 60%. So basically, it is a mix of the function that we talked about on sales mix. So, it will be roughly hovering around this line, plus minus 2, but definitely because we cannot compare with the last few quarters, because obviously these quarters we know that it has got impacted because of pandemic. So, in real sense, it will be a mix of both where we will see the mix of between sales mix, that is one factor and we intend to see that it will, more or less it will be hovering around this line only.

**N. Venu:** Thank you, Ajay. And one question on the datacenters, where looking for a data point, just wanted to clarify to the person who has asked for it. Generally, our datacenter CAPEX, if you take out the civil and those kind of things in the CAPEX, it is in the range of 15% to 20% in our scope. Roughly we have seen again in hyperscale datacenters, the CAPEX per megawatt is in the range of anywhere between 35 crores to 45 crores depending upon the specifications. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraint that was the last question. I would now like to hand the conference back to Mr. N. Venu for his closing comments. Over to you, sir.

**N. Venu:** So, thank you once again, ladies and gentlemen, for taking your time from your busy schedule and attending to the investors call. I appreciate very much. Please if you have any more questions, please reach out to us. We are happy to provide and engage for any kind of clarification you may have. With this I want to really request you please take care of yourself and stay safe and stay strong. Thank you.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of ABB Power Products and Systems India Limited that concludes today's session. Thank you for your participation and you may now disconnect your lines.