

February 05, 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 January 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 Thursday, January 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

Registered and Corporate Office:
8th Floor, Brigade Opus, 70/401,
Kodigehalli Main Road, Bengaluru – 560 092,
Phone: 080 68473700
CIN: L31904KA2019PLC121597
www.hitachienergy.com/in

Hitachi Energy India Limited Q3 FY25
Analyst Conference Call - January 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. Manashwi Banerjee – Head of Communications, Hitachi Energy
India Limited**

Moderator: Ladies and gentlemen, good evening, and welcome to Hitachi Energy India Limited's Q3 FY '25 Analyst Conference Call.

As a reminder, all participants' 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 touchtone 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, sir.

N Venu: Thank you, Michelle. Good evening, ladies and gentlemen. Thank you for joining us for the Analyst Call. I hope you are all doing well.

Yesterday, we announced our results for the 3rd Quarter for the Financial Year '24-'25. Over the next 20 to 25 minutes, I will take you through our performance during this period ending December 31st, 2024. We have uploaded the presentation on the stock exchange. And for your convenience, I will read out the slide numbers in case you are following via phone.

With me in the room today I have our CFO – Ajay Singh; General Counsel & Company Secretary – Poovanna Ammatanda; and Head of Communications– Manashwi Banerjee.

The quarter ending December 31st, 2024, reiterated our constant efforts towards efficiently delivering on the energy transition. This resulted in the highest ever quarter order intake and a record order backlog, along with improved margins and collections for the 3rd Quarter of FY '24-'25. Despite the nascent signs of subduing economic momentum, we believe that the zest to accelerate the energy transition will continue, adding more vigor to the energy segment and having a positive trickle-down effect in the coming quarters.

I am going to Slide #3. As you all know, at Hitachi Energy, we actively manage the health, safety, and environmental aspects of all our activities. Our performance in these areas is integral to our overall sustainability plan, and aids in our purpose of advancing a sustainable energy future for all. We continued our efforts towards strengthening our safety practices and employee well-being through multiple initiatives during the quarter.

On the safety front, to ensure proper implementation of life-saving rules across our offices and factories, we conducted more than 500 on-site inspections. Our annual HSE Week in November highlighted our need to constantly do the right thing, including reporting safety incidents at work sites. Such continuous reiteration has helped achieve close to 99.49% on-time closure of high risk, hazardous situations.

In addition to safety, we organized multiple awareness training sessions and health camps across our offices, factories, and project sites. We had sessions on mental health & stress management, and training on how to give first aid, and ergonomics, including while material handling. Furthermore, multiple health camps and annual health checks were concluded.

Moving to Slide #4. Our effort in reinforcing safety was recognized by patrons across industries and geographies. On the left, you can see some examples from our key customers. Sustainability and safety are two cornerstones of our day-to-day activities across all of our functions. In our constant endeavor to adopt and implement best energy practices, we have undertaken various measures during this quarter to reduce our carbon footprint and ensure better water and waste management.

As part of this, at our factory in Maneja in Gujarat, we installed a 930-kilowatt solar plant and have started using piped natural gas in the canteen. Also, we have installed a retrofit emission control device on the existing diesel generator at Mysore facility. Towards water management, we installed water meters and rainwater recharge wells at our Peenya and Maneja facilities. Furthermore, we are now using 15% of STP treated water for gardening purposes at Maneja and keeping track of water recharge wells at Halol.

We also took a slew of measures for waste management, such as plastic segregation, recycling, reusing oily quartz as refuse-derived fuel at our Maneja facility. So, becoming sustainable in our own operations is critical in helping our customers become sustainable in their operations. And it is heartening to mention that we have also been conferred a Green Leader certification in L&T's Responsible Supply Chain Assessment for ESG practices.

Moving to the next slide, Slide #5. As you can see, the Company reported its highest ever quarterly order intake of Rs. 11,594.3 crores for the Quarter 3, with a year-on-year growth of 838% on the back of large HVDC order to transmit renewable energy from Khavda in Gujarat to Nagpur in Maharashtra over a distance of 1,200 kilometers.

The revenue was up 31% year-on-year at Rs. 1,672 crores for the quarter, on a favorable execution mix and improving operational efficiencies. In addition to this, the notional FOREX exchange gains on export order delivery pushed profit before tax up 4 times year-on-year to Rs. 184 crores. Profit after tax is up nearly 5 times, year-on-year from a low base at Rs. 138.2 crores.

During the quarter, the Company also recorded its highest ever order backlog of Rs. 18,994.4 crores, providing revenue visibility for several quarters. Furthermore, concerted focus on collections have borne fruit, which in addition to the advance from

HVDC project has led to a solid cash position and the Company becoming debt-free as of December 31, 2024.

Some of the key orders in the quarter, as you can see right side of the slide, renewable 400kV AIS substation, thermal generation 18x400 kV GIS order, industries 220kV substation, metro rail, multiple transformer order for deploying in Bangalore metro, and rail we have ICFs, 120 units of traction transformer, data center and several transformer orders. So, it's a combination of orders, not only from utilities, but the renewable industries, rail, infrastructure, and data centers.

Moving to the next slide, Slide 6. I think this slide you know better than me. While several industry estimates indicate a slower GDP growth in FY '25 revised downwards to 6.4%, India is on a track to become the third largest economy by 2030-'31. Its energy targets remain intact as the country marches towards its Net Zero goal, and energy investment gains momentum across verticals. The renewable generation sector in India is set to attract close to Rs. 18.8 lakh crores, and the National Electricity Plan outlines an increase in the country's power transmission capacity by 35% by 2032, with an estimated investment of Rs. 9.16 lakh crores.

India's data center market value is expected to touch close to \$6 billion to \$7 billion by 2027, at a growth rate of 12% to 14% CAGR between 2024 and 2027. The country's railway modernization is on track, as the Indian rails have utilized 76% of its allocated budget so far in the year 2024-'25. These expected and committed investments reflect the country's energy segment's growth trajectory for the immediate and upcoming future.

Moving to Slide #7. With this backdrop, Hitachi Energy continues to work with our partners, customers, to advance energy security through various projects. During the quarter ending December 31, 2024, we commissioned projects including two- to integrate renewable into the grid, a 400kV, 375MW substation in Jaisalmer, Rajasthan, a 600MW s/s for Solar integration in Fatehgarh, Bhimsar and 600MW s/s for NHPC in Baiya, Rajasthan, just to give a few examples.

Moving to Slide #8. Transitioning to cleaner energy to advance the sustainable energy future for all, is one of the most pertinent challenges of our time. We at Hitachi Energy are committed to accelerating the pace of this transition often through important forums, collaborations, and internal engagement. This quarter, we contributed to thought leadership and technology sessions in the CII Karnataka ESG Summit, where we emphasized the importance of concerted efforts to accelerate the country's energy transition by adopting ESG practices.

The Hitachi Energy team had a great opportunity to participate in Tamil Nadu's growth plans, where as part of focus group discussions of IT and IT-enabled services, segment

development through strategic research, technology transfer and skill development in the state. Our discerning customers are our growth partners, so there has been a regular effort to exchange industry knowledge. Towards this effort, we convened the Power System Communication User Forum 2024 and organized a comprehensive technical training program on HVDC and STATCOM at our Peenya and Maneja facilities. Also, a technical seminar on a transformer OLTC and bushings was arranged for Bhutan Power Corporation Limited officials.

Such 360-degree efforts have made us the preferred partner for multiple nation building projects. I am proud to inform you that during this quarter, our transformer business unit rolled out 1,000th locomotive transformers as part of an order placed in 2017 to supply 1,600 units. These transformers are manufactured at our Savli facility. Furthermore, we continue to hold multiple employee engagements on various topics from HSE Week to Learning Carnivals.

Moving to Slide #9. It was a busy quarter to say the least. In October, we culminated our mega event Energy and Digital World 75 which witnessed over 2,500 attendees from customers, government, academia, analysts and media. Here, we announced our plan for investing Rs. 2,000 crores in India over the next four to five years for expansions, capacity building, and talent attraction. In November, we bagged a large HVDC order to transfer renewable energy from Khavda in Gujarat to the industrial center of Nagpur in Maharashtra, which has boosted our order books to an all-time high, and our order backlog end of 31 December stands close to Rs. 19,000 crores.

And to a long-tail opportunity created by the energy transition, we have to become the number one provider of services. In our ambition to enhance customer experience with a strengthened and future-focused service system globally, we will work towards a new service business unit from the coming financial year of 2025-2026. So, this is going to be our fifth business unit in existing four business units, and this is a new business unit which will start from 1st of April 2025.

Moving to next Slide #10, which is about Khavda-Nagpur. As you are aware, PGCIL awarded a large HVDC order to the consortium of Hitachi Energy India Limited and BHEL. The order includes design and execution of 800kV, plus/minus 800kV, 6,000 megawatt bi-pole and bi-directional HVDC link to transfer renewable energy from Khavda in Gujarat to Nagpur in Maharashtra. The potential of renewable energy drawn in Khavda, this 1,200-kilometer link, will feed into the country's 500-gigawatt renewable evacuation and inter-state transmission system under development. The project scope includes converter transformers, AC/DC control and protection, gas-insulated high-voltage switchgear, thyristor valve, 765kV/400kV substation, and auxiliary systems to be delivered by us and our consortium partner, BHEL.

Moving to the Slide 11, with an aging installed base, the urgency to drive energy transition and ever evolving workforce, and systematic organizational shift to the digitalization solutions, we have enormous opportunities for the service segment ahead of us. Establishing a service business unit is the first step to develop service and digital proficiency and unify the customer service experience. With the new business unit coming into existence from the 1st of April 2025, the imminent India business focus is to tap through the existing installed base of approximately Rs. (+80,000) crores. In order to maximize our reach, all the business units will closely work with the service business unit, shaping an end-to-end service opportunity.

Moving to Slide #12, to provide some more color on the orders received this quarter. Orders in the transmission segment grew with and without large HVDC orders. Orders from industries were up about 60% year-on-year, while data center grew six-fold on a low base. Renewables had a significant year-on-year decline of 68%, but we believe this is a seasonal decline. With aggressive push for renewable generation in the country, we expect significant demand from the segment in the coming quarter.

On the right-hand side you will see the order mix, segment-wise projects took the lead with HVDC orders. Without HVDC, it is the product. Sector-wise, utilities are clear winners for both with and without HVDC orders, whereas on the channel-side, direct end-users take the lead with HVDC orders, and without, it is the EPC that takes the lead. Whereas on the channel-side, direct end-users lead with the HVDC order, and without, it is the EPC which takes the lead.

So, moving to the next slide, our value creator, our growth driver-service and export. This quarter, services contributed 11% of our total orders, excluding HVDC. We have secured repeat service order from major steel producers to digitalize transformers, life-cycle services for the thermal power plant substation, and SCADA system upgrades across utilities, industries, and real estate. Additionally, we received renewable study orders from large domestic and global player. We also fulfilled spares and control relay channel extension orders from utilities, and program focused on digitalization through EnCompass capacity reserve agreement.

Excluding the one-time large HVDC orders, the share of exports grew to over 40% of total orders in the Quarter 3. Key orders include 330kV, 430kV circuit breaker orders from Central West Orana project in Croatia. And AIS equipment orders from PLN Indonesia for 70 kV, 170 kV, and 500 kV, 245 kV, and 145 kV AIS equipment from Sangachal, Azerbaijan. We also received an order for an 800 kV current transformer from Canada for Hydro Quebec. So, there's quite a lot of momentum on our export strategy, which is playing very well across the geographies which we are targeting and planning.

I now move to the next slide, Slide #14. I hand over to our CFO, Ajay Singh.

Ajay Singh:

Thank you, Venu. And good evening, all. Hope all of you are doing well at your end. So, you see, our constant effort towards improving overall operational efficiencies has helped us to maintain growth momentum in third quarter.

So, if you see, during the quarter, the Company reported its highest ever quarterly order of Rs. 11,594 crores, which is up by 838% Y-on-Y. Revenue also went up by 31% Y-on-Y at Rs. 1,672 crores, on the back of favorable mix and a good order execution during the quarter. In addition to the favorable execution mix, there was a notional FOREX exchange gain on the export order deliveries that helped basically our profit before tax to Rs. 184 crores in this quarter.

Profit after tax was also went up more than 5 times compared to Y-on-Y, and it stood at Rs. 137.4 crores. Operational EBITDA if you see, for this quarter stood at Rs. 168.9 crores resulting in a double-digit margin of 10.1%. So, at the close of December 31, the Company recorded its highest ever order backlog of Rs. 18,994 crores, providing a revenue visibility of the coming quarters.

If I go to the next slide, slide #15, I would like to share an update on how the numbers fared during this particular quarter, and let me walk you through this specific slide in detail. Here if you see, the other income, exchange and commodity gain which we were forecasting earlier is Rs. 51.9 crores and that is how our total income is Rs. 1,672 crores for this quarter.

Material cost was 59.2%, personnel expenses 8.4%, other expenses remain consistent at 19.3%, and the depreciation was also consistent, 1.4%. Finance costs compared to the previous quarter and the earlier quarters have gone down because of the average volume has gone down, so that has resulted in the lowering of the finance cost, and this has basically helped us to secure profit before tax of 11%, and profit after tax of 8.2%.

With this, I hand over to Venu for the closing slides.

N Venu:

Thank you, Ajay. And now I will move to the next slide, the last slide, Slide #16. With the closing of the penultimate quarter of FY '24-'25, all our efforts are channeled towards carrying the growth momentum not only for the last quarter but also into the new financial year.

In order to maintain the growth trajectory, the Company will focus on maintaining its leadership in core segments including utilities, HVDC, along with strengthening our presence in the segments like data center and industries. Furthermore, a concerted effort will be made towards accentuating exports and digital contribution to the Company's overall growth.

From a business standpoint, we are starting to lay the foundation of our new service business in India and leverage the largest ever backlog for revenue and profitability

accretion. The focus on improving overall operational efficiency to boost productivity and quality continues.

On the function side, there will be no let-off in our endeavor towards creating a robust safety culture as it is entrenched in our DNA. We remain agile with an eye on upskilling, re-skilling, and honing capabilities that can stand the test of time and meet today's and future energy requirements.

So, we that, ladies and gentlemen, I close my Presentation and open the channel for questions. So, operator, can you please open the channel for Q&A?

Moderator: Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Subhadip Mitra from Nuvama. Please go ahead.

Subhadip Mitra: Good afternoon and thank you for the opportunity. Firstly, I would like to congratulate the management for a great set of results and entering double-digit margins earlier than guided, so congrats on that.

N Venu: Thank you.

Subhadip Mitra: Sir, my first question is with regard to the HVDC order, would it be possible to outline what would be the size of this order in your order book?

N Venu: No. Subhadip, we said this the last time also, we do not like to give exact numbers. As you know, similar projects are also ongoing, so we do not like to give exact numbers on that.

Subhadip Mitra: Understood. Also, the amount that has got included in your order book, would that be after excluding the quantum that goes to BHEL?

N Venu: Yes, of course. BHEL thing we do not book, right. We book only our orders.

Subhadip Mitra: I am sorry, sir. I could not hear you clearly.

N Venu: I said the BHEL portion is not booked in our books. Our books, what is there in this, is pertaining to our order.

Subhadip Mitra: Perfect. Understood. And am I correct in understanding that most of this would be indigenously manufactured with a lower import component?

N Venu: Yes, you are absolutely right.

Subhadip Mitra: Okay. Secondly, with regards to the upcoming three HVDC projects, the Bhadla project, Khavda-Olpad, and Pang-Kaithal, would you be assuming that most of these would get ordered out over the next 12 months? And are you participating in all three of them?

N Venu: As I said, just to give a background on the HVDC technology, this technology has been invented by us when we were part of ABB 70 years back. Last year, as we celebrated 75 years in India, at HVDC technology we celebrated 70 years globally. Today, globally, around 150-gigawatt worth of links run through our technology. In India, including the one which we have received this quarter, that is Khavda-Nagpur, total is 16 HVDC links, out of that eight links run with our technology. So, that is the kind of invention and continue to invest in technology to ensure that we remain close to our customers.

And as you recall, we have seen this thing coming in, and we have opened our manufacturing facility, especially in Chennai, and we have end-to-end capabilities doing that. So, we will try and participate in as many tenders as possible. So, our view of the two tenders which you are talking about, one tender might get finalized in the next six months or so, and one more tender may be the last quarter new fiscal year. This is our assessment, but as you know, it depends upon the customer's finalization plans, and there are many other plans.

Subhadip Mitra: Understood. Last question from my side, sir, with regards to the QIP that you have announced, if you could also outline what would be the usage of the funds?

N Venu: Yes. We will come back on that, Subhadip. As you recall during October last year, during our EDW, we had announced Rs. 2,000 crores worth of investments, and it's basically for the future growth and capital expansion. We announced in October 2024 a significant capacity expansion for our transformer factory, upgraded testing facilities, and also the capacity of the traction transformers and expat companies' network control. That's what we announced. But in addition to that, usage of the funds also from short and long-term working capital requirements, and strategic initiatives' expansions. As you know this is an enabling resolution, so basically it enables the management to be ready and whenever it is needed. Thank you.

Subhadip Mitra: Understood, sir. Thank you so much.

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

Parikshit Kandpal: Hi, Venu. Congratulations on a great quarter, sir. Sir my question is again on HVDC, so is this entirely done by the Indian entity or in partnership with the parent entity?

N Venu i: This is done entirely by the Indian entity.

Parikshit Kandpal: And what will be the import content in this?

N Venu: We will be importing some parts like semiconductors which we required for that. Again, when you are talking about import content, for example, the transformer, you also import the CRGO. So, we need to look at those kinds of things in that. But at least 80% to 90% of the products we manufacture here locally in our factories.

Parikshit Kandpal: The other question is on the fund raise, so while you have detailed it out, so Rs. 4,200 crores looks to be a very big number when you compare it with the Rs. 2,000 crores CapEx. And generally, we have seen your gross order book of Rs. 1,200 crores, and 5 times we were running on asset turn, so this potentially could be almost a Rs. 20,000 crores kind of revenue potential, which looks to be very large. So, does it include some part of capacity allocation from the global parent for the export markets, or this will largely be for the Indian HVDC market?

N Venu: As you said, and we also mentioned in our stock exchange disclosure on 18th of January, the Board of Directors have approved the proposal for raising funds up to Rs. 4,200 crores, right. So, and this is an enabling resolution that will give us flexibility to manage the capital structure of the Company and react to any potential initiatives that might require capital. And we believe that it is prudent for us to take such an enabling resolution.

Having said that, I also told in the previous question that this is part of that we already announced in October 2024, what we want to do, where we want to expand it. And we are also looking at, these expansions are not only in HVDC, but also in transformer, HVDC, our high-voltage businesses, it's for the domestic business as well as some part for exports in that. And this fund can be used also for our short-term and long-term working capital requirements, strategic initiatives, capital expenditure for M&A and other related activities. And some of the things can be also used to repayment or prepayment of debt, servicing any present or future debt.

Parikshit Kandpal: So, this will be an entirely fresh issue, right? I mean, there would not be any OFS, so this does not include any OFS, it will be entirely coming into the system.

N Venu: We would not like to comment on this. As I said, this is an enabling resolution, so whenever we decide, that time we will let you know on the timing, etc. But right now, it is an enabling resolution.

Parikshit Kandpal: Okay. Sure, sir. Thank you.

Moderator: Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Yes. Good afternoon, sir, and thanks for the opportunity. My first question is on, it looks like from the order inflow is that order was driven primarily by export and HVDC. Can you please comment on the domestic order, excluding HVDC?

N Venu: Yes. So, I think, our orders growth is primarily driven by HVDC, you are right. But if you exclude the HVDC order also, our base order growth is also a double-digit in the quarter. And that growth has maybe fueled from partly export, but also domestic. As we said, domestic we have data centers and industries, all those things have contributed for our growth also.

Mohit Kumar: I was asking the question because there is a lot of activity in the domestic transmission, right. And so, to that extent, the last quarter seems to be on the weaker side. Just asking, how do you see this panning out as we go forward?

N Venu: Sorry, I didn't get you, you were breaking in between.

Mohit Kumar: Given that there is large activity in the transmission side, in FY '24 and YTD FY'25, it seems like there is a delay in awarding from the projects. Is it fair to assume that this will pick up as you go forward?

N Venu: I think, first of all, we are not seeing that, there may be a slight delay which is expected, but it is not a major delay in awarding some of the projects. And we believe that, at least from our perspective, the pipeline is very robust, and we see customers are finalizing the orders.

Mohit Kumar: Understood, sir. My second question is, what is the timeline for execution of HVDC Khavda-Nagpur? And how does the revenue booking happen over the contract duration? Is it fair to say that booking will be back ended?

N Venu: Sorry, what did you say?

Mohit Kumar: Sir, my question is, what is the timeline for execution of HVDC?

N Venu: Yes. It is 48 and 54 months contractually. 48 months is a Bipole-I, and 54 months is a Bipole-II. That's our contractual thing.

Mohit Kumar: And how does the revenue booking happen over the contract duration? Is it lower initially then picks up? Is it fair to say the booking will be back ended?

N Venu: Yes, it is low for sure, the first 12 months is a low, but then next 12 month of second year and third year will have the bulk of the revenue coming in.

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

N Venu: Thank you.

Moderator: Thank you. The next question is from the line of Mohan Krishnaswami, an individual investor. Please go ahead.

Mohan Krishnaswami: Yes. Thanks for the opportunity. My question again is on HVDC side. I just wanted to understand the differences in the technology offered in the market, both the VSC and LCC. Because one of your leading competitors publicly mentioned that the VSC technology which they are exclusively operating in is superior to LCC technology. But most of the bids in India is on the LCC side. But I also noticed that the Adani order which was awarded to us one and a half years back was on VSC technology, which means we are fairly strong there as well. So, any color on what is the preferred basis in India and why it is preferred would be useful, sir.

N Venu: So, thank you Mr. Mohan for the question. As I said in the beginning, let me reiterate once again. The HVDC technology has been invented by us 70 years back.

Mohan Krishnaswami: Correct.

N Venu: Today both VSC and LCC put together, we are running 150-gigawatt worth of lines around the world. We have been investing in both LCC and VSC. Furthermore, these technologies need continued investment, to localize for developing skills for execution of such project. As it is a very complex project (HVDC), once you have end-to-end capabilities, then it is easy to execute. That's exactly what we did.

As far as any technology concern, whatever a customer chooses, we have a very comprehensive competitive offerings for our customer whether LCC or VSC. Having said that, country like India where you are talking about transferring 6,000 megawatts in one link, the LCC makes more cost-effective compared to the VSC technology. VSC technology has a limitation from a technology standpoint to transfer 3,000 megawatt or more.

But as I said, end of the day, we leave this to customers. We will offer both technologies; we have the complete end-to-end capabilities in India through whether it is LCC or VSC. Just for information, as you rightly said it's the Mumbai project, which is completely executed through VSC technology.

Mohan Krishnaswami: And sir my second question, thanks for that answer, is on the larger potential. Now, today India has about 33,000 megawatts of HVDC transferring capacity. When you compare that to, say, China, China is close to 300,000 megawatts. And our own power demand is running into capacities for 4 lakh megawatts. So, where do you see this number growing? I mean, you think it's a multi-decadal opportunity where we are just about 33,000 megawatts, maybe adding another 30,000 megawatts to 33,000 megawatts in the next five, six years. Can it keep growing because we will increase the share of HVDC of the total capacity line?

N Venu: I believe so, in my view. I was articulating this at least for the last two years or three years, that India used to have one HVDC project for every four or five years. But today the need of the hour is one project per year. And now the need of the hour is not one,

but two projects per year. So, it is completely evolving. We need more and more HVDC links to ensure that anywhere you produce the green energy, you can transmit to the load center very seamlessly, at the same time ensuring that the grid is robust, flexible, and secure. And this technology plays a major and vital role.

And you talked about China. I do not have the figures off the hand to give you that, but absolutely, compared to any place, we have to have many more links going forward. And that's why we are investing. We are investing in our factories. We are investing in the capacities. We are investing in people as well.

Mohan Krishnaswami: Thanks a lot sir.

Moderator: Thank you. We will take the next question from the line of Vinod from Phillip Capital. Please go ahead.

Vinod Chari: Yes. Thanks for the opportunity, and congratulations on a great quarter, sir. Just to again harp on HVDC, you have a 50% market share in India, and I believe globally also you have a similar market share. So, what is it that makes ABB or rather Hitachi stand out in HVDC? Like how is your offering stacking up against what competition is offering? I think globally, it's basically GE Vernova and Siemens, which are offering similar products on the DC side. So, what differentiates Hitachi? Is it your localization drive? Can you just elaborate on what makes you the market leader?

N Venu: Yes, thank you, Vinod. We do not talk about our competition; we talk about ourselves. So, as I said, we invented this technology and since then we have been investing in it, right. One of the things very clearly stands out is that we continue to invest, continue to bring the value-add, continue to reduce the footprint, losses, everything. In addition to the localization, creating the local competency, those are the things we clearly stand out. And on top of that, our execution capabilities, okay, that also is a very clear differentiation we bring it to our customers.

Vinod Chari: The other thing is if you look at the National Electricity Plan, intra-state is also an equally big component. So, do you see DC technology making any inroad in the intra-state grid as well? What are we witnessing in the intra-state grid?

N Venu: I think intra-state, depending upon there are some states that quiet, again, it makes, every technology makes sense whether it is AIS or AC or DC. What we need to look at is our return on investment standpoint. If it is longer distances or you have weaker grids, it makes even more commercially viable for us those kinds of things. But the technology standpoint will work anywhere. There are many examples outside of the world, where for a shorter distance, for a lower 1,000 megawatts itself, these people have been using this (HVDC)technology because of the inherent capabilities and benefits it has.

- Vinod Chari:** Sure. Thanks for the explanation, sir. Thankyou.
- Moderator:** Thank you. The next question is from the line of Ruchita Parik from I-Wealth LLP. Please go ahead.
- Ruchita Parik:** Hello, sir. A very good evening and congratulations on a good set of numbers. So, sir, my question was mainly on the industry side. So, there is this investment that we have pointed out that Rs. 9 lakh crores of investment on the transmission industry. So, on that I just wanted to understand how much of that would be on the substation side? And under that how much would be, let's say, a 765 kV transformation capacity, how much would be for the 400 kV, 200 kV, if you could give a broad breakup of that.
- N Venu:** No, I think, we do not have off-hand figures now. But if you go to the NEP-24 plan, you have the complete breakdown over there in that. So, in our view, this Rs. 9.16 lakh crores is basically for the transmission, which includes HVDC transmission, which includes 765 kV, 400 kV transmission, because that's where ISDS comes into picture.
- Ruchita Parik:** Right. But we do not have, like, something like how much would be for the substation part?
- N Venu:** Yes, I do not have the off-hand numbers.
- Ruchita Parik:** Got it. And, sir, just because I missed this point, this HVDC project of ours, so by when do we see the execution of it?
- N Venu:** Yes, I already said that but let me reiterate once again. So, the schedule for us, from the customer is 48 months for bipole-I and 54 months for bipole-II. So, that's where we are on track to complete that. And if your question was on the revenue that also I talked about is that our revenue will start slowly coming up in the first year and then start picking up in the second and third year, and that's where the bulk of the revenue flow comes into there.
- Ruchita Parik:** Okay. Understood. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vimox Shah from GoyamLabdhi Fintech. Please go ahead.
- Vimox Shah:** Yes, thank you for the opportunity. And congratulations, sir, on the great set of numbers. I have a question that in the presentation you showed that strong growth in the data center segment, so what is the expected future contribution on this segment in company revenue?
- N Venu:** So, as I said, we do not give any forward-looking statements on that, but data center is, as we have been also saying for several quarters, this is one of our key growth

segments. The data centers are really growing in the country, basically by usage of data and privacy laws, etc. And more and more, the AI-ready data centers will further add more things. Just for your information, a query on the ChatGPT requires at least 8 times to 10 times more energy than the Google search, and that clearly shows that the data center market is really in upswing going forward.

Vimox Shah: Okay. Got it. And another question is like, in the last meeting I think you had mentioned that you are also exploring the opportunities in the battery storage side, can you provide an update on any progress in that area?

N Venu: We said energy storage is also one of our key initiatives. We are looking at it. And we do not have anything to tell you at this point in time. We are looking at the market, assessing the market, what are the technologies that make sense, and how do we localize those other things at this point in time, it's in our mind.

Vimox Shah: Okay. And one more last question is like, what is the current status of Leh-Ladakh HVDC project? Any expected timeline for the leads?

N Venu: Yes, Leh-Ladakh, I do not know, our customers are working on that. So, as and when they will do that, we will start discussing that. At least from our standpoint, end of next financial year, coming financial year.

Vimox Shah: Okay, yes. Thank you.

Moderator: Thank you. We will take the next question from the line of Yash Mehta from Aart Ventures. Please go ahead.

Yash Mehta: Hello, am I audible?

Moderator: Yes, Mr. Mehta, please go ahead.

Yash Mehta: How much of the portion of the HVDC order will be services?

N Venu: No, I think right now, services, you mean commissioning, or what exactly you mean?

Yash Mehta: Yes, the commissioning part.

N Venu: Yes, we do not tell the exact number on that, but it will be roughly a ballpark of around 10%.

Yash Mehta: Okay, all right. Thank you.

Moderator: Thank you. The next question is from the line of Sagar Gandhi from Invesco Mutual Fund. Please go ahead.

Sagar Gandhi: Sir, my question is on yesterday's press release, which mentioned that there is a first of its kind thing which has happened, wherein the consulting team has entered into a capacity reserve agreement for nearly a year for renewable studies with a customer in decarbonization space. Can you explain this in bit of more detail?

Manashwi Banerjee: So, this is a part of a year-long contract where they have asked us to allocate resources to help them conduct various renewable studies, just indicating how the anticipated growth is in the renewable market. I do not think we have shared a customer name in the press release, and we will not be sharing the same.

N Venu: So, but you need to understand, this is a thing where we are articulating that we need to move from a project-based to program-based. Because the energy transition tailwinds are very huge. If we have to meet the deadlines of the customers, it's important that we need to reserve the capacity for the customers so that we are able to take care in a very efficiently, and also bring the synergies between that.

For example, every time you do one-time engineering, and you are replicating it instead of that, every time you are doing engineering and then doing execution, and then once again one more time engineering, execution. So, the trend around the world what we have seen is that you do one-time, and replicate, two, three-time projects. You design for one project and execute for two, three projects. With that what's happening is the whole cycle and efficiencies and the cost benefits can be derived for both the customers and all stakeholders. And this is one example of a capacity reservation where our customer has signed with us for certain given period.

Sagar Gandhi: So, sir, this is a global customer or Indian customer?

N Venu: Indian customer.

Sagar Gandhi: Okay. So, they, I mean, capacity reserve in terms of manufacturing capacity reserve or only your, I mean, employee?

N Venu: No. It is basically when we are doing a study, so whatever the studies, instead of doing one study for every project, so we agree for it that we will do the studies for one year or something like that.

Sagar Gandhi: Okay. Yes. Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Prathamesh from Antique Stock Broking. Please go ahead.

Prathamesh Rane: Hello, sir. Congratulations on a very good set of numbers. So, I had only one question related to your margin guidance. So, you are maintaining that double-digit margin guidance for FY '25?

- Ajay Singh:** Thanks, Prathamesh. We have been always speaking on the same lines. As you see, we have already touched the guidance level that we are talking. So, still we guided the same intention.
- Prathamesh Rane:** Sure, sir. Thank you, sir. Thank you. That's all what I wanted to ask you.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Yes. Thanks for the follow-up. Sir when you spoke about excluding HVDC, the order inflow growth is in double-digits, you were talking about Y-o-Y growth, right?
- N Venu:** Yes, Y-o-Y.
- Parikshit Kandpal:** Okay. And sir, in this HVDC, it is primarily like you said that 10% will be installation, that means 90% will be the product suppliers?
- N Venu:** We do not say it like that, installation, product supplies, system engineering, everything is in one only. I said I have just given a figure just you wanted to ask, see that what could be the thing in the services part.
- Parikshit Kandpal:** But this is classified under project, this will be classified under project this year, right?
- N Venu:** Yes, this is under project, you are right.
- Parikshit Kandpal:** So, but why do you do that and why not under the products, I mean, why you classify it in the projects?
- N Venu:** I think we have a very clear definition of the product; product means we supply our product and then the obligation gets over. Whereas here we supply the product, but then we have to integrate the product to ensure that the system is working there, so that's the difference.
- Parikshit Kandpal:** But does it have EPC portion also?
- N Venu:** No, it does not have civil and other things part of this.
- Parikshit Kandpal:** Okay sir. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we will take the last question for today, which is from the line of Varun Basrur from Julius Baer. Please go ahead.
- Varun Basrur:** Good afternoon. I hope I am audible.

- Moderator:** Yes, sir. Please proceed.
- Varun Basrur:** All right. Thanks for this opportunity. Sir, just on the order book side, with the exception of HVDC order, what sort of delivery or execution timeline is there?
- Varun Basrur:** With the exception of the HVDC order on the order book side, what is the delivery or the execution timeline for the order book?
- N Venu:** No, as I said, our order books are, it's depending upon the project. For example, this HVDC project will be completed in 48-54 months. But when you say complete, means we will have to start executing slowly for the first year, and then it will pick up in the second and third year. So, that's why it is a various thing, right? It has a visibility; our order book has a visibility for several quarters.
- Varun Basrur:** Right. But would you say that if you exclude the HVDC order, would the execution for the remaining order book be between the range of maybe two or three years or is it longer than that?
- N Venu:** It is at least close to two years.
- Varun Basrur:** Right. Sir, and just a second question is that you seem to be sitting on a fair amount of operating leverage as the revenue ramps up. Directionally, I mean, I know you are not giving absolute margin guidance, but directionally, where would you see the margins trend? Would it be high double-digits, high teens or mid-teens or, any guidance from your side would be helpful?
- Ajay Singh:** Yes, Varun, as we have very clearly mentioned that we are really not been commenting on any forward-looking indications. We remain committed to what we have been talking and we go step by step. But that is how we will proceed.
- N Venu:** But having said that, our effort of all these things to ensure that we improve on everything, all KPIs, right. So, that's exactly our endeavor. Of course, subject to market conditions.
- Varun Basrur:** All right, sir. Yes, thank you. Thank you for that.
- Moderator:** Thank you. As that was the last question for today, I would now like to hand the conference over to Mr. N. Venu for closing comments. Over to you, sir.
- N Venu:** So, thank you very much for taking time from your busy schedule and attending our conference call. And thank you for your trust and faith. And we are really looking forward to receiving your feedback. If you need any information, please do not hesitate to reach out to us, and we are happy to engage. And thank you, and take care, stay safe.

Moderator:

Thank you, members of the management. On behalf of Hitachi Energy India Limited, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.