



Hitachi Energy India Limited

BUY

Sector: Industrials

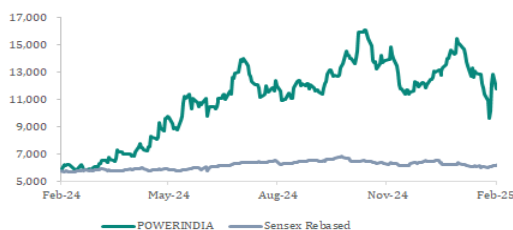
05th February, 2025

Key Changes	Target 	Rating 	Earnings 	Target	Rs. 13,825		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 12,025
Mid Cap	POWERINDIA:IN	78,584	POWERINDIA	543187	12 Months	Return	+15%

Date as of: 04-02-2025

Company Data			
Market Cap (Rs. cr)	50,646		
52 Week High — Low (Rs.)	16,535 - 5,748		
Enterprise Value (Rs. cr)	50,656		
Outstanding Shares (cr)	4.2		
Free Float (%)	25.0		
Dividend Yield (%)	0.03		
6m average volume (cr)	0.01		
Beta	0.9		
Face value (Rs.)	2.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	75.0	75.0	75.0
FII's	5.0	5.1	4.5
MFs/Institutions	8.5	9.0	9.2
Public	10.4	10.0	10.2
Others	1.0	0.9	1.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-14.4%	-0.7%	108.6%
Absolute Sensex	-0.3%	-3.0%	9.0%
Relative Return	-14.2%	2.2%	99.6%

*over or under performance to benchmark index



Y. E March (cr)	FY25E	FY26E	FY27E
Sales	6,707	8,473	10,705
Growth (%)	28.1	26.3	26.3
EBITDA	598	971	1,531
EBITDA Margin (%)	8.9	11.5	14.3
PAT Adjusted	356	635	1,065
Growth (%)	117.1	78.6	67.8
Adjusted EPS	83.9	149.8	251.4
Growth (%)	117.1	78.6	67.8
P/E	142.4	79.8	47.5
P/B	29.9	22.0	15.1
EV/EBITDA	84.7	52.0	32.9
ROE (%)	21.0	27.5	31.8
D/E	0.1	0.1	0.1

Solid performance with growth potential

Incorporated in 2019, Hitachi Energy India Ltd operates in power technologies and makes a range of products across the grid's value chain.

- Revenue from operations increased 27.2% YoY to Rs. 1,620cr, supported by a favourable execution mix and enhanced operational efficiencies.
- Revenues of key segments delivered impressive growth. Transmission (without HVDC) increased 28% YoY, while industries soared 60% YoY. Data centres jumped 615% YoY. However, the renewable-energy segment witnessed a 68% decline (management said the decline was seasonal).
- The company achieved its highest-ever order backlog of Rs. 18,994cr, ensuring strong revenue visibility for the upcoming quarters. The execution rate declined to 8.2% from 14.5% in Q3FY24.
- Exports (excluding the HVDC order) contributed over 40% of total orders, with key projects in Indonesia, Canada, Croatia and Azerbaijan.
- At the operating level, EBITDA rose 145.5% YoY to Rs. 167cr, resulting in a robust double-digit EBITDA margin of 10.3%.
- PAT rose 498.1% YoY to Rs. 137cr, driven by favorable execution mix and notional forex gains on export order deliveries.

Outlook & Valuation

Hitachi Energy reported robust financial performance with notable improvements in both top line and bottom line. The company grew across key metrics, driven by its leadership in core segments. These factors, along with the highest-ever order intake, a strong order backlog and ongoing capacity expansion, indicate a promising growth trajectory, and Hitachi is well-positioned to capitalise on emerging opportunities. Therefore, **we upgrade our rating on the stock to BUY, with a rolled-forward target price of Rs. 13,825, based on a target multiple of 55x P/E on FY27E adjusted EPS.**

Quarterly Financials Consol.

Rs. cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	1,620	1,274	27.2	1,554	4.3	4,501	3,542	27.1
EBITDA	167	68	145.5	110	52.1	325	167	94.3
Margin (%)	10.3	5.3	500bps	7.1	320bps	7.2	4.7	250bps
EBIT	144	45	217.9	87	65.6	257	100	157.9
PBT	184	34	444.9	71	160.7	270	70	287.9
Rep. PAT	137	23	498.1	52	162.7	200	50	299.2
Adj PAT	137	23	498.1	52	162.7	200	50	299.2
EPS (Rs)	32.4	5.4	498.1	12.3	162.7	47.2	11.8	299.2



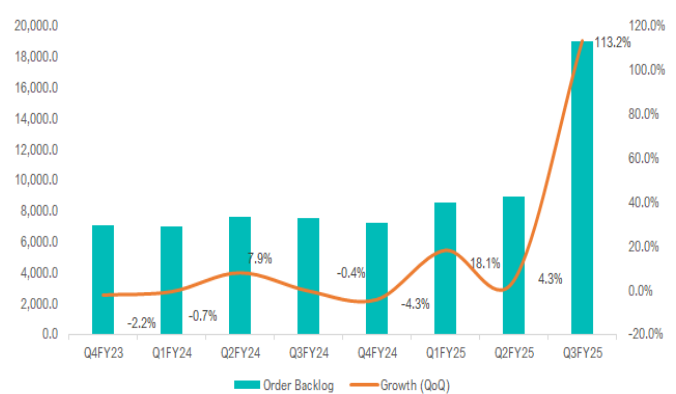
Key concall highlights

- The company recorded its highest-ever quarterly order intake of Rs. 11,594cr, as of December 31, 2024, reflecting an exceptional 838% YoY growth, primarily fuelled by a major HVDC order for renewable-energy transmission from Gujarat to Maharashtra.
- The company has achieved a solid cash position, becoming debt-free as of December 31, 2024, due to successful collections and the advance received from the HVDC project.
- An investment of about Rs. 9.16 lakh crore is expected to be made in the transmission industry, including HVDC transmission, 65KV and 400 KV transmission systems.
- Since the service segment holds vast opportunities due to the aging installed base, energy transition and digitalisation efforts, a new service business unit, starting from April 1, 2025, will focus on enhancing service and digital capabilities. The immediate focus is to capitalise on India's existing installed base, valued at over Rs. 80,000cr.
- To sustain its growth, the company will focus on maintaining leadership in core segments, such as utilities and HVDC, while strengthening its presence in data centers and industrial sectors.

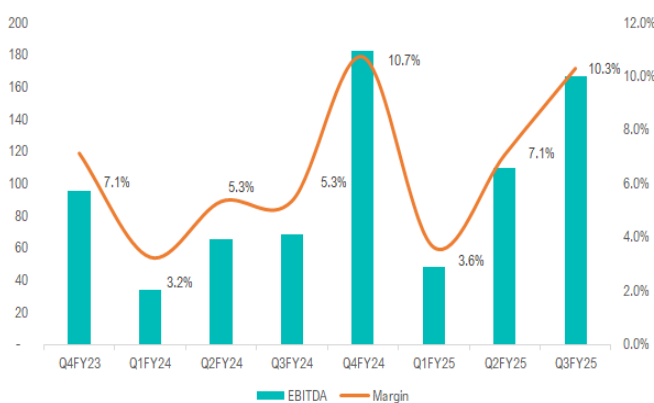
Revenue



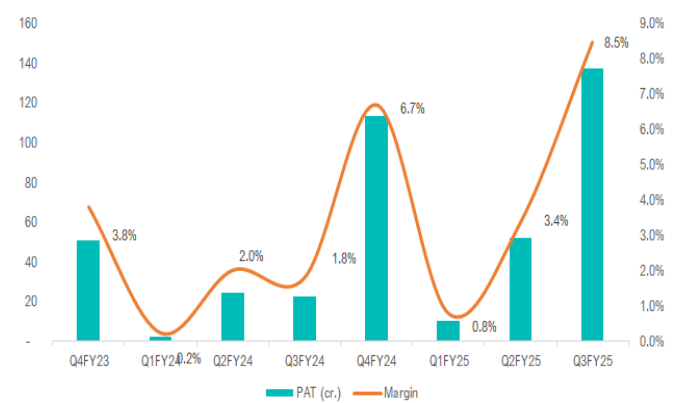
Order Backlog



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	6,693	8,455	6,707	8,473	10,705	0.2	0.2
EBITDA	594	966	598	971	1,531	0.7	0.5
Margins (%)	8.9	11.4	8.9	11.5	14.3	0bps	10bps
Adj. PAT	353	634	356	635	1,065	0.8	0.2
EPS	83.2	149.5	83.9	149.8	251.4	0.8	0.2



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	4,469	5,237	6,707	8,473	10,705
% change	-8.5	17.2	28.1	26.3	26.3
EBITDA	236	349	598	971	1,531
% change	-24.1	47.9	71.3	62.4	57.7
Depreciation	80	90	110	127	140
EBIT	156	259	488	844	1,392
Interest	40	47	52	56	60
Other Income	15	9	17	21	26
PBT	131	222	453	809	1,357
% change	-52.7	69.5	104.3	78.6	67.8
Tax	37	58	97	174	292
Tax Rate (%)	28.2	26.1	21.5	21.5	21.5
Reported PAT	94	164	356	635	1,065
PAT att. to common shareholders	94	164	356	635	1,065
Adj.*	-	-	-	-	-
Adj. PAT	94	164	356	635	1,065
% change	-44.0	74.4	117.1	78.6	67.8
No. of shares (cr)	4.2	4.2	4.2	4.2	4.2
Adj EPS (Rs.)	22.2	38.6	83.9	149.8	251.4
% change	-44.0	74.4	117.1	78.6	67.8
DPS (Rs.)	3.4	4.0	4.0	4.0	4.0

Cashflow

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	174	254	465	762	1,205
Non-cash adj.	158	-238	-135	-153	-550
Other adjustments	-	-	-	-	-
Changes in W.C	-327	237	-112	-231	-232
C.F. Operation	5	252	218	378	424
Capital exp.	-12	-89	-144	-182	-230
Change in inv.	-	-	-	-	-
Other invest.CF	-	-	1	1	1
C.F - Investment	-12	-89	-143	-181	-229
Issue of equity	-	-	-	-	-
Issue/repay debt	150	-125	15	12	13
Dividends paid	-13	-14	-17	-17	-17
Other finance.CF	-54	-59	-46	-50	-54
C.F - Finance	84	-199	-48	-55	-58
Chg. in cash	77	-35	27	142	137
Closing Cash	163	128	155	297	434

Balance Sheet

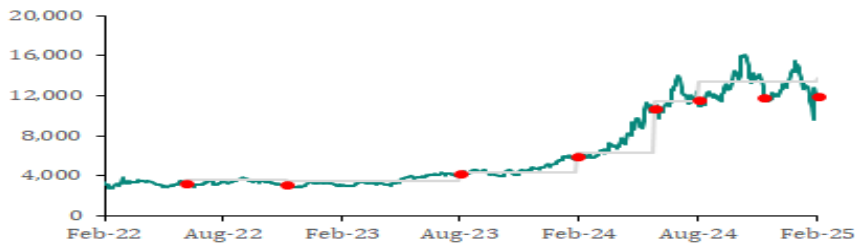
Y.E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	163	128	155	297	434
Accts. Receivable	1,528	1,522	1,932	2,542	3,185
Inventories	818	888	1,116	1,431	1,814
Other Cur. Assets	563	1,291	1,417	1,432	2,131
Investments	-	-	-	-	-
Gross Fixed Assets	1,080	1,169	1,313	1,495	1,725
Net Fixed Assets	680	663	713	776	875
CWIP	49	63	75	90	108
Intangible Assets	33	32	33	33	33
Def. Tax -Net	32	54	68	122	204
Other Assets	53	67	74	82	90
Total Assets	3,919	4,707	5,584	6,804	8,874
Current Liabilities	2,379	3,141	3,664	4,254	5,261
Provisions	-	-	-	-	-
Debt Funds	275	150	165	177	191
Other Liabilities	49	56	62	68	75
Equity Capital	8	8	8	8	8
Res. & Surplus	1,207	1,351	1,684	2,297	3,339
Shareholder Funds	1,215	1,360	1,693	2,305	3,348
Minority Interest	-	-	-	-	-
Total Liabilities	3,919	4,707	5,584	6,804	8,874
BVPS	287	321	399	544	790

Ratio

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	5.3	6.7	8.9	11.5	14.3
EBIT margin (%)	3.5	4.9	7.3	10.0	13.0
Net profit mgn.(%)	2.1	3.1	5.3	7.5	10.0
ROE (%)	7.7	12.0	21.0	27.5	31.8
ROCE (%)	10.5	17.2	26.3	34.0	39.3
W.C & Liquidity					
Receivables (days)	124.8	106.0	105.1	109.5	108.6
Inventory (days)	110.1	100.7	98.6	97.8	98.2
Payables (days)	203.9	205.2	206.2	207.1	207.0
Current ratio (x)	1.2	1.2	1.2	1.3	1.4
Quick ratio (x)	0.6	0.5	0.5	0.6	0.7
Turnover & Leverage					
Gross asset T.O (x)	4.4	4.7	5.4	6.0	6.6
Total asset T.O (x)	1.2	1.2	1.3	1.4	1.4
Int. covge. ratio (x)	3.9	5.6	9.4	15.1	23.1
Adj. debt/equity (x)	0.2	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	3.2	5.6	7.6	6.0	4.7
EV/EBITDA (x)	60.5	84.7	84.7	52.0	32.9
P/E (x)	150.9	180.2	142.4	79.8	47.5
P/BV (x)	11.7	21.7	29.9	22.0	15.1



Recommendation Summary - (last 3 years)



Dates	Rating	Target
09-Jun-22	HOLD	3,597
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

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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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