

September 04, 2023

BSE Limited
P.J. 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 (E)
Mumbai 400 051
(Atten: Manager Listing Department)

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

Dear Sirs,

Subject: Reaffirmation of Long Term and Short 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 and short term credit ratings for INR 6000 Crores bank facilities of the Company, the details of which are as follows:

Sl. No.	Rating Action	Amount and Rating
	Total Bank Loan Facilities Rated	Rs. 6000 Crores
1	Long Term Rating	CRISIL AAA/Stable (Reaffirmed)
2	Short Term Rating	CRISIL A1+ (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 today. Copy of the Rating Rationale is enclosed for your reference.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For Hitachi Energy India Limited
(formerly known as ABB Power Products and Systems India Limited)

Poovanna Ammatanda
General Counsel and Company Secretary

Encl: as above

Hitachi Energy India Limited
(Formerly known as ABB Power Products and Systems 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

Rating Rationale

August 29, 2023 | Mumbai

Hitachi Energy India Limited

Ratings reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.6000 Crore
Long Term Rating	CRISIL AAA/Stable (Reaffirmed)
Short Term Rating	CRISIL A1+ (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/CRISIL A1+' ratings on the bank loan facilities of Hitachi Energy India Limited.

The ratings reflect the 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 a strong clientele. It also reflects the robust financial risk profile, as reflected in large networth of Rs 1,182 crore as on March 31, 2023, and comfortable debt in relation to its operations. The ratings factor in strong support from the ultimate parent - Hitachi Ltd (Hitachi) (rated 'A/Stable/A-1' by S&P), which holds ~100% stake in Hitachi Energy Ltd. (effective December 2022), which is the holding company of Hitachi Energy India Limited.

On February 21, 2023, S&P revised the outlook from 'Negative' to Stable' on the ratings of Hitachi Ltd and reaffirmed the long term 'A' and short term 'A-1' rating.

Operating income stood at Rs 4,469 crore for the fiscal 2023, while the operating margin was 5.6% as against 7.1% for 15 month ended March 2022. HEIL's margins were impacted over past 5-6 quarters on account of semiconductor chip supply issues, high commodity prices like copper and aluminum and high freight charges. CRISIL expects the margins to improve in near to medium terms basis expected improvement in semiconductor supply in H2FY24 leading to better execution, benefit driven from cooling off of commodity prices from end of fiscal 2023 and better margins from execution of orders received over last year factoring in higher commodity prices.

Despite economic and supply chain disruptions, the company has also maintained a strong business risk profile, driven by its established market position and improved order book of Rs 7,071 crore as on March 31, 2023 (March 31, 2022: Rs 4,672 crore). Liquidity too is adequate, marked by unencumbered cash equivalent of Rs 163 crore as on March 31, 2023, and access to fund-based bank limit of Rs 838 crore as on Jun 30, 2023, which remains moderately utilized.

These strengths are partially offset by susceptibility to capital investment cycles and project implementation risk, largely 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, over the years (as part of ABB India Ltd). Company's the clientele comprises reputed players across utilities, industrial, transportation and infrastructure sectors. Furthermore, the company was instrumental in bringing the Hitachi patented HVDC technology to India.

The established market position, strong order book and favorable industry scenario, with higher investments envisaged in the power transmission and distribution (T&D) segment in India (RDSS, Green Energy corridors and expansion of Inter-state and Intra-state transmission lines), should continue to support the business over the medium term.

- **Acquisition by Hitachi:** In December 2022, Hitachi Ltd acquired remaining 19.9% stake in Hitachi Energy Ltd resulting in 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.

- **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. Post the acquisition, there has been an operational integration in manufacturing, global procurement, marketing, and sales functions, with the application of global best practices. As highlighted by management, the parent is also supporting entities globally in managing the semiconductor shortages. 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 company has a robust financial risk profile, marked by healthy networth of over Rs 1,182 crore and working capital debt of Rs 275 crore as on March 31, 2023. The financial risk profile should remain strong over the medium term, driven by healthy cash accrual, adequate liquidity, and absence of any large capital expenditure (capex).

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 such risks have been mitigated 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 the presence of several domestic and international players. Most large orders are procured through competitive bidding, which puts pressure on profitability. While cost optimisation measures have helped the company arrest the pressure on profitability to an extent, it will remain susceptible to intense competition over the medium term.

Liquidity: Superior

Liquidity remains adequate, as reflected in unencumbered cash equivalent of Rs 163 crore as on March 31, 2023, and expected annual cash accrual of Rs 170-240 crore per fiscal in 2024 and 2025 as per CRISIL estimate. As the bank limit of around Rs 838 crore has been moderately utilised, it can be used to cover the incremental working capital expenses over the medium term.

Outlook: Stable

CRISIL Ratings believes that the company will continue to benefit from its established market position, reputed clientele, and strong parental support; and will maintain its robust financial risk profile, given its conservative financial policy.

Rating Sensitivity factors

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

Environment, social and governance (ESG) profile

CRISIL Ratings believes that Hitachi's Environment, Social, and Governance (ESG) profile supports its already strong credit risk profile. The thermal power sector has a significant on environment impact owing to emission of Green House Gas (GHG) and high-water consumption. Also, the sector has a significant social impact because of its direct bearing on the health and well-being of its workers and customers. Hitachi's focus on addressing these ESG risks supports its already strong credit risk profile.

Key ESG highlights:

1. Hitachi has set targets for its environmental parameters; it aims to achieve carbon neutrality in its operation by 2030. It also aims to achieve 25% reduction of freshwater consumption by 2030 from the baseline 2019. It also targets to reduce its waste disposed by 50% by 2030 from the baseline year 2019.
2. Goal to increase gender diversity to 8-10% by 2025, 16-18% by 2030.
3. The Company has continued to use 100% fossil-free electricity in its own operations, showing fast progress in achieving its Sustainability 2030 target.

4. To further reduce its carbon footprint, Hitachi Energy India has replaced diesel with Compressed Natural gas (CNG) and invested in solar installations.
5. Ensuring sustainable sourcing across value chains through Supplier Sustainability Development Program (SSDP), Responsible Mineral Sourcing and Produce Material compliance.
6. Strong governance profile supported by: 50% of the board is comprised of independent directors.

About the Company

Incorporated in February 2019, following the demerger of ABB India's power grid business unit, Hitachi Energy India Limited provides product, system, software, and service solutions across the entire 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 25% equity shares traded publicly. The balance 75% promoter shareholding is currently held by Hitachi Energy Ltd., based in Zurich, Switzerland. Hitachi Energy Ltd. In turn is a 100% subsidiary of ultimate parent Hitachi Ltd.

Key Financial Indicators (for financial year ending March 31)

Particulars	Unit	2023	2022 [^]
Revenue	Rs crore	4,484	4,951
Profit after tax (PAT)	Rs crore	94	203
PAT margin	%	2.1	4.1
Adjusted debt/adjusted network	Times	0.23	0.11
Interest coverage	Times	4.7	9.1

[^] Reported financials (for the period, January 2021-March 2022)

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 the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
NA	Fund-based limit	NA	NA	NA	838	NA	CRISIL AAA/Stable
NA	Non-fund-based limit	NA	NA	NA	250	NA	CRISIL A1+
NA	Non-fund-based limit	NA	NA	NA	3722	NA	CRISIL AAA/Stable
NA	Proposed fund-based limit	NA	NA	NA	162	NA	CRISIL AAA/Stable
NA	Proposed non-fund-based limit	NA	NA	NA	1028	NA	CRISIL A1+

Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	1000.0	CRISIL AAA/Stable		--	08-07-22	CRISIL AAA/Stable	30-12-21	CRISIL AAA/Stable		--	--
			--	--	--	--	12-04-21	CRISIL AAA/Stable		--	--	
			--	--	--	--	04-01-21	CRISIL AAA/Stable		--	--	
Non-Fund Based Facilities	ST/LT	5000.0	CRISIL A1+ / CRISIL AAA/Stable		--	08-07-22	CRISIL A1+ / CRISIL AAA/Stable	30-12-21	CRISIL A1+		--	--
			--	--	--	--	12-04-21	CRISIL A1+		--	--	
			--	--	--	--	04-01-21	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 Limited	CRISIL AAA/Stable
Fund-Based Facilities	6	Axis Bank Limited	CRISIL AAA/Stable
Fund-Based Facilities	250	JP Morgan Chase Bank N.A.	CRISIL AAA/Stable
Fund-Based Facilities	30	Kotak Mahindra Bank Limited	CRISIL AAA/Stable
Non-Fund Based Limit	250	JP Morgan Chase Bank N.A.	CRISIL A1+
Non-Fund Based Limit	497	Kotak Mahindra Bank Limited	CRISIL AAA/Stable
Non-Fund Based Limit	950	Standard Chartered Bank Limited	CRISIL AAA/Stable
Non-Fund Based Limit	1000	The Hongkong and Shanghai Banking Corporation Limited	CRISIL AAA/Stable
Non-Fund Based Limit	425	Deutsche Bank	CRISIL AAA/Stable
Non-Fund Based Limit	750	Axis Bank Limited	CRISIL AAA/Stable
Non-Fund Based Limit	100	HDFC Bank Limited	CRISIL AAA/Stable
Proposed Fund-Based Bank Limits	162	Not Applicable	CRISIL AAA/Stable
Proposed Non Fund based limits	1028	Not Applicable	CRISIL A1+

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Engineering Sector
Mapping global scale ratings onto CRISIL scale
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com</p> <p>Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com</p>	<p>Naveen Vaidyanathan Director CRISIL Ratings Limited B: +91 22 3342 3000 naveen.vaidyanathan@crisil.com</p> <p>Nitin Bansal Associate Director CRISIL Ratings Limited D: +91 124 672 2154 Nitin.Bansal@crisil.com</p> <p>Sukriti Dhusia Senior Rating Analyst</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestor@crisil.com</p>

Rutuja Gaikwad
Media Relations
CRISIL Limited
B: +91 22 3342 3000
Rutuja.Gaikwad@ext-crisil.com

CRISIL Ratings Limited
B: +91 22 3342 3000
Sukriti.Dhusia@crisil.com

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

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).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

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.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in

the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>