S&P Global
Ratings

India Corporate and Infrastructure Ratings

The momentum is positive

August 12, 2024

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This report does not constitute a rating action

Portfolio Overview

Deep Dive By Rated Issuers

S&P Global Ratings

Positive Credit Trends To Continue

Improving credit quality.
One in three ratings have **positive outlooks** after three years of net positive rating actions. Headroom against downside triggers is greater.

Leverage to decline marginally.
More entrenched financial discipline despite **capex rising 30%** on pre-pandemic levels.

Broad-based earnings growth.
Aggregate **EBITDA to grow 10%** in 2024, driven by telecoms, airports, commodities, and chemicals.

Ample liquidity options.
Strong onshore liquidity and lack of large debt maturities supports liquidity profiles; proven resilience to FX and interest rate volatility.

Downside Risks

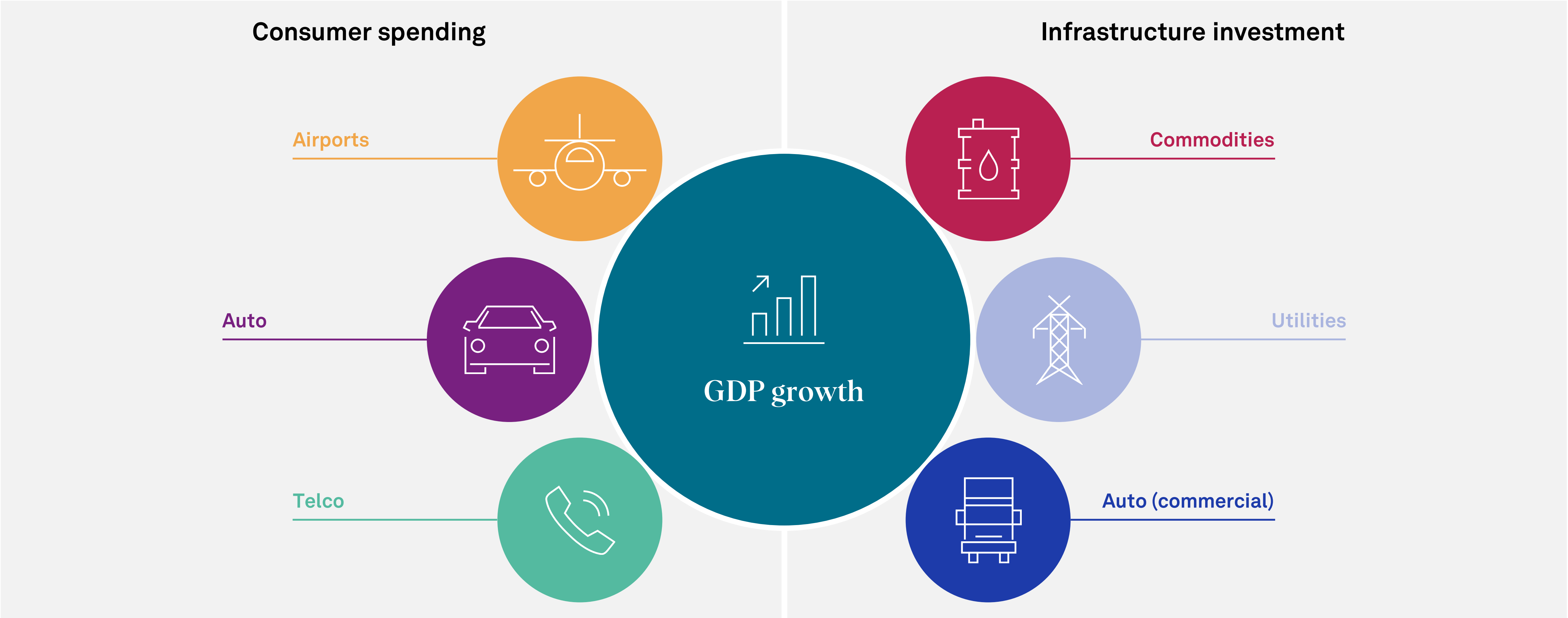
The biggest downside risks would likely come from unforeseen sector specific regulatory or government policy changes.

- For example, mining taxes or reduced infrastructure spend are hard to predict but could have large effects.

Global economic conditions worsening.

- Secondary effects such as commodity prices could weaken some earnings profiles.
- External factors are somewhat mitigated by a domestic focus for many rated Indian companies.

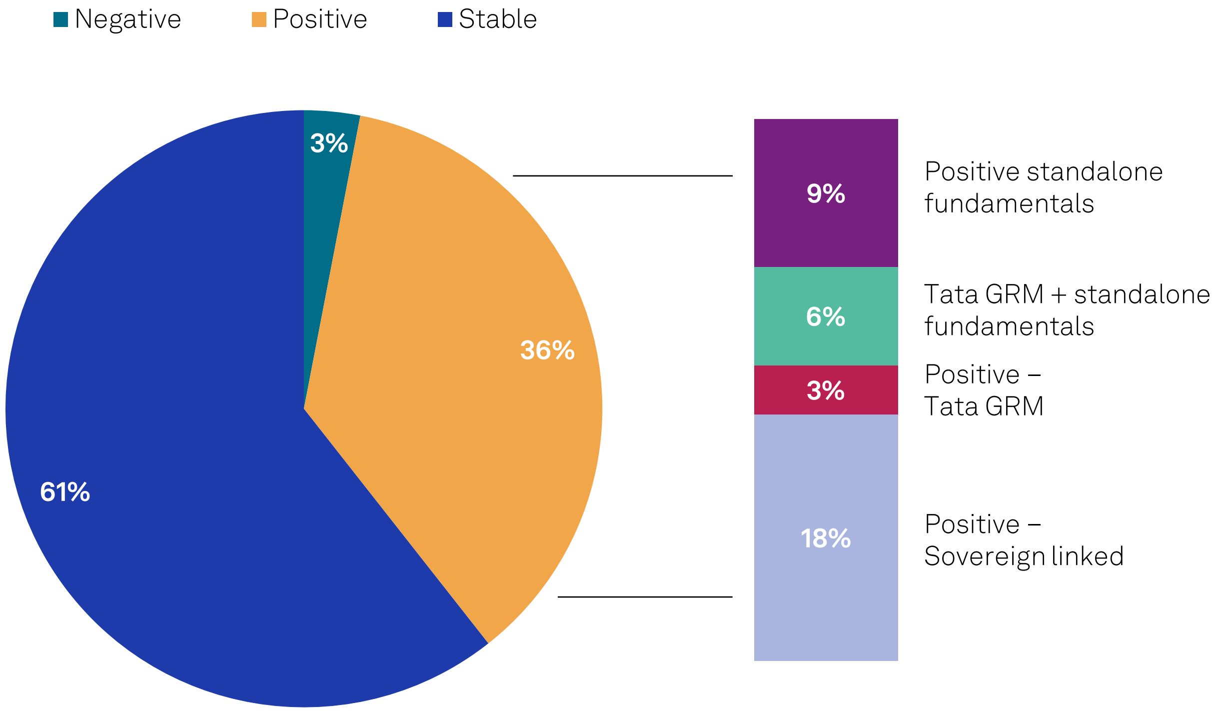
Drivers And Beneficiaries Of GDP Growth



Source: S&P Global Ratings.

Corporate India's Positive Credit Trends To Continue

Highest proportion of positive outlooks in the region

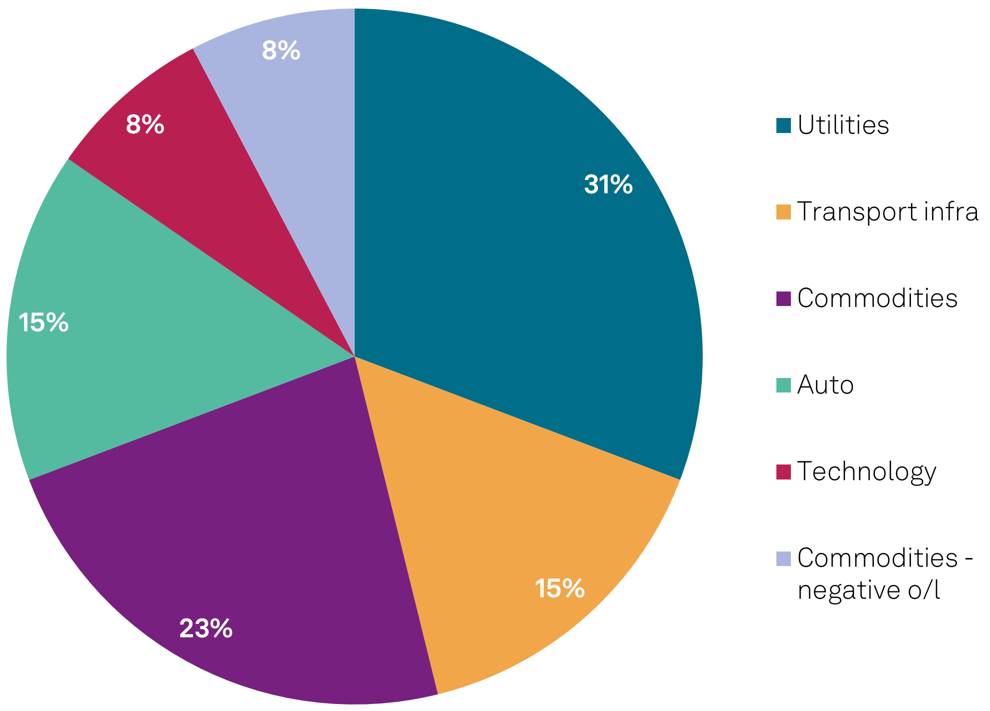


- Positive outlooks reflect improving conditions and prudent balance sheet management.
- Two of the three Tata Group credits already had positive outlooks for standalone reasons before the we placed them on CreditWatch positive.

Source: S&P Global Ratings.

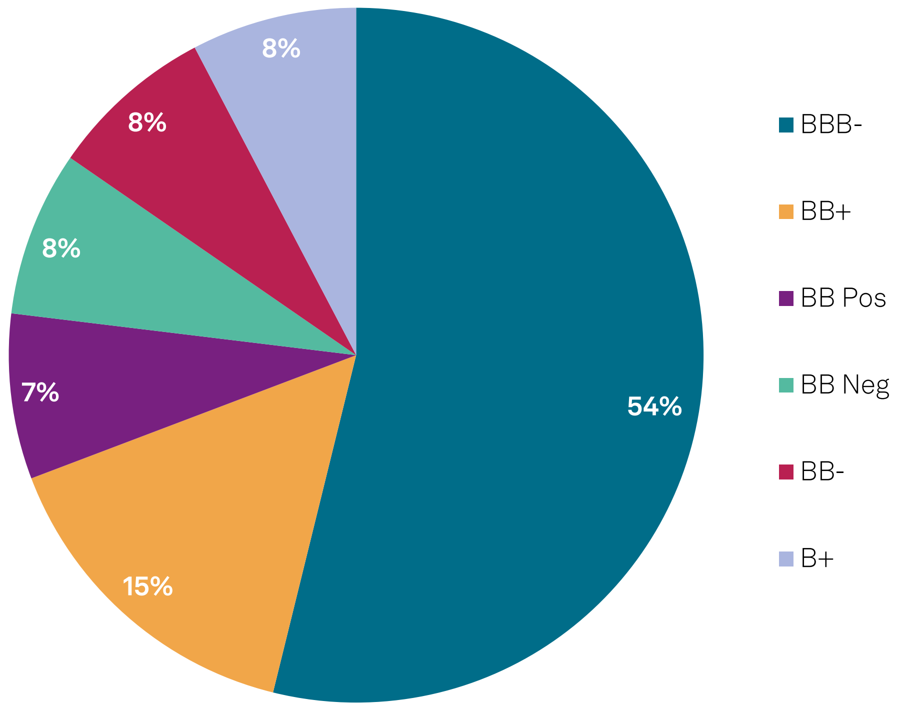
Non-stable Outlooks Are Well Distributed Across Sectors And Ratings

Outlooks other than stable by sector



Source: S&P Global Ratings.

Ratings with outlooks other than stable

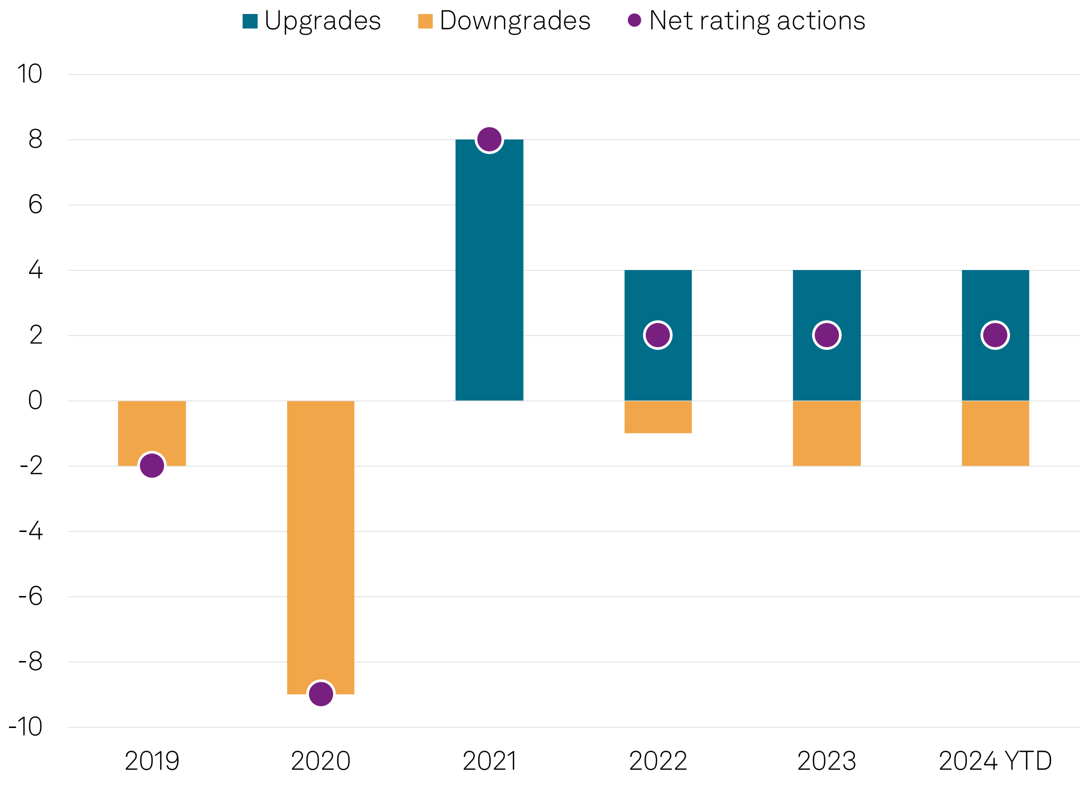


Source: S&P Global Ratings.

S&P Global
Ratings

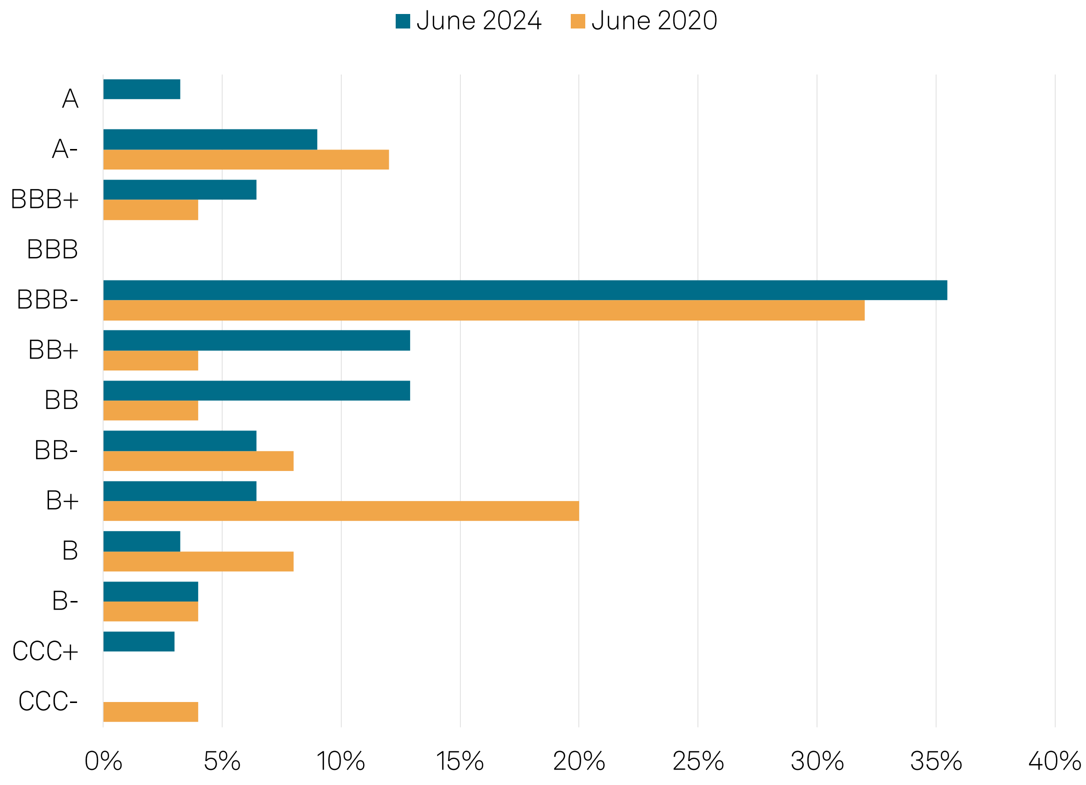
Credit Quality Continues To Improve

More than three straight years of net positive rating actions



Source: S&P Global Ratings.

Ratings distribution has shifted upward



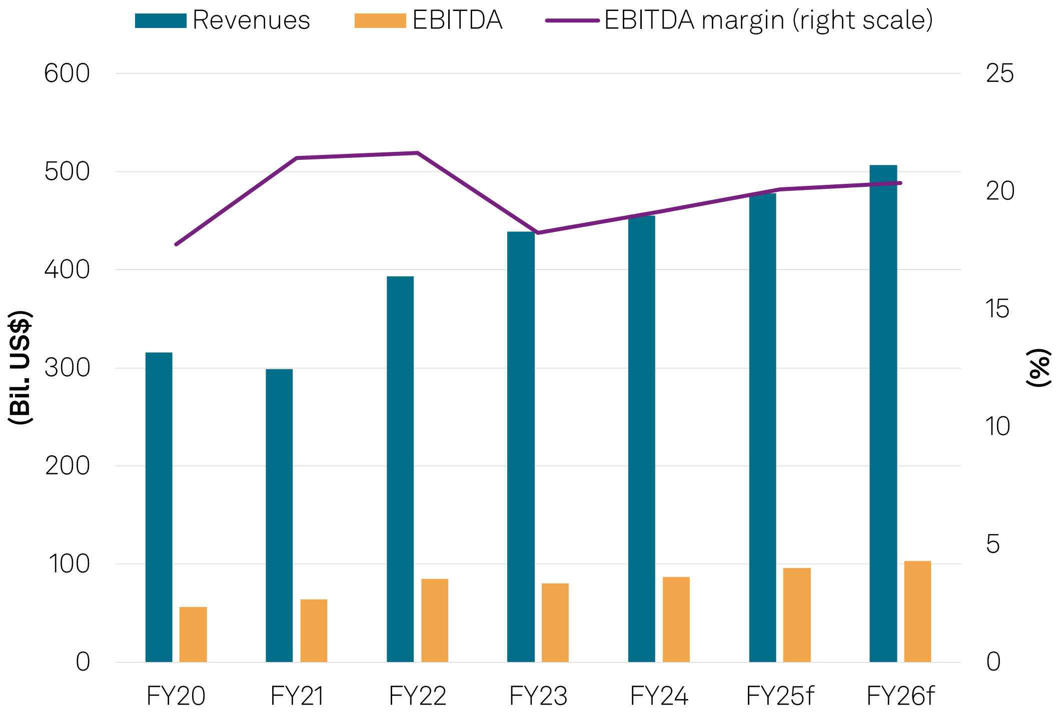
Source: S&P Global Ratings.

S&P Global
Ratings

Earnings And Balance Sheet Strength Continue To Improve

Favorable operating environments, steady growth in revenue and margins

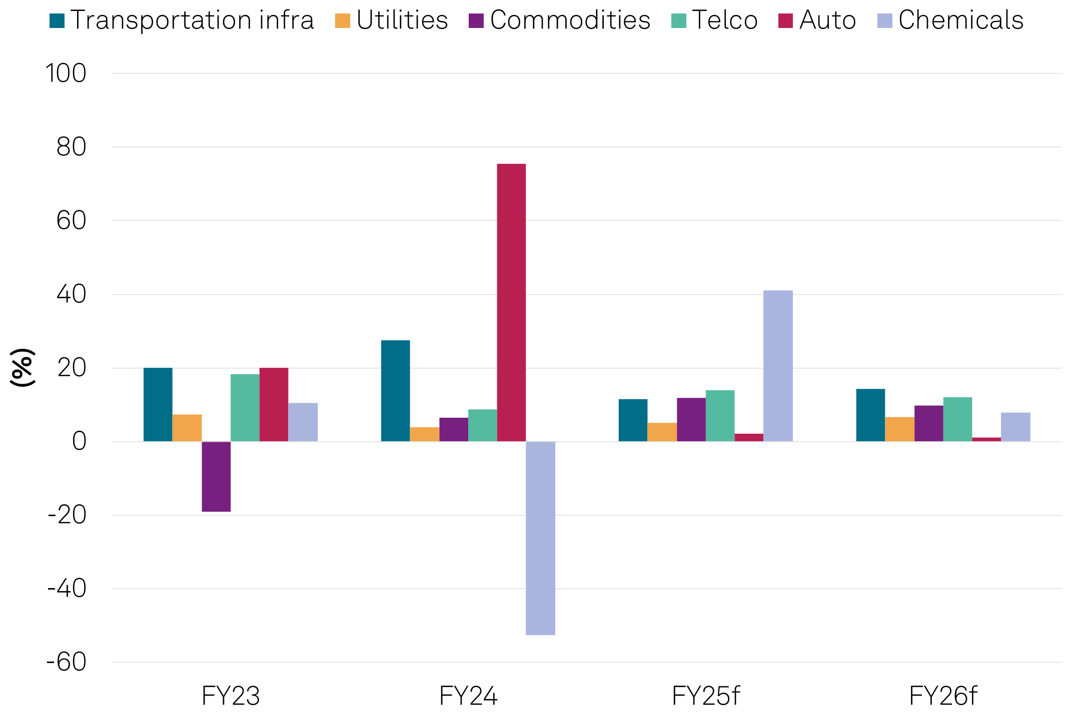
Aggregate revenues and EBITDA



Aggregate data of rated credits. FY--Year ending March. f--Forecast. Source: S&P Global Ratings.

Broad growth driven by telcos, transport infrastructure, commodities, and chemicals

YoY EBITDA growth by sectors



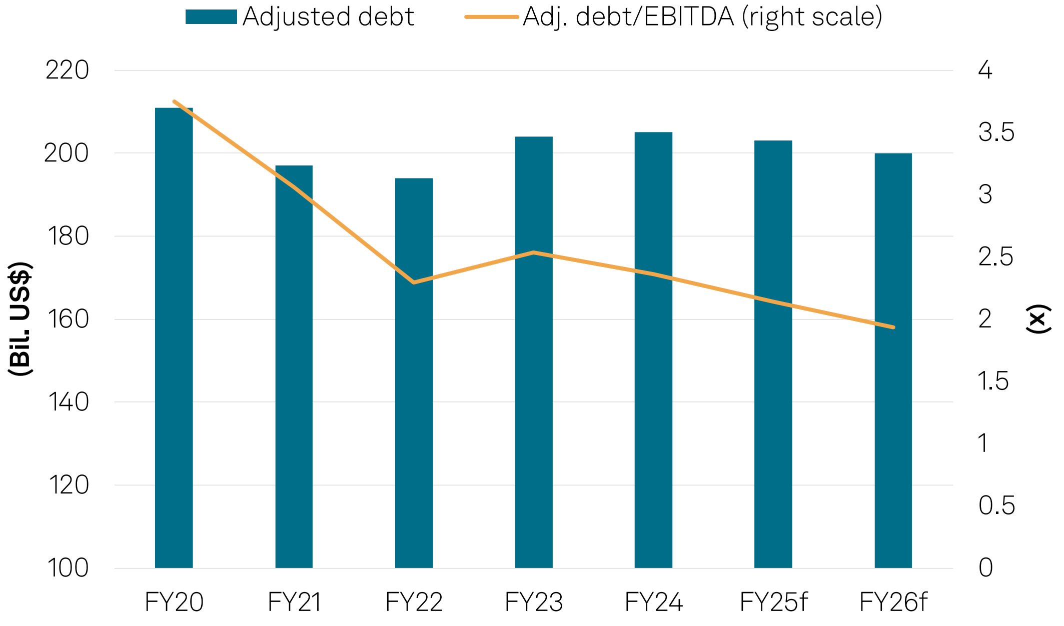
FY--Year ending March. f--Forecast. based on rated companies in various sectors, some with small sample size (e.g. auto), may not be representative of industry trends. Source: S&P Global Ratings.

S&P Global Ratings

Earnings And Balance Sheet Strength Continue To Improve

Debt levels to decline modestly, earnings growth drives leverage lower

Aggregate adjusted debt and leverage



Aggregate data of rated credits. FY--Year ending March. f--Forecast. Source: S&P Global Ratings.

Supportive financial policy has supported debt reduction

Asset monetization transactions over the past 12 months

Company	Transaction	(Bil. US$)
Vedanta Resources	Sale of about 10% Vedanta Ltd. Shares, equity raise at Vedanta Ltd.	2.4
Tata Motors	Sale of about 20% in Tata Technologies	0.45
Glenmark	Sale of life-sciences business	0.7
Reliance Industries	Sale of 1% in retail arm	1.0
UPL Ltd.	Proposed rights issue	0.4

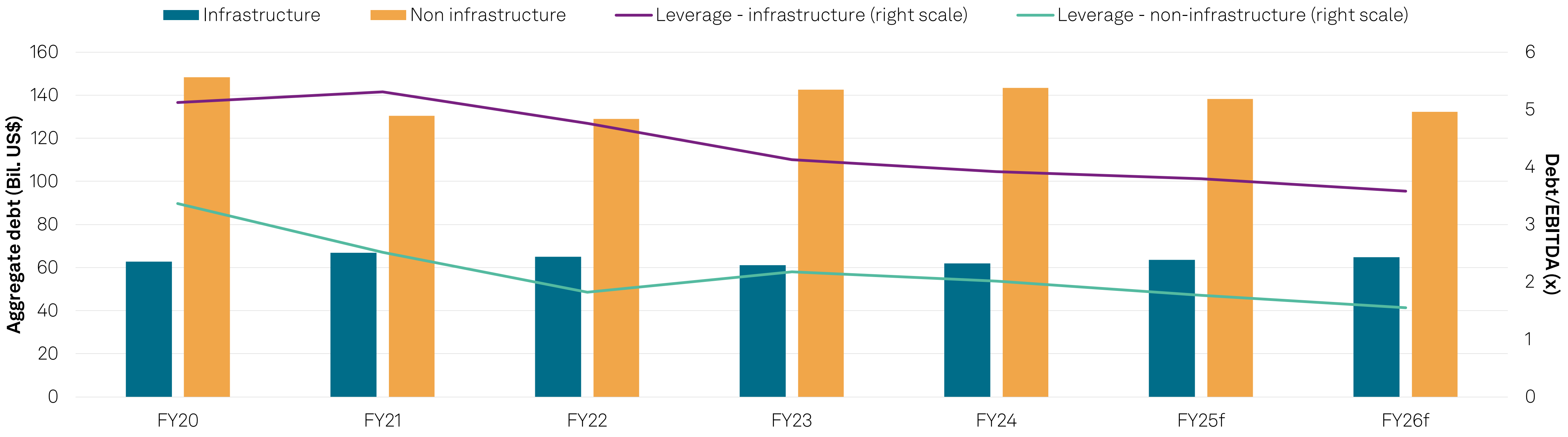
Source: S&P Global Ratings.

Both Infrastructure And Non-infrastructure Sector Leverage Is Falling

Absolute debt reduced more in non-infrastructure sectors

Not much debt reduction in infrastructure entities slower due to higher capex, including energy transition initiatives

Absolute debt and leverage trends

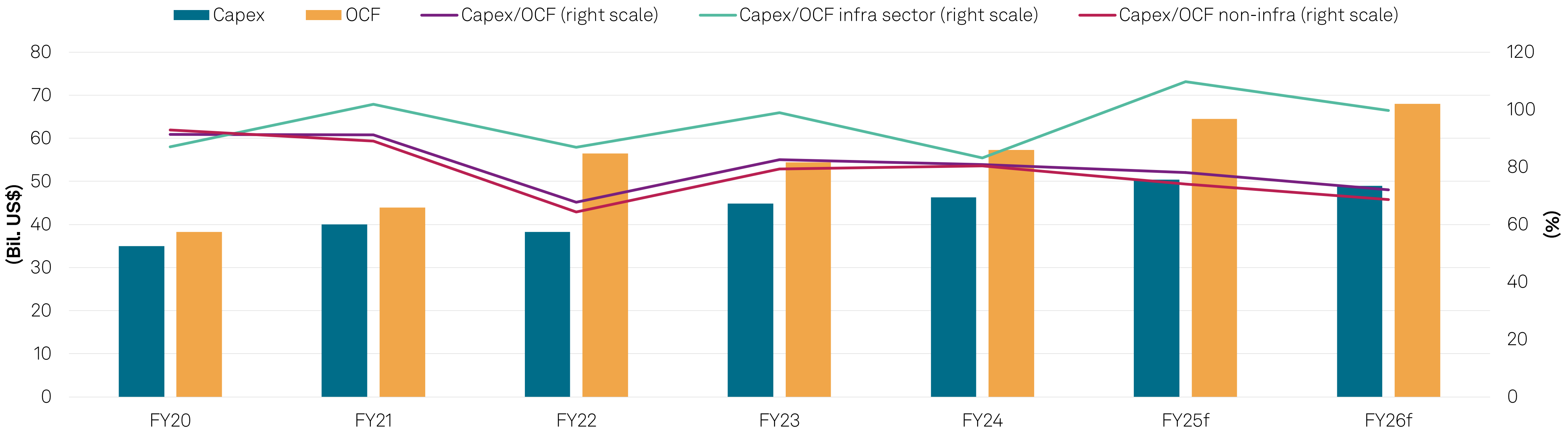


Aggregate adjusted debt of rated credits. FY--Year ending March. f--Forecast. Source: S&P Global Ratings.

Operating Cash Flows Outpace Capex, Supporting Deleveraging

Free operating cash flow is increasing and spread wider

Capex intensity remains higher in infrastructure sectors; neutral free operating cash flow is a positive trend

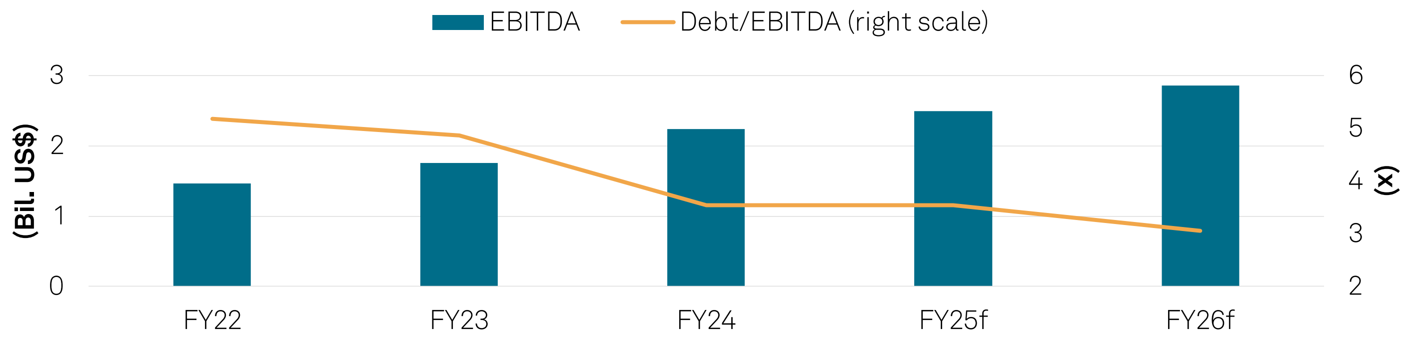


Aggregate data of rated credits. FY--Year ending March. f--Forecast. Source: S&P Global Ratings.

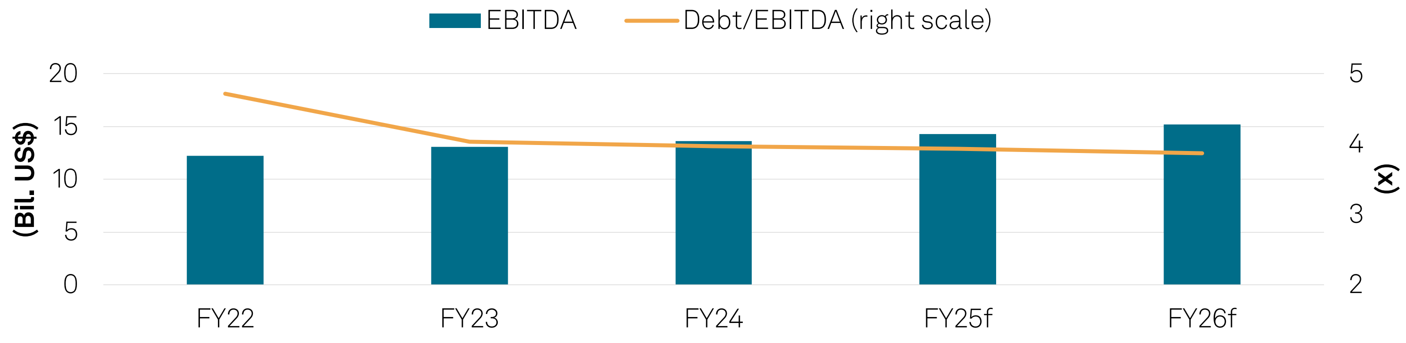
S&P Global
Ratings

Improving Trend Across Sectors

Transportation infrastructure: Boost from traffic growth and tariff increases



Utilities: Lower but relatively high leverage due to capex plans

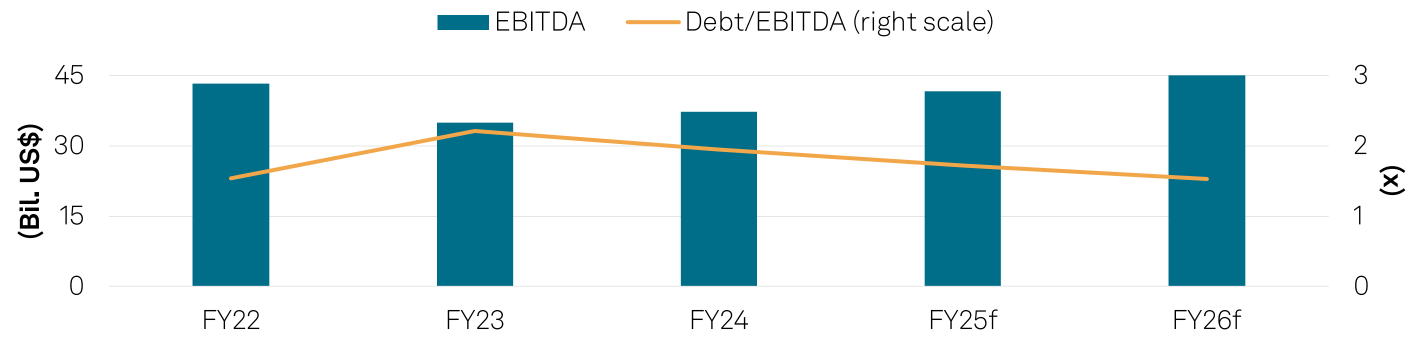


Aggregate data of rated credits by sector. FY--Year ending March. f--Forecast. Source: S&P Global Ratings.

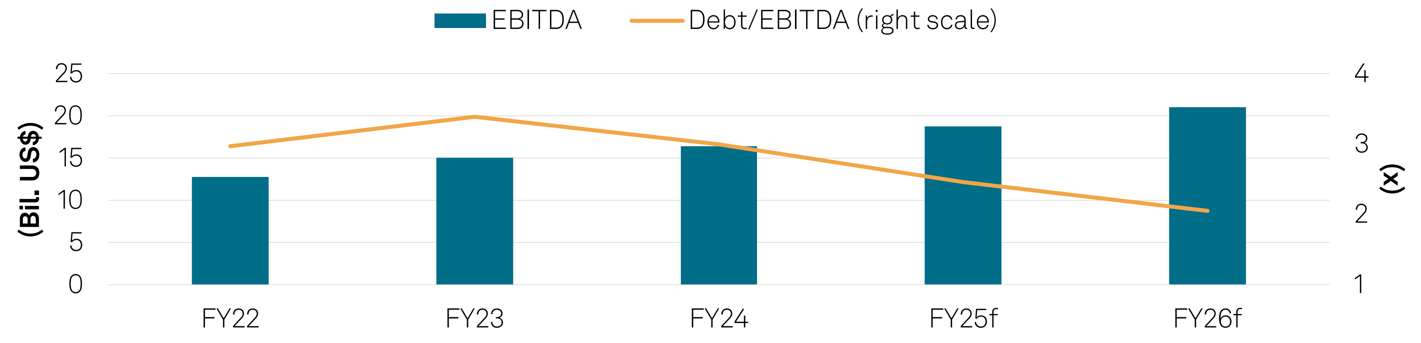
- Rising cargo volumes support port revenues; operating efficiency supports margins
- Growth appetite and M&A are points to watch
- Traffic rising above pre-COVID levels and higher tariffs improve airport operating cash flow
- Decreased capex and shareholder focus should improve airport credit quality
- Rising demand and new capacity support utilities earnings
- Utilities capex remains high, especially with transition plans

Improving Trend Across Sectors

Commodities: Favorable prices, falling input costs, manageable capex



Telecom: Improving ARPU*, moderating capex

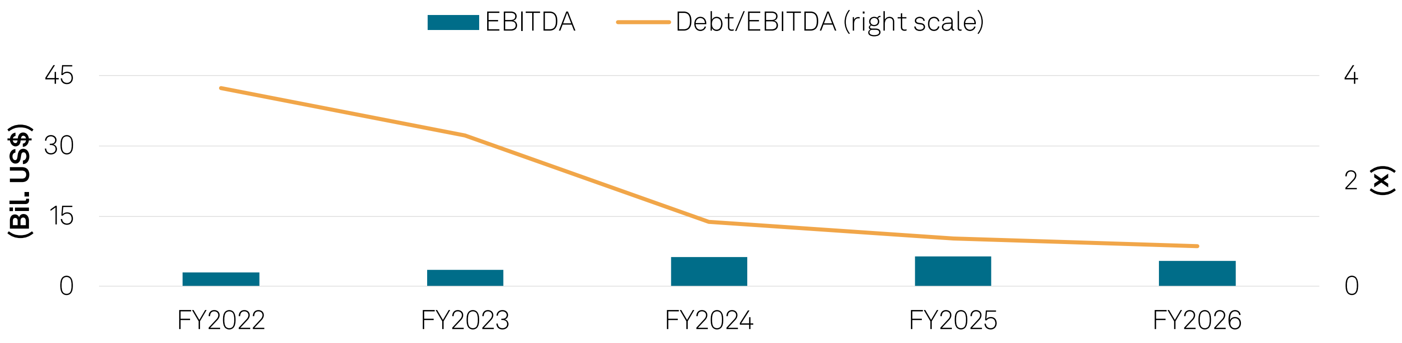


Aggregate data of rated credits by sector. FY--Year ending March. f--Forecast. Source: S&P Global Ratings.

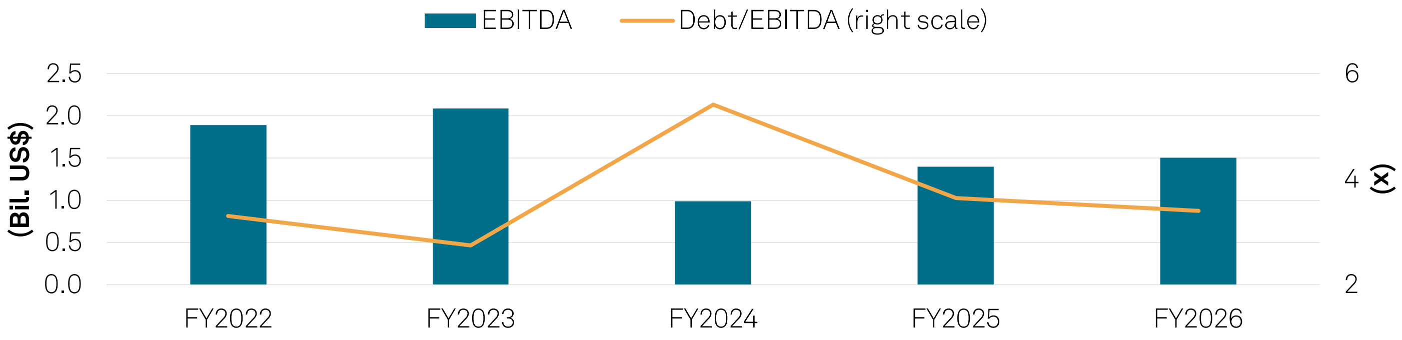
- Falling input prices and new capacity additions to increase steel sector operating cash flow
- Backward integration and higher volumes to improve Vedanta's earnings
- Oil and gas earnings largely stable given price outlook; production also stable
- Manageable planned capex in commodity sector; equity raising by Vedanta has reduced leverage
- Tariff increases and rising subscriber numbers drive telecom earnings
- Telecom capex to moderate after 5G auctions in 2023; sector to deleverage significantly

Improving Trend Across Sectors

Autos: Normalized growth after strong fiscal 2024 and sharp deleveraging



Chemicals: Leverage to remain high despite sharp earnings rebound



Aggregate data of rated credits by sector. FY--Year ending March. f--Forecast. Sample size for autos is small and may not reflect industry trends.
Source: S&P Global Ratings.

- Sustained auto sector operating performance as volumes settle after supply chain issues in 2022
- Normalized growth in auto sales and stable margins
- Debt to remain low following sharp deleveraging (small sample of rated automakers)
- Falling input costs and stabilized product prices to support chemicals sector earnings recovery following 2023 downturn

Portfolio Overview

Deep Dive On Rated Issuers

Adani Electricity Mumbai Ltd. (AEML)

[Portfolio Snapshot](#)

Issuer credit rating: BBB-/Stable/-- | **Stand-alone credit profile:** bbb-

Business risk: Strong | **Financial risk:** Aggressive

Analyst: Cheng Jia Ong

Regulated returns balance capex and leverage risks at parent AESL.

Key watchpoints

- Cash flow recovery over FY24-FY25 on approved "true-up" of Indian rupee (INR) 15.7 billion with continued strong power demand and stable tariff collections.
- We expect timely tariff resets for the next regulatory period (Apr. 2025 – Mar. 2030).
- Parent AESL's riskier growth strategy and its higher leverage could weigh on AEML's credit quality.

Key rating drivers

- Availability-based regulatory framework with timely cost passthrough, guaranteed returns.
- Capitalization of six months and high reliability for the distribution network.
- One-notch insulation from parent, AESL due to strong structural protections.
- Elevated leverage due to high capex plans.
- AESL's controlling stake exposes AEML to governance risk, related-party transactions.

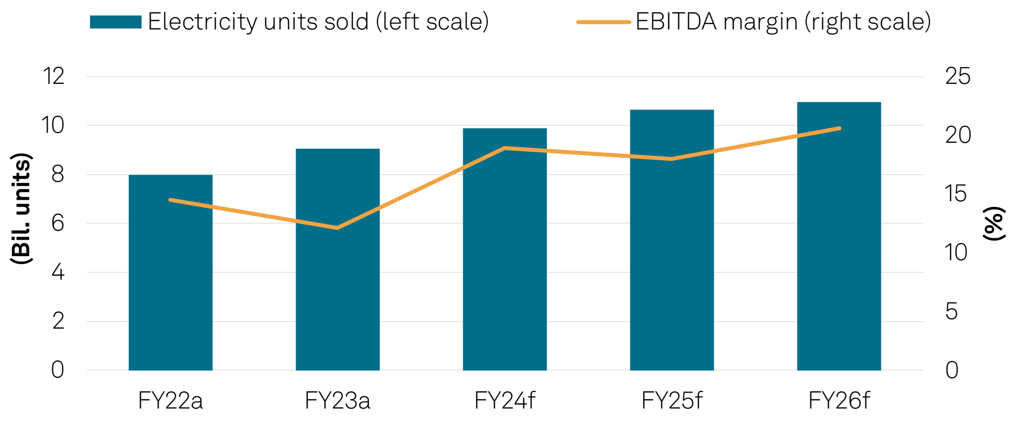
Snapshot of rating triggers

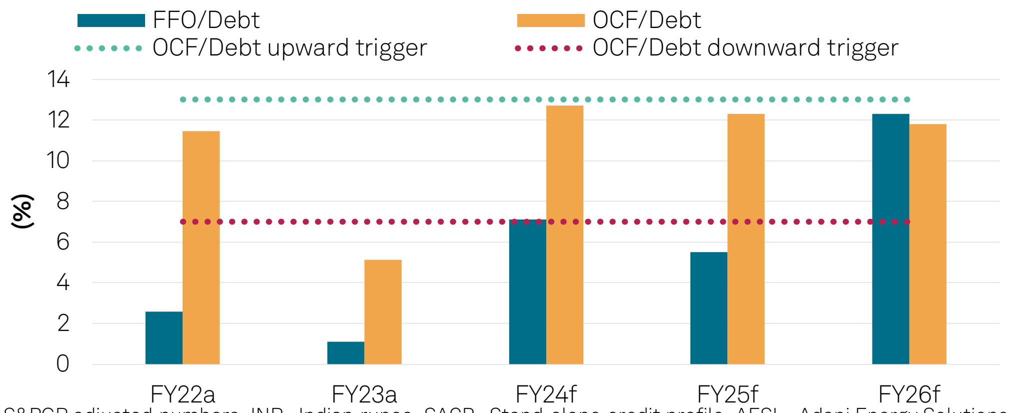
▲

- Upgrade of the sovereign rating--provided AEML's OCF to debt stays above 13% and its FFO to debt above 9%; and AESL's FFO/debt remains above 13%.

▼

- Parent AESL's FFO/debt remains below 9%.
- Ineffective insulation from AESL.
- AEML's SACP is lowered due to negative regulatory developments or if its OCF/debt stays below 7%.
- Downgrade of the sovereign rating.





S&PGR adjusted numbers. INR--Indian rupee. SACP--Stand-alone credit profile. AESL--Adani Energy Solutions Ltd. Capex--Capital expenditure. FFO--Funds from operations. OCF--Operating cash flows. PPA--Power purchase agreement. a--Actual. f--Forecast. FY—fiscal year ending March.

Latest Report: [AEML](#), Apr. 22, 2024. Source: S&P Global Ratings.

S&P Global Ratings

Adani Green Energy Ltd. Restricted Group 2

[Portfolio Snapshot](#)

Issue credit rating: BB+/Stable/-- | **Project stand-alone credit profile:** bb+

Analyst: Cheng Jia Ong

Closed pool of assets supports stability; counterparty credit is a watchpoint.

Key watchpoints

- Electricity generation to be in line with P90 estimate at portfolio level.
- Timely cash collection from revenue counterparties to continue. 100% of total receivables at end-FY24 were collected within 60 days.
- Currency risk and hedge renewal risk given hedges are three years--shorter than debt tenor.

Key rating drivers

- Fixed-price long-term PPAs limits cash flow volatility. Must-run dispatch status of renewables.
- Diversified pool of solar assets across India and majority offtake by strong counterparty.
- Strong covenant structure with largely amortizing debt supports downside resiliency.

- Resource risk could weaken operating performance and cash flow.
- Possible delays in receivables from weak state distribution utilities.
- Currency risk, higher hedge costs and renewal risks given shorter hedge tenor than debt tenor.

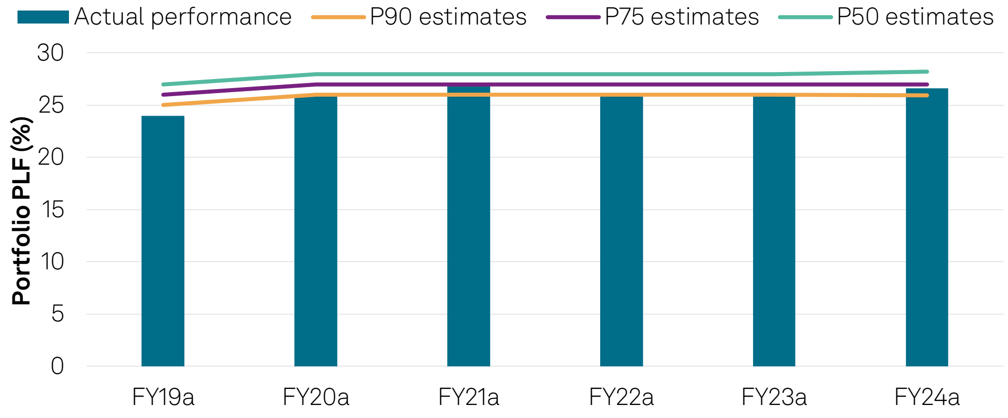
Snapshot of rating triggers

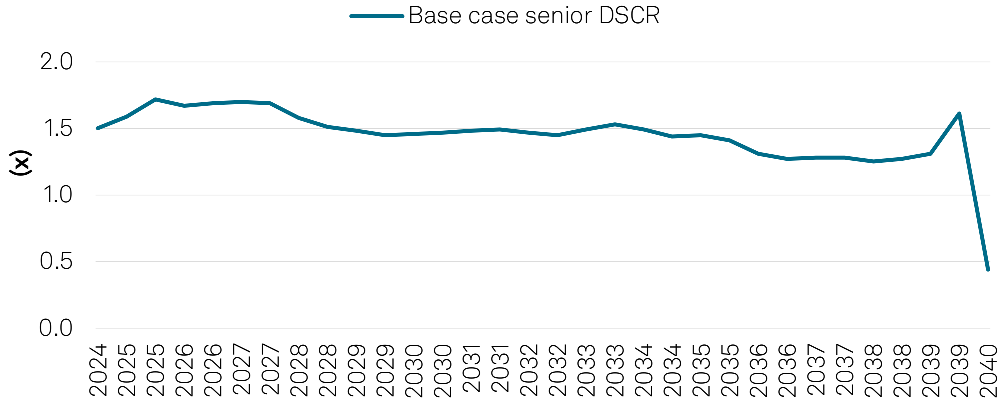
▲

- Upgrade is unlikely, constrained by counterparty risk with Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)'s and hedge renewal risk.

▼

- Minimum DSCR lower than 1.15x.
- If MSEDCL is downgraded by one notch or if we remove one-notch insulation from the weakest off-taker. Lower likelihood of support from the government for off-takers.
- Resiliency under downside analysis reduces to modest.





S&PGR adjusted numbers. PPA--power purchase agreement. P90--Meeting power generation probability of at least 90% of time. DSCR--Debt service coverage ratio. a--Actual. FY—fiscal year ending March.
Latest Report: AGEL RG2, May. 23, 2024. Source: S&P Global Ratings.

Adani International Container Terminal Pte. Ltd.

[Portfolio Snapshot](#)

Issuer credit rating: BBB-/Stable/-- | **Stand-alone credit profile:** bbb-

Analyst: Mary Anne Low

Stable operations and cash flows support investment grade rating.

Key watchpoints

- Cargo volumes resiliency, tariff increases, operational efficiency support cash flows.
- Project SACP unlikely to improve, given forecast financial metrics constrained by large balloon payment at maturity.
- Moderately resilient under our downside analysis—with timely debt service for at least five years and DSCR at above 1.0x throughout life of the project.

Key rating drivers

- Prime location, rail and road connectivity to India's industrial hinterland.
- Resilient operating cash flow leading to a minimum DSCR of 1.73x.
- Three separate debt reserves to support debt servicing including final balloon repayment.

- Fully exposed to market risk given we are unable to assess Mediterranean Shipping Co. SA's creditworthiness.
- 20.5% balloon payment at maturity weakens DSCR in the last repayment period.

Snapshot of rating triggers

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- Upgrade of the sovereign rating and upward revision in SACP.
- If the issuer can be rated higher than the sovereign, and SACP is revised up to 'bbb'.
- SACP: Minimum DSCR is above 1.75x and downside resilience is high.

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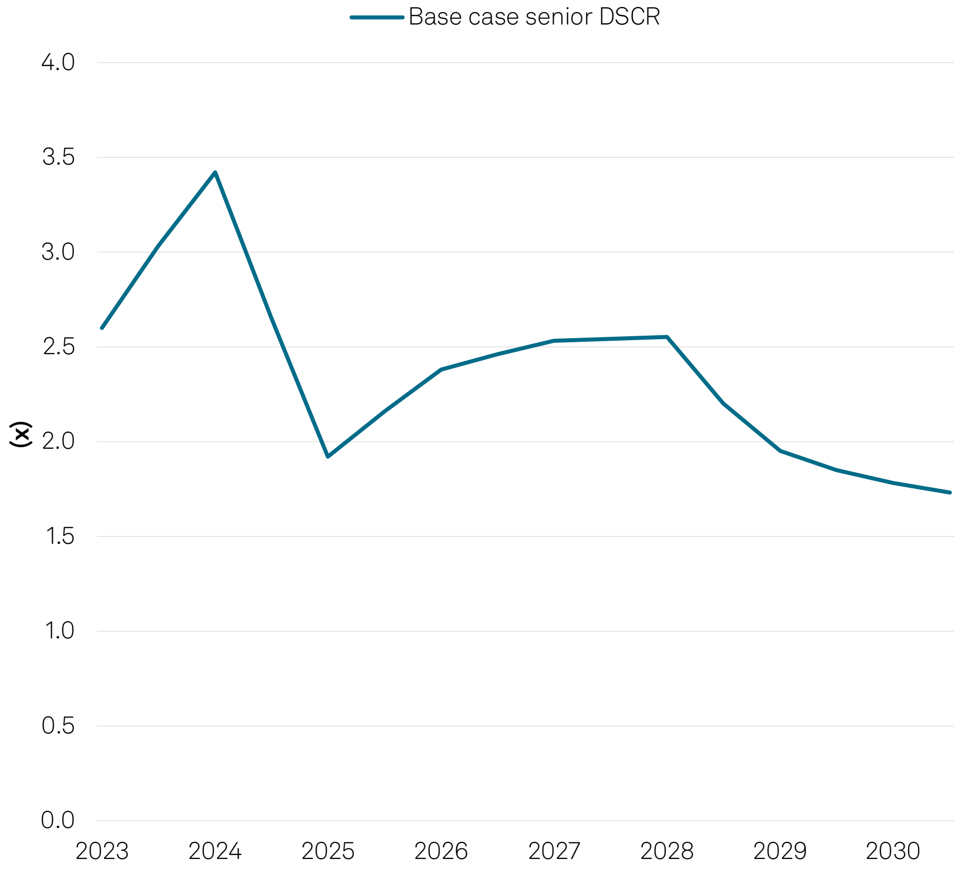
- Minimum DSCR is lower than 1.60x.
- Downgrade of the sovereign rating.



S&PGR adjusted numbers. SACP--Stand-alone credit profile. DSCR--Debt service coverage ratio. Latest compliance certificate & financials March 2024.

Latest Report: AICTPL, Mar. 21, 2024. Source: S&P Global Ratings.

Adani Ports and Special Economic Zone Ltd. (APSEZ)

Portfolio Snapshot

Issuer credit rating: BBB-/Positive/-- | **Stand-alone credit profile:** bbb- **Business risk:** Strong | **Financial risk:** Intermediate

Analyst: Cheng Jia Ong

Upside potential reflects improving scale and diversification, earnings growth.

Key watchpoints

- More clarity on concession renewal prospects for Gujarat-based ports, including Mundra port.
- Improving financials will depend on growth appetite. Capex spending and acquisitions to remain high at about INR166 billion in FY25 and INR125 billion in FY26.
- Event risk from acquisitions in riskier markets and any significant loans or advances to parties (related or suppliers) outside the normal course of business.

Key rating drivers

- Well-located pan-India origin and destination ports. The largest private port operator in India.
- Sticky cargo and resilient container volumes. Healthy EBITDA margins of 58%-60%.

- Growth aspirations may lead to high capex, with acquisitions in potentially riskier markets.
- Adani Group's controlling ownership exposes the company to some governance risks and related-party transactions.

Snapshot of rating triggers

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- Renewal risk of Mundra port is manageable.
- Refrains from any related-party transactions outside the normal course of business.
- No material governance risks or new regulatory investigations for the Adani group.
- APSEZ clears our sovereign default stress test or we raise the sovereign rating on India.

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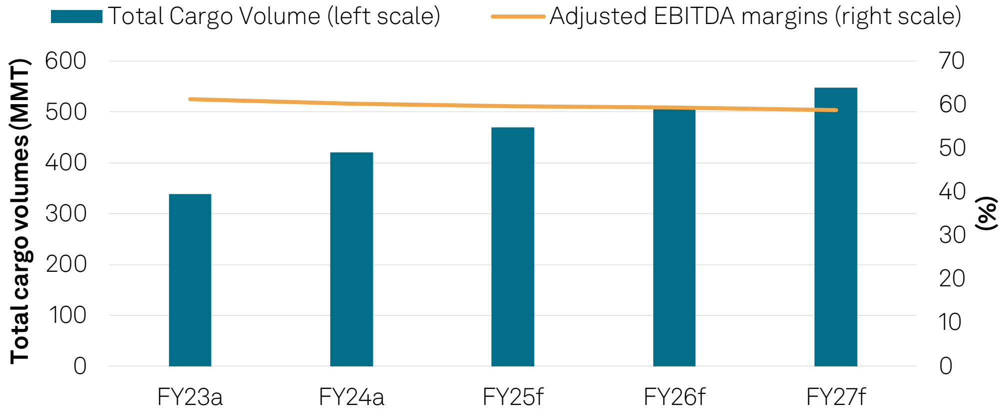
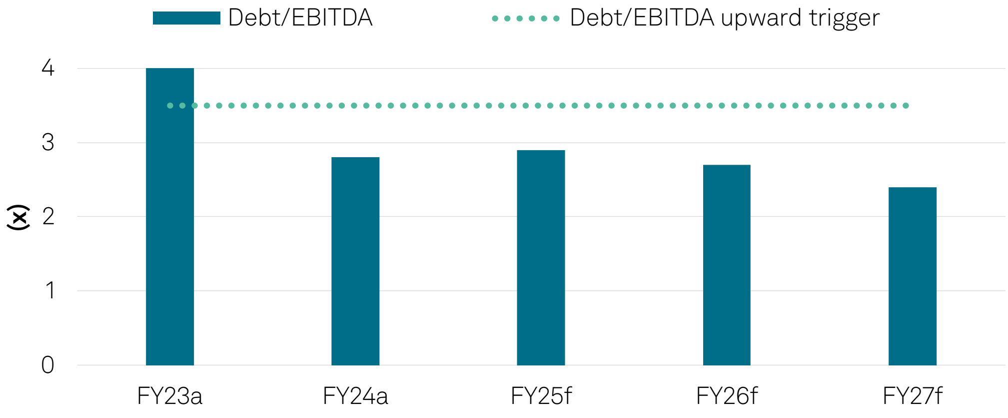
- Outlook could be revised to stable if concession renewal risk for the Mundra port is greater than we expect.
- Rating could be lowered if net debt to EBITDA increases sustainably above 3.5x, or APSEZ undertakes any related-party loans or advances outside the normal course of business.





S&PGR adjusted numbers. Capex--Capital expenditure. INR--Indian rupee. a--Actual. f--Forecast. FY—fiscal year ending March. Latest Report: APSEZ, June. 25, 2024. Source: S&P Global Ratings.

Bharti Airtel Ltd.

Portfolio Snapshot

Issuer credit rating: BBB-/Stable/-- | **Stand-alone credit profile:** bbb- | **Business risk**: Satisfactory | **Financial risk**: Significant

Analyst: Yijing Ng

Potential rating upside if deleveraging trend continues, subject to RAS test

Key watchpoints

- Competitor 5G rollouts; plus, spectrum auctions/ moratoriums.
- Any support for steeper ARPU increases in Indian mobile segment; dividends from tower business.
- Easing wireless capex.
- Extent of currency-induced weaknesses in Bharti Airtel Ltd.'s African operations.
- Action on first call date (January 2025) for perpetual securities (can affect equity).

Key rating drivers

- Second-largest mobile operator by revenue share in India.
- Good geographical diversity of business through its African operations.
- Strong access to capital markets
- Elevated capital investments.
- High competition, although more rational of late, in India's mobile market.

Snapshot of rating triggers

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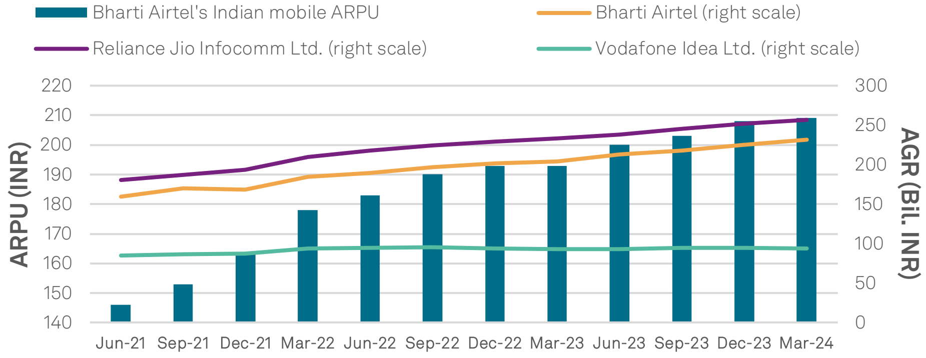
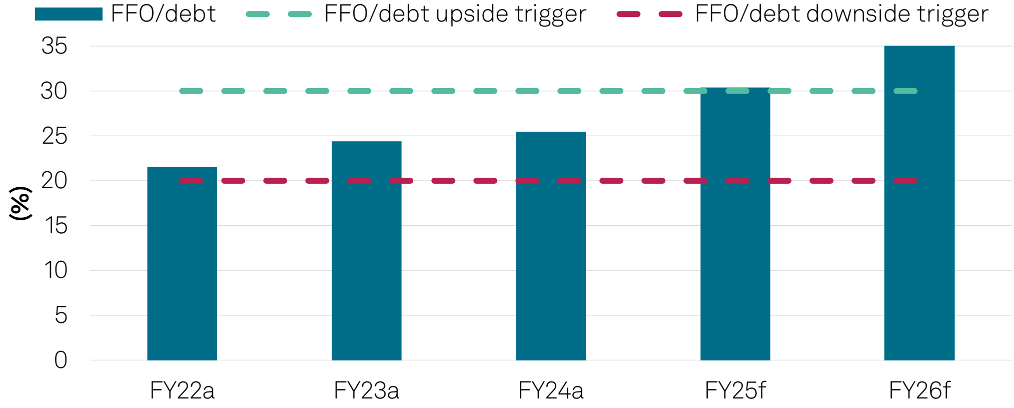
- FFO/debt >30% if the company significantly deleverage, and
- Upgrade of sovereign rating.

▼
- FFO/debt <20% with debt-funded capex beyond expectations or lower profitability or unforeseen material regulatory costs, or
- Downgrade of sovereign rating.

Rising revenue in the Indian mobile market reflects the now more rational competition
ARPU growth has slowed in the absence of outright tariff hikes





S&PGR Adjusted numbers. ARPU--Average revenue per user. AGR--Adjusted gross revenue. INR--Indian rupee. RAS--Rating above sovereign; FY—fiscal year ending March,
Latest Report: Bharti Airtel, Jul. 18, 2024. Source: S&P Global Ratings, Telecom Regulatory Authority of India.

Continuum Green Energy Ltd. (CEPL)

Portfolio Snapshot

Issuer credit rating: B+/Positive/-- | **Stand-alone credit profile:** b+

Business risk: Satisfactory | **Financial risk:** Highly Leveraged

Analyst: Cheng Jia Ong

New capacity, protection from cash-flows upstreaming are key to upgrade.

Key watchpoints

- Rating upside intact with 1 GW of projects to be operational by Q1 FY25 after some delays. Cash flow from 2.3 GW capacity will support FFO cash interest cover to stay above 1.5x in FY26.
- Upstreaming of project cash flows to service CEPL's loan will be limited over the next few years. Interest servicing at CEPL is manageable as cash interest on promoter loan is pre-funded.
- Expansion plan and capex to be shaped by potential equity raise or domestic listing.

Key rating drivers

- Differentiated focus on the profitable C&I market supports higher returns and earnings.
- C&I customers with better credit quality provide cash flow visibility.
- High leverage and tight interest-servicing ratios.
- Resource risk for wind assets and further execution delays could lead to lower cash flows.
- Smaller scale with limited project diversity compared with peers.

Snapshot of rating triggers

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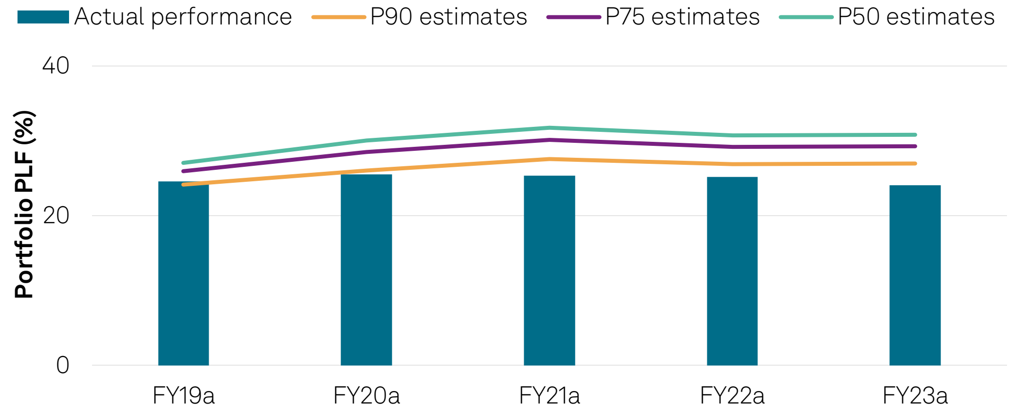
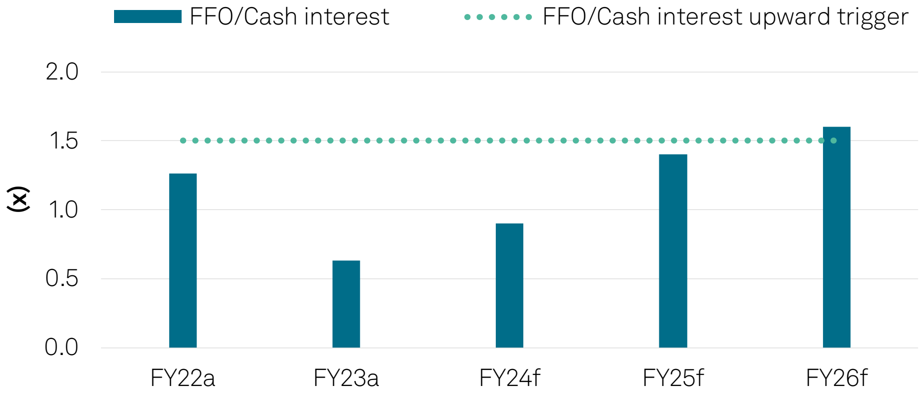
FFO cash interest cover sustains above 1.5x.	Outlook to be revised to stable if FFO cash interest cover is unlikely to sustain toward 1.5x.





S&PGR adjusted numbers. Capex--Capital expenditure. C&I--Commercial and industrial. Forecast P90--Meeting power generation probability of at least 90% of time. GW--Gigawatt. FFO--Funds from operations. a--Actual. f--Forecast. FY—fiscal year ending March.

Latest Report: Continuum, Apr. 30, 2024. Source: S&P Global Ratings.

Delhi International Airport Ltd.

[Portfolio Snapshot]

Issuer credit rating: BB-/Positive/-- | **Stand-alone credit profile:** bb- | **Business risk:** Satisfactory | **Financial risk:** Highly Leveraged

Analyst: Cheng Jia Ong

Leverage improvement will depend on higher CP4 tariffs and dividends.

Key watchpoints

- Dividends will be key as capital spending tapers. Likely to resume dividends of INR2 billion-INR4 billion per year from FY26.
- CP4 tariffs to be implemented from April 1, 2025, following a one-year delay. Higher tariffs of INR360-INR370 per passenger to drive stronger cash flow.
- Further upside to CP4 tariffs on favorable ruling by TDSAT can lead to stronger ratios (if approved).
- Robust traffic growth of 10% in FY2025 (Domestic/International: 59 million/22 million).

Key rating drivers

- Strategic gateway airport in India's National Capital Region.
- Assured returns on its regulatory asset base. Base airport charges provide a floor for revenue.
- Credit quality is independent of the credit profile of parent, GMR Airports Infrastructure Ltd.

- Past regulatory delays create higher cash flow volatility than global peers.
- Weaker profitability than peers. Inflexible cost structure with high concession fees.

Snapshot of rating triggers

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- OCF to debt sustainably exceeds 9%.

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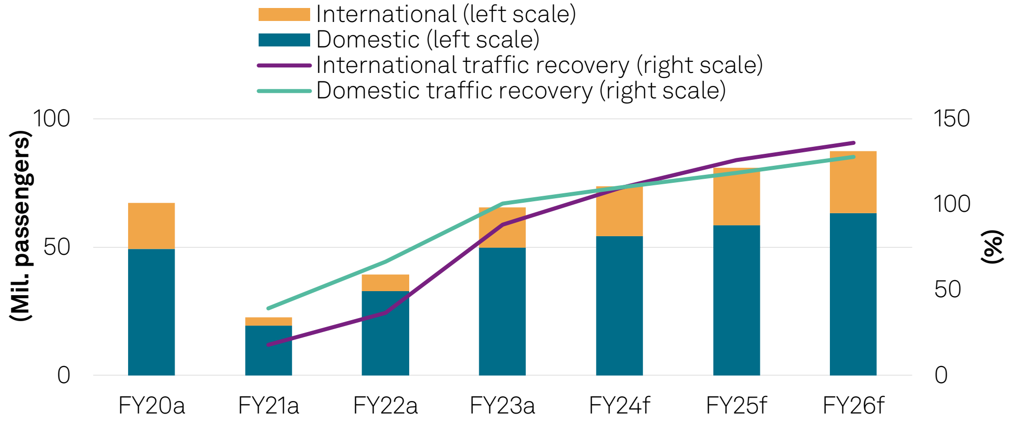
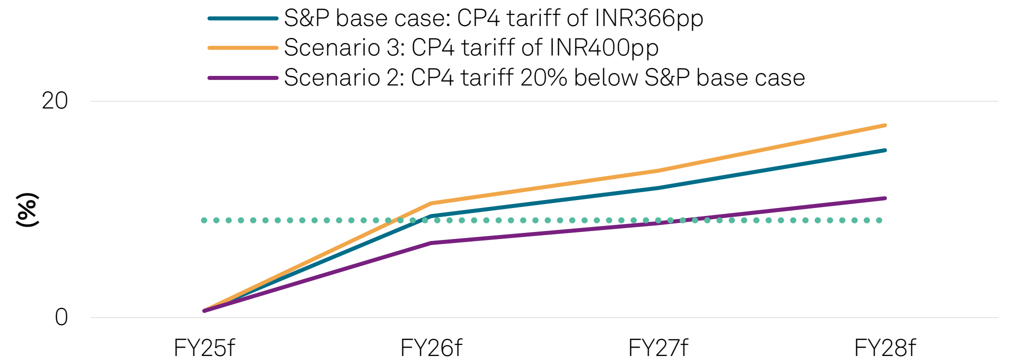
- Outlook could be revised to stable if OCF to debt is unlikely to sustain toward 9%.





S&PGR adjusted numbers. Recovery is calculated as percentage of the pre-pandemic level. INR--Indian rupee. CP4--Control period 4 (April 1, 2024, to March 31, 2029). FFO--Funds from operations. OCF--Operating cash flow. TDSAT--Telecom Disputes Settlement and Appellate Tribunal. a--Actual. f--Forecast. FY—fiscal year ending March.

Latest Report: DIAL, May. 7, 2024. Source: S&P Global Ratings.

GMR Hyderabad International Airport Ltd.

[Portfolio Snapshot](#)

Issuer credit rating: BB/Stable/-- | **Stand-alone credit profile:** bb

Business risk: Satisfactory | **Financial risk:** Aggressive

Analyst: Cheng Jia Ong

Largely stable metrics as higher tariffs help offset hefty capex needs.

Key watchpoints

- Capex for its next phase of expansion in FY28 may limit significant improvement in cash flow ratios. Spending could increase to INR16 billion in FY28, from INR5 billion in FY26-FY27.
- Tariff to increase to INR440 per passenger in FY25 and INR420 in FY26 (FY23: INR300).
- Dividends to resume with INR2 billion in FY25, and further rise to INR3 billion-INR5 billion in subsequent years. Greater clarity on dividend policy needed.
- Robust traffic growth of 15% in FY25 (Domestic/International: 24 million/5 million).

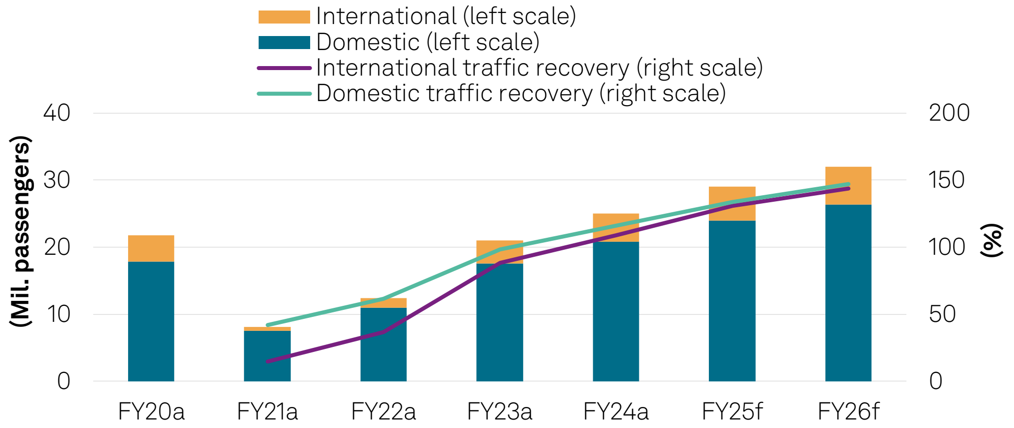
Key rating drivers

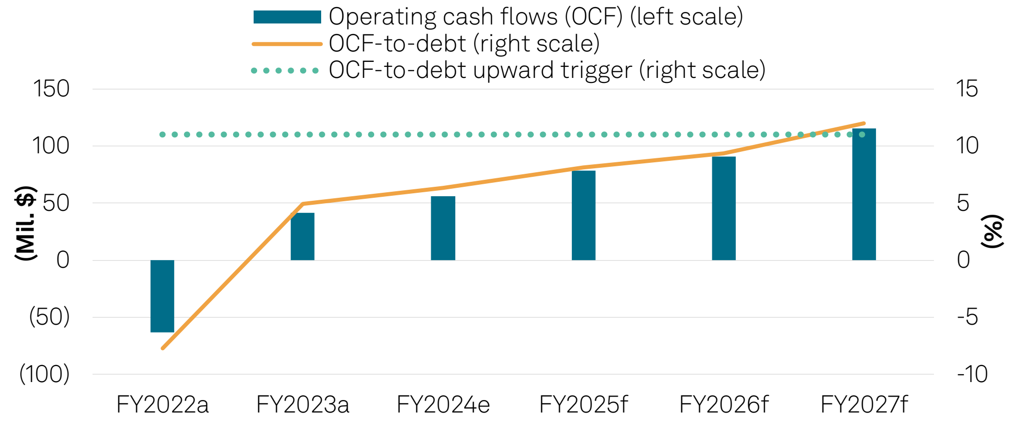
- Strategic central location in India underpins good market position and solid traffic recovery.
- Lower concession fees, higher approved tariffs support cash flows.
- Credit quality is independent of the credit profile of parent, GMR Airports Infrastructure.

- Past regulatory delays lead to higher cash flow volatility than global peers.
- High fixed costs and lack of base airport charges could pressure margins during downturns.

Snapshot of rating triggers

▲	▼
OCF to debt increases to above 11% on a sustainable basis.	OCF to debt falls below 9% and looks set to stay there.





S&PGR adjusted numbers. Recovery is calculated as a percentage of the pre-pandemic level. Capex--Capital expenditure. INR--Indian rupee. OCF--Operating cash flow a--Actual. f--Forecast. FY—fiscal year ending March.

Latest Report: GHIAL, May. 7, 2024. Source: S&P Global Ratings.

Larsen & Toubro Ltd.

[Portfolio Snapshot](#)

Issuer credit rating: BBB+/Stable/-- | **Stand-alone credit profile:** bbb+

Business risk: Satisfactory | **Financial risk:** Modest

Analyst: Anshuman Bharati

Conservative financial policy lends rating stability.

Key watchpoints

- Impact of fixed-price Middle East (ME) contracts on L&T's earnings.
- Working capital build-up due to any delay in order execution.
- Commitment to maintain a disciplined financial policy.
- Non-core asset sale – Nabha Power and Hyderabad Metro.
- Geographical concentration of projects in Saudi Arabia.

Key rating drivers

- Dominant position in Indian E&C, with a diversified presence in IT and financial services.
- Good revenue visibility from strong order book.
- Strengthened financial risk profile from sharp deleveraging.
- Exposure to the cyclical construction industry and project execution risks.
- Volatile profitability in the E&C segment and exposure to fixed-price contracts in the ME.
- Potential exposure to sizable working capital swings.

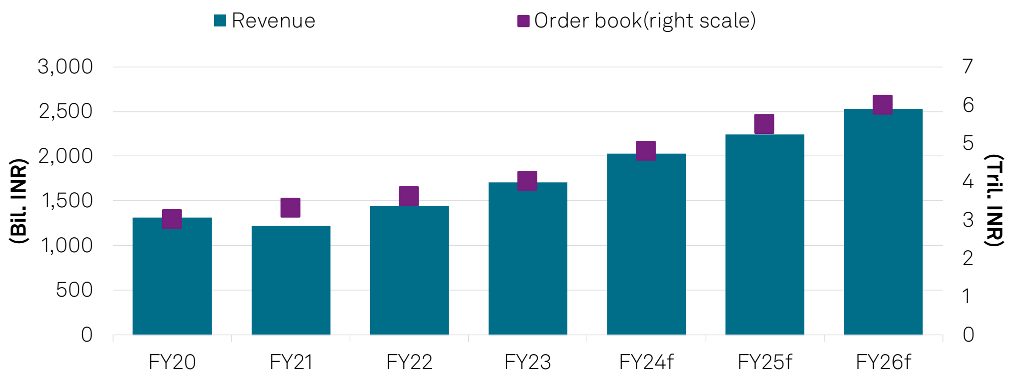
Snapshot of rating triggers

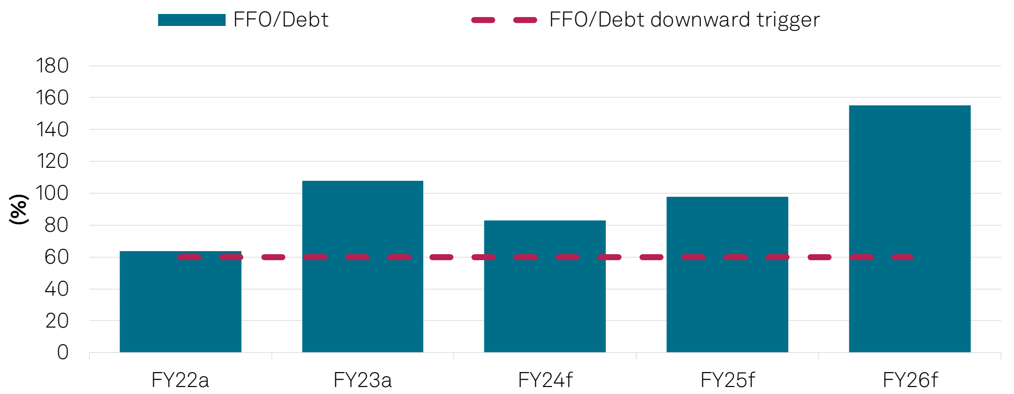
▲

- An upgrade will require business scale and diversity to strengthen materially.
- Upgrade of India sovereign rating.

▼

- A lower rating could occur if debt-to-EBITDA rises above 1.5x and FFO-to-debt declines below 60% on sustained basis.





S&P Adjusted numbers. INR--Indian rupee. FFO--Funds from operations. a--Actual. f--Forecast. FY—fiscal year ending March.

Latest Report: Larsen & Toubro Ltd., May. 27, 2024. Source: S&P Global Ratings.

NTPC Ltd.

Issuer credit rating: BBB-/Positive/-- | **Stand-alone credit profile:** bbb-

Business risk: Strong | **Financial risk:** Aggressive

Analyst: Neel Gopalakrishnan

Financials can strengthen if capex and dividends are under control.

Key watchpoints

- Large dividends or oversized capex could weaken financial risk profile.
- About 3.5GW of thermal and 1.5GW of renewable yearly capacity addition.
- Profitability track record of renewables business to be established.

Key rating drivers

- Established availability-based regulations framework with timely cost passthrough and guaranteed returns. Mostly long-term contracts.
- India's largest power generator with a nationwide generation and diversified customer base.
- Strong links with the government of India.

- High leverage amid heavy capex.
- Exposure to weak Indian state distribution utilities.
- Increasing capex on renewables and new technologies which lack regulated returns and face execution risks.

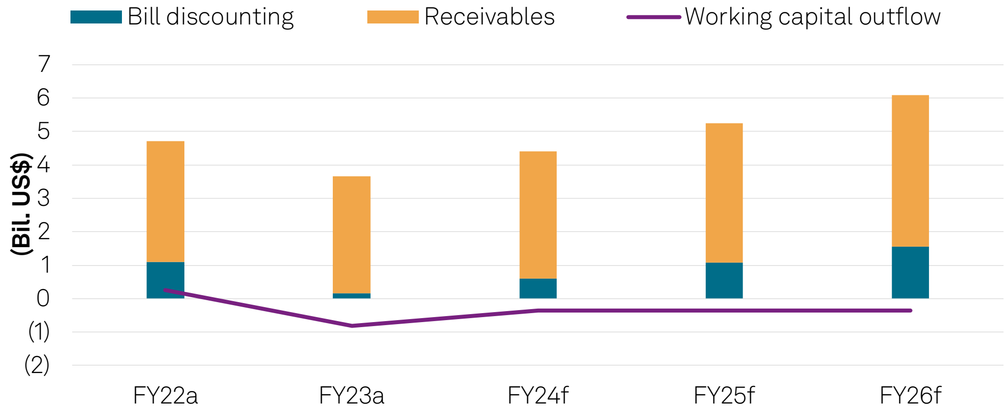
Snapshot of rating triggers

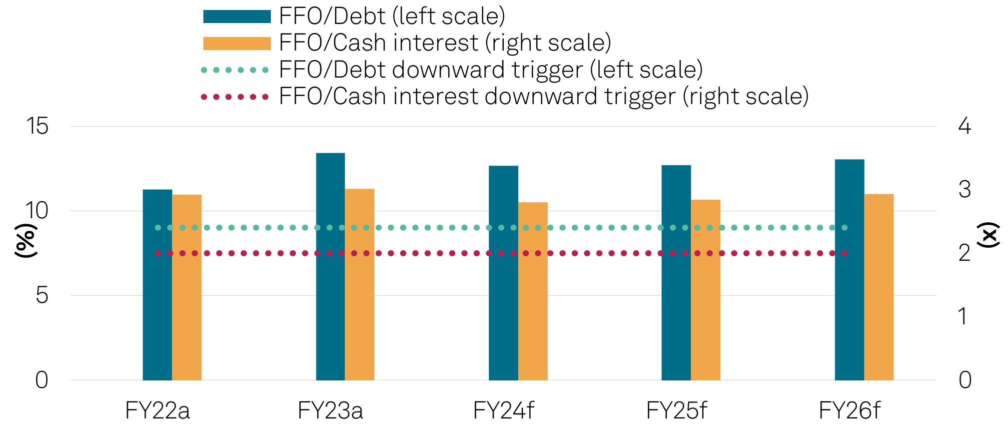
▲

- Upgrade on the sovereign rating to 'BBB' and NTPC maintains an SACP of 'bbb-'.

▼

- Outlook on sovereign rating revises to stable.
- SACP: FFO to debt remains below 9%.





S&PGR adjusted numbers. FFO--Funds from operations. a--Actual. f--Forecast. FY--fiscal year ending March.
Latest Reports: NTPC Ltd., Dec. 15, 2023; Positive outlook May 29, 2024. Source: S&P Global Ratings.

Portfolio Snapshot

Oil and Natural Gas Corp. Ltd.

Portfolio Snapshot

Issuer credit rating: BBB-/Positive/-- | **Stand-alone credit profile:** bbb+

Analyst: Shruti Zatakia

Business risk: Satisfactory | **Financial risk:** Intermediate

Rating capped by sovereign; high capex, dividends slow SACP improvements.

Key watchpoints

- Refineries' capacity utilization and performance through moderate price fluctuations.
- Deleveraging amid step-up in investments to arrest declining production volumes.
- Scale and quantum of announced investments in energy transition could further affect leverage.

Key rating drivers

- Dominant market position, contributing about 70% to India's total oil and gas produced.
- Integrated operations, with about 35.57 million metric tons per annum refining capacity and growing presence in petrochemicals and renewable energy.
- Respectable reserve life of more than 15 years, with a reserve replacement ratio of more than 1x.

- Reduced financial flexibility with sizable near-term investments.
- Potential for negative government intervention constrains the issuer credit rating.

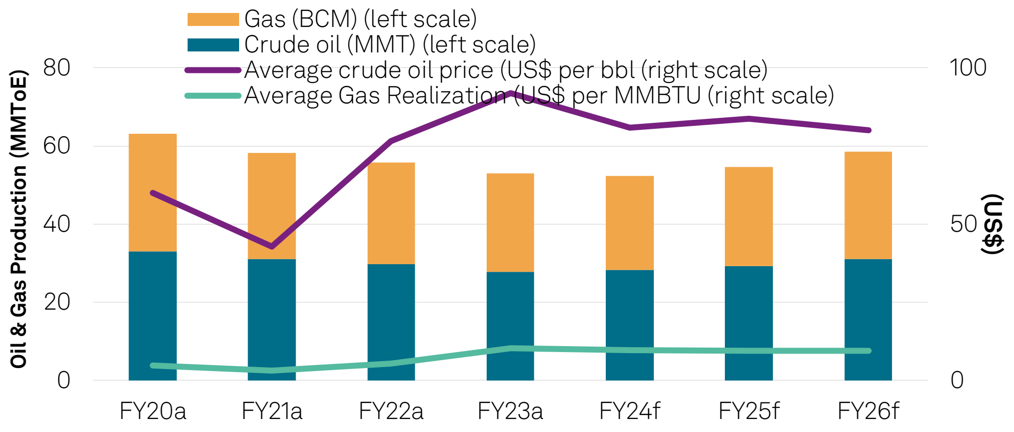
Snapshot of rating triggers

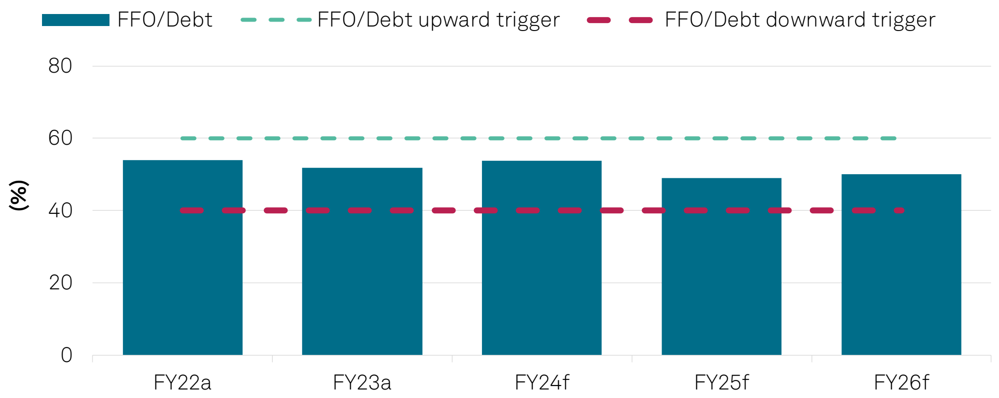
▲

- SACP could be revised upwards if FFO-to-debt ratio approaches 60% even under midcycle price assumptions.

▼

- SACP could be revised downwards if FFO-to-debt fails to remain materially above 40% under midcycle price assumptions.





S&PGR adjusted numbers. MMT--Million metric tons MMToE--Million metric tons of oil equivalent. BCM--Billion cubic meters.
FFO--Funds from operations. a--Actual. f--Forecast. FY—fiscal year ending March 31.
Latest Report: ONGC, May 27, 2024. Source: S&P Global Ratings.

Power Grid Corp. of India Ltd.

Portfolio Snapshot

Issuer credit rating: BBB-/Positive/-- | **Stand-alone credit profile:** bbb+

Business risk: Strong | **Financial risk:** Intermediate

Analyst: Mary Anne Low

Strong credit fundamentals and financials but constrained by sovereign rating.

Key watchpoints

- Positive outlook mirrors that on the India sovereign.
- Robust cash flow profile, significant financial flexibility and headroom.
- Higher-than-expected dividends.

Key rating drivers

- Established availability-based regulatory framework, timely full cost passthrough and guaranteed returns.
- A near monopoly in interstate transmission.
- Extremely high likelihood of extraordinary government support.

- Exposure to weak distribution utilities and payment delays, despite pooling mechanism.
- Moderate exposure to execution risk for large-scale projects.

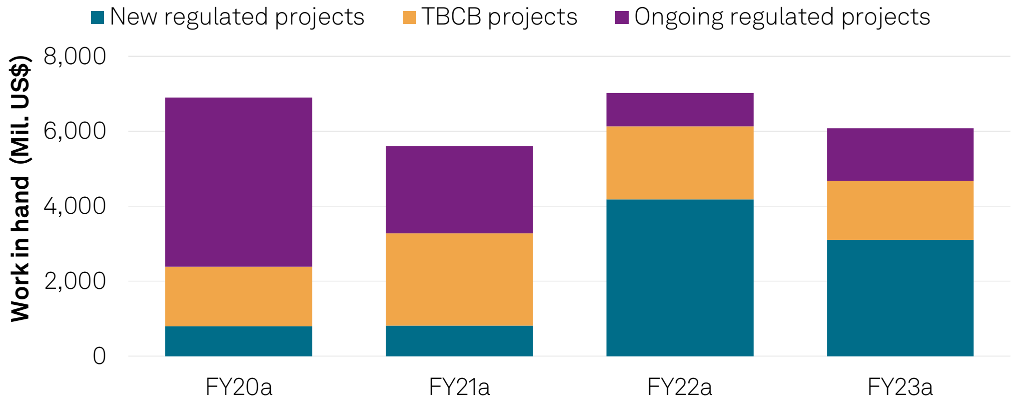
Snapshot of rating triggers

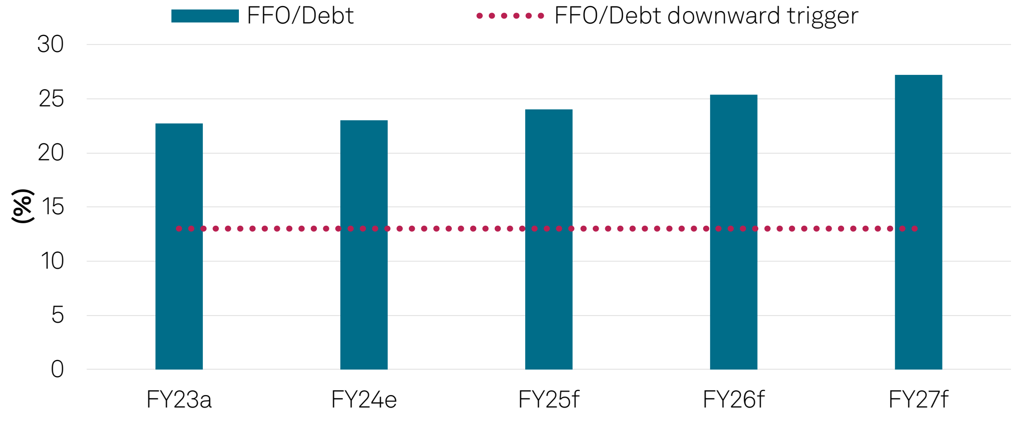
▲

- Upgrade of the sovereign rating while SACP is at least 'bbb-'.

▼

- Outlook on sovereign rating revises to stable.
- SACP: FFO to debt remains below 20%.





S&PGR adjusted numbers. FFO--Funds from operations. a--Actual. e--Estimate based on preliminary audited financial statements. f--Forecast. TBCB--Tariff based competitive bidding. FY--fiscal year ending March.

Latest Report: Power Grid, Jul. 23, 2024. Source: S&P Global Ratings.

Reliance Industries Ltd.

Portfolio Snapshot

Issuer credit rating: BBB+/Stable/-- | **Stand-alone credit profile:** bbb+

Business risk: Satisfactory | **Financial risk**: Intermediate

Analyst: Yijing Ng

Earnings support growth aspirations

Key watchpoints

- Growing earnings contribution from non-energy segments.
- Deployment of headroom under RIL's internal leverage target of 1x (by its own calculations) to pursue growth; the ratio stood at 0.65x as of March 31, 2024.

Key rating drivers

- Major oil refining and petrochemical producer in Asia, with strong operating efficiency thanks to its large and integrated oil refinery complex.
- Steady operating cash flows owing to its leading domestic market position in digital and retail segments.
- Flexibility to monetize non-strategic assets should keep its balance sheet in check.

- Growth appetite and investments in the petrochemical, retail and renewable businesses.

Snapshot of rating triggers

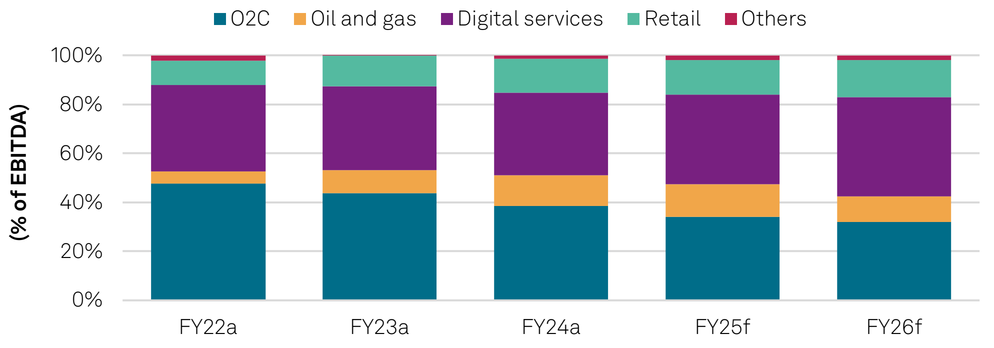
▲

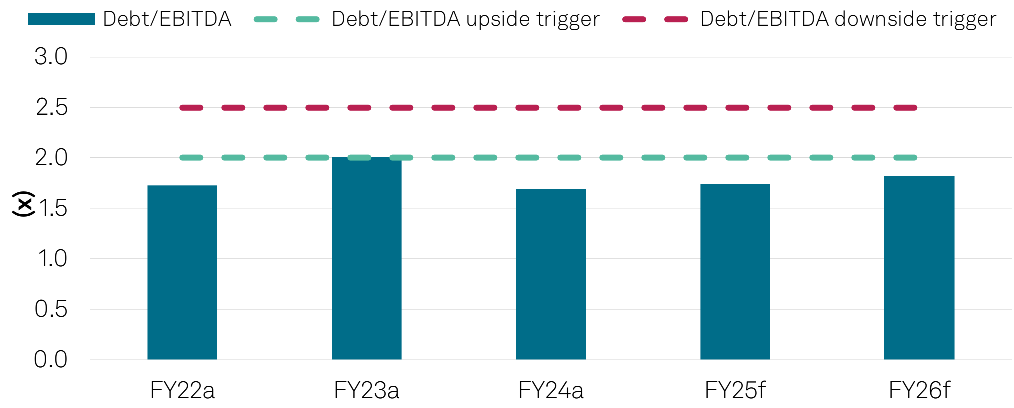
- LC rating: Debt/EBITDA well <2x with a record of conservative financial policy and a greater share of revenue from non-energy segments.
- FC rating will additionally depend on upgrade of sovereign T&C assessment above 'BBB+'.

▼

- Debt/EBITDA >2.5x sustainably due to higher capex beyond expectations or lower cashflows from underperformance in key businesses, or
- Downgrade of sovereign rating.

RIL's earnings contribution from non-energy segments will rise further





S&PGR adjusted numbers. a--Actual. f--Forecast. FY--Fiscal year ending March. O2C--Oil to chemicals.
Latest report: Reliance Industries, Apr. 25, 2024. Source: S&P Global Ratings.

Tata Motors Ltd.

Issuer credit rating: BB+/CW Positive/-- | **Stand-alone credit profile:** bb

Analyst: Neel Gopalakrishnan

Portfolio Snapshot

Business risk: Fair | **Financial risk:** Significant

Substantial deleveraging, group support reassessment could lead to IG rating.

Key watchpoints

- Our review of group support for extraordinary support from Tata Sons.
- Signs of sustained operating performance, especially at JLR.
- Continued adherence to conservative financial policies.
- Potential monetization of value in non-core assets.
- Implementation of JLR's electrification strategy

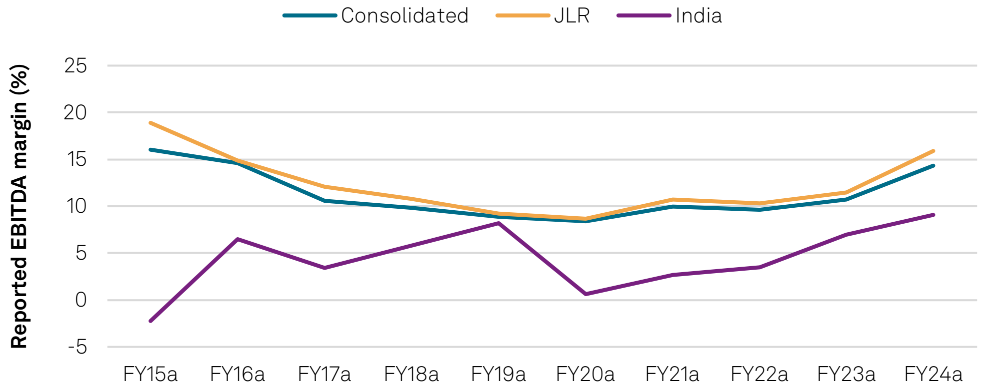
Key rating drivers

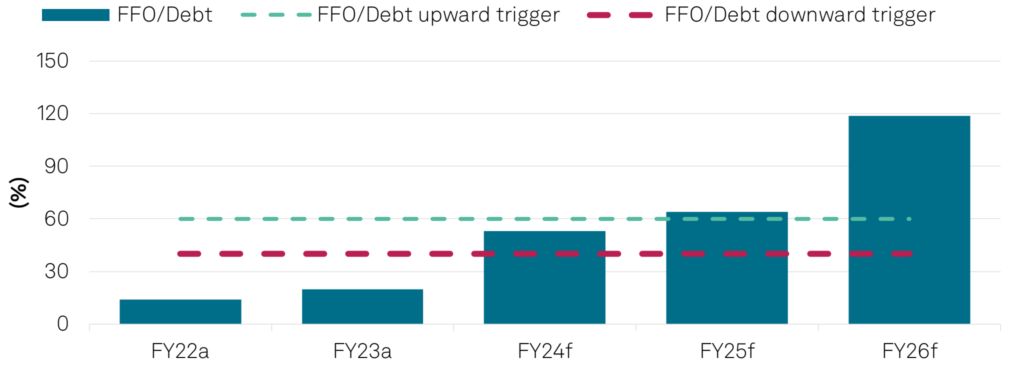
- Solid business position in the commercial and passenger vehicle segments in India and a reputed global car maker with the Jaguar Land Rover Automotive PLC (JLR) brand.
- Benefits from being part of the Tata Group through ongoing influence and likely extraordinary support.

- Relatively small player in the global context; JLR caters to a niche premium market segment.
- Short track record of lower leverage constrains SACP.

CreditWatch

- Potential reassessment of group support.
- CreditWatch resolution will likely reflect forward looking SACP given positive outlook prior to CreditWatch.





S&P adjusted numbers. NR--Indian rupee. FFO--Funds from operations. a--Actual. f--Forecast. FY—fiscal year ending March.

Latest Report: Tata Motors, June 5, 2024. Source: S&P Global Ratings.

Tata Power Corp. Ltd.

Portfolio Snapshot

Issuer credit rating: BB+/CreditWatch Positive/-- | **Stand-alone credit profile:** bb

Business risk: Satisfactory | **Financial risk:** Aggressive

Analyst: Neel Gopalakrishnan

Review of group support could raise rating to investment grade.

Key watchpoints

- Potential change in group support assessment.
- Extent of reliance on short-term debt with high proportion of commercial paper (INR30 billion as of March 2024), which constrains our liquidity assessment.
- Level of capex, and investment in renewables.

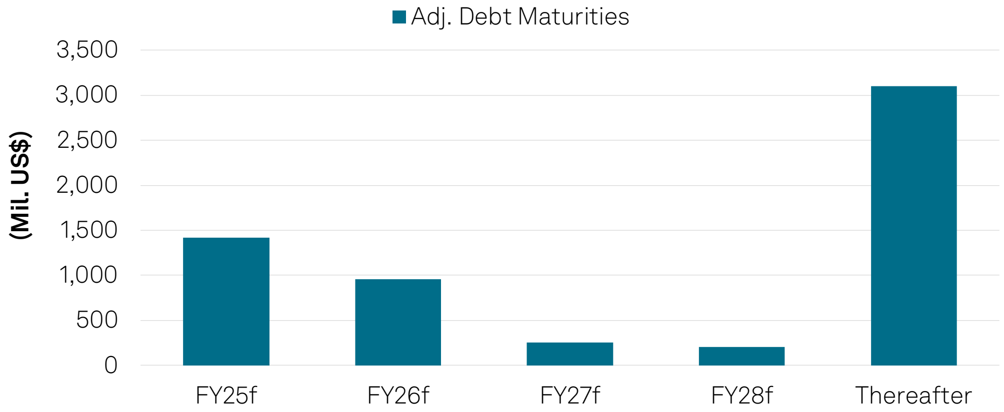
Key rating drivers

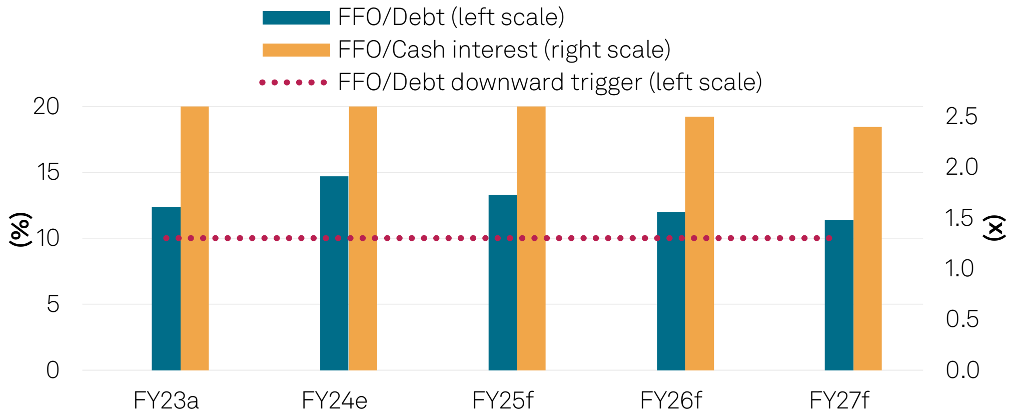
- Good scale and presence across power sector value chain in India.
- Stable cash flow from regulated and renewable businesses. Long-term contracts.
- Financial support from Tata group in times of need.

- Heavy capex to expand renewable business will limit deleveraging.
- Reliance on short-term funding puts pressure on liquidity.
- Absent compensatory tariffs, Mundra power plant could lose money when coal prices are high.

Snapshot of CreditWatch

- Reassessment of group support – if we view the expected level of support is likely to be higher than currently factored, we expect to raise the rating at least a one notch.





S&PGR adjusted numbers. FFO--Funds from operations. a--Actual. e--Estimate. f--Forecast. FY—fiscal year ending March.

Latest Report: Tata Power, June 5, 2024. Source: S&P Global Ratings.

Tata Steel Ltd.

[Portfolio Snapshot](#)

Issuer credit rating: BBB-/CW Positive/-- | **Stand-alone credit profile:** bb+

Business risk: Satisfactory | **Financial risk:** Significant

Analyst: Anshuman Bharati

Capacity expansion, Dutch operation normalization should improve credit metrics.

Key watchpoints

- Timely ramp-up in the 5-million-ton Kalinganagar Phase 2 facility.
- Profitability of the Dutch operations following the restart of blast furnace.
- Ongoing restructuring in the UK.
- Impact of commodity prices (iron ore and coking coal) on earnings.
- Impact of China steel dumping on domestic steel prices in India.
- Deleveraging trajectory.

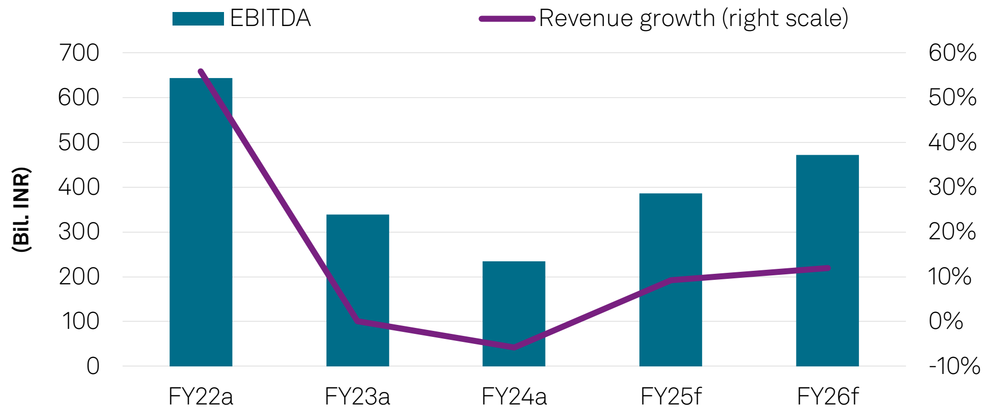
Key rating drivers

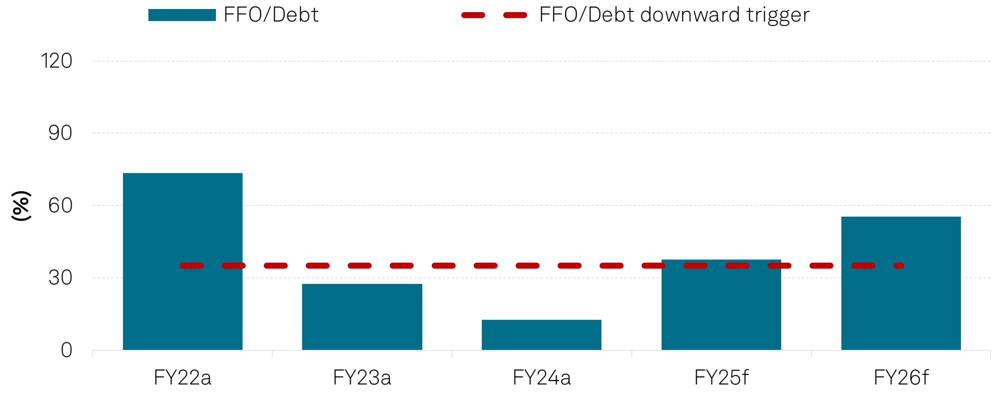
- Low-cost, highly-integrated operations in India.
- Good proportion of value-added products (branded, automotive-grade, and special steel).
- Ongoing benefits from Tata group's ownership and likely extraordinary support, if needed.

- Lower profitability European steel operations weakening overall profitability.
- Less geographical diversity than global peers such as ArcelorMittal S.A.
- Volatile earnings given a highly competitive and cyclical steel industry.

CreditWatch

- Potential reassessment of group support.
- CreditWatch resolution will likely reflect forward looking SACP given positive outlook prior to CreditWatch.





S&P adjusted numbers. FFO--Funds from operations. a--Actual. f--Forecast. FY—fiscal year ending March.
Latest Report: Tata Steel, June 5, 2024. Source: S&P Global Ratings.

UPL Corp.

Portfolio Snapshot

Issuer credit rating: BB/Negative/-- | **Stand-alone credit profile:** bb

Business risk: Satisfactory | **Financial risk:** Aggressive

Analyst: Shawn Park

Sharp earnings recovery, deleveraging key to maintaining the current rating.

Key watchpoints

- Sharp expected recovery in sector fundamentals, earnings and deleveraging.
- Liquidity risk from elevated working capital and a lack of long-term committed credit lines.
- Business asset monetization and parent support through UPL Ltd'.s rights issuance.
- Trajectory of agrichemical market's downturn and recovery.

Key rating drivers

- One of the largest post-patent agrochemical companies.
- Good product and geographic diversity, with around 14,000 registrations and a sales presence in more than 130 countries.

- Slow debt reduction owing to elevated off-balance sheet receivables and weakened earnings.
- High presence in emerging markets with currency volatility and industry consolidation.
- Exposure to inherent seasonality, and long working capital cycles of the agrochemical business.

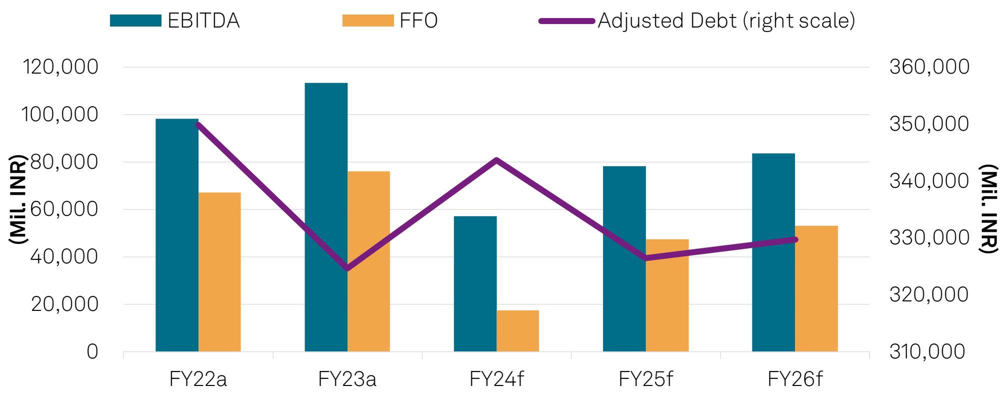
Snapshot of rating triggers

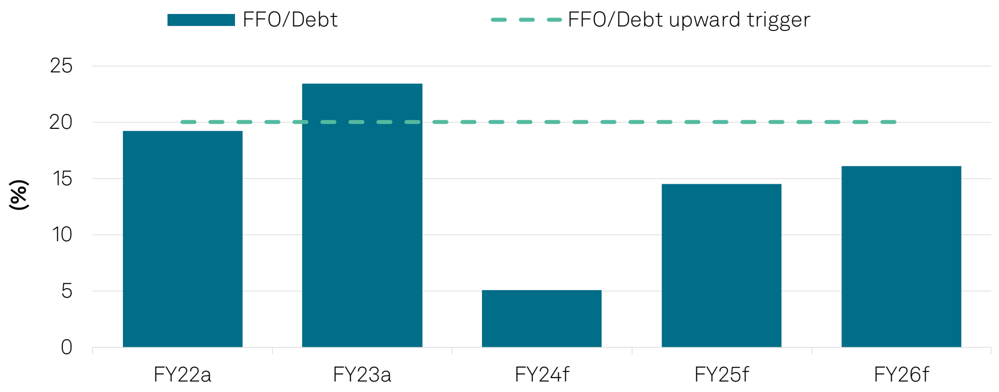
▲

- Outlook could be revised to stable if FFO-to-debt ratio trends toward20%.

▼

- Rating could be lowered if deleveraging plans derail or if we lack visibility of FFO-to-debt recovering toward 20%.





S&P adjusted numbers. FFO--Funds from operations. a--Actual. f--Forecast. FY– fiscal year ending March.
Latest Report: UPL, May 16, 2024. Source: S&P Global Ratings.

Vedanta Resources Ltd.

[Portfolio Snapshot](#)

Issuer credit rating: B-/Stable/-- | **Stand-alone credit profile:** b-

Analyst: Anshuman Bharati

Business risk: Satisfactory | **Financial risk:** Highly leveraged

Improving capital structure, liquidity but refinancing risks persist.

Key watchpoints

- Refinancing of the US$600 million April 2026 bond, failure of which by December 2025 will accelerate another US$2.4 billion of debt.
- Expansion and increased integration in the aluminium business.
- Vedanta limited demerger although largely neutral for VRL.

Key rating drivers

- Strong competitive position in the zinc business, and significantly improved position in aluminum. .
- Oil business, while small, is cost competitive and provides diversification from metals.

- Persistent refinancing needs weaken liquidity and constrain ratings.
- Inefficient corporate structure with a leveraged holding company, despite improvements.

Snapshot of rating triggers

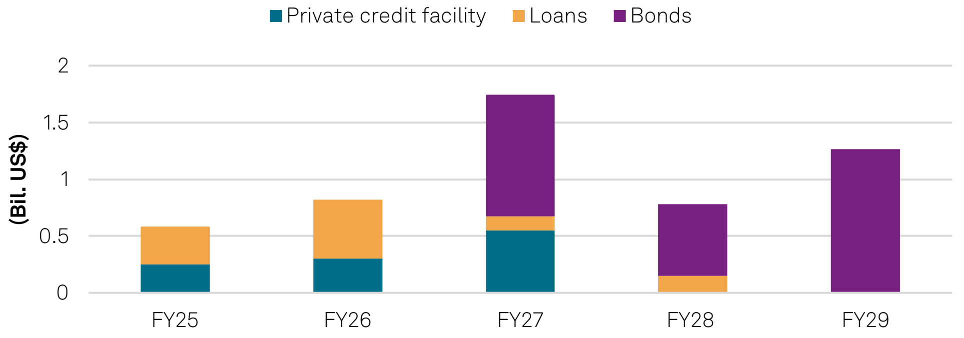
▲

- Improved external funding access.
- Further deleveraging at VRL such that capital structure becomes more sustainable.

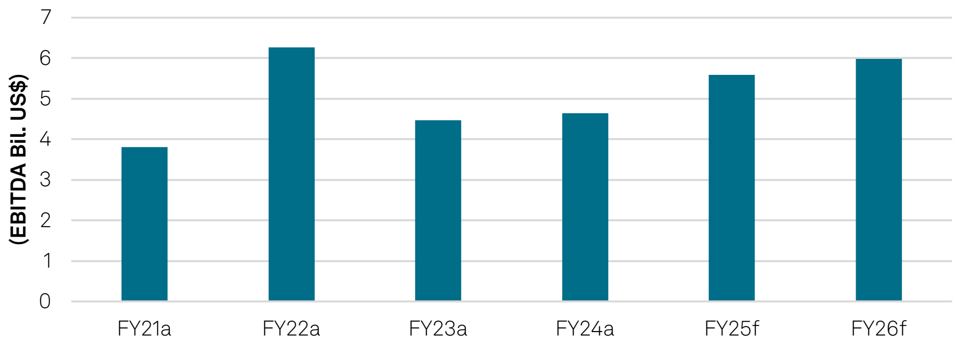
▼

- Lack of tangible progress to refinance the April 2026 bond by April 2025.

VRL level debt maturities (June 2024)



Improving operating fundamentals



S&P adjusted numbers. a--Actual. f--Forecast. FY– fiscal year ending March

Latest Report: [Vedanta Resources](#), Jul. 25, 2024. Source: S&P Global Ratings.

Appendix

Portfolio | Ratings Construct

Issuer	Business Risk	Financial Risk	Anchor	SACP	Rating	Outlook
Adani Electricity Mumbai Ltd.	Strong	Aggressive	bb+	bbb-	BBB-	Stable
Adani Green Energy Ltd. Restricted Group 2*	N/A	N/A	N/A	bb+ §	BB+ §	Stable
Adani International Container Terminal Pte. Ltd.*	N/A	N/A	N/A	bbb- §	BBB- §	Stable
Adani Ports and Special Economic Zone Ltd.	Satisfactory	Intermediate	bbb	bbb-	BBB-	Positive
Bharti Airtel Ltd	Satisfactory	Significant	bbb-	bbb-	BBB-	Stable
Continuum Green Energy Ltd.	Satisfactory	Highly Leveraged	b+	b+	B+	Positive
Delhi International Airport Ltd.	Satisfactory	Highly Leveraged	b+	bb-	BB-	Positive
GMR Hyderabad International Airport Ltd.	Satisfactory	Aggressive	bb	bb	BB	Stable
Larsen & Toubro Ltd.	Satisfactory	Modest	bbb+	bbb+	BBB+	Stable
NTPC Ltd.	Strong	Aggressive	bb+	bbb-	BBB-	Positive
Oil and Natural Gas Corp. Ltd	Satisfactory	Intermediate	bbb	bbb+	BBB-	Positive
Power Grid Corp. of India Ltd.	Strong	Intermediate	a-	bbb+	BBB-	Positive
Reliance Industries Ltd.	Satisfactory	Intermediate	bbb	bbb+	BBB+	Stable
Tata Motors Ltd.	Fair	Significant	bb	bb	BB+	CreditWatch Positive
Tata Power Co. Ltd.	Satisfactory	Aggressive	bb	bb	BB+	CreditWatch Positive
Tata Steel Ltd.	Satisfactory	Significant	bb+	bb+	BBB-	CreditWatch Positive
UPL Corp.	Satisfactory	Aggressive	bb	bb	BB	Negative
Vedanta Resources Ltd.	Satisfactory	Highly leveraged	b+	b-	B-	Stable

*Project finance ratings, hence no business risk, financial risk and anchor. §This is our project-level and issue-level rating; we do not have an issuer credit rating for this entity.6- point Business Risk scale–Excellent, Strong, Satisfactory, Fair, Weak and Vulnerable. 6-point Financial Risk scale—Minimal, Modest, Intermediate, Significant, Aggressive and Highly Leveraged. Ratings and outlook as of Jul. 23, 2024. SACP—Stand-alone credit profile. Source: S&P Global Ratings.

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