

31 July 2025

India | Equity Research | Results Update

Hitachi Energy India

Capital Goods

Best play on transmission tailwinds

Hitachi Energy (Hitachi) reported an EBITDA of INR 1.5bn, thrice its base quarter last year. Gross margin expanded by 650bps YoY to 43% in Q1FY26 while EBITDA margin expanded 700bps YoY to 10.5% (-200 bps QoQ). As a result, profit came in at INR 1.3bn, + 62% YoY. Order inflow (OI) surged to INR 113bn, as the company booked an HVDC project in the quarter (on expected lines), pushing the order backlog (OB) to a record INR 291bn (+3.4x YoY). Notably, ex-HVDC orders grew ~20% YoY, reflecting strong demand. Hitachi is investing INR 20bn to expand capacity and cater to rising demand for transmission equipment. It remains the best play on transmission tailwinds, in our opinion. We maintain **BUY** with a revised TP of INR 24,500 (earlier INR 18,000) rolling forward to FY28E.

A strong quarter

Hitachi reported a steady Q1 with revenue up 11% YoY at INR 14.2bn. EBITDA more than trebled YoY with margins at 10.5% (+690bps YoY; -220bps QoQ). PAT grew 62% YoY to INR 1.3bn. We expect margins to sustain in the 11–12% range through FY26E.

Strong OB; base orders wholesome

The company booked fresh orders worth INR 113bn (+4.6x YoY) led by a large HVDC win that was booked during the quarter. This takes its OB to an all-time high of INR 291bn (+3.4x YoY). Even excluding the HVDC, OI grew ~20% YoY, indicating strong demand.

Undertaking the highest capex among transmission players

Hitachi is undertaking the highest capex among peers (INR 20bn) to build capacity across transformers, HV equipment, and automation. With estimated transmission ordering of INR 500–600bn in FY26 (incl. INR 250–300bn HVDC a three-player market). We expect strong ordering to continue in FY27–28E, supporting medium-term earnings visibility.

Maintain BUY with revised TP of INR 24,500

We maintain **BUY**, revising our TP to INR 24,500 (from INR 18,000), rolling forward to FY28E – factoring in robust ordering pipeline, capex plans and sustained margin improvement.

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	63,849	90,827	1,38,657	1,81,231
EBITDA	5,625	10,422	17,849	23,444
EBITDA Margin (%)	8.8	11.5	12.9	12.9
Net Profit	3,840	7,359	12,987	18,106
EPS (INR)	86.1	165.0	291.2	406.0
EPS % Chg YoY	122.9	91.6	76.5	39.4
P/E (x)	241.9	126.2	71.5	51.3
EV/EBITDA (x)	158.3	85.1	49.2	36.9
RoCE (%)	14.6	17.5	24.8	26.6
RoE (%)	13.8	16.1	23.2	25.3

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Market Data

Market Cap (INR)	928bn
Market Cap (USD)	10,613mn
Bloomberg Code	POWERIND IN
Reuters Code	HITN.BO
52-week Range (INR)	21,350 / 8,738
Free Float (%)	28.0
ADTV-3M (mn) (USD)	28.0

Price Performance (%)	3m	6m	12m
Absolute	43.3	69.6	75.4
Relative to Sensex	41.8	63.5	75.4

ESG Score	2023	2024	Change
ESG score	70.7	70.1	(0.6)
Environment	52.0	52.9	0.9
Social	73.4	72.0	(1.4)
Governance	82.3	84.5	2.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	-	-
EBITDA	-	-
EPS	3%	5%

Previous Reports

16-05-2025: [Q4FY25 results review](#)

17-04-2025: [Initiating Coverage](#)

Exhibit 1: Standalone quarterly financials

Income Statement (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	% ch qoq	% ch yoy
Net sales	13,272	15,537	16,203	18,837	14,789	-21	11
EBITDA	479	1,097	1,669	2,380	1,549	-35	223
OPM (%)	3.6	7.1	10.3	12.6	10.5	-216 bps	687 bps
Other inc.	1	1	521	382	509	33	56500
Interest	109	164	120	60	40	-34	-64
Dep. & Amort.	221	228	230	235	250	7	13
PBT	150	706	1,841	2,467	1,769	-28	1075
PAT	104	523	1,374	1,839	1,316	-28	1163
Reported PAT	104	523	1,374	1,839	1,316	-28	1163
EPS (Rs)	2.5	12.3	32.4	43.4	29.5	-32	1101
Order Inflow	24,367	19,520	1,15,943	21,908	1,13,390	418%	465
Order Backlog	85,394	89,100	1,89,944	1,92,459	2,91,253	51%	341

Source: Company data

Valuation and outlook

India is upgrading its grid to prime for evacuation of ~900GW (vs. 480GW now). The nation is also targeting 43% of electricity consumption by renewables by 2030 (vs. 23% now). As a result, transmission capex is set to pick up after FY20–24's subdued investment cycle. We estimate INR 3.4trn of capex on inter-state transmission over the next 4–5 years. Out of which, the need for HV equipment is on the rise. With rising complexity of the grid due to a potential influx of renewables, unique challenges in stability shall emerge. To ensure a stable grid, we see the need for specialised equipment like statcoms, reactors etc. With Hitachi Energy being at the fore-front of this transition, we believe the company could see maximum benefit in India's pursuit of grid strengthening.

Railway electrification is another big opportunity. Indian Railways is looking to electrify and upgrade its network to increase the speed of trains. Hitachi Energy, with its Scott transformers, trackside and traction transformers, appears ready to tap into this opportunity.

We maintain **BUY** on Hitachi Energy with a revised TP of INR 24,500 (vs. INR 18,000).

The revision in our target price factors in strong tailwinds in transmission capex, Hitachi's capex plans (highest among peers, as per our estimate) and better margins. Given the OB, we expect the company to have strong execution over the next three years; we estimate the company's profit to grow at a 67% CAGR over FY25–28, significantly higher than peers.

Risks: 1) Delay in awarding of HVDC projects; 2) slowdown in industrial capex.

Exhibit 2: Valuation

	Earnings	P/E Multiple (x)	Valuation
FY28E PAT (INR mn)	18,106		10,92,718
No. of shares (mn)	45	60	45
Per share (INR)	289		24,500

Source: I-Sec research, Company data

Exhibit 3: Earnings revision (INR mn)

Earnings revision	FY26E			FY27E			FY28E		
	Earlier	Now	YoY (%)	Earlier	Now	YoY (%)	Earlier	Now	YoY (%)
Revenue	90,827	90,827	0%	1,38,657	1,38,657	0%	1,50,170	1,81,231	21%
EBITDA	10,422	10,422	0%	17,849	17,849	0%	19,427	23,444	21%
PAT	7,157	7,359	3%	12,351	12,987	5%	13,580	18,106	33%

Source: I-Sec research

Q1FY26 Conference call highlights

Segmental OI breakup and OB details

- Transmission and rail/metro saw robust order growth:
 - Transmission: +625% YoY
 - Rail & Metro: +845% YoY
- Data centres: +7% YoY
- Industry: +23% YoY
- Renewables: -25% YoY (management expects a near-term recovery)
- Ex-HVDC, 20% growth seen in OI.
- HVDC comprises 55-60% of the OB

HVDC project updates

- Badla–Fatehpur HVDC project to be executed over 48–54 months. Revenues to start from FY27.
- Expects 2–3 HVDC projects per year over the medium term.
- Mumbai HVDC project with Adani to be completed in 6–9 months.
- Projects like Khavda Olpad, and Barmer–South Kalamb likely to be finalized in FY26
- Leh-ladakh project in discussion whether to be executed over HVAC or HVDC

Capacity and capex plans

- INR 20bn capex planned over 3–4 years.
- Capacity expansion underway across transformers, HV products, grid automation, and HVDC systems.
- Capacity shall start coming up in next 18 months
- Expected asset turnover of 4–5x post commissioning.
- Capacity utilisation currently high in transformers and GIS.

Other highlights

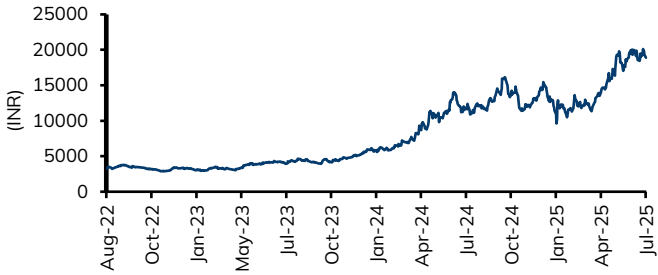
- Gross margins at ~44% – supported by high-value orders and favourable mix.
- Royalty and technology fees enable access to cutting-edge global technology – considered essential to maintain leadership.
- Services business (carved out from Apr'25) contributed high single-digit to orders; grew 90% YoY.
- Export orders (~25% of OB) remained stable; demand from Europe, South America, and Asia continues.
- Key export products: Capacitors, filters, circuit breakers, and grid automation systems.

Exhibit 4: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	75.0	71.3	71.3
Institutional investors	13.7	17.3	17.6
MFs and others	6.7	8.4	7.6
FIs/Banks	0.0	0.0	0.0
Insurance	2.1	2.4	2.1
FIIIs	4.9	6.5	7.9
Others	11.3	11.4	11.1

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Net Sales	63,849	90,827	1,38,657	1,81,231
Operating Expenses	18,567	23,638	33,551	43,430
EBITDA	5,625	10,422	17,849	23,444
EBITDA Margin (%)	8.8	11.5	12.9	12.9
Depreciation & Amortization	914	977	1,095	1,182
EBIT	4,712	9,444	16,755	22,262
Interest expenditure	452	863	1,248	1,269
Other Non-operating Income	905	1,363	2,044	3,475
Recurring PBT	5,164	9,944	17,551	24,468
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	1,324	2,585	4,563	6,362
PAT	3,840	7,359	12,987	18,106
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	3,840	7,359	12,987	18,106
Net Income (Adjusted)	3,840	7,359	12,987	18,106

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	75,812	95,856	1,35,287	1,76,072
of which cash & cash eqv.	38,068	41,419	51,044	64,473
Total Current Liabilities & Provisions	42,960	60,367	91,019	1,17,477
Net Current Assets	32,852	35,489	44,268	58,595
Investments	-	-	-	-
Net Fixed Assets	5,936	8,715	12,910	16,676
ROU Assets	901	901	901	901
Capital Work-in-Progress	902	2,800	2,800	2,800
Total Intangible Assets	329	388	424	463
Other assets	1,395	1,415	1,435	1,455
Deferred Tax Assets	-	-	-	-
Total Assets	42,309	49,708	62,737	80,888
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	(638)	(638)	(638)	(638)
provisions	-	-	-	-
other Liabilities	806	846	888	933
Equity Share Capital	89	89	89	89
Reserves & Surplus	42,052	49,411	62,398	80,504
Total Net Worth	42,141	49,500	62,487	80,594
Minority Interest	-	-	-	-
Total Liabilities	42,309	49,708	62,737	80,888

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	15,016	8,550	14,132	16,186
Working Capital Changes	11,083	713	846	(897)
Capital Commitments	(1,406)	(5,714)	(5,325)	(4,987)
Free Cashflow	16,422	14,264	19,458	21,172
Other investing cashflow	183	1,343	2,024	3,455
Cashflow from Investing Activities	(1,223)	(4,372)	(3,301)	(1,532)
Issue of Share Capital	24,700	-	-	-
Interest Cost	(454)	(863)	(1,248)	(1,269)
Inc (Dec) in Borrowings	(1,258)	40	42	44
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	22,988	(823)	(1,206)	(1,224)
Chg. in Cash & Bank balance	36,781	3,355	9,625	13,430
Closing cash & balance	38,063	41,419	51,044	64,473

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	86.1	165.0	291.2	406.0
Adjusted EPS (Diluted)	86.1	165.0	291.2	406.0
Cash EPS	106.6	186.9	315.7	432.5
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	944.9	1,109.9	1,401.1	1,807.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	21.9	42.3	52.7	30.7
EBITDA	61.2	85.3	71.3	31.3
EPS (INR)	122.9	91.6	76.5	39.4
Valuation Ratios (x)				
P/E	241.9	126.2	71.5	51.3
P/CEPS	195.4	111.4	66.0	48.2
P/BV	22.0	18.8	14.9	11.5
EV / EBITDA	158.3	85.1	49.2	36.9
P / Sales	14.5	10.2	6.7	5.1
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	37.9	37.5	37.1	36.9
EBITDA Margins (%)	8.8	11.5	12.9	12.9
Effective Tax Rate (%)	25.6	26.0	26.0	26.0
Net Profit Margins (%)	6.0	8.1	9.4	10.0
NWC / Total Assets (%)	0.8	0.7	0.7	-
Net Debt / Equity (x)	(0.9)	(0.8)	(0.8)	(0.8)
Net Debt / EBITDA (x)	(6.8)	(4.0)	(2.9)	(2.8)
Profitability Ratios				
RoCE (%)	14.6	17.5	24.8	26.6
RoE (%)	13.8	16.1	23.2	25.3
RoIC (%)	14.6	17.5	24.8	26.6
Fixed Asset Turnover (x)	10.8	10.4	10.7	12.3
Inventory Turnover Days	58	61	62	57
Receivables Days	133	146	155	150
Payables Days	128	134	134	122

Source Company data, I-Sec research

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