HITACHI
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March 25, 2025

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
(Atten: DCS Listing)

National Stock Exchange of India Limited Exchange,
Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051
(Atten: Manager Listing Department)

Ref.: BSE Scrip Code: 543187, NSE Scrip Symbol: POWERINDIA

Dear Sir/ Madam,

Subject: Reaffirmation of Long Term Credit Ratings by CRISIL Ratings Limited

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that CRISIL Ratings Limited has reaffirmed the existing long term credit ratings for INR 6,000 Crores bank facilities of the Company, the details of which are as follows:

Rating Action	Amount and Rating
Total Bank Loan Facilities Rated	Rs. 6,000 Crores
Long Term Rating	CRISIL AAA/Stable (Reaffirmed)

Further, it may be noted that there is no change in the existing credit ratings of the Company and that the Company was notified about it yesterday. Copy of the Rating Rationale is enclosed for your reference.

You are requested to take the same on record.

Thank you,

Yours faithfully,
For Hitachi Energy India Limited
Ammatanda Chinnappa Poovanna

Digitally signed by Ammatanda Chinnappa Poovanna
Date: 2025.03.25 11:57:24 +05'30'

Poovanna Ammatanda
General Counsel and Company Secretary

Encl.: as above

Hitachi Energy India Limited

Registered and Corporate Office:
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Kodigehalli Main Road, Bengaluru – 560 092
Phone: 080 68473700
CIN: L31904KA2019PLC121597
www.hitachienergy.com/in

Hitachi Energy

Crisil Ratings

Rating Rationale

March 24, 2025 | Mumbai

Hitachi Energy India Limited

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.6000 Crore**
Long Term Rating	**Crisil AAA/Stable (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AAA/Stable' rating on the long-term bank facilities of Hitachi Energy India Limited.

Crisil Ratings has taken note of the Rs 2,520.82 crore equity raised by Hitachi Energy India Limited through qualified institutional placement (QIP), which concluded on March 13, 2025. The raised funds will be utilised mainly towards capital expenditure (capex) of Rs 2,000 crore announced by the company in October 2024 for expanding its capacity and product portfolio across the large and small power transformers, dry and traction, high-voltage direct current (HVDC) and components and network control solutions offering; this is expected to be taken over the next 4-5 years. Of the QIP proceeds, the funds utilized for capex would be Rs 1513.28 crore, Rs 350 crore will be utilised towards working capital requirement and the remaining for general corporate purposes. The funds raised will further strengthen the already robust financial risk profile of the company with high networth, low debt levels and strong debt protection metrics.

The rating continues to reflect healthy business risk profile of the company, driven by its strong market position in the power grid segment, diversity in product portfolio and geographical reach and strong clientele. The rating additionally factors in strong support from the ultimate parent -- Hitachi Ltd (rated 'A/Stable/A-1' by S&P) -- that holds ~100% stake in Hitachi Energy Ltd (effective December 2022), which in turn is the holding company of Hitachi Energy India Limited.

Operating income stood at Rs 4,501 crore for the nine months ended December 31, 2024 (on-year growth of 27%) with operating margin at 7.95% (compared to 4.7% in the similar period last fiscal). The margin improved on account of healthy order inflow, better operating leverage and higher input price pass-through abilities. Crisil Ratings expects the margin to further increase in the near to medium term, basis better operating efficiency.

The company has also maintained strong business risk profile, driven by its established market position and highest-ever order book of Rs 18,994 crore as on December 31, 2024 (September 2024: Rs 8,539 crore). Liquidity is strong, marked by unencumbered cash equivalent of Rs ~900 crore as on December 31, 2024, and access to fund-based bank limit of Rs 952 crore that remains unutilized as on December 31, 2024.

These strengths are partially offset by susceptibility to capital investment cycles and project implementation risk arising from structural issues in the power sector and intense competition in the capital goods industry.

Analytical Approach

Crisil Ratings has considered the standalone business and financial risk profiles of the company, and has applied its parent notch-up framework to factor in the extent of support available to the company from its parent, Hitachi Ltd.

Key Rating Drivers & Detailed Description

Strengths:

Strong market position in the power grid segment

The strong market position of the company in the power grid equipment and automation solutions segments is backed by its established track record. The company has executed several large projects in India. Clientele comprises reputed players across utilities, industrial, transportation and infrastructure sectors. Furthermore, the company was instrumental in bringing the Hitachi Ltd-patented HVDC technology to India.

The established market position, strong order book and favourable industry scenario, with higher investments envisaged in the power transmission and distribution (T&D) segment in India (Revamped Distribution Scheme, Green Energy Corridors and expansion of inter-state transmission lines [ISTS] and intra-state transmission lines [InSTS]) should continue to support the business over the medium term.

Strong operational, technological and management support from the parent
Hitachi views India as a high-growth market, and hence, operations of the company are strategically important to the group. The company not only manufactures an extensive range of products locally for the Indian market, but also exports to group entities globally. With the acquisition of 19.9% stake by Hitachi Ltd in Hitachi Energy Ltd in December 2022, Hitachi Energy India Limited becoming a 100% Hitachi owned entity. This further substantiates strategic importance of Indian market to ultimate parent Hitachi Limited. Hitachi Ltd sees India's energy market strategically important with strong impetus for growth driven by significant investment being made by public sector towards Renewable Energy, electrification of Indian Railways, Metro expansion and improving ISTS and InSTS connectivity. Further, HEIL uses the Hitachi brand for all external corporate communication and has access to all group-level resources of the parent. Post the acquisition, there has been an operational integration in manufacturing, global procurement, marketing, and sales functions, with the application of global best practices. Furthermore, Hitachi also offers managerial support via delegates on the board of the company. Hence, Crisil Ratings believes Hitachi will continue to extend support to the company over the long term.

Robust financial risk profile
The financial risk profile should remain strong over the medium term, driven by healthy cash accrual and adequate liquidity, despite the large, planned capex. Networth is projected is expected to strengthen further with the QIP, along with nil working capital debt was reported as on December 31, 2024.

Weaknesses:
Susceptibility of profitability to volatility in raw material prices, capital investment cycles and structural issues in the power sector
Profitability remains susceptible to any downturn in demand and structural issues and volatility in the power sector. Any large-scale project deferrals can cause cost overruns for players, and adversely impact their margin, as they have limited scope to pass on the hike. Further over the past two fiscals, profitability was impacted by a mix of factors such as semiconductor supply issues, freight costs and peaking commodity prices. While the company has tried to mitigate by diversification of the revenue profile, and efficient cost and resource management, profitability remains susceptible to these structural issues.

Exposure to intense competition
The power T&D segment is intensely competitive owing to presence of several domestic and international players. Further, most large orders are procured through competitive bidding, which puts pressure on profitability. While cost-optimisation measures have helped the company partially combat the pressure on profitability, intense competition may continue to constrain scalability, pricing power and profitability.

<u>Liquidity: Superior</u>
Liquidity remains superior, as reflected in unencumbered cash equivalent of Rs ~900 crore as on December 31, 2024, and expected annual cash accrual of Rs 350-450 crore each in fiscals 2025 and 2026 (as estimated by Crisil Ratings). As the bank limit of around Rs 952 crore has been moderately utilized for the last six months, the unutilised amount can be used to cover the incremental working capital expenses over the medium term. Further, the limits were unutilized as on December 31, 2024. The company has planned a large capex of Rs 2,000 crore over the medium term (4-5 years), which should be majorly funded via the equity raised recently through QIP.

<u>Outlook: Stable</u>
Crisil Ratings believes that the company will continue to benefit from its established market position, reputed clientele, and strong parental support; and will maintain robust financial risk profile, given its conservative financial policy.

<u>Rating Sensitivity Factors</u>
Downward Factors
- Slump in order inflow or decline in operating margin below 6% on a sustained basis
- Any large, debt-funded capex weakening liquidity
- Material weakening of the credit risk profile of Hitachi Ltd, leading to downward revision in its rating by S&P Global Ratings by one or more notches, or change in stance or support philosophy towards Hitachi Energy India Limited

<u>About the Company</u>
Incorporated in February 2019, following the demerger of ABB India Ltd's power grid business unit, Hitachi Energy India Limited provides product, system, software, and service solutions across the power value chain. The portfolio includes an extensive range of high-voltage products, transformers, grid automation products and power quality products and systems.

Hitachi Energy India Limited is a public limited company with 28.69% equity shares traded publicly while the balance (71.31%) promoter shareholding is held by Hitachi Energy Ltd, based in Zurich, Switzerland. Hitachi Energy Ltd in turn is a 100% subsidiary of the ultimate parent, Hitachi Ltd.

Key Financial Indicators (for financial year ending March 31)

Particulars	Unit	2024	2023
Revenue	Rs crore	5,238	4,469
Profit after tax (PAT)	Rs crore	164	94
PAT margin	%	3.1	2.1
Adjusted debt/adjusted networth	Times	0.11	0.23
Interest coverage	Times	6.6	4.9

Year-till-date performance update

Particulars	Unit	9MFY25	9MFY24
Revenue	Rs crore	4501	3542
PAT	Rs crore	200	50
PAT margin	%	4.45%	1.41%

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Fund-Based Facilities	NA	NA	NA	952.00	NA	Crisil AAA/Stable
NA	Non-Fund Based Limit	NA	NA	NA	4977.00	NA	Crisil AAA/Stable
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	48.00	NA	Crisil AAA/Stable
NA	Proposed Non Fund based limits	NA	NA	NA	23.00	NA	Crisil AAA/Stable

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	1000.0	Crisil AAA/Stable		--	26-12-24	Crisil AAA/Stable	29-08-23	Crisil AAA/Stable	08-07-22	Crisil AAA/Stable	Crisil AAA/Stable
			--		--	23-12-24	Crisil AAA/Stable		--		--	--
			--		--	17-10-24	Crisil AAA/Stable		--		--	--
			--		--	20-03-24	Crisil AAA/Stable		--		--	--
Non-Fund Based Facilities	LT	5000.0	Crisil AAA/Stable		--	26-12-24	Crisil AAA/Stable	29-08-23	Crisil AAA/Stable / Crisil A1+	08-07-22	Crisil AAA/Stable / Crisil A1+	Crisil A1+
			--		--	23-12-24	Crisil AAA/Stable / Crisil A1+		--		--	--
			--		--	17-10-24	Crisil AAA/Stable / Crisil A1+		--		--	--

			--		--	20-03-24	Crisil AAA/Stable / Crisil A1+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Fund-Based Facilities	352	Bank of America N.A.	Crisil AAA/Stable
Fund-Based Facilities	100	Deutsche Bank	Crisil AAA/Stable
Fund-Based Facilities	100	Standard Chartered Bank	Crisil AAA/Stable
Fund-Based Facilities	150	Kotak Mahindra Bank Limited	Crisil AAA/Stable
Fund-Based Facilities	250	JP Morgan Chase Bank N.A. India	Crisil AAA/Stable
Non-Fund Based Limit	1000	The Hongkong and Shanghai Banking Corporation Limited	Crisil AAA/Stable
Non-Fund Based Limit	1950	Deutsche Bank	Crisil AAA/Stable
Non-Fund Based Limit	550	Standard Chartered Bank	Crisil AAA/Stable
Non-Fund Based Limit	300	YES Bank Limited	Crisil AAA/Stable
Non-Fund Based Limit	377	Kotak Mahindra Bank Limited	Crisil AAA/Stable
Non-Fund Based Limit	750	Axis Bank Limited	Crisil AAA/Stable
Non-Fund Based Limit	50	HDFC Bank Limited	Crisil AAA/Stable
Proposed Fund-Based Bank Limits	48	Not Applicable	Crisil AAA/Stable
Proposed Non Fund based limits	23	Not Applicable	Crisil AAA/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for factoring parent, group and government linkages

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About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

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For more information, visit www.crisilratings.com

About Crisil Limited

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It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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