

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Republic of India

<Affirmation>

Foreign Currency Long-term Issuer Rating:	BBB+
Outlook:	Stable
Local Currency Long-term Issuer Rating:	BBB+
Outlook:	Stable

Rationale

- (1) The ratings are supported by the country's solid economic growth and ample foreign currency reserves. On the other hand, they remain constrained by its large fiscal deficits, the financial system still on its way for reforms, and the infrastructure development that need to be improved. The resumption of business activities and the government's implementation of fiscal measures have been sustaining a high economic growth. The Modi administration, re-elected in May 2019, has been working on the infrastructure development, deregulation and the labor market reform under the slogan of "Self-reliant India". The administration is also working to improve public finances. As both the fiscal deficit and central government debt are in downtrend as a percentage of GDP, JCR believes that the government debt can be kept at a manageable level. With the next Lok Sabha election scheduled for 2024, the administration maintains a high approval rating. JCR believes this may allow the administration to continue its structural reforms. Based on the above, the ratings have been reaffirmed with Stable outlook.
- (2) With a population of just over 1.4 billion, India has a GDP per capita (in PPP terms) of USD 8,400 and nominal GDP of USD 3.4 trillion in FY2022/23. Although the government is speeding up the infrastructure development and deregulation, underdeveloped infrastructure and complicated government regulations continue to be constraints on economic growth. The Indian economy grew 7.2% in real GDP terms in FY2022/23 while its household consumption growth somewhat slow down from 11.2% in FY2021/22 to 7.5% in FY2022/23 reflecting caused by rising prices. JCR holds that the growth will be in the 6% range in FY2023/24, supported by household consumption and government investment in infrastructure, and around 6% in the medium range after FY2024/25, mainly driven by domestic demand.
- (3) JCR holds that India, a democratic federal state, has long been faced with structural factors that tend to expand budget deficits such as (1) complex intergovernmental fiscal relations, (2) a fiscal transfer system aimed to correct provincial disparities and (3) fiscal management that can be swayed by election results. The federal government has been striving to restore fiscal soundness through enactment of the Fiscal Responsibility Budget Management Act in 2003. The Modi administration is working to improve public finances with a budget target of reducing the central government deficit to 4.5% of GDP in FY2025/26. Due to the measures taken to control the COVID-19 pandemic, the central government debt increased to 59% of GDP in FY2020/21 but declined to 57% by the end of FY2022/23. The FY2023/24 budget envisages reducing the fiscal deficit to 5.9% of GDP from the previous fiscal year's 6.4% through increased revenues while spending more on infrastructure investment.
- (4) Due to strong domestic demand and increased imports resulting from higher energy prices, the country's current account deficit for FY2022/23 widened 73.1% over the previous fiscal year to USD 67 billion. However, the foreign exchange reserves at the end of June 2023 stood high at 4.8 times of the short-term external debt, keeping the country resilient to external shocks. As to the financial system, the gross non-performing loan ratio of public sector banks as a per cent of total advances which account for 70% of the assets held by all commercial banks improved to 5.2% at the end of March 2023 but was still high. Improvement on the quality of their assets is one of crucial issues to be addressed. A sound and efficient financial system is essential to ensure the recovery of economic growth. The Modi administration has taken various measures to strengthen the financial sector including an introduction of Insolvency and Bankruptcy Code and merger and recapitalization of banks. JCR will closely monitor future developments of non-performing loans held by banking sector and progress on the government's financial reforms.

Hiroshi Tonegawa, Shinya Iwasaki

Rating

Issuer: Republic of India

<Affirmation>

Foreign Currency Long-term Issuer Rating: BBB+ Outlook: Stable

Local Currency Long-term Issuer Rating : BBB+ Outlook: Stable

Rating Assignment Date: December 22, 2023

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Sovereign and Public Sector Entities" (October 1, 2021) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The aforementioned credit ratings are unsolicited. Except in cases of a credit rating for a sovereign, JCR indicates affix "p" after a rating symbol to distinguish it from a rating with solicitation. The undisclosed information, which has material influence on the credit rating, was not obtained from the rating stakeholder.

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Republic of India
Rating Publication Date:	December 27, 2023

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Economic Base

The likelihood of a given debt payment is highly conditional to the issuing government's ability to maintain/expand the economic base into the future with maintaining soundness of financial systems.

B) Fiscal Base

The likelihood of a given debt payment is highly correlated to fiscal balance, public debt and other factors of the issuing government's fiscal condition.

C) External Positions

The likelihood of a given debt payment is highly correlated to the liquidity positions which change along with the international balance of payments and the international investment position.

D) Social and Political Bases and Economic Policy

The likelihood of a given debt payment is highly conditional to the social and political stability, effectiveness of economic and monetary policies as well as international economics.

E) Related Parties' Stance of Support/ Assistance for the Government

The likelihood of a given debt payment is affected by the stance of the credit enhancement provider and other related parties with regard to their stance of support/ assistance for the issuing government.

F) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuing government's will, and/ or its rank relative to other debts of the same government in the order of seniority in principal/ interest payment which is determined by design as financial product or by international practice, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
 - A) Informational and explanatory materials published by the rating stakeholders with regard to the economy and fiscal management policy, etc. of the issuing government
 - B) Statistics and reports published by an independent organization with regard to the economy and fiscal status, etc. of the issuing government

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the publication by the issuer, or some independent media, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR does not receive payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Economic Base

The credit rating is subject to alteration if there is an improvement or deterioration of the issuer's economy or financial systems, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

B) Fiscal Base

The credit rating is subject to alteration if the issuer increases/ decreases its fiscal deficit/ surplus and its public debt and thereby makes given debt payment liability less/ more bearable. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

C) External Positions

The credit rating is subject to alteration if there is a change in the issuer's international balance of payments and international investment position and thereby an improvement/ deterioration of its liquidity positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Social and Political Bases and Economic Policy

The credit rating is subject to alteration if there is a change in the issuer's social and political conditions or economic/ monetary policies, etc. and thereby an improvement/ deterioration of its economy and fiscal positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

E) Related Parties' Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the credit enhancement provider or other related parties with regard to their stance of support/ assistance for the issuing government and thereby an improvement/ deterioration of its economy, fiscal positions and liquidity positions. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

F) Order of Seniority in Debt Payment

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts, due to improvement/ deterioration of the issuer's fiscal condition and/or will. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

G) International Economies

The credit rating is subject to alteration if there is a change in the international economies, commodity or foreign exchange markets, etc. and thereby, through international balance of payments, an improvement/ deterioration in the issuer's fiscal balance or debt payment capacity. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

H) Various Events

The credit rating is subject to alteration on occurrence of various events, such as domestic unrest, war, natural disaster, etc. which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's economy, fiscal positions, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Economic Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's economy or financial systems, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's economy or financial systems on some drastic change in environments, etc.

B) Fiscal Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's fiscal conditions in terms of annual balance or public debt. The resultant change of the credit rating is most likely by a notch, as JCR

speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's fiscal condition on some drastic change in its economy.

C) External Positions

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions reflecting improvement or deterioration of the international balance of payments and the international investment position. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in the country's economic/ fiscal conditions and financing activities, etc.

D) Social and Political Bases and Economic Policies

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's social and political bases and economic/ monetary policies. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the country's situation changes drastically, making the issuer's social and political bases and economic/monetary policies significantly improved or deteriorated.

E) International Economics

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of the international economies or commodity/ foreign exchange markets, etc. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14

Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Republic of India	Issuer(Long-term)(FC)	June 29, 1999	BBB	
Republic of India	Issuer(Long-term)(FC)	September 20, 2000	BBB	
Republic of India	Issuer(Long-term)(FC)	July 12, 2001	BBB	Stable
Republic of India	Issuer(Long-term)(FC)	July 26, 2002	BBB	Negative
Republic of India	Issuer(Long-term)(FC)	July 31, 2003	BBB	Negative
Republic of India	Issuer(Long-term)(FC)	September 6, 2004	BBB	Stable
Republic of India	Issuer(Long-term)(FC)	August 19, 2005	BBB	Stable
Republic of India	Issuer(Long-term)(FC)	September 4, 2006	BBB	Positive
Republic of India	Issuer(Long-term)(FC)	August 2, 2007	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	August 19, 2008	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	September 15, 2009	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	October 20, 2010	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	December 9, 2011	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	November 30, 2012	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	December 13, 2013	BBB+	Negative
Republic of India	Issuer(Long-term)(FC)	February 13, 2015	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	April 4, 2016	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	October 16, 2017	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	August 22, 2019	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	October 29, 2020	BBB+	Stable
Republic of India	Issuer(Long-term)(FC)	May 13, 2022	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	September 6, 2004	BBB	Stable
Republic of India	Issuer(Long-term)(LC)	August 19, 2005	BBB	Stable
Republic of India	Issuer(Long-term)(LC)	September 4, 2006	BBB	Positive
Republic of India	Issuer(Long-term)(LC)	August 2, 2007	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	August 19, 2008	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	September 15, 2009	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	October 20, 2010	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	December 9, 2011	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	November 30, 2012	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	December 13, 2013	BBB+	Negative
Republic of India	Issuer(Long-term)(LC)	February 13, 2015	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	April 4, 2016	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	October 16, 2017	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	August 22, 2019	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	October 29, 2020	BBB+	Stable
Republic of India	Issuer(Long-term)(LC)	May 13, 2022	BBB+	Stable

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

杉浦 輝一

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