



गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम – महारत्न कंपनी)

GAIL (India) Limited

(A Government of India Undertaking - A Maharatna Company)

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ND/GAIL/SECTT/2020

03.06.2020

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Sub.: Revision in Ratings

Dear Sir,

This is to inform you that Moody's Investors Service, Singapore on 2nd June 2020 has informed that they have revised the Issuer Credit Rating of GAIL (India) Limited by one notch from Baa2 to Baa3. (Annexure A)

The revision in the Credit Rating was done as Moody's has revised the rating of various Government related issuers (GRI) including that of GAIL (India) Limited in line with the revision of India's Sovereign Rating from Baa2 to Baa3 on 1st June, 2020 by Moody's. The ratings of GRIs are closely linked with the rating of their Government owner.

This is in compliance of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The above is for your information and records

Thanking you,
Yours Faithfully,

(A.K.Jha)
Company Secretary

Copy to :-

1. Deutsche Bank AG, Filiale Mumbai
TSS & Global Equity Services, The Capital, 14th Floor,
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2. London Stock Exchange
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London EC4M 7LS

AVS No.- 548344

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's takes rating actions on 11 Indian infrastructure companies following sovereign downgrade

02 Jun 2020

Singapore, June 02, 2020 -- Moody's Investors Service has today downgraded the following seven Indian infrastructure issuers by one notch:

- 1) NTPC Limited (NTPC)
- 2) NHPC Limited (NHPC)
- 3) National Highways Authority of India (NHAI)
- 4) Power Grid Corporation of India Limited (Power Grid)
- 5) Gail (India) Limited (GAIL)
- 6) Adani Green Energy Restricted Group (RG-2) comprising of Wardha Solar (Maharashtra) Private Limited, Kodangal Solar Park Private Limited and Adani Renewable Energy (Rj) Limited
- 7) Adani Transmission Restricted Group comprising (ATL RG): (1) Raipur-Rajnandgaon-Warora Transmission Limited (RRWTL), (2) Sipat Transmission Limited (STL), (3) Chhattisgarh-WR Transmission Limited (CWTL), (4) Hadoti Power Transmission Service Limited (HPTSL), (5) Barmer Power Transmission Service Limited (BPTSL), and (6) Thar Power Transmission Service Limited (TPSL)

At the same time, Moody's has affirmed the baseline credit assessments (BCAs) for NTPC and NHPC at baa3, and downgraded the BCAs for Power Grid and GAIL by one notch to baa3 from baa2.

The outlook on all seven issuers remains negative.

Moody's has also affirmed the ratings of the following four issuers and revised their outlooks to negative from stable:

- 1) Adani Ports and Special Economic Zone Limited (APSEZ)
- 2) Adani Transmission Limited (ATL)
- 3) Adani Electricity Mumbai Limited (AEML)
- 4) Azure Power Solar Energy Private Limited (Azure Power RG-2)

These rating actions follow Moody's decision to downgrade India's sovereign rating to Baa3 from Baa2 with a negative outlook, as announced on 1 June 2020. For full details on India's sovereign rating action please refer to this announcement:

https://www.moody's.com/research/Moodys-downgrades-Indias-ratings-to-Baa3-maintains-negative-outlook-PR_424605

The above list includes debt-issuing special purpose vehicles. The total number of downgraded Indian infrastructure companies stated above excludes the entities listed under Adani Green Energy Restricted Group and Adani Transmission Restricted Group.

Please click on this link https://www.moody's.com/viewresearchdoc.aspx?docid=PBC_ARFTL424920 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

Please click on this link https://www.moody's.com/viewresearchdoc.aspx?docid=PBC_ARFTL424920 for the

List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Principal Methodologies

DOWNGRADE OF RATINGS FOR FIVE GOVERNMENT-RELATED ISSUERS: NTPC, NHPC, NHAI, POWER GRID AND GAIL

Under Moody's joint default analysis approach for government-related issuers (GRIs), government support is one of the key considerations in GRIs' ratings. The ratings and BCAs of these five GRIs are very sensitive to a decline in the rating of their government owner given their close links with the Government of India. As a result, each GRI has been downgraded by one notch, consistent with the downgrade of the sovereign rating. The BCAs of Power Grid and GAIL have also been downgraded by one notch to baa3 for the same reason.

The negative outlooks for the five GRIs reflect the negative outlook on the sovereign rating.

DOWNGRADE OF ADANI GREEN ENERGY RESTRICTED GROUP

The downgrade of Adani Green Energy Restricted Group's ratings reflects the group's dependence on sovereign-owned entities, such as Solar Energy Corporation of India, for more than 70% of the offtake from its power projects. As a result, the ratings are constrained by the weakening credit profiles of the group's off-takers.

The negative outlook reflects the negative outlook on the sovereign rating.

DOWNGRADE OF ADANI TRANSMISSION RESTRICTED GROUP

The downgrade of Adani Transmission Restricted Group's ratings reflects the fact that all of the restricted group's operations are based in India and thus its ratings are constrained by the sovereign rating.

The negative outlook reflects the negative outlook on the sovereign rating.

AFFIRMATION OF RATINGS AND CHANGE IN OUTLOOK FOR APSEZ, ATL, AEML AND AZURE POWER RG-2

The affirmation of APSEZ's issuer rating reflects its ability to withstand the temporary reduction in trade volume and revenue as a result of the coronavirus outbreak, taking into account the port's moderate financial profile and robust liquidity position heading into fiscal 2021, as well as its ability to postpone capital expenditure.

The affirmation of ATL's senior secured bond ratings reflects its predictable revenue profile that is underpinned by its portfolio of quality regulated and contracted assets, good operating track record and high financial leverage after taking into account its substantial capital expenditure program over the next 2-3 years.

The affirmation of AEML's senior secured bond rating reflects the predictable revenues from its regulated utility business in Mumbai and its solid liquidity profile. It also reflects management's commitment to maintaining appropriate financial metrics supportive of its credit profile through managing its capital spending over the current tariff control period.

The negative outlook on APSEZ, ATL and AEML's Baa3 rating reflects (1) the fact that virtually all of their business operations are based in India, and (2) their ratings are constrained by the Baa3 rating and negative outlook on the sovereign.

The affirmation of the rating on Azure Power Solar Energy's backed senior unsecured bonds considers the group's long-term power purchase agreements with fixed tariffs and Moody's expectation of support from Caisse de depot et placement du Quebec (CDPQ, Aaa stable), the largest shareholder of its parent, in the case of need.

The change in outlook reflects the weakening credit profile of the group's government-related off-takers.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Given the negative outlooks, the ratings of all 11 infrastructure issuers are unlikely to be upgraded in near term.

However, Moody's could upgrade the five GRIs' ratings if the sovereign rating is upgraded and there is no material deterioration in the GRIs' BCAs.

Similarly, Adani Green Energy Restricted Group and Adani Transmission Restricted Group's ratings could be upgraded if the sovereign rating is upgraded and there is no material deterioration in their underlying credit profiles.

The ratings for APSEZ, AEML, ATL and Azure Power RG-2 could be upgraded (1) if the sovereign rating is upgraded; and (2) their standalone credit profiles improve significantly, with their financial metrics strengthening beyond their respective rating parameters.

The outlook for all 11 infrastructure issuers could change to stable from negative if the outlook on the sovereign rating changes to stable from negative.

Moody's could downgrade the five GRIs if (1) the sovereign rating is downgraded or the government's willingness to support them weakens; and/or (2) the GRIs' BCAs weaken meaningfully, whereby their financial metrics fall short of their respective rating parameters.

Similarly, Moody's could downgrade the notes issued by Adani Green Energy Restricted Group and Adani Transmission Restricted Group if (1) the sovereign rating is downgraded, or (2) their debt service coverage ratios deteriorate towards 1.30x and 1.35x respectively on a sustained basis.

APSEZ's rating could be downgraded if the sovereign rating is downgraded or if cargo volumes decline, resulting in the company's financial metrics deteriorating beyond the parameters of its Baa3 rating category. In particular, Moody's would consider downgrading APSEZ if FFO/debt falls below 14% on a sustained basis and cash interest coverage below 2.75x-3.00x. A reinstatement of related-party loans could also strain the rating.

Moody's could downgrade Azure Power RG-2's ratings if the sovereign rating is downgraded or (1) the credit quality of its parent Azure Power Global Limited (APGL) deteriorates; (2) its FFO/debt falls towards 6% on a sustained basis; and/or (3) support from APGL's shareholders weakens, as reflected by a meaningful decrease in CDPQ's ownership.

Moody's could downgrade ATL's ratings if the sovereign rating is downgraded or if there is (1) a weakening in ATL's financial profile as indicated by its FFO interest coverage ratio falling below 1.75x or its FFO/net debt staying below 7% on a sustained basis, (2) a deterioration in ATL's business risk profile, or (3) a reinstatement of related-party loans.

Moody's could downgrade AEML's rating if the sovereign rating is downgraded or if there is (1) a weakening in AEML's financial profile as indicated by its FFO/debt falling below 9% on a consistent basis, or (2) a delay in the repayment of its existing intercorporate loan or a reinstatement of related-party loans.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moody.com/viewresearchdoc.aspx?docid=PBC_ARFTL424920 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rating Solicitation
- Issuer Participation
- Participation: Access to Management
- Participation: Access to Internal Documents
- Disclosure to Rated Entity
- Endorsement
- Lead Analyst
- Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moody.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

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