

August 06, 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 July 30, 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 Wednesday, July 30, 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 Q1 FY26
Analyst Conference Call – July 30, 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. Seema Siddiqui – Head of Communications, Hitachi Energy India
Limited**

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Moderator: Ladies and gentlemen, good evening and welcome to Hitachi Energy India Limited Q1 FY '26 Analyst Conference Call.

As a reminder, all participants' lines will be in a listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “ * ” then “0” on your 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, Nirav. Good evening, everybody. Thank you for joining us for the analyst conference call today. I hope you are all doing well.

Today, we announced our results for the 1st Quarter of the Financial Year 25-26. And over the next 20-25 minutes, together with my colleague, I will take you through our performance from April 1 to June 30, 2025. And for your convenience, I will read out the slide numbers, and we have already uploaded the slide deck to the stock exchange.

Today, I am joined in the room by our CFO, Ajay Singh, the General Counsel and Company Secretary, Poovanna Ammatanda, and our Head of Communications and Government Relations, Seema Siddiqui.

Throughout the last fiscal, our focus was on balancing operational complexity and efficiency, which helped us continue to achieve a strong order intake, resulting in a record order backlog in the 1st Quarter of FY '25-'26. Despite a volatile geopolitical scenario, the Indian economy remains one of the fastest-growing economies. The same will positively impact several ongoing energy initiatives, further strengthening the country's energy ecosystem.

I move to Slide #3. At Hitachi Energy, you all know by this time, we continue to emphasize the importance of safety, integrity, and quality in our day-to-day operations. These are what we call our license to

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operate and we never look the other way when we have to deal with them. And they are very key pillars of our work ethic.

In the 1st Quarter of the financial year, the focus on safety continued towards keeping the incident frequency rate within the defined corridor by learning from global incidents and also taking timely prevention actions across our sites. It's always heartening to see one's work getting recognized on our safety efforts. During the quarter, our teams from different businesses received several appreciation letters and awards from our discerning customers. Employees are our strength and their physical and mental well-being is one of the utmost importance for us.

This quarter, we organized several initiatives, including multiple awareness sessions on key health topics such as health screening, first-aid training, mental health discussions, programs, etc., Also, International Yoga Day was observed across our offices and facilities with a large number of employees participating in specially-designed modules for their areas of operations.

Moving to the next slide, Slide #4. At Hitachi Energy, our purpose is to inspire the next era of sustainable energy by making the world's energy system more sustainable, secure, resilient and affordable.

While we march forward to our purpose, the Company also ensures that it practices sustainable measures in the three key aspects, that is planet, people, and principles. Under planet, we have reduced CO2 emissions by 84% and waste by 69%, respectively, in our own operations compared to the base year of 2019. The Company continues its efforts to reduce freshwater consumption to 25% from 18% in the last financial year. We have already achieved the 100% mark of using electricity from renewable sources in all our operations throughout our sites. When it comes to our people, our focus persists on safety and diversity. We are committed to zero harm and fatality-free and maintain a healthy mix of diversity in our work ecosystem. For principles, the aim is always for zero incidents pertaining to integrity.

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I will move to Slide #5. And I am sure on the left-hand side, you know more than me, but still, I would like to touch upon a couple of points on this. Indian economy remains one of the fastest-growing economies, reflecting the country's resilience and policy-driven growth, today, making it the fourth largest economy in the world. The country is experiencing positive economic indicators. Inflation has cooled down to a six-year low of 2.1% in June 2025, along with a surge in total exports and FDI. Though uncertainty looms over U.S. tariffs, we expect more clarity in the coming weeks to ascertain the impact in India and also for our business. Steady economic growth continues to have a positive rub-off on the manufacturing segment as the PMI stood at a 14-month high in June 2025 at 58.4.

The scheduled investments in growth segments like renewable, data centers and metro rail remain on track. For the NEP(National Energy Plan), the market report suggests that in the next two years, spending of over Rs. 1 lakh crores on the interstate transmission system network to meet 2027 NEP target. Furthermore, the focus on DISCOM upgradation and modernization continues. Uttar Pradesh, one of the largest states in India, is looking to privatize two of its four power distribution companies, which is a positive step in the right direction.

I will move to the next slide, Slide #6. This quarter, ending June 30, 2025, our orders totaled all-time high of Rs. 11,339.2 crores and revenue stood at Rs. 1,529.8 crores, growing 365% on orders and 15.3% on the revenue on a year-on-year basis. Effective execution of high-margin orders, sustained operational excellence and a good product mix helped to achieve a high year-on-year growth in profit before tax and profit after tax.

Some of the key orders for this quarter include an order from POWERGRID to supply 30 units of 765 kV, 500 MVA single-phase transformers and also the renewable solar 400 kV GIS and industries 220 kV/33 kV GIS and semiconductor manufacturing factories in Chennai. Rail, several transformers, Scott transformers, several automation CRP SCADA projects and also service upgrade projects.

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And all this in addition to our HVDC project, which we already announced previously.

Moving to Slide #7. I think this is the one which you know we have announced this Bhadla-Fatehpur HVDC project in this quarter from Adani Energy Solutions, which is awarded to the consortium of Hitachi Energy India and BHEL, which is a 6,000 megawatt of 800 kV bi-pole, bidirectional HVDC project over a distance of 950 kilometers from Bhadla in Rajasthan to Fatehpur and scope includes to provide converter transformer, AC/DC control protection, thyristor valve, 765 kV/400 kV grid connections and auxiliary systems, etc.

If we move to Slide #8. At Hitachi Energy, we have encouraged knowledge exchange across industry stakeholders. To this end, we have organized technical seminars for esteemed customers across geographical boundaries. The sessions focused on the advanced features and benefits of our Hairpin Type Dead Tank CT and maintenance-free springless isolators and EconiQ solutions. The sessions were attended by domestic utilities and national utilities of neighboring countries, rail segment customers and also the new age customers, to name a few. In our keenness to level up our services, we have received two industry recognitions for consistent quality improvements. Our teams won the Gold Award at QCFI Convention 2025 for Transformers and CII's 52nd Kaizen Competition 2025 for Grid Automation.

I am also happy to inform you that we expanded our women in engineering program by welcoming a new batch of students from Gujarat. Also, as part of our commitment to education, we have undertaken the task of upgrading two government schools in Vadodara with smart classes. We continue to encourage our employees to participate and represent the Company on various platforms. During this quarter, two of our women colleagues represented Hitachi Energy as a key speakers at the IEEE Power & Energy Societies and IEEE Asia 2025 events. And the Company, Hitachi Energy India, is a key contributor to the National Energy Policy through India Energy Stack.

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Moving to Slide #9. As a pioneering technology leader, we remain steadfast in our commitment to strengthening the nation's energy security through a range of impactful projects. This quarter, we successfully commissioned some key projects, and I would like to take a moment to highlight a few of them.

We commissioned 66 kV GIS transformer bay extension at Karala, Delhi, for Tata Power Delhi Distribution Limited; a 400/220 kV AIS substation at Lapanga, Odisha, for Aditya Birla Aluminium Smelter; a 400 kV bay extension in Odisha and installation in Chhattisgarh, respectively, for OPTCL and BALCO. For all these commissioned projects, our teams were responsible for designing, engineering, manufacturing, supplying, erecting, testing and commissioning according to the defined scope of work.

Moving to Slide #10 to provide some more color on the orders received this quarter. In terms of the segment, the transmission continued to lead the order book, followed by orders from the rail and metro and data center. In the Q1 FY '25-'26, both transmission and rail metro experienced a sharp growth of 625% and 845%, respectively. The data center segment witnessed almost a cent percent growth and industry growth is at 23%. However, there's a decline of 25% in renewable, wind and solar, which we feel is a temporary phenomenon and it's a timing issue .

The order mix is shown on the right in the graph. You can see the projects have taken the lead. Of course, if you look at the order mix on the right-hand side, this is without HVDC. If you do with HVDC, the projects takes leap. But without HVDC scenario, the products continue to be higher, followed by the projects and services in that.

Moving to the next slide, which is our further levers of our growth, service and exports. Both services and exports remain consistent in this year as part of the order book. And diverse geographies and industries help sustain export momentum. Exports maintained consistently by contributing nearly 25%, 24.7% etc., of order book that is without considering the HVDC. This quarter, export orders were received from

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Europe, South America, and Asia, ranging from common apparatus and devices, capacitors, filters, circuit breakers, grid automation, etc.

Service orders grew 90% year-on-year. This is also our first quarter after we carved out our new service business, effective from 1st of April, 2025, and contributed a high single digit to the overall order book. Some of the key service orders include SCADA upgrades, equipment replacement and annual maintenance contracts. As you are aware, we introduced our service business, which I have already told you. And basically, the purpose of the service business unit is to intensify life cycle engagement with our customers, not only utilities, but also industries and the new age customers. All our business units(Bus3) are working closely with the service business unit to maximize our reach.

I now go to Slide #12 and hand over to our CFO, Ajay, to take us through this slide and the next slide. Over to you, Ajay.

Ajay Singh:

Thank you, Venu and good evening to all. Hope you are all doing well at your end. So, let me take you through the Financial Performance for Q1 '25-'26.

In this quarter ending 30th June, orders were Rs. 11,339 crores, up 365% year-on-year. And this was primarily because of the large order of Bhadla-Fatehpur HVDC order that we booked in this particular quarter. And that is the result you see we closed the highest ever order backlog of Rs. 29,135 crores, which provides a visibility of revenues for several quarters. The Company delivered a strong revenue performance of Rs. 15,029 crores, with 15.3% growth Y-on-Y. And this actually happened from very good order execution during the quarter and constant improvement on the overall operational efficiency.

Furthermore, our continuous focus on the effective execution of the high-margin orders, sustained operational excellence and a good product mix and also increased export momentum saw a phenomenal Y-on-Y growth in the profit before tax (PBT)and profit after tax(PAT). And if you see the PBT and PAT, PBT standing at Rs. 176.9 crores and PAT we closed at Rs. 131.6 crores, respectively. If you see the

operational EBITDA, operational EBITDA for the quarter stood at Rs. 170.2 crores and this has resulted in a double-digit margin of 11.1% for this particular quarter.

If you go to the next slide, let me see, a little bit dissect more on the cost structure, how we fared. So, if you see for the three months ended 30 June, 2025 of the total income of Rs. 1,529.8 crores, the material cost was 53.8%. So, in this particular quarter, as we discussed earlier, there is a very good development on the gross margin, which has really helped in the bottom-line development.

Personnel expenses were 9.5% and if I compare it with Y-on-Y of last year, 9.2% fairly, I will say we are consistent. Other expenses, 22.7%. Again, if I compare Y-o-Y, 23.6%, I will say it is consistent. In this particular quarter, we had an exchange and commodity loss of Rs. 9.4 crores. Depreciation Rs. 25 crores, basically, if you see there is a slight increase, and this is mainly because of the capitalization for the CAPEX projects that we are doing, continue doing that.

Finance cost is Rs. 4 crores, which has come down if I compare Y-o-Y and majorly because we do not have any short-term borrowings in this particular quarter. And that is how the development we see in this particular quarter and we are able to close the PAT Rs. 131.6 crores of 8.6%.

So, with this, I hand over to Venu for the closing slide.

N. Venu:

Thank you, Ajay. And if I move to the slide, that is Slide #14, which are our priorities for the coming quarters and the whole of financial year.

As we closed the 1st Quarter of this financial year, our focus remains on the dual objectives of maintaining growth momentum and enhancing overall efficiency in all spheres of our work. And maintaining our leadership in core segments, renewable utilities, HVDC, industries, infrastructure remains our key priority. We consistently endeavor to harness potential opportunities in new segments like data center and focused strategies to leverage opportunities in service, export and digital segment.

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Furthermore, the focus will remain on strengthening the service business in India. And the Company will continue to drive productivity with an emphasis on operational excellence to improve productivity, quality and opportunities under one Hitachi umbrella to leverage the synergies, etc. On the business front, consolidated efforts will be made to leverage the large order backlog for revenue accretion and margin accretion and also focused strategy for the utilization of the capital raised during the QIP to complete the expansion projects in line with our time line, strategies, etc.

And with safety deeply embedded in our culture, our commitment to fostering a strong safety-first work environment remains steadfast. At the same time, we continue to invest in expanding our capabilities for sustainable growth, whether through upskilling and cross-skilling our workforce, or by strengthening our operational footprint to inspire the next era of sustainable energy future. So, we are looking for long-term strategy and long-term growth and sustainable strategy.

So, with this, I close my presentation and open the channel for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening, sir. Thanks for the opportunity. My first question is, what was the value of ex-HVDC order in the quarter, if you can quantify? Or can you give us the growth in the order ex-HVDC?

N. Venu: Sorry, what is the second one?

Mohit Kumar: Either you can give the value of ex-HVDC order or give us the growth in the order ex-HVDC.

N. Venu: No, we have also seen growth without HVDC. The growth without HVDC is in the double-digit range, in the range of 20-plus percent in that. As you know, similar projects are going on. So, we will not quantify the exact value of HVDC, but you can guess what kind of number.

Mohit Kumar: Understood, sir. The second question is, sir, how has been the progress on execution in the HVDC Bhadla-Fatehpur, which we won I think in September / October '24.

N. Venu: So, we also mentioned in the last thing that HVDC projects are pretty long, multiyear projects. Our completion period is 48 months and 54 months. 48 months is we have to complete the bi-pole one and 54 months is a bi-pole two. So, execution will take place. And normally, in the first year, I also told you the revenues are not much. So, we expect some amount of revenue starting from the next financial year. And thereafter, it will pick up. So, that's how the thing is.

Mohit Kumar: Okay, understood sir. Thank you and all the best sir.

Moderator: Thank you. Next question is from the line of Ankit Pandey from Motilal Oswal. Please go ahead.

Bhalchandra Shinde: Hi, sir. Bhalchandra Shinde from Motilal Oswal. Sir, regarding the margin profile, I would like to know, when we compare it with our peers, our peers have increased margins significantly. So, our margins though have improved, but not to that extent. Sir, there is any possibility of reaching to those margins or it will take us a time to revamp on those kinds of margins?

N. Venu: Yes. So, thank you, Ankit, for your question. As I said, we are building a Company in a very long-term focus, not on a short-term basis. And we also told you several times that our main focus is to address the domestic market. We believe that the domestic market, the pipeline, and the market visibility are very strong and they will continue to be strong. That's the reason we are investing Rs. 2,000 crores of CAPEX, which I am sure you have not seen this kind of CAPEX from others. So, when I would like to compare, I would like to compare. So, we are improving margins, and you have seen almost 650 basis points were improved Y-on-Y on EBITDA basis and we continue to improve going forward.

Bhalchandra Shinde: And on the core order inflows-wise also, one should expect this kind of a trajectory to continue? Where are we seeing good traction on the core order perspective?

N. Venu: See, if you really look at the overall orders, there are two aspects to that. There's the HVDC portion and then the rest of the things, right? The rest of the things we are talking about are renewable industries, data centers, rail, etc. But this pipeline is extremely good. And HVDC, you all know that. I have been saying in that to manage the network of India, we need to have at least two to three HVDCs per year, at least in a couple of years, at least a couple of years more.

Bhalchandra Shinde: Got it. Great. Sir, I will come back if I have any further questions.

Moderator: Thank you. Next question is from the line of Umesh Raut from Nomura. Please go ahead.

Umesh Raut: Yes. Hi sir. Good evening. Sir, my first question is pertaining to the translation of gross margins into EBITDA margins for this quarter. If I look at it, despite achieving closer to 44% plus kind of gross margins, our EBITDA margins are remaining in the range of about 10% to 11%. And a larger part of that is also because of higher other expenses at about 24% of sales. I believe our related party transactions, like royalty, management fees and trademark fees, are also eating up closer to 8% to 9% of sales within that other expenses. So, how do we kind of expect these kinds of expenses to go down so that our margins can improve in line with our peers?

N. Venu: Yes. So, again, we have been saying this consistently on this, so we are a technology Company so we need to really create technological advantage and by paying a royalty and other things is absolutely important because we are able to get technology as and when it is available anywhere within Hitachi Energy globally. So, that will be there in that. But we are looking at overall expenses. Once our revenue goes up, probably some of the expenses are not percentage, some are percentage, some are a fixed amount, which will be converted into the

percentage in that. So, those things will be tapered out over a period of time. Maybe, Ajay, you would like to add on this?

Ajay Singh: Yes. Thank you for the question. If you normally see our Quarter 1 our other expenses, that is the reason why I told you about the other expenses on a Y-on-Y basis, more or less, it is consistent. But going forward, once we develop on the revenues, some of the expenses automatically get translated. And that is why if you see the same other expenses we closed at the year-end, it was around 20%, so to say. So, yes, we are working on the other expenses piece for sure. But overall, at the end of the year, we will get a visibility on when we have the full loaded revenue, we will be able to see that our other expenses are also in line.

Umesh Raut: Got it, sir. My second question is pertaining to HVDC project pipeline. I believe there are three projects which are in the pipeline to be finalized for FY '26. So, what is your view in terms of timeline for, one, Khavda South Ulapada HVDC project? Second, Barmer-South Kalamb HVDC project? And third, Leh-Ladakh HVDC project?

N. Venu: Yes. I think what you talked about, the pipeline, is absolutely correct. But if you are talking about our view on the finalization, right?

Umesh Raut: Yes, sir, in terms of a rough cut approximate timeline for awarding?

N. Venu: Talking about finalization, our view is that one project will be finalized in this financial year, but there could also be a potential for the second project to be finalized. So, it's basically one to two projects finalized in this financial year on or before 31 March, 2026.

Umesh Raut: Got it, sir. Thank you so much and all the very best.

Moderator: Thank you. Next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi, sir. Congratulations on a decent quarter. So, my first question is, what is the total order book of the base orders ex of HVDC out of the Rs. 29,000 crores?

N. Venu: Roughly in the range of you can take anywhere between 55% to 60% is the HVDC, the rest is non-HVDC.

Parikshit Kandpal: And out of that, how much is export and services?

N. Venu: No, we do not split there how much is exports and service. Service is just picking up, right? We do not split further on that. Again, do not look at it every quarter whether the product or servicing. You have to look at the whole portfolio, right? The whole portfolio for us includes the projects, systems, services and software and also HVDC. Again, when you say HVDC means the HVDC portion also has transformer, HVDC portion also has GIS and high voltage, HVDC portion also has grid automation. So, it is very difficult to segregate HVDC or not. The point what probably you are looking at it, that's the reason I said 55% to 60% is, how much will be executed in the next 18 months and how much will be executed beyond 18 months.

Parikshit Kandpal: Got it. And just on the total GPM, so now we have reported 44% on gross profit margin. And there's no major contribution because HVDC will start contributing maybe a year after from now. So, in the HVDC, what kind of GPMs do we look at? I mean, will it be substantially lower or will be in the similar range? So, what kind of dilution can happen on the GPM from HVDC projects?

N. Venu: We will not talk about our project level margin. All we have been saying is that we have been building not today, over a period of time we have been saying that we are looking at a very sustainable margins, double-digit margins, and that's what we are in a road map. So, last year we said when we entered, and we have entered much ahead of our own target and then we are also starting the same strong way. It will be a very solid performance going forward, in our own view.

Moderator: We will move on to the next participant. Next question is from the line of Renu Baid from IIFL Capital.

Renu Baid: Hi. Good evening, team. I have a couple of questions. First, can you share with us the update on the first HVDC which we had won with Adani? How far are we from the formal completion of the project?

Second, would you have any insights on the prospects for Leh HVDC? As we hear that Hitachi apparently has not submitted the bids and there's only one sole bidder for the project so far, so are we seeing the Leh project moving ahead? Or any updates from your side if you would have any on it?

N. Venu: Yes. What was your first question? We have already given update in the presentation, right?

Renu Baid: No, not the current project, the Mumbai HVDC, we were executing for Adani, which you bagged of Rs. 2,000 crores order.

N. Venu: Yes, we may be around six months is the one where we are looking at to commission that, six to nine months.

Renu Baid: Okay. Sure. Second, any insights on what's the status for Leh HVDC project which was under tender?

N. Venu: Yes. Leh, as far as we are concerned, there have been a lot of discussions taking place, what kind of technology, all those things. Still it is in the discussion stage. So, I do not know about what is the latest, but this is how it is going on that.

Renu Baid: But in your view, do you think there is a probability that instead of the project coming on the HVDC format, it may actually eventually turn out to be an AC project?

N. Venu: Anything is possible, Renu. I cannot say that. But the probability of that AC transmission coming in that thing is very less, I would think so.

Renu Baid: Yes, yes. And sir, lastly, while I know you do not comment individually project-wise, but just trying to understand, the current quarter I think gross profits have come back at pretty healthy levels compared to the previous cycle. So, do you think this kind of gross profit performance of almost 45% is sustainable given the current mix of backlog that we have? Or it would be more of a combination impact for this particular quarter alone? And one should not bake it into the expectations going forward?

- N. Venu:** No, I think it is not only gross profit has come back, but also net profit also came back. EBITDA level, we have improved 650 basis points compared to the loss Y-on-Y. So, again, we will not comment on a quarter. But what we are looking at on an overall basis, we said we are looking at a very long-term strategy, mid- to long-term strategy and we are continuously improving on our performance. So, we are also investing on the future things. So, that also needs to be done if you really want to look at it in a long-term fix. It is always between what you take as short-term measures and long-term measures. So, we choose short term measures.
- Renu Baid:** Right, because some of these investments in technology capacity will all be a part of other overheads, which was the reason why the question was on material related things structurally?
- N. Venu:** No, structurally, we are absolutely fine. Structurally, I do not see there is an issue in that. As our volumes goes up, that's where the thing. Rest of the things, as I told, some of our charges, which are fixed in nature will convert into percentage. And as the volumes go up, it will come at a low percentage in that. And that's what you are seeing that. And we will improve; last year improved. And this year also, on an overall basis, we will improve higher than last year.
- Renu Baid:** Got it. And sir, lastly, anything specific that you would want to share in terms of export pipeline? Any regions or markets where you are seeing increasing traction with respect to order conversion for us?
- N. Venu:** No, export pipeline is quite strong, quite robust. And as I said, we have a three-fold export strategy. Again, exports also sustainable exports, not that we want to go a spike and then come down, so that's not our strategy. So, we have products for five / four products, which are global products, we are improving on that. And then on top of that, we have also allocated markets. So, we are getting more markets allocated, as and when those markets are fructifying and we will put a lot of our efforts to develop those markets in sustainable, just like how we develop Indian market.

The third one is that we have a very base export strategy, which is that we create components for our feeder factory, and those things are also very robust. Again, we do not want to increase exports at the cost of the domestic market, which I have also said previously and we are clarifying that. Our domestic pipeline is quite strong.

Renu Baid:

Okay. Thanks much and best wishes team. Thank you.

Moderator:

Thank you. Next question is from the line of Rajesh Kothari from Alpha Invesco. Please go ahead.

Rajesh Kothari:

Good evening, sir. Thank you for this opportunity. Rajesh Kothari from AlfAccurate Advisors. Sir, I have one question with reference to the export opportunity. And if I look at globally the statements what I am reading in the top CEOs of the world, they all are hinting towards the very large pipeline of the potential demand growth. So, how the Indian Company is positioned to cater to such requirements? And since you are looking to invest about Rs. 2,000 crores, in terms of your exports target over the next, say, three to four to five years, how should we look at the total revenue mix?

N. Venu:

Yes. So, again, we clarified this. Again and again, we want to clarify it once again. The investment, whatever we are doing, Rs. 2,000 crores, basically we believe that we have a huge domestic demand and that's the reason we are doing it. Exports is, yes, on top of it, but we do not create capacities only for the sake of exports, right? Exports, as always, it has been there, it will continue to be there. And I explained just now also, it's a three-pronged strategy. Roughly, we are looking at around 25% of exports. Maybe it might go a few percentage this way that way over a period of time. But it again depends upon the thing. Put in a lot of efforts to serve our domestic demand, and that's what we are going to do that. And then on top of that, if we get an opportunity, we will do more than 25%. But 25% is what I see in the next couple of years, plus/minus a few percentage points this way or that.

Rajesh Kothari: So, when you look at your competitive positioning to get the export orders compared to, say, Hitachi Energy India within the group, who will be the other competing companies within group?

N. Venu: Within group means?

Rajesh Kothari: Means, for example, I mean, Hitachi Energy globally.

N. Venu: Yes. Again, it is a market. We are working in more than 68 countries. Our footprint is also very, very robust in many countries, right? It's not that anybody can send anything. We have factories in the regions, we have factories in the countries and there are clear market allocation guidelines so that you are able to develop those markets sustainably over a period of time. And also, there's a lot of approval process to approve our factories. So, all those things are guiding principles.

Rajesh Kothari: Okay. So, basically, even if your domestic revenue is going to go up significantly because of this order book and also the pending HVDC order pipeline, you think that exports will also be able to maintain that growth, therefore, your revenue mix will not change significantly, at least 25% to 27%?

N. Venu: That's the reason we are investing. We are investing in the capacity. So, our capacities will start coming in the next 18 months or so and that will be compensating for that so that we are able to keep 25% as a revenue mix, even at a higher revenue.

Rajesh Kothari: And just last question. Till the time, of course, the new order comes to the execution stage. In the next, from the 12 to 24 months kind of a period, kind of a shorter tenure orders, particularly, say for example, for data centers or for other such applications or for the metros, can you give us a little bit more insight into that, how is that demand growing? If you can quantify that in terms of the overall demand and how we are winning it? And a little bit outlook on your different segments, data center, metro trains and other segments that will be useful.

N. Venu: And if you really look at my Slide #10, as you can see, industries, we have a 23% growth. They are very short-cycle projects. Data centers,

98%, almost doubled compared to the data center last quarter here. So, data center, there was a bit of lull previous quarter, but now everybody has relooked at what is the AI-ready data center. Now they are all coming back very strongly on that. And the rail and metro also, we see a very, very robust swing in that.

But with the renewable, now the issues of PPA and other things getting resolved, we see that the renewables projects also come. All these things are short cycle projects. So, they will be executed once we get the order. Anywhere between six months to eighteen months, we complete the execution in that, except the HVDC, which takes a longer time in that. So, the pipeline, that's what I said, the pipeline is very robust. It is much, much stronger, much higher. And we see the visibility of those things coming in that.

Rajesh Kothari: Great. Thank you, sir. Wish you all the best.

Moderator: Thank you. Next question is from the line of Shirom Kapur from Jefferies India. Please go ahead.

Shirom Kapur: Thanks for the opportunity. Just I had a question, you classify your business into your five business units, transformers, high-voltage products, grid integration, grid automation and now services as a new business unit. Would you be able to give us some color individually within these units, if it's possible, on how the outlook is? And maybe a rough sort of share in business of each of these units?

N. Venu: No. Thank you, Shirom. Actually, we are not giving a split of this thing, but we can give you a little bit of direction on that. So, transformer is by far the highest, followed by our grid integration business and the next is the high-voltage business, followed by the grid automation and the service. So, we are talking about the outlook. Most of the segments buy more than two BU products in their portfolio, okay? I will give you one or two examples.

Transmission, for example, needs a transformer, our high-voltage BU products, our grid automation products, power quality, HVDC,

STATCOMs, etc., and so all four business units will go into that. Transmission also needs the service as and when it is required.

When it comes to the industries, industries may need your transformer or high voltage or sometimes the industries need your grid connections, etc., So, again, two, three BU product portfolio will go into that.

Data center, I will give you a last example. Data center, for example, needs your transformer, your dry type transformer, also grid connection transformer, your grid integration, you need a substation to hook up to the hyper-scale data center. And then you also need automation and the consulting efforts in that.

So, basically, most of these things, two, three BUs or more than three BU products portfolio as well. So, the outlook is if the segment outlook is strong, then all the four BU outlook is also equally strong.

Shirom Kapur:

Okay. Understood. Thanks. That's very helpful. Second question is on your capacity expansion over the next four to five years, where you are incurring about Rs. 2,000 crores CAPEX, could you maybe quantify how much your capacity is going to expand by, specifically within transformers as well as the other business segments where you are expanding capacity? And how that could scale up your revenue potential? And if you could give a sense on what the current capacity utilization is which is warranting this major CAPEX expansion?

N. Venu:

No, I think we talked about the capacity expansion. So, we basically said that the capacities are required when we announced it, it's also for our transformer, not only transformer but transformer high-voltage, grid automation and also HVDC. And the scale of expansions are different from different BUs, etc., in that. And all these things also we are doing in a phased manner, for example, first transformer capacity, which is a small capacity expansion, which is already coming in. And the next phase we are going in. Like that, we are going in a phased manner so that we are able to complete our scheduled CAPEX in line with our own targets, etc.

So, again, Rs. 2,000 crores CAPEX, if I am going to put it there, once it is complete, the asset turnover is in the range of anywhere between three to four or something like that, four to five, depending upon that. So, you can just look at it, what could be the revenue potential once it completes on that. Initially, it starts with a low asset turnover and then thereafter it goes up higher than that. And current capacities are, I would say, we do not quantify exactly the capacities, but it's very strong in some of the product lines like insulation, like large power transformers, like GIS, etc., in that. Of course, there are also some capacities available in automation and other things.

Shirom Kapur: Understood. Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Subramaniam from SBI Life Insurance. Please go ahead.

Subramaniam Yadav: Thank you, sir. Sir, if you can share what is our export orders ex of HVDC in our order book? And how are the margins in that vis-a-vis our domestic orders? I will come back to the second.

N. Venu: On the segment-wise, on the category-wise, Mr. Subramaniam, what we can say is that our exports are roughly as part of our order backlog. You are talking about the order backlog, or what are you talking about?

Subramaniam Yadav: Sir, I am talking about the export orders ex of HVDC in our order book, what would be the percentage of it?

N. Venu: Order backlog.

Subramaniam Yadav: Yes, right.

N. Venu: Yes. If we talk about exports ex of HVDC in our order backlog is roughly in the same range.

Subramaniam Yadav: 20%, right?

N. Venu: Yes.

Subramaniam Yadav: Okay. And sir, if you can share some bid pipeline ex of HVDC in the domestic as well as export, what we are looking at it for the year?

N. Venu: Pipeline numbers, we do not share. What we are saying is that without an HVDC, pipeline is very strong in the industry, in transmission, in renewable energy, in data centers and in railways. And also, the pipeline is very strong in our exports as well.

Subramaniam Yadav: Sir, if you can share at least growth number vis-a-vis last year, how is the pipeline looking?

N. Venu: We have not shared so far, Mr. Subramaniam. But when we share we will share it with you.

Subramaniam Yadav: Okay, got it. Thank you, sir.

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

Harshit Patel: Thank you very much for the opportunity. Could you give us an update on the Mumbai, Ahmedabad, HSR electrical package? When will it get tendered? And how large is this opportunity size for us?

N. Venu: No. See, again, the whole project, I am not sure how it is taking in different terms or things like that, but we also do not have visibility. We have received a couple of orders for some transformers, but then on an overall basis we do not have a visibility, we are still discussing with our customers. We do not have any timeline for that.

Harshit Patel: Understood. Sir, my second question is on the STATCOM, have we started any kind of manufacturing or assembly integration for these systems in India? What are our plans to increase local value addition in this?

N. Venu: STATCOMs, we do everything in India. So, we have been doing all the STATCOM projects that we have got in India. We do the valves, we do the transformers, we do the complete engineering, everything.

- Harshit Patel:** Understood. Just a small follow-up to that. What is the overall opportunity size for STATCOM in India in the next four to five years in your assessment?
- N. Venu:** In our assessment, you can also go to the NEP, the National Electricity Plan from the CEA and you can check yourself also, anywhere between 25 to 30 projects in the next four years.
- Harshit Patel:** Understood. Perfect. Thank you very much for taking my questions. And all the very best.
- Moderator:** Thank you. Next question is from the line of Pratik Singh from Helios Capital Management. Please go ahead.
- Pratik Singh:** Yes. Thank you for the opportunity, sir. Sir, just a quick question. Was there any execution miss in 1Q or any potential delays in execution which we faced? Because ex of other income, I mean, the top line growth considering the order book which we have looks slightly softer at 10%, 11%.
- N. Venu:** Sorry? Revenue growth 15%?
- Pratik Singh:** Excluding the other income, I think the core top line growth looks tad softer at 11%, 12%. So, just wanted to check if there are any execution delays which we had in 1Q?
- N. Venu:** No. I do not see any major execution delays in any of those projects. There will always be, with such a large portfolio, you will always have one or two delays, but not any major delays.
- Pratik Singh:** All right. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Abhijeet Singh from Systematix Group. Please go ahead.
- Abhijeet Singh:** Thank you for the opportunity. Sir, my first question is, if we compare HVDC and non-HVDC transmission project, what is the difference? So, one is, you already mentioned that in terms of execution, I think the time taken for an HVDC project is almost 2x, about 54 months versus about

24 months for a non-HVDC one. So, in terms of product service and project bifurcation and not going into technical part of it, if we can differentiate between an HVDC and a non-HVDC project?

N. Venu: No, from a complexity standpoint, HVDC and non-HVDC projects are the same for a developer. So, a developer, for example, if he has to do an HVDC project, it takes 48 months. If he has to do a non-HVDC project, it may not be that much time, but it will take, say, if you talk about including all the ROW, etc.

From an equipment supply standpoint, it's a developer because for equipment supply standpoint, HVDC, we need to also do a lot of system studies, etc., So, engineering, those things will take pretty long time compared to a pure vanilla transmission project like a 400 kV project, 220 kV project. There, what we do, we supply 400 kV transformer, 220 kV transformer. If you do a system basis, we do design engineering, which in 18 months you can complete anywhere between 765 kV substation to 400 kV substation, right? So, that's how the thing is that.

Abhijeet Singh: Sir, can we quantify the service component in the HVDC project?

N. Venu: No, service component will be there everywhere. We are not able to quantify service.

Abhijeet Singh: In HVDC, service component will definitely be significantly higher compared to vanilla. And therefore, designing and engineering and everything will be much more intense. So, from that perspective, yes.

N. Venu: No, you are right, but we will not be able to quantify what the service is in that. For us, a particular system or thing which includes product supply, design engineering and also erection testing, commissioning, which we have in our scope. So, that's how we quantify it as a whole portfolio. I'd say look at the portfolio as a whole, Abhijeet, which includes designing, product supply and also commissioning, things like that. Yes, you are right for HVDC, it is slightly higher, but it is not that major compared to other projects.

- Abhijeet Singh:** Right, sir. Also, you mentioned in your comments that in the next few years or after a few years, you are expecting about two to three HVDC projects per year in India. I hope I heard that correctly.
- N. Venu:** Yes. What I have said was that to manage the complexity of the Indian network, we need to have two to three HVDCs per year, so that is my expectation. But if you really look at NEP, which is almost talking about two projects per year in the market. The project comes to the market. Whether we win or not, that's a different issue, but those projects will be coming up for bidding at least two projects per year in the next three to four years.
- Abhijeet Singh:** Understood, sir. Sir, lastly, on the 10th slide of the PPT, the growth you have mentioned of different segments, this is the order inflow growth for Q1 for us. Is that correct?
- N. Venu:** Yes, order inflow growth for Q1.
- Abhijeet Singh:** All right, sir. Sir, thanks a lot. That would be it from my side. Thank you.
- Moderator:** Thank you. The next question will come from the line of Dhavan Shah from AlfAccurate Advisors. Please go ahead.
- Dhavan Shah:** Thank you for the opportunity. So, my question is on the royalty payout. If I compare your royalty versus the GE T&D India, so I think GE is paying roughly 1-odd percent. We are paying roughly 4-odd percent. I can understand we are getting the superior technology and everything, which helps us to bid for the complex projects. But just a suggestion, I think can we do it or not, I am not sure. But can we reduce the royalty payment and increase the dividend payout given that even though you will increase the dividend payout, Hitachi parent itself holds 75% stake so the lost money whatsoever from the royalty through dividend. So, can we do that kind of arrangement?
- N. Venu:** So, thank you, Mr. Dhavan Shah, thank you very much for your thing. As you know, we are a Company, a global Company, and we do not do any financial engineering on a short-term or midterm basis. Let me again tell you what is important for the royalty payment. As I said, I do

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not want to compare with others. You may be comparing only short-term basis, but we have a lens not only short term, midterm and long-term in that, okay? So, if you look at from that, then you understand after some time, why I said.

The technology what we are developing, we are by far the world leader and that technology is available at a 4% cost. If you want to develop that, that's not possible in that. Today, whatever we were able to win is mainly we are able to localize a lot of the technologies here and there. So, it's important that we continue to pay and develop the new technologies. The new technology is not only on the HVDC, the new technology is energy storage, the new technology is on the synchronous condensers, the new technology is our automation.

Many things are happening, right? So we need to invest continuously in those technologies. Whenever the technology is complete and available for commercial use in any part of the world, it is available to us. And that's a big thing from a shareholder standpoint that it is available and we are able to offer it. And you will see more such things in the coming quarters.

So, it is very important. We will continue to invest in the technology and pay the royalty so that we can access the technology and put our Company far ahead of that. Yes, we are working on the margins, and you have seen the improvement, and it will continue to improve going forward. Thank you.

Dhavan Shah:

Understood. And one question is on the admin cost, even if I compare the admin cost, it is still higher for us compared to the peers, which is roughly 4%, 5% for us compared to 1%, 2% for the other competitors. So, any room for improvement over there? Because that is more or less a fixed cost, despite our revenue size, it's more or less the same at the moment, there is still a difference in terms of the admin cost; they are having lower admin cost versus us. So, any room for improvement over there?

N. Venu: Yes. So, those things also, some of these costs are as a percentage, it will continue as a percentage. But some are fixed costs and that has been converted into a percentage. And as our revenue goes up in the coming years, so as a percentage, it will come down with that. So, you will see later on that. Thank you very much.

Moderator: Thank you very much. I will now hand the conference over to Mr. N. Venu for closing comments.

N. Venu: So, once again, a big thank you to all of you and thank you for taking time from your busy schedule and attending to that. And if you need anything, please reach out to us. Happy to engage with you. And what we are in, what we call, an energy super cycle. Super excited about the growth opportunities both locally and globally, and looking forward to working very closely. Thank you very much.

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