

May 25, 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 Monday, May 17, 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 May 17, 2021, and in furtherance to letter dated May 17, 2021 wherein we had shared the copy of Investors presentation, a conference call was organized with ICICI Prudential MF on Monday, May 17, 2021 at 9:15 am.

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

<https://www.hitachiabb-powergrids.com/in/en/investor-relations/other-communications>

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

## **Hitachi ABB Power Grids & ICICI Pru MF**

**Date: May 17, 2021**

Lakshminarayanan KG: Yes, thank you. Good morning, and thank you so much for your time.

Venu: No problem.

Lakshminarayanan KG: So I have my colleagues, Harish and Suraj joining.

Venu: Okay.

Manashwi: Good morning, from Hitachi ABB Power Grids we have N Venu, CEO and MD. Ajay Singh, CFO and Poovanna Ammatanda, Company Secretary, will be joining shortly...

Ajay Singh: Morning everyone.

Manashwi: As always we will be discussing information that is available in public already, and no futuristic statements or guidelines will be shared.

Lakshminarayanan KG: That will be helpful and we would like to abide by that, and we will make the call available in a recording to you, as requested. That shouldn't be a problem.

Venu: Okay,

So good morning, Mr. Lakshminarayanan and Harish, very much for joining the call, and thank you for taking your time and meeting us. So I will just take your 10 minutes, just give you a bit more, granule information so where we are looking at it, things like that, so thereafter we will spend time in the Q&A. As you know, this is extremely important that the second wave of COVID-19 in this unprecedented crisis, protecting our people is our main goal, and we are mobilizing our resources Pan India to help affected employees and their families with beds, oxygen and any kind of support to not only our employees but also employee's families. We are setting up, teams of doctors and paramedics, arranging PPE for frontline workers and increasing the frequency of awareness sessions for our workforce and their families, so that they better understand COVID-19 and start displaying appropriate COVID-19 behavior, not only within but outside of our campuses. So we have continued voluntary mass testing, this is for all employees to identify asymptomatic careers and we will be initiating the vaccination drive for our younger employees at our various locations, as our associate hospitals and healthcare caters as and when you know they have the vaccine stocks. Meanwhile through our concerted efforts of our Crisis Team, more than 90 % of our employees over 45 years of age and 100 % of our frontline staff have been already vaccinated. So since we support essential services and our offering is manufacturing led, we cannot switch 100 % to a remote work, however we are ensuring COVID-19 appropriate behavior across sites, across our factories, across our project sites to limit the spread of infection in that.

So this particular, I think you know better on the economy recovery, so the second wave of COVID-19 definitely is causing a concern. So I just don't want to dwell more on this. The only point what I would definitely like to say that the pandemic has delayed the recovery process, but we are optimistic, that it will not dent the long term story of our country. And in our views, the long term demand drivers are intact especially in our sector, whether the long term demand drivers, whether it is renewable penetration, whether it is a need for electricity, whether it is a quality power source supply, whether it is more electrification, or electrical vehicle charging, all those things, demand drivers, are all intact. Hopefully we will soon overcome the ongoing healthcare crisis. The shortage of vaccination and healthcare facilities and the rate of infection will plateau and the good news is that, from the last one week, it's slowing down. We could then anticipate the beginning of the respite, we are longing for. We could then start moving towards normal scene in day to day life and in business. So going to the next, I think you have probably seen the slide. Going to the next slide, These are the couple of things, very important thing that our customer engagement during this difficult, during these lockdowns was really-really you know hallmark, you know we continue to leverage our customer engagement, provide all the necessary support, whether in a thought leadership, whether it is technical, whether it is remote factory acceptance test or remote commissioning, etc.

Moving to the next one, in the first 3 months of the year, COVID-19 headwinds notwithstanding...go to the next slide Manashwi. We remained the partner of choice for our product system services. We were also interested with some highly challenging projects, not just within the country, but also outside. The majority of orders came from industries and the transport segment through direct engagement or the EPC route. Areas such as Power Quality, Renewable Integration, E-Mobility and Datacenter or Essential Drivers of our business growth, and form part of our both midterm and near term vision. For this, the government ambitions of 24\*7 power for all higher penetration of renewable, push for 100 % real electrification by 2023, 30 % electrical vehicle penetration by 2030, and vision of Digital India with more and more datacenters provide the tracks for Hitachi ABB Power Grids journey. We have continued to make progress in each of this to varying degrees, even during the second wave of the pandemic, be it through ensuring renewable power utilization to our key industry players, increasing electrification for transport, ensuring quality power of datacenters or bringing Indian Railways closer to its carbon neutral ambitions in that.

The next slide is very important slide for you to understand that you know while we continued to you know serve our traditional customer segment, that is Generation, Transmission, Distribution and Infrastructure, but it is extremely important that these new sectors which are basically you know the future of Energy System what we call, whether it is a Datacenters, Electric Mobility, Renewable Energy, Power Quality, are extremely important and we have the broadest portfolio to serve across these segments. And they are the segments, which are growing much higher than the market average, so all in all, we are Make in India for India and the world for over 6 decades. More than 80 percent of our portfolio today is locally manufactured, including catering to these kinds of high growth segments in that.

So the next slide is also very interesting information. EconiQ in action - Eco-efficient High Voltage Products. Now more than ever pioneering technology is needed to enable a future carbon neutral energy system and we have committed ourselves to help our customers accelerate their energy transitions. In April this year, we had the global launch of EconiQ, a portfolio of products, services and solutions, that will contribute toward a carbon neutral future and accelerate the green energy transitions. As the big step forward, the EconiQ High Voltage

Portfolio contains no SF<sub>6</sub> gas. It has been proven to reduce more than 50 % of carbon footprint throughout total lifecycle, so this is also very interesting in, when we are looking to build back better. And how would we ensure that we will build back better in our own industry.

Moving to the next one is also very interesting for you to understand, that you know from 1<sup>st</sup> of July 2020, when we completed the ownership deal globally, so we all are part of now Hitachi ownership. So as we are part of the Hitachi ownership, we are looking at the synergy. Synergy is between Hitachi and Power Grids and vice versa in that. One of the things we looked at quickly, you know offering our enterprise software solution, be it the Asset Management or you know Enterprise Asset Management, Asset Performance Management or Field Service Management, which are part of our Grid Automation businesses, and to offer in Lumada IoT Platform of Hitachi. And customers will be able to leverage Hitachi industry leading IoT platform, analytics, data capabilities and more while retaining all the capabilities of our proven solutions, with no impact to current installed base but a clear migration path when they are ready. As you know Hitachi IoT platform Lumada is one of the well known IoT platform across the world in that.

So moving to the next slide...this is also very important piece of information. We have invested in India for long term, while we introduced new products to capture a bigger share of the market. Our aim is to localize our portfolio to build indigenous capabilities. We will continue to Make in India for India and rest for the world ou. In this year, we made investments in portfolio expansion in our Savli in the GIS space, in feeder factory, module assembly and in traction transformer line expansion, my other projects. We have also been expanding our factory for power quality products to integrate all presently fragmented operations under one roof to serve an ever growing power quality market, both domestically as well as overseas. In addition to this, the launch of our remote monitoring and the maintenance center in Bangalore, PowerREC. For us these investments will bring operational efficiencies and improve our market competitiveness. They will also generate additional value and the margins for Hitachi ABB Power Grids in that.

So going to the next one is, how do we navigate through the maelstrom? So in the near term we do expect disruptions across the supply chain emanating from the second wave, whether it is a short term lockdown, whether it is a mobility constraints or migration of the labors, etc. but our primary focus at this point is protecting our people, employees, partners and communities, together navigate this maelstrom of the COVID-19 pandemic. Sectors are driven by government investment such as transmission Rail, Metro and Renewable are expected to continue to bring us opportunities, new opportunities enabling us to further strengthen our leading market positions. We will focus on high growth segments as talked about and accelerate our growth through services and digital solutions, and exports. We have comprehensive and broadest portfolio of not only for our existing sectors, but also future ready state of the arts new segments as it is getting evolved, whether it is product software and services to cater to them. Nothing is complete without our people, hence we will relentlessly work towards their safety, through testing and vaccination among other things, their growth and their up skilling, as here in the energy transition is extremely important that up skilling is of paramount importance. You will also strive for building diversity in our various functions and businesses and balance the mix of competency across the businesses.

Moving to my last slide and probably you would have heard me saying several times that the carbon-neutral future in our view is electric. We believe that our future world must be more sustainable world. There should be, number one is accelerated shift from fossil-based to renewable power generation, growing electrification of Transportation, Industry and Buildings, the raise in sustainable energy carriers. We see that electricity will soon form the backbone of the entire energy system. The road to de-carbonisation everywhere is built on much more electrification. It is the most reliable route to achieve carbon neutrality. This energy transition, we see ourselves that is Hitachi, we get to see ourselves playing a leading role through our Digital and Energy Platforms. We aim to equip customers and partners with intelligent solutions for a sustainable energy future and contribute to the sustainable development goals in that. So this is what we strongly believe that carbon neutral future is electric and electricity will be the backbone of the entire energy system.

So I think with that I would, I will take your questions and answers.

Lakshminarayanan KG: Thank you. Thanks a lot Venu, you had summarized it pretty well and just reinforce some of the things which you have already mentioned in the call, as well as in the Annual Report, right.

Venu: Yes.

Lakshminarayanan KG: So I have 2 or 3 questions and Suraj also has lots of questions. The questions which I have, are number one,

From the IoT thing which you talked about, How large the opportunity can be and what are the lead indicators to ensure that opportunity is materializing?

Whether it is too futuristic for India. I just want to understand that particular thing which is an interesting part of the business, which I don't think various other places would have.

Venu: Yes. Thank you Mr. Lakshminarayanan, I think this is really very good question to start with. In our view, as you know the more and more renewable penetration is taking place. The need of the hour for every stakeholder, whether it is you know Utilities, whether it is you know Generators, or the consumptions because the consumers are also becoming producers, so prosumerism is taking place in that. So it's extremely important to have that transparency of the flow of electrons, okay. So if you really see there are so many feeding points and take off points with so much of you know distributed energy resources are coming in that. Everyone has now the government is also allowing as part of the 450 Gigawatt renewable target, including large scale solar plants, as well as rooftop solar plants. So it's a combination of all this, and the grid becomes much more complex and the need of the hour is to have more and more digital out of this, because you really need to know at the real time basis, the flow of the electrons. How it's moving in from somewhere to where, as it is becoming more and more in a multi unidirectional flow in that. So in our view is that, while we are discussing there are several pilots we are undertaking with many of our customers on the complete digitalization. So we believe that the IoT platform will be a game changer for our customers to understand better of their assets. There is the Asset Performance Management, the Workforce Management, and just for information,

last quarter we have received an order from a Bangalore Metro and the first time, we are deploying as part of our SCADA Solution, Workforce Management in a Bangalore Metro. So these are the things in our view are coming and as we see more and more...you would have seen also our strategy, our strategy is, as we are looking 2025, it will be more of the digitalized product system services as part of our offerings to the customer in that.

Lakshminarayanan KG: You mentioned that the Bangalore Metro Workforce Management? Workforce Management, can you just elaborate a bit.

Venu: Yes. So the whole idea is to leverage the assets, existing assets, and also the workforce deploy for part of that. It's important that how we optimize it as using our Digital Solution in that. So let me just give you one example, we are taking the Asset Performance, in other places we are doing the Workforce Management in that. So looking at the whole of the SCADA we are looking at, you know with so many people are involved. How do we optimize the workforce required for the part of that particular project, is also important in that, knowing exactly and what kind of schedules and what kind of, the shifts. And this is also part and parcel of the built-in into the SCADA systems in that. Just give you an example on that.

Lakshminarayanan KG: Got it. And the other thing, Looking at your business, you actually split into four, which is Grid Automation, Grid Integration, you know High Voltage Products and Transformers, right. So how was your order book broadly split in this way? And how is the revenues are split? Because we just want to know how in line with how you manage your business, because you have SBO heads I believe in these four entities, these four different divisions. I just want to understand these four and then you said, growth coming in among these four. And what kind of competition do you have in these four, which is Grid Automation, Integration, High Voltage Products and Transformers?

Venu: Yes. So normally we don't split, we don't give what we call as a segment based thing or business based revenues on that. But let me just give you a bit of pointers, so that you understand. Our biggest business globally and locally is the transformers, because transformer goes into, you know generation, transmission and distribution and also in the consumption site, and including our distribution transformers, and dry type transformers or those kinds of things. So that is our biggest businesses globally as well as locally, and our portfolio, our entire portfolio right from these four businesses goes into all that. Suppose you setup a solar plant, so solar plant needs our transformers, solar plant needs our high voltage product, whether GIS or the SF<sub>6</sub> circuit breakers or CTs, etc. And solar plant also needs our, Grid Automation, Growth Control Panel, SCADA and also the communication part of that, particular thing, and also you know wherever we have the opportunity for the solar plant, we also do the balance of systems, so our grid integration business also will come into that. Take for example the Rail Sector, our Rail Sector predominantly our transformer is going in that because transformer does have, traction transformer and also the VSI Transformers, but the Switchgear also will go for quality solutions, also will go into the transformers in that. So that way it is across all the businesses, it's not that, when you are looking at our segment, the segment has growth opportunities cover in the entire of our portfolio.

Lakshminarayanan KG: Got it. Because in the various ways in which you can look at the business and since your SBU heads are in line with these four segments, was wondering how the target setting and KRAs for your business heads would actually take place, because if it is project driven because what you are saying is industry looking, right. And how does the intermesh between industry driven business segment and your internal business unit? How they come together to ensure that the targets are set? And there is some kind of you know homogeneity.

Venu: Yes. We look at our demand market exercise, when we look at how many transmission projects coming, and which product, what kind of portfolio go into. And similarly how many industrial projects coming in. How many, Metro or Rail projects are coming and how many datacenters are coming. You know those kinds of things we looked into it, and then what is the portfolio. We will go into that, so that's where we will come back to your businesses actually. It's business-driven targets actually.

Lakshminarayanan KG: Okay. One last question from my side, before I hand it over to Suraj. So you talk about this Datacenters, right and you also talk about this Railway Transformer Market. I think in one of your calls, you mentioned that the Railway Transformer market is something like an 8000 crore market in the next 3 years, and you expect at least half of that is addressable to you directly.

I just want to understand, you know the ratification of that number, given that there has been in Railway CAPEX, and also Metro CAPEX in the budget. How you look at the Railway opportunity? And the Datacenter opportunity over the next 3 years, what kind of opportunity size is available for us exactly?

So I think with that I will then handover to Suraj.

Venu: Yes, thank you Lakshminarayanan.

So we have 3-4 buckets under the Railway, one is the Rail itself which has government target of electrifying the remaining 27,000kms by 2023, and if you see opportunities for our transformers and the power quality solutions over there. And in addition to that, we are also seeing the regional and high-speed wave you know which is coming in a big way and that's also another opportunity. And the third bucket is our Metro projects, so there are many Metro projects which are under execution or in a planning stage, and we are seeing this sector grow and we have been successful in various pursuits in the cost. 9 out of 10 Metro projects in India has our SCADA systems. And you know one in 3 or one in 4 Shatabdis you board, it is powered through our transformers in that. So from that perspective, I think we believe that you know even though there has been a slight dip in the CAPEX, but I think in this budget, they are remained at the same level. And these are the 3 and these would definitely have opportunities of the sizes what we have told you previously.

Lakshminarayanan KG: Datacenter part, whereas the business coming in? Who are you competing with?

Venu: Yes on the Datacenter part, as you have seen from my slide, we have complete offerings: right from high voltage, insulated and substations and the grid connections, and transformer, the dry type transformers has a huge play in the datacenters, and also the automation part of it. So we

have with the data privacy laws coming into picture. So we have seen a big opportunity, the large scale big companies are setting up the datacenter as a business, and not only our traditional customers, like big customers of Amazons of the world, Microsofts of the world, Googles of the world, they are any case planning to set it up and in addition to that, we have seen a lot of other Indian, you know infrastructure companies are setting up in a datacenter as a business, and the hyper scale businesses roughly you know 1 megawatt of a thing, 32 to 35crores of CAPEX for the datacenter, not our own addressable market, but our addressable market in the range of 15% of that.

Lakshminarayanan KG: I didn't capture the scope of the market which you mentioned. Like Railways, you mentioned 5000-6000crores the addressable market...

Venu: So every megawatt of the datacenter CAPEX is around 30-35crores and our CAPEX is in the range of around 15% of that.

Lakshminarayanan KG: Okay. And this datacenter... is it the business continuity part of it? Because there is also movement towards, you know cloud also taking place, right. So which part are you addressing?

Venu: No. As I told you with the data privacy laws coming into it, So now everyone has to locate the datacenters in this country, so that's where the opportunities are coming in.

Lakshminarayanan KG: Okay. And who do you compete with this? I mean what is it that landscape like?

Venu: All the big ones, you know are our usual competitions, whether it is the Siemens and Schneiders of the world.

Lakshminarayanan KG: Got it.

Suraj Nanda: And sir, the offerings are all similar? Of for example Siemens, Schneider or ABB for datacenters?

Venu: Yes. But only the difference as I told in the beginning, you know we also have the enterprise software and we are able to bring digital and energy platforms together. And energy platform ideas more or less is same, but what we are giving is additional thing, additional layer, that is the digital part of it in that, so that is the differentiation we want to create.

Suraj Nanda: But, are players like Siemens not providing their digital platforms?

Venu: I cannot comment Suraj on our competitions' offering, what we can talk about is ourselves. We see that at point in time, we are clearly bringing the differentiation.

Suraj Nanda: Okay. And what kind of market share do we have for these kinds of new age opportunities?



Venu: We are also a very big player in the global datacenter market, when it comes to that, and as the datacenter is coming up now, and we believe that we have a very leading position in this, at this point of time.

Suraj Nanda: Okay. And what kind of growth do you see in this market?

Venu: This is a very high growth segment in our own view. In our own view, we classified that it is a high growth segment because the need of the hour is to set it up the more and more datacenter. The data is going to be a huge market itself for everybody.

At least our own industry, as you know more and more digitalization is taking place and you know every substation starts generating so much of data, and you know every electrical asset starts generating so much of data. So how do we deal with the data and that is also another opportunity.

Suraj Nanda: Yes, yes, understood. Sir do you have any revenues coming from this particular thing right now in your order book or in the realized revenues?

Venu: Yes we have actually, we did not share the customer name, but then we have secured a first time major datacenter order in last quarter.

Suraj Nanda: How large are these orders? Is it running into like some, you know more than 5 million dollars or is it not 5 million dollars, these orders are?

Venu: No. It will be more than that. Again it depends upon, you know what kind of size of the datacenter? Is a hyper scale datacenter or is it the lowest, so it depends upon that, but it is in the range bound.

Suraj Nanda: Understood. And sir in terms of competition, when I was asking, How strong or how, in terms of price sensitive, like price competition is how much, that our margins we do around like 9 to 10 %. So is that kind of very competitive in terms of pricing right now or since these are new products, so you get that advantage in terms of technology for kind of pricing?

Venu: You know what goes inside the datacenter is the same product, so what comes you know, is our experience we are doing in integrating the datacenter using our technology or products and our engineering thing in that. So as you know very well Suraj, that any new business or any new business stream in the beginning always have a better margins and then later on, it will do that. But having said that, as I told in my presentation that most of our products, 80% of our portfolio, we manufacture locally and we do have a local value addition there. So we continuously look at these things also. How do we competitive and those kinds of things in that?

Suraj Nanda: Okay. And sir, in terms of like...

In terms of order book breakup based on industry wise, like utility industry, Railways and exports. How will you divide that in terms of your Order Book currently? And what is the growth rate across each of these segments do you see? Like the highest growth rate?

Venu: Manashwi, are we giving the split between industries and utilities in our order backlog?

Manashwi: Backlog, no. Current orders we have be sharing which is what was there in the slide.

Venu: Which one?

Manashwi: Is my screen visible?

Venu: Yes.

Manashwi: But backlog no, we haven't shared it.

Venu: Okay.

Suraj Nanda: So in this slide right, the transport is Railways, right?

Venu: Yes transport is Railways and Metros.

Suraj Nanda: Okay.

Venu: Yes.

Suraj Nanda: And sir, this high speed rail which you were talking of...how big opportunity and what will be our market in those budgets? Because these are very kind of significant or high value projects. So in terms of our market, what will it be roughly?

Venu: I will not be able to quantify that, but I can give you qualitatively. So we have, you know the product which goes into the train itself, and that's where our local transformer, and then you have a truck size transformer, you have wayside transformer, you have you know stations, substations, so all those things are part of our offerings and our markets especially in the high speed rail you know. We are very actively looking at this pursuit, high speed rail and we are positioning ourselves in those particular markets.

Suraj Nanda: And sir, any advantage do we have, due to kind of funding by JICA or something?

Venu: Yes. So as you know one of the projects, it's a public information that the high speed rail project or bullet train project from Mumbai to Ahmedabad is a Japanese funded project, and by virtue of having Japanese ownership we also qualify for the step component in that. So that's where, we believe that we bring advantage and in addition to our knowledge of and doing a lot of Metro projects here and cross country projects here, etc.

Suraj Nanda: Okay. But still kind of in terms of tendering the competition will be there from local players? How does it work out?

Venu: We are yet to see the tender documents, I would not be in a position to comment. I am sure you know the competition is going to be there in every part of that, and we believe that it is good to have the competition, right.

Suraj Nanda: Okay. And sir one thing...if you can just explain on the IT expenses part, which we are seeing over the last two quarters. And what is the breakup in terms of how much we are paying to kind of ABB and how much we are investing in our own IT systems? And how much long will it take for these expenses are going to continue? If you can just put a light on that...

Lakshminarayanan KG: And on that IT expenses, is it the people's cost or some of the products you are actually building, you know that something which will be quite helpful to understand, and then also if I look at the other expenses, there are some of the other expenses like Group Management Fee, Trademark and Legal. I just want to understand, what is the steady state? How would they converge to, as we scale up? Are they variable or they are fixed in nature? So IT and the other expenses? Thank you.

Venu: Yes. So let me just ask Ajay, our CFO to talk on IT expenses and other expenses and then I can supplement that. Ajay over to you.

Ajay: Yes, So first I will talk about the IT expenses. To give you an overview, see our company have just now demerged from ABB, and right now if you see our company is in transition phase and it is dependent on ABB India, for IT related services, provided under the transitional support agreement. At the same time, we are also building our own infrastructure and the phase out of this, you know transitional service, it will gradually happen. So what we see is, probably it will take another let say 3 years, minimum 3 years, you know to come out of this total phase, and the way we are progressing, there will be from you know accumulation of the cost and that is how you see initially the cost will be on the higher side, and then gradually it will come down.

Talking about the investment, yes we are going to invest, we are already, that investment cost will be visible you know down the line, when it comes to the next quarters. But that investment is basically on the new ERP project where you are trying to harmonize the end to end processes of our business and that is going...definitely going to bring savings in the coming years. So that is how you see currently, if you see and compare to the last year versus this year, there is an increase in the IT cost.

Suraj Nanda: Sir, this IT, should we look it as a fixed cost or a variable cost or what percentage? You know what is the denominator that we need to look at.

Ajay: See again, this is a transition phase, and the company is building its own infrastructure. So when you talk about the percentage terms like if you talk about, let say pre demerged state like 2019, it is approx 1.7, 1.8 %, but now currently it is in the range of 3 %. So currently it depends upon the investment because the investment will continue for some time, so in the next let say few quarters we will see the increase in the cost, but gradually once we are stabilized, the cost will come down.

Suraj Nanda: And sir, what is the breakup of these IT expenses in terms of this transition and investment?

Ajay: So currently see we are totally basically running through transitional support agreement, so we do not talk on the breakup because the whole services, you know whole services, we are getting from ABB Hitachi. So once we are able to build our own infrastructure, probably we will be able to do that.

Suraj Nanda: That I understand, but sir agreement will be kind of a fixed kind of a thing, right. It won't kind of increase and once your investment kind of take shape, then that transition will kind of slowly comes down.

Venu: Suraj, so far we have not given, probably when we will give, then we will inform you. At this point of time, its coming from ABB, so that's the reason Ajay is saying that we will not in a position to tell you what exactly the split and what is the investment sort of that. So as we go forward, then we will be in a position to tell you that.

Lakshminarayanan KG: See to put it differently, when you are actually paying to ABB for using the IT. It will be some kind of fixed right, and it will not have a spike. And it is usually a gradual thing, right. So it couldn't get a grip on why it has to increase from here as a percentage, I mean I didn't get it because once you start having your own expense, it will either appear in your employee expenses or it will be in your capital assets, right. So you know I just didn't get this kind of...for example you are using their servers or their email or their data security, etc. It will be on a fixed bases, right? Correct me if I am just off the mark.

Ajay: So Lakshminarayanan what I was trying to tell you, we are having the TSA Agreement which you are right, it will be in the fixed nature, but gradually I told you, that we are also building our own infrastructure, right.

So there will be a time, where there will be an overlap of this and that is how during this current phase, there will be a slight overlap where you see there is a spike. Going forward as and when, we are able to build our own infrastructure will be going away with that TSA Agreement, based on the achievement of each and every project, and that is how you say that it will streamline down the line.

Venu: Sorry, if I interrupt you because we have two more minutes because we all have back to back calls unfortunately. May I ask you to ask one last question from your side?

Suraj Nanda: Sir, there is one more question from my side, that we are also paying royalty fees, like as I saw in the Annual Report, that is around like 4.4 % of the sales, and on top of that, there is an IT expense which is roughly 3 %. So will we kind of maintain this or this royalty we are paying to ABB or Hitachi now?

Venu: I think on royalty side, let me dwell on that. As you know our products are technology based, so we talked our EconiQ. EconiQ is a unique technology, right. Cost will come to us whenever we are ready. And since they are technology based, requires the advance, for which we need to pay royalty for technology, right. Whether we are about so much of digitalization and

IoT platform based, so all these things require you know lot of investments and we are looking at the things in the market, you know for energy condition, so we believe that these are all absolutely important.

Lakshminarayanan KG: Got it. So Venu on the other or on the same thing, so there is royalty trademark group Management fee put together right. So is there a number which you have in mind, that to have a percentage and we actually have royalty plus trademark plus group management?

Venu: Yes, Ajay.

Ajay: Yes. So if you talk about trademark, if you talk about royalty, put altogether if you see, it should be in the range of roughly, Actually it will be on the higher side, around 5 % plus.

Lakshminarayanan KG: It's actually more than 5 %, that's why my thing is, because it is almost 250 crores is spent on royalty plus trademark plus group management.

Ajay: So I am talking about your expenses to revenues, right.

Lakshminarayanan KG: Yes. Okay fair enough.

Ajay: Yes.

Lakshminarayanan KG: One last thing... just one last thing if I can squeeze right. So, see earlier we were making almost 9-10 % EBITDA margin for the last several years under within ABB. What is a EBITDA margin band at which you like to operate and how far are we? It's not a guidance, but I just want to understand to calibrate in terms what level you are comfortable to operate at.

Venu: So let me take this as my last question Lakshminarayanan and thank you for that. I think we have been also talking about and if you look at our strategy, 2025 strategy, you know as we were looking more of digital products leveraging the services installed and also an export. So we believed that we want to grow higher than the market on the top line side, and right now we are in a single digit EBITDA margin, and our plan is to come to the double digit in EBITDA margin.

Lakshminarayanan KG: EBITDA, okay fine. Thank you so much.

Venu: Thank you. Thank you Lakshminarayanan and thank you Suraj.

Lakshminarayanan KG: Yes, we will send the recording. Thanks.

Suraj Nanda: Thank you.

Ajay: Thank you.

Manashwi: Thank you.