

May 21, 2025

The Secretary,
Listing Department,
BSE Limited,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 543187

The Manager,
Listing Department,
National Stock Exchange of India Limited,
'Exchange Plaza', 5th Floor, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051
Scrip Symbol: POWERINDIA

Subject: Transcript of the conference call with Analysts/ Investors held on May 15, 2025

Dear Sir / Madam,

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the conference call that was organized with the Analysts/Investors on Thursday, May 15, 2025 and the same can be accessed at <https://www.hitachienergy.com/in/en/investor-relations/analyst-section>.

Kindly take the same on your records.

Thank you,

Yours faithfully,

For Hitachi Energy India Limited

Poovanna Ammatanda
General Counsel and Company Secretary

Encl.: as above

Hitachi Energy India Limited Q4 FY25
Analyst Conference Call – May 15, 2025

MANAGEMENT:

Mr. N Venu – Managing Director & CEO, Hitachi Energy India Limited

Mr. Ajay Singh – Chief Financial Officer, Hitachi Energy India Limited

**Mr. Poovanna Ammatanda - General Counsel & Company Secretary,
Hitachi Energy India Limited**

**Ms. Manashwi Banerjee – Head of Communications, Hitachi Energy
India Limited**

Moderator: Ladies and gentlemen, good day and welcome to Hitachi Energy India Limited Q4 FY '25 Analyst Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. N. Venu, MD and CEO, Hitachi Energy India Limited. Thank you and over to you, Mr. Venu.

N Venu: Thank you very much. Good afternoon, everyone. Thank you for joining us for the analyst conference call. I hope you're all doing well. And yesterday, as you know, we announced our results for Q4 and the full year '24-'25. And in the next 20-30 minutes or so, I will take you through our performance during the period ending March 31st, 2025. And we have uploaded the slide deck. For your convenience, I will read out the slide numbers.

And I have with me today our CFO, Ajay Singh; our General Counsel and Company Secretary, Mr. Poovanna Ammatanda; and our Head of Communications, Mr. Manashwi Banerjee. As always, you can follow the presentation on the webcast or by downloading it from the stock exchange. I will mention the, slide numbers as we proceed.

At the onset of the fiscal year, our focus remained on balancing the operational complexity and efficiency to preserve Hitachi Energy India's growth momentum. And I'm happy to inform you that we have sustained growth momentum and recorded highest ever order backlog of Rs.19,245 crores at the year-end, 31st March 2025.

Our strategic approach and adaptability to the rapidly changing global economic landscape has helped us to sustain growth momentum through the financial year. And FY '24-'25 was a special year for us as the company also celebrated its

presence of 75 years in India. At the flag end of '24-'25, we initiated and closed our first qualified institutional placement QIP, which I will discuss later.

As we step into the new financial year, a more robust, comprehensive and collaborative approach is required to realize the sustainable growth for the company in the future. This aligns with our parent company, Hitachi's vision of transforming the group into 'True One Hitachi.'

With this, you will see more synergy and collaboration among the group companies. It will enable us to provide the highest value to our discerning customers and partners by offering an expansive portfolio under One Hitachi.

So, if I move to the Slide Number 3, safety, integrity and quality constitute our license to operate, and we never look the other way when we had to deal with the same. These are the key fundamentals of our business practices and operations.

Our focus on safety has helped to minimize the risk of harm and equipped us to address any untoward incidents effectively. And our continued efforts towards strengthening our safety practices have helped us reduce the frequency of injuries over the years.

FY '24-'25, we saw a decline of 18% of such incidents compared to last year. With safety woven into our operational fabric in March 2025, we celebrated the 54th National Safety Week across our offices and factories. The celebration includes a mix of exciting employee activities, including emergency response, training, safety drills, engaging employees across our project sites, factories and offices.

It is noteworthy to mention that our discerning customers have acknowledged our constant endeavor towards safety. During the quarter, we received several appreciations, letters and awards for safety from our customers from different sectors, industry, renewable, utility, data centers etc.

Moving to the Slide Number 4.

This is also a very important slide for us at Hitachi Energy. Our commitment to environmental conservation is well defined and a clear KPI for our business leaders.

The company's business strategy encompasses conserving the environment and minimizing the impact of its business on the planet. We strictly adhere to a responsible approach in delivering our solutions to propagate our purpose of advancing a sustainable energy future for all.

For FY '24-'25, we have taken definitive measures that align with our 2030 sustainability goals. Retrofits to optimize energy usage, transitioning to energy-efficient technologies, along with operational discipline have helped us to reduce energy consumption by 6% reduction in total energy consumption per every crore revenue.

We have also installed 10 rainwater recharge wells at the company's manufacturing facilities in Maneja, Halol, which have helped to reduce freshwater usage by four percentage. And by following sustainable solutions for hazardous waste disposal through recycling of waste and considerably reducing total waste disposed through incineration and landfill, we have ensured a 17% reduction in our overall waste disposal. On the climate front, we have added 1,240-kilowatt rooftop solar energy to our existing 291-kilowatt capability and we maintained 100% fossil-free electricity across all units.

Moving to the Slide Number 5.

Our focused strategic approach, coupled with our strict adaptability to the ever-evolving global economic landscape has empowered us to maintain our growth momentum.

In the quarter under review, we achieved a 56% year-on-year order growth amounting to Rs.2,190.9 crores, led by energy transition also due to the industry cyclical nature. Revenue is also up by 13% year-on-year to Rs.1,921 crores for the quarter based on solid order execution and focus on continuous improvement in overall operational efficiency.

On a strong execution and a better product mix, profit before tax and profit after tax were up by 62.1% year-on-year at Rs.246 crores and 61.8% year-on-year at Rs.183.9 crores, respectively.

The orders we received this quarter followed in from multiple segments, wherein transmission and renewable led the charge, reiterating the focus on modernizing

the grid to ensure a reliable supply of clean electricity across the length and breadth of the country, followed by orders from industry and the rail and metro segment.

Some of the notable orders include the first Made in India variable shunt reactor for the National Transmission Utility, a large STATCOM order, 220/33 kV AIS substation for 700-megawatt wind farm, automation of five substation and 128 traction transformers for railway to mention a few. At the end of March 31, 2025, our order backlog stood at Rs. 19,245.9 crores, providing revenue visibility across several quarters going back.

Moving to the Slide Number 6, our focus on continuous effort towards improving the overall operational efficiency has helped us maintain sustainable growth across parameters throughout the year. The same is quite visible in our performance of FY '24-'25, which surpasses last year that is FY '23-'24 in all parameters.

For the full year, orders reached a record of Rs.18,173.8 crores, as you can see from the slide, up by 228%, while revenue stood at Rs.6,475.4 crores, up by 23%. Both PBT and PAT also significantly up by 133% and our EBITDA margin has improved by 250 basis points compared to last year.

As I spoke in the beginning, FY '24-'25 was a special year for us from celebrating our 75 years in India to multiple key milestones. This year, we bagged a large HVDC order very clearly showing our technology prominence in HVDC in India and worldwide.

We have multiple expansions at our various facilities, especially in transformers, interrupters and valves, also our insulating materials, etc. Also, we successfully concluded our first fund-raising initiative through qualified institutional placement, which raised Rs.2,520.82 crores.

Moving to the Slide Number 7,

I know that you know more than me on this particular slide but let me give you my view on this. As per the Organization of Economic and Cooperation and Development report (OECD), the Indian economy will remain one of the fastest-growing major economies worldwide. The country is expected to grow at

6.1% for the fiscal year '25-'26 with retail inflation dropping to a six -year low in March 2025 and you got the latest data even lower, gives a strong growth signal, while India is comparatively less exposed to the reciprocal tariff, of course, we really have to wait and see how this will pan out to be. But it will impact various industries whenever it happens, but so we have to keep a constant vigil and devise a mechanism to minimize the same and retain the exports growth momentum clocked in the previous quarters.

While geopolitical uncertainty has posed some challenges, we expect the growth momentum in the energy sector to continue. The government reiterated its commitment to the same by increasing the FY '25-'26 budget for the energy sector to Rs.26,550 crores compared to the Rs.19,000 crores of the previous year.

With India moving fast to meet its commitment of renewable energy installed capacity, the interstate transmission system expects close to Rs.1 lakh crores investment over the next two financial years. Furthermore, the flow of more foreign direct investments, growing investment in the Indian data center for the next couple of years and modernization of Indian railways will add more steam to the energy sector's growth engine.

Also, the government's effort to enhance the financial viability of power distribution companies is a positive step that will go a long way in strengthening the country's energy ecosystem.

Moving to the Slide Number 8.

At Hitachi Energy, we constantly endeavor to advance a sustainable energy future through all of our projects. During the quarter ending March 31, 2025, we commissioned several key projects such as renewable, transmission, industry segments and I would like to highlight a few of them. We commissioned 400 kV AIS substation for 500-megawatt solar Badi Sid project in Rajasthan; 2 transmission projects, one for establishing 220 kV, 33 kV and 132 kV substations for development of ISTS work in Madhya Pradesh. The second one is in Bhutan for which we provided 66 kV GIS, 33 kV GIS, etc. and the last one, we also commissioned a 220 kV GIS project in Bangalore for a leading battery manufacturing company.

If I go to the next slide, in the quarter of January - March '25, we have several impressive achievements. We tested our first variable shunt reactor that was designed and manufactured at the power transport factory with our focus on enhancing the overall efficiency.

We have some significant extensions and expansions, the bay extension of pressboard and insulation kit manufacturing at our Mysore facility. And we also had a warehouse expansion at the power quality factory in Doddaballapur, Bangalore to help streamline inventories and exports, etc.

We value our partners and customers to further strengthen our relationship and exchange ideas on the latest industry trends and development. The company has conducted several technical training sessions and factory visits for them. I'm also delighted to inform you that our service team has signed a first service level agreement with the world's largest data center provider for dry type transformers of various ratings.

Moving to the Slide Number 10.

As a pioneering technology leader, we always ensure that we present our views at various forums to create a conducive policy environment for the entire energy sector. This quarter, we also made our presence felt at key industry events and exhibitions such as India Energy Week, the Karnataka Global Investors Meet, Eleccrama, etc. and we continue to do so in that.

I'm moving to the Slide Number 11.

Now to provide some more color on our orders received this quarter, transmission and renewable led the charge with an increasing focus on modernizing the grid to ensure a reliable supply of green electricity across the country. This was followed by orders from industry as well as the rail & metro segments.

The transmission segment saw a 91% growth surge, where the renewables saw year-on-year growth of 386% and railways & metro are up by 24% year-on-year. However, the data center and industry saw a year-on-year decline of 56% and 33% respectively. But we believe this is a seasonal decline and a timing factor. With the aggressive push for building data center network and electrification of

industries in the country, we expect a significant demand from these segments in the coming quarters.

On the right-hand side, you see the order mix. Segment-wise, the product took the lead; sector-wise, utilities are clear winner and on the channel side, direct end users emerged at the top of it.

Moving to the Slide Number 12, if you see segment-wise growth through the financial year -- the transmission emerges again as a frontliner with 750%. On the other hand, industries, has year-on-year-growth, whereas in Q4 FY25, you see a decline.

Data center, again, has a year-on-year growth. Whereas for railways & metros, though the Q4 FY25 was up, but on an overall year-on-year basis it is down. And the renewable is up both year-on-year and quarter wise.

If we move to the next Slide Number 13, exports and services continue to sustain their growth momentum, contributing significantly to the overall order book.

Services saw almost 60% year-on-year growth and exports recorded a significant year-on-year growth of 77%. In terms of contribution to total orders, exports contributed almost 37%, excluding HVDC and services contributed around 7.4%. It also shows our constant endeavor towards strengthening our service and export portfolio. Service is a key component of our growth, as we have been explaining it is pivotal to our long-term partnership collaboration with all our customers.

Some of the orders in this segment include grid compliance, power systems, renewable studies for utilities, digital service level agreements, SCADA upgrades, replacements of equipment, annual maintenance contracts. Export orders received from across the continent, South Asia, Europe and Africa are primarily from utilities.

Furthermore, foreseeing immense potential in service and maintenance, the company has introduced its service business unit that is the 5th business unit, from April 1st, 2025. The unit will provide services to various sectors throughout the asset life cycle from installation to sustainable end of life cycle solutions

So, let me hand over to our CFO, Ajay, to take you through the next 2 slides.
Thank you.

Ajay Singh:

Thank you, Venu and good afternoon to all of you and hope all of you are doing well. So, you see our constant effort towards improving overall operational efficiencies has helped us in maintaining growth momentum in Q4 2025.

During the quarter, the company reported a Y-on-Y order growth of roughly 55.57% with Rs.2,190.9 crores. And the revenue went by 13.1% Y-on-Y, it is Rs.1921.9 crores. And this is all because of a result of solid order execution and focus on the continuous improvement in the overall operational efficiencies. So, rising on the strong execution and the better product mix, our profit before tax increased by 62.1% Y-on-Y at Rs.246.7 crores. Profit after tax also increased by 61.8%, which stood at Rs.183.9 crores. Operational EBITDA, if you see for the stand-alone quarter 4, it stood at Rs.235.6 crores, basically resulting in a double-digit operational EBITDA of 12.3%. The same emphasizes the company's constant endeavor towards improving margin and strengthening overall operational efficiencies.

As we closed March 31st, 2025, the order backlog stood at Rs.19,245 crores and this provides a visibility of the upcoming quarters.

If you go into the next Slide and here, I would like to basically share more details about the quarterly performance and if you see the total income is Rs.1,921.9 crores. This includes exchange gain of Rs.19.9 crores, our material cost is 61.6%, personnel expenses are 7.5%. Other expenses basically is 16.6%. Depreciation is 1.2%. Finance cost, if you see 0.3%. It has come down. As of now, we are not having any short-term borrowings at the company level and that all these efforts really helped our profit before tax to be 12.8% and PAT at 9.6%.

If you go extreme right and see this year-end numbers compared to the last year to this year, if you see our revenues stood at Rs.6,442 crores and roughly 22.3% growth compared to the last year. And our margin, if you see, profit before tax is 8% compared to last year 4.2% and PAT at 6% compared to 3.1%. So, I will say overall the performance, was pretty good in this particular quarter and in the year. Over to you, Venu.

N Venu:

Thank you very much, Ajay. And if I go to the last slide before I hand over back to the operator for Q&A. As we close the final quarter of fiscal year '24-'25 and step into the new financial year, our focus remains on carrying the growth momentum into FY '25-'26. The company remains steadfast towards maintaining its leadership in core segments, along with establishing and strengthening our presence in industry, fast emerging segments like data center, energy storage, etc.

We continue to accentuate our export capabilities and digital progress to accelerate our growth further. With our new service BU in India being fully functional from April 1st, 2025, the focus will be on strengthening the segment and exploring the tapping into potential opportunities and offering cross BU offerings to our customers.

We remain committed to improve our overall operational efficiency and boost productivity and quality, especially under the umbrella of One Hitachi. The quest to leverage the largest ever backlog for revenues and margin accretion remains one of our key priorities, along with a systematic focused approach for the optimal utilization of the raised capital. Furthermore, our efforts to build our capabilities will continue to meet ever-growing energy requirements, both domestic and global.

Most importantly, there will be no compromise regarding our license to operate safety, integrity, quality in any of our spheres of work. To stand the test of time and meet energy requirements of today and in the future, we'll continue to re-skill, upskill our entire workforce. And we continue to build capacities, not only our factories, our project sites, also for our engineering capabilities, but also our future talent required for our growth.

So, with this, I close my presentation and request the operator to open the channel for the questions. Thank you very much.

Moderator:

Thank you. We will now begin with the question-and-answer session. The first question comes from the line of Mohit Kumar with ICICI Securities.

Mohit Kumar:

Good afternoon sir, Congratulations on a very strong order book and a great set of results. My first question is, sir, is it possible to share the HVDC order book at the end of FY '25?

- N Venu:** Sorry, what was the question?
- Mohit Kumar:** Is it possible to share the HVDC order book at the end of FY '25?
- N Venu:** So normally, we don't give you that. We had only booked one HVDC project last year in our order backlog. So, we have booked one HVDC project. The second HVDC project, which we announced will come in first quarter of FY25-26, because we have concluded the contracts in the first week of April 2025.
- Mohit Kumar:** Understood. My second question is, sir, have we expensed QIP-related expenses in the quarter? Or will it impact Q1 FY '26?
- Poovanna Ammatanda:** Thanks for the question. So QIP-related expenses are carved out separately, from gross QIP proceeds which will be paid separately. So that will not impact operational profit.
- Mohit Kumar:** It will not come through, not pass through P&L. Is that right understanding?
- Poovanna Ammatanda:** Yes.
- Mohit Kumar:** My last question, sir, in the cash flow, there is a decrease in other financial assets. And there is a decrease in loans and advances, right? And there is an increase in other liabilities. This increase in other liability, is it related to mobilization advances? And what is the reason for decrease in loans and advances?
- N Venu:** Maybe Ajay, you take this question, Ajay?
- Ajay Singh:** So, increase in other liabilities, basically, it is from the advanced collections that we have got. So that is what is mostly because of the advanced collections that we are getting.
- Mohit Kumar:** And sir decrease in loans and advances?
- Ajay Singh:** Decrease in loans - earlier, we are adding a short-term borrowings, as I told you in the beginning, so we are not having any short-term borrowings right now.
- N Venu:** We are debt-free since last quarter.
- Mohit Kumar:** Thank you
- Moderator:** Next question comes from the line of Umesh Raut with Nomura India.

Umesh Raut:

Sir, my first question is pertaining to incremental opportunities on HVDC side. As we are hearing, there are 3 packages which are lined up and especially one is on the VSC-based technology, which is Khavda bi-pole part. So, any update over here, any indicative timeline by when you expect finalization of these orders?

And subsequently, I also want to know how your execution would look like from the projects that you have won on the HVDC side in the last 2 quarters?

N Venu:

So on the timeline, as we are saying that in our view, one, if not second one, we may get finalized by the second half of this fiscal year. So, when it comes to technology-wise, Hitachi Energy invented the HVDC technology 70 years back, starting with the LCC and thereafter, introducing VSC technology.

Throughout the world, we have close to 150 gigawatts worth of installations, both combined LCC and VSC technology. So, we are agnostic of technology. And just for information, the project, which we are almost in the final stage of completion, in Mumbai, is a VSC technology.

So, whatever the customers want, we have the technology and the capabilities and we have also done a lot of localization. So, we will do that as and when it gets mature. When it comes to the execution of the first two projects, one project is in our portfolio at the end of March.

And as I said, second project, which we have already announced to all of you that has come into our books in the first quarter(of FY 2025-26), so which will reflect in our first quarter results. So, these projects are a completion period of 48 and 54 months, 48 is a bipole-I, 54 months is a bipole-II. And normally, the revenue for this will be very slow in the beginning with a low single digit and then it will move up to the second year, third year in a big way.

Umesh Raut:

Okay. So, is it fair to assume that initial two years, you will have about 1/3rd of execution and maybe subsequently the later two years will have about 2/3rd of execution coming in?

N Venu:

We will not be able to share the same. As I said, initially, the first year is a low single digit.

- Umesh Raut:** Okay. From a capability point of view, I just wanted to understand how many projects on the HVDC side you can execute simultaneously in a similar timeframe?
- N Venu:** If you ask about our HVDC project portfolio, we have three projects by the end of 31st March. We have a Marinus Link project, for which we will start supplying shortly, then we have Mumbai project and then other projects which we got recently. So, it is not about how much we can do it. We are flexible & agile and are gearing up the expansions in anticipation of the same. And as and when we see more opportunities, we'll also expand our factories and enhance our execution capabilities. But having said that, we look at every project as a new project and evaluate it in a risk-reward basis and then we take a decision based on each project.
- Umesh Raut:** Got it, sir. Sir, I have one basic doubt when you mentioned that certain technology is getting fully absorbed in particular year. So, what do you mean by this?
- N Venu:** Sorry.
- Umesh Raut:** So when I refer to your annual report, there are mentions about various components or technologies getting fully absorbed in terms of technology transfer?
- N Venu:** I don't know which you are referring, which report you are referring it to?
- Umesh Raut:** When I refer to annual reports of your company, you mentioned that certain components or technologies got absorbed during that particular period. So, for example, in FY '24 annual report, you mentioned that VSC-based volt technology got fully absorbed in India. So, does this mean that you can manufacture these volts locally?
- N Venu:** Yes. Any new technology comes, so we always bring those technology and localize the technology here so that's what we meant in that.
- Umesh Raut:** Okay. So based on current capability, how much of indigenized or localized value addition we can do in case of HVDC project execution?

N Venu: Today, not restricted to HVDC, but for all the portfolio put together, whatever we're producing globally, more than 80% we produce locally here. The value add is a different then what we produce. For example, transformer, we don't have a CRGO here and so we import it. If you take the value add locally, it doesn't come into picture in this context. But we have end-to-end manufacturing of the transformers.

Moderator: Thank you. Next question comes from the line of Bhalchandra Shinde with Motilal Oswal AMC. Please go ahead.

Bhalchandra Shinde: Hi, sir. There is one concern in most of the investors, like if we are getting so many HVDC orders. But after that, relatively order inflow growth may taper out. If you can provide insight that what kind of order inflow growth one should see over the next / in a longer period of time, especially when the kind of HVDC capex is happening globally and within India?

N Venu: So, our whole strategy for our portfolio, be it the product system, services or software is a bridge between with the generation and the consumption. So HVDC is one part of our portfolio. We have four business units, HVDC is one of them. It's not the only one. So, we are not building the strategy only based on the HVDC, but for sure, the same is coming in a big way.

So, we have the full-fledged transformer portfolio. We have a high-voltage portfolio. We have grid automation and then the grid integration, which includes the STATCOMs and HVDC, etc. in that. We have been saying very clearly for the energy transition's requirements, especially on the targets set by the government. It needs a lot of technology has to come in, technological product systems need to come in.

For example, you need to have more HVDC projects, more energy storage and more 765 kV transmission and also some 1,200 kV transmission line also will come in. All of them are an enabler for us and our portfolio will go into that. That's one aspect. And then we come to the edge of the grid expansion, for example, data center, energy storage. Here again, we have the complete portfolio. So I'm not saying that it's just because HVDCs will clutter after some time and then our order flows. We are not seeing that scenario at this point in time. And we are looking at short-term to medium-term basis, and we see that market is very robust. The tailwinds are supporting. That's the reason we are

expanding it, we are expanding our manufacturing capabilities, capacities in all the four business units.

Bhalchandra Shinde: Got it. And in the margin trajectory-wise, sir, like we showed relatively thinner margins in first half and we improved on margins in the second half. Similar kind of a trend one should see in FY '26 or overall execution front will be uniform?

N Venu: On an overall basis, quarter-on-quarter, the mix can differ, things can differ. So, we generally, we see a slow start in the first quarter of the financial year and which will pick up because many of our customers are also working towards their budgets, etc., in that. But what we said last time that we will reach a double-digit margin in this quarter, but our thing is that overall year-wise, we will maintain the double-digit EBITDA.

Bhalchandra Shinde: Got it. Thanks for answering that.

Moderator: Thank you. Next question comes from the line of Nikhil Bhandari with Goldman Sachs. Please go ahead.

Nikhil Bhandari: Congratulations on the great set of results. Can I ask the margins profile typically for the HVDC projects versus your base business? If you can provide any kind of color or range, that will be pretty helpful?

N Venu: Thank you, Nikhil. But unfortunately, we don't give a margin profile of a project level. As I said, HVDC is also one-off projects only. It's like any other project. So, we don't share the same. All I can tell you that the risk profile of these projects are better than what we used to see previously. Like, for example, we used to have a complete turnkey, the civil construction, etc. in such project. So here, our things are mainly engineering and supply of the products and commissioning of the products and ensuring that the system works.

Nikhil Bhandari: Understood. And just a follow-up question to your capacity or bandwidth constraints for taking more HVDC projects. You mentioned that's quite dynamic and you can probably operate multiple projects. But what could be bottlenecks or constraints if you were to think as a risk in terms of taking multiple more projects from here on the HVDC line? Any thoughts on what could be the potential constraints for you to take, let's say, another two or three projects in the next one to two years?

- N Venu:** Again, depends upon how these projects will be stacked up together in a particular timeline, etc., those things will be there. But as I said, we are a global company and our supply chain is global. So, depending upon the need, we can always see that if our factory in one particular component manufacturing is full, we can always look at where else we can source it. So those are the flexible options available for us. And with that, we will really look at taking or exploring take more projects, whether it is HVDC, whether it is supplying our transformer or many other aspects of that.
- Nikhil Bhandari:** Got it. Thank you very much.
- Moderator:** Thank you. Next question comes from the line of Mahesh Bendre with LIC Mutual Funds. Please go ahead.
- Mahesh Bendre:** Hi, sir. Thank you so much for the opportunity. Sir we have an order book of Rs.19,000 crores. So when the execution will pick up, I mean, when execution will peak, is it in FY '26 or FY '27 out of the current order book?
- N Venu:** No. Our order book is ongoing, right? Like, for example, last year, based on our order backlog, we have improved the revenue of almost 22% to 23%. So the 23% higher has come from the existing order backlog in that. So we see that most of the thing, I would say, orders most of the revenue will come from our existing order backlog this year and some of the things will spill over into the next years on that.
- Mahesh Bendre:** So, my question was out of Rs.19,000 crores, whether the majority of this will get booked in the current year, that is FY '26 or is it in FY '27?
- N Venu:** Let's address your question differently. Other than the HVDC, the rest of the order to the revenue cycle, depending upon the their size hover anywhere between 3 to 6 months and goes up to 18 months, if it is a large transformer or large GIS etc. If you have an order and then you can say that from 3 months to 18 months is what it takes to convert the same into revenue.
- But for HVDC, it takes a long time, and it has a 48 months completion period and one part of the project and 54 months is the remaining part of the project. So it will take a longer time and will not happen in the same way as I described for the rest of the portfolio.

Mahesh Bendre: Sure. And last question from my end. Sir, globally also there is a shortage of transmission and distribution equipment. So, given the strong demand in domestic market, is there any limitations on us in terms of taking export orders in the near term?

N Venu: We do not have any limitations on that. As I told you, our exports last year, whole of fiscal year, if I remove the HVDC is in the 37% and exports have grown year-on-year from last year in absolute value, it has grown and the percentage-wise also. But having said, our pipeline in the domestic market is very strong.

Our pipeline from the renewable, pipeline from the transmission, pipeline from data centers, pipeline from many other sectors where we are working on that is quite strong. And our focus always, I've been saying this and I continue to say, our focus is to address our domestic market first and then we go to the exports.

Mahesh Bendre: Sure. Thank you so much, sir.

Moderator: Thank you. Next question comes from the line of Harshit Patel with Equirus Securities. Please go ahead.

Harshit Patel: Thank you very much for the opportunity. Sir my first question is on our capex. You have talked about investing close to Rs.2,000 crores over next four to five years. When I see our FY '25 capex, that number is close to Rs.130 crores. So from here on, will we step up our capex to maybe Rs.400 crores, Rs.500 crores per year kind of a level?

N Venu: Yes. I think -- go ahead, Ajay.

Ajay Singh: Yes. So, thank you for the question. Right so in this year, we have done our QIP and we have already declared that we'll be spending approx. Rs.2,000 crores in a span of 4 to 5 years. That was our say. So what we have done in this year, obviously, in the next few years, it will be, let's say, 4x to 5x kind of thing. So that is what we see at the moment and our drive will be in that direction only.

Harshit Patel: So, could you share what kind of product groups or solution groups that we will see? I think one clear area would be investing towards this incremental HVDC-related factories. Apart from that, what kind of investments we would see towards maybe STATCOM, the higher range of AIS, GIS transformers? Anything that you can share on that front will be very helpful?

N Venu: We have already spoken about the same earlier as well. It is a widespread investment. It will be in all our business lines, expansion of the business line transformers, high voltage, grid automation, so on and so forth.

Harshit Patel: Understood, sir. Sir, my second question is on exports. As you have explained our exports and even the share of exports has grown very sharply in FY '25. Are there any more geographies or product groups that have been allocated to us by the parent? Are there any more products where we have become or we will become a global feeder factory for the group? So, any outlook, if you can share on that front, that will be very helpful?

N Venu: Our export strategy, as I was explaining to you also, you know very well that it is a three-pronged strategy. First one, we have some of the products with the global feeder factories, and that is the same. We have not added any new products into that. And the second one is we have been allocated certain markets, and those things are dynamic as and when we getting new markets, so we will be doing it.

And the third one is we do have feeder factories and then based on the feeder factories, we are supplying our components into that. So, this is how the three-pronged strategy. And there is a scope. As I said, our exports are not at the cost of the domestic market. So, if we have more slots, we will definitely have opportunity for us to grow in exports.

Harshit Patel: Sure. Thank you.

Moderator: Thank you. Next question comes from the line of Renu with IIFL Capital. Please go ahead.

Renu: Yes. Hi, good afternoon and thank you for the opportunity. I have a few questions. First, just trying to understand that in the last two quarters, while we have seen margins coming to double-digit levels, even if you add back the effect of commodity gains, it's still in 13% levels, which is significantly lagging other peers who are in terms of their performance, mid-teens to 20% range.

Just trying to understand what is pulling down the margin mix for Hitachi versus the other peers in the current business environment despite the execution of high-margin HVDC VSC that we've done, that's the first question?

N Venu: Yes. So, thank you for your question, Renu. We have also done our own analysis of the same, so I don't want to make a comparison with the competition. But our margins are coming in line with our strategy and it's coming out. And we have been saying last two years, it's not that we take a dip in one year and then start doing that. That's not our strategy.

Our strategy is growing continuously sustainably. That's exactly what we said. We have said 2 years back that we'll reach the double digit and we have reached the double digit. And we said on a year-on-year basis, we sustain this. And it will also probably will improve going forward.

Renu: Okay. So even if the market is giving opportunity, we may not be very excited to grab better profitability or profiteer?

N Venu: We will also at the same time invest in our future. So, whenever we are looking at it, we are not looking for a short-term gains. We are looking for a long term. So as I said, our focus is the domestic market. We continue to serve our domestic markets and that's where is our thinking.

Renu: Got it. The second is, do we have any updates, probably I might have missed it out, but do we have any updates on the electrical packages related to the bullet train. Are we still expecting something from it or probably we are out of the race for those orders?

N Venu: No, I think it's getting delayed. That's what I understand. It's getting delayed right at this point in time.

Renu: Sir, any particular timeline for fiscal '26 or probably it's difficult to put anything on paper right now?

N Venu: I think it should happen in this fiscal year. So, we are not sure when and how it will happen.

Renu: Got it. A last bookkeeping question. On Slide 11 of the presentation, the segment mix numbers for the quarter seems to be backdated for fiscal '24 and '23 and not updated for '25. So can we have the updated revenue mix between utilities, mobility and industry?

N Venu: Sure. So we'll send that. The numbers are correct. The year is wrong.

- Renu:** That's not updated. Got it. Thank you and best wishes to you.
- Moderator:** Thank you. Next question comes from the line of Ashwani Sharma with Emkay Global Financial Services Limited. Please go ahead.
- Ashwani Sharma:** Hi, sir. Good afternoon. Thanks for the opportunity. So, the first question, if you can give us some idea on current tender pipeline ex of HVDC, how is that shaping up?
- N Venu:** No, we don't normally give the value of the pipeline, but our pipeline is quite robust compared to what it was one year ago and one year now. And excluding HVDC, the pipeline is very robust.
- Ashwani Sharma:** Okay. And sir, the second question is that as we move towards execution of these HVDC orders, just wanted some idea on the working capital requirement. Is it different from the base orders or any inputs on that?
- N Venu:** Maybe our CFO, Ajay will also join. But as you know, these are quite a large HVDC large projects. We need to be ready to manage the working capital whenever is required in any particular part of the project cycle. That's where we are looking at it. Ajay?
- Ajay Singh:** Yes, it is right, sir. Being a big project, initially, when we start, it will start with the low working capital requirement. But once we pick up maybe in the year 2, the working capital requirement will be more for sure. But for that, already we are equipped, and we are having a plan in place.
- Ashwani Sharma:** Sure, sir. Thank you. Those were my questions.
- Moderator:** Thank you. Next question comes from the line of Bharat Shah with ASK Investment Managers Limited. Please go ahead.
- Bharat Shah:** Yes. Congratulations on good outcomes. But don't regard my question as a bit of a spoil sport. I see, of course, the performance is robust in financial terms. But I would say the size of the order book, the strength of the opportunity, all are more in the external segment. It is external opportunity, which is propelling us.
- But when I look at internals of the firm, the innards of the firm, some of those questions came from the earlier participants about the margins. In a business

where demand is robust, we believe that we are technologically in terms of quality of engineering, we have superior solutions.

We also have a large business size. Therefore, in a business where gross margins are still at a very healthy 40% level, our operating profit margins at just over 6.5% in the year of '23-'24 and just a little over 9% in the fiscal year '25. I'm unable to understand why these are so poor. That means our internal costs are too high or maybe our methods, processes, reengineering something, but prima facie, it doesn't add up?

N Venu: Thank you for your question. Maybe I'll ask our CFO, Ajay, to talk.

Ajay Singh: Thank you for the question. So, as you see, if you see our cost structure, cost structure, if you see, you rightly mentioned, our gross margins are hovering around 38% to 40%. But the expenses also, if you see compared to the last year, just compared to the last year, our personnel expenses, for example, compared to the last year came 9.6% to 8.5%.

The other expenses also are hovering in the same line. The depreciation, finance cost to us, it is all consistent. It is only with the kind of product mix and the future revenue growth that we are having, coupled with export and service whatever we are committing and whatever we are delivering, we'll be moving in that direction.

Bharat Shah: No. But I would say, Mr. Venu, this is not a finance question. I would say this is a business question. He answered about depreciation and finance costs, but they sit after the operating margins, not before?

N Venu: When I told you, Ajay will add and then I'm also going to top it up on that. So, Mr. Shah, what we are looking at it, I've been also telling you consistently, we are not looking like -- I don't want to make any comparison here. There are other companies who compare, they are also making losses in the two-three years.

We are a consistent company. We wanted to build a company in a very long-term sustainable growth, both growth in terms of top line goes into the bottom line. Some of the projects we look forward in big projects, we need to start working on those things much at other things, which may also probably incur the cost. All

those things will be also required in addition to the technology, which is very important.

One of the reasons why we are here, we are able to compete and beat others and get the orders is because we are doing a lot of localization and bringing the technology and localization. All those things will pay at one point in time. But right now, as I said, we are in line with our strategy.

We are not moving. We are told two years back, we enter double-digit margin. We grow higher than the market and we expand our things into geographical thing as well as high-growth segment. We are here, say the ratio, you see here, what we are saying, we are doing it.

Moderator: Thank you. Next question comes from the line of Amit Agicha with HG Hawa. Please go ahead.

Amit Agicha: Thank you for the opportunity. Sir, what is the growth outlook in data center and how are you positioned versus peers?

N Venu: Data center is one of our key growth segments and we call it the high-growth segment and we are very well positioned. We have a strategic approach on that. We do a lot of long-term deals with some of the hyperscale's, both global hyperscale, local hyperscale. We have a multiyear project in that.

So one out of the three data centers today is powered through our grid integration solutions in that. So, we are well established. We are establishing. We are driving even more to offer our products and portfolio in the segment.

Amit Agicha: Question was like what is the addressable market size for services in India and how is the new business unit expected to scale in '26-'27?

N Venu: So, this is also we have been telling previously, our addressable market, we have an Rs.60,000 crores worth of installed base in India since last 75 years, we have been doing it. And we saw that our addressable market, our potential orders, not addressable market. This whole Rs. 60,000 crores is the addressable market, but everything will come in the market. We said we have a potential of future addressable market is in the range of Rs.2,000 crores per year.

Our orders are in the ballpark in the plus/minus in that range. And that's what we are looking at it in that. Right now, we are around Rs.500 crores- Rs.600 crores of our orders. So, our plan is to take it over a period of time, Rs.2,000 crores orders. It will not happen overnight, but it will take 3 to 4 years. So we are productization. We are offering digital offerings to our customers. Both IT/OT combinations also we are looking at.

As we speak, we are doing a lot of pilots with many of our industrial customers, data center customers. Some of the data center customers are looking forward for providing the life cycle things. All those things will come into that. It won't happen again overnight. It is a 3 to 5 year journey.

Amit Agicha: Sir, my last question is like how will be using the QIP proceeds of Rs.2,500 crores plus, like are there any inorganic opportunities in sight?

N Venu: About QIP proceeds, we talked about very clearly and two-thirds of that we used in our expansion capex. And then the rest 25% is our capex corporate usage and 10% is working capital. But having said that, we are actively looking at some of the things and not in areas of a transformer, etc., but mainly in our value-add or complementary things like our new segments, those are the things.

Amit Agicha: Thank you for the answer and all the best for the future.

N Venu: So, operator, since we already reached our time and I know that there is a queue for other questions. So please reach out to us. We have back-to-back calls for some other things. I really want to thank you for your interest and listening to us. So, if you need any further information, please reach out to us any time, happy to engage and provide answers to you. Thank you very much and looking forward to talking to you soon. Thank you.

Ajay Singh: Thank you.

Moderator: Thank you. On behalf of Hitachi Energy India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.