

Hitachi Energy India Limited

SELL

Sector: Industrials

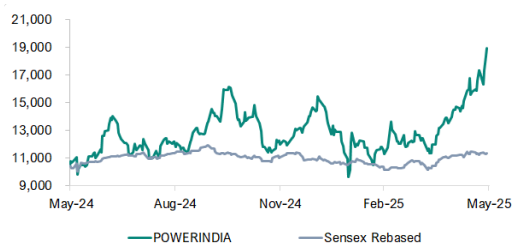
30th May, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 16,853		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 18,958
Mid Cap	POWERINDIA:IN	81,633	POWERINDIA	543187	12 Months	Return	-11%

Data as of: 29-05-2025

Company Data			
Market Cap (Rs.cr)	84,500		
52 Week High — Low (Rs.)	19,400 - 8,738		
Enterprise Value (Rs. cr)	80,616		
Outstanding Shares (cr)	4.5		
Free Float (%)	28.5		
Dividend Yield (%)	0.0		
6m average volume (lacs)	1.2		
Beta	1.4		
Face value (Rs.)	2.0		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	75.0	75.0	71.3
FII's	5.1	4.5	5.0
MFs/Institutions	9.0	9.2	12.3
Public	10.0	10.2	10.4
Others	0.9	1.1	0.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	68.0%	58.4%	76.3%
Absolute Sensex	11.5%	2.3%	9.6%
Relative Return	56.5%	56.1%	66.8%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	6,385	8,752	12,382
Growth (%)	21.9	37.1	41.5
EBITDA	596	1,051	1,711
EBITDA Margin (%)	9.3	12.0	13.8
PAT Adjusted	384	755	1,252
Growth (%)	134.4	96.6	65.8
Adjusted EPS	86.1	169.4	280.9
Growth (%)	122.9	96.6	65.8
P/E	146.8	111.9	67.5
P/B	13.4	16.9	13.5
EV/EBITDA	88.2	76.7	47.0
ROE (%)	9.1	15.1	19.9
D/E	0.0	0.0	0.0

Robust performance; valuation concerns

Incorporated in 2019, Hitachi Energy India manufactures a range of products across the power grid's value chain.

- The company's Q4FY25 revenue rose 11.1% YoY to Rs. 1,884cr, supported by improved order execution and enhanced operational efficiencies.
- At the operating level, EBITDA rose 49.1% YoY to Rs. 271cr, resulting in robust EBITDA margin of 14.4%.
- Reported profit after tax rose 61.8% YoY to Rs. 184cr, owing to strong execution and better product mix.
- Orders received stood at Rs. 2,191cr during the quarter, representing a 55.7% YoY growth, driven by energy transition and cyclicity.
- Orders from the renewables segment rose a sharp 386% YoY, followed by the transmission segment (91% YoY) and railways and metro (24% YoY).
- However, orders from data center and industry fell 56% and 33% YoY, respectively, with the management mentioning that this was seasonal.

Outlook & Valuation

Hitachi Energy has delivered strong financial results, with notable growth in both revenue and profitability. The momentum is expected to continue, driven by the company's strategic positioning in high-growth areas such as HVDC projects, data centres, and energy storage. This positive outlook is further supported by a robust tendering environment, a record-high order backlog, operational efficiencies, and ongoing strategic initiatives. However, despite these strengths and its leadership in core segments, the current market price is considered to have already factored in much of the company's future potential. Consequently, the scope for further upside appears to be limited. Given the elevated valuation, we **downgrade our rating on the stock to SELL, with a revised target price of Rs. 16,853, based on a target multiple of 60x P/E on FY27E adjusted EPS.**

Quarterly Finance Consolidated

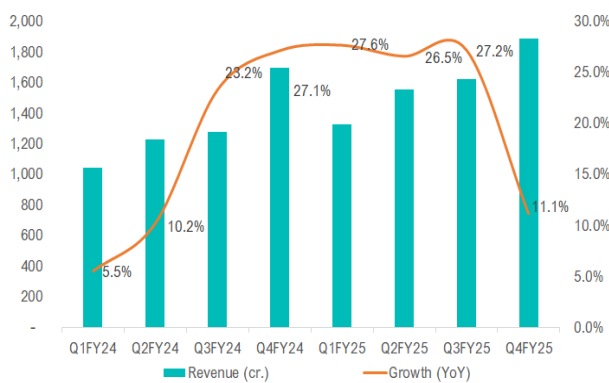
Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	1,884	1,695	11.1	1,620	16.3	6,385	5,237	21.9
EBITDA	271	182	49.1	167	62.5	596	349	70.7
Margin (%)	14.4	10.7	370bps	10.3	410bps	9.3	6.7	260bps
EBIT	248	159	55.4	144	72.2	504	259	94.8
PBT	247	152	62.1	184	34.0	516	222	132.9
Rep. PAT	184	114	61.8	137	33.9	384	164	134.4
Adj PAT	184	114	61.8	137	33.9	384	164	134.4
Adj. EPS (Rs)	43.2	26.8	60.9	32.4	33.1	90.4	38.6	133.9



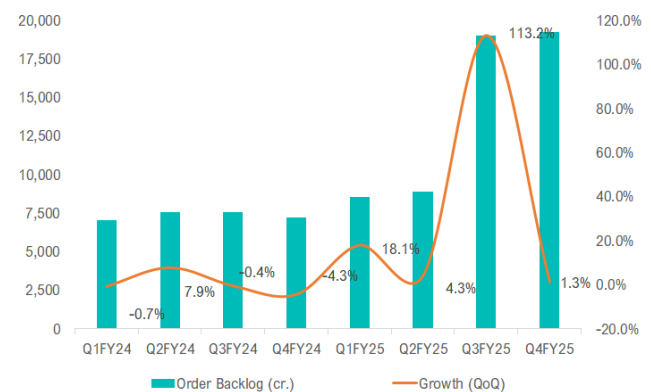
Key concall highlights

- The company had its highest-ever order backlog of Rs. 19,245cr at end-FY25, ensuring strong revenue visibility.
- Exports, excluding the HVDC (High-voltage direct current) order, and services contributed 37.0% and 7.4% of total orders, respectively. To be sure, the management is continually making efforts to strengthen the export and services portfolios.
- As of April 1, 2025, the company had established a dedicated Services BU, with primary focus on strengthening the service segment and identifying opportunities to offer its wide range of services. With India having an installed and ageing base of Rs. 60,000cr (market size for services), the company sees significant annual opportunity of Rs. 2,000cr in the space.
- The company raised Rs. 2,500cr via a QIP at end-FY25, which will be utilised as follows: about two-thirds towards expansion capex, 25% for corporate capex and 10% for working capital.
- Capex for FY26 is expected to range Rs. 400-500cr, representing a significant increase vs ~Rs.130cr in FY25; it is part of a planned investment of ~Rs. 2,000cr over the next 4-5 years.
- The power sector is expected to maintain a growth momentum despite geopolitical uncertainty. The government increased spending in Union Budget 2025-2026 to Rs. 26,550cr, up from Rs.19,000cr in the previous budget. Also, India's renewable energy push is expected to drive Rs.1 lakh cr investment in interstate transmission over the next two years.

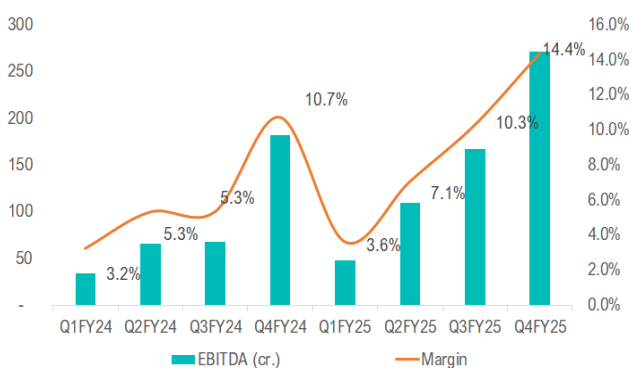
Revenue



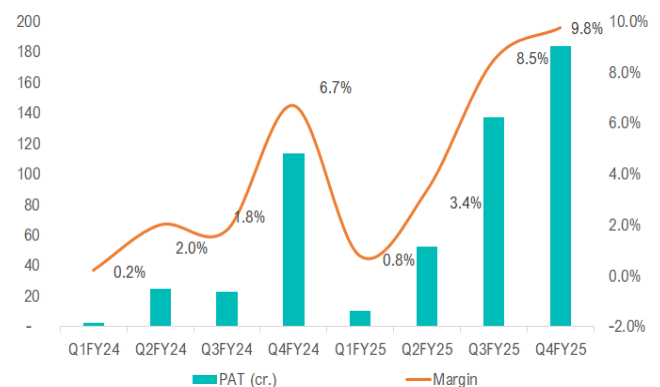
Order Backlog



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	8,473	10,705	8,752	12,382	3.3	15.7
EBITDA	971	1,531	1,051	1,711	8.2	11.8
Margins (%)	11.5	14.3	12.0	13.8	50bps	-50bps
Adj. PAT	635	1,065	755	1,252	18.9	17.5
EPS	149.8	251.4	169.4	280.9	13.1	11.7



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	4,469	5,237	6,385	8,752	12,382
% change	-8.5	17.2	21.9	37.1	41.5
EBITDA	236	349	596	1,051	1,711
% change	-24.1	47.9	70.7	76.4	62.8
Depreciation	80	90	91	120	157
EBIT	156	259	504	931	1,555
Interest	40	47	45	38	31
Other Income	15	9	57	71	75
PBT	131	222	516	964	1,599
% change	-52.7	69.5	132.9	86.7	65.8
Tax	37	58	132	209	347
Tax Rate (%)	28.2	26.1	25.6	21.7	21.7
Reported PAT	94	164	384	755	1,252
PAT att. to common shareholders	94	164	384	755	1,252
Adj.*	-	-	-	-	-
Adj. PAT	94	164	384	755	1,252
% change	-44.0	74.4	134.4	96.6	65.8
No. of shares (cr)	4.2	4.2	4.5	4.5	4.5
Adj EPS (Rs.)	22.2	38.6	86.1	169.4	280.9
% change	-44.0	74.4	122.9	96.6	65.8
DPS (Rs.)	3.4	4.0	6.0	6.0	6.0

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	174	254	475	875	1,408
Non-cash adj.	158	-238	1,460	-241	-383
Other adjustments	-	-	-	-	-
Changes in W.C	-327	237	-442	-81	-422
C.F. Operation	5	252	1,494	554	603
Capital exp.	-12	-89	-128	-437	-464
Change in inv.	-	-	-	-	-
Other invest.CF	-	-	18	19	19
C.F - Investment	-12	-89	-110	-418	-445
Issue of equity	-	-	-	-	-
Issue/repay debt	150	-125	-150	-	-
Dividends paid	-13	-14	-17	-27	-27
Other finance.CF	-54	-59	2,462	-31	-23
C.F - Finance	84	-199	2,295	-58	-50
Chg. in cash	77	-35	3,679	77	108
Closing Cash	163	128	3,807	3,884	3,992

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	163	128	3,807	3,884	3,992
Accts. Receivable	1,528	1,522	2,110	2,626	3,653
Inventories	818	888	926	1,345	2,070
Other Cur. Assets	563	1,291	739	1,145	1,714
Investments	-	-	-	-	-
Gross Fixed Assets	1,080	1,133	1,261	1,698	2,162
Net Fixed Assets	680	663	684	1,009	1,325
CWIP	49	63	90	108	130
Intangible Assets	33	32	33	33	33
Def. Tax -Net	32	54	86	146	243
Other Assets	53	67	140	153	169
Total Assets	3,919	4,707	8,613	10,449	13,328
Current Liabilities	2,379	3,141	4,319	5,363	6,953
Provisions	-	-	-	-	-
Debt Funds	275	150	-	-	-
Other Liabilities	49	56	81	89	98
Equity Capital	8	8	9	9	9
Res. & Surplus	1,207	1,351	4,205	4,989	6,269
Shareholder Funds	1,215	1,360	4,214	4,998	6,278
Minority Interest	-	-	-	-	-
Total Liabilities	3,919	4,707	8,613	10,449	13,328
BVPS	287	321	945	1,121	1,409

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	5.3	6.7	9.3	12.0	13.8
EBIT margin (%)	3.5	4.9	7.9	10.6	12.6
Net profit mgn.(%)	2.1	3.1	6.0	8.6	10.1
ROE (%)	7.7	12.0	9.1	15.1	19.9
ROCE (%)	10.5	17.2	12.0	18.6	24.8
W.C & Liquidity					
Receivables (days)	124.8	106.0	120.6	109.5	107.7
Inventory (days)	110.1	100.7	91.4	94.9	95.6
Payables (days)	203.9	205.2	201.7	204.4	195.3
Current ratio (x)	1.2	1.2	1.8	1.7	1.6
Quick ratio (x)	0.6	0.5	1.4	1.2	1.1
Turnover & Leverage					
Gross asset T.O (x)	4.4	4.7	5.3	5.9	6.4
Total asset T.O (x)	1.2	1.2	1.0	0.9	1.0
Int. covge. ratio (x)	3.9	5.6	11.2	24.3	50.1
Adj. debt/equity (x)	0.2	0.1	-	-	-
Valuation					
EV/Sales (x)	3.2	5.6	8.2	9.2	6.5
EV/EBITDA (x)	60.5	84.7	88.2	76.7	47.0
P/E (x)	150.9	180.2	146.8	111.9	67.5
P/BV (x)	11.7	21.7	13.4	16.9	13.5



Recommendation Summary - (last 3 years)






Dates	Rating	Target
10-Nov-22	ACCUMULATE	3,492
03-Aug-23	HOLD	4,317
31-Jan-24	HOLD	6,360
29-May-24	HOLD	11,488
05-Aug-24	ACCUMULATE	13,432
14-Nov-24	ACCUMULATE	13,414
05-Feb-25	BUY	13,825
30-May-25	SELL	16,853

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral Definition:
Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.
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 Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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