OIL AND NATURAL GAS CORPORATION LIMITED
COMPANY SECRETARIAT

ONGC/CS/SE/2021-22 06.10.2021

National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400 051

Symbol-**ONGC**; Series – **EQ**

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

BSE Security Code No – **500312**

Sub.: Intimation of Revision in Credit Rating Outlook

Madam/ Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby informed that Moody's Investors Service vide Press release issued on 6th October, 2021 has upgraded ONGC's rating outlook to **Stable** from Negative. The rating action follows the upgrade of India's sovereign rating outlook to Stable from Negative on 5th October, 2021

Press Release by Moody's Investors Service enclosed for reference.

The intimation is being update at Company's website.

Thanking You,
Yours faithfully
For Oil and Natural Gas Corporation Ltd.

6/x/21

(Rajni Kant)
Company Secretary & Compliance Officer

Details of Credit Rating

Instruments	***Rating Agency***	***Rating***	***Outlook***
International Bonds (Senior unsecured notes) issued by company and subsidiaries which are guaranteed by the Company	Moody's Investors Service	Foreign Currency Rating : Baa3 Local Currency Rating : Baa3	Stable
International Bonds (Senior unsecured notes) issued by company and subsidiaries which are guaranteed by the Company	S&P Global Ratings	Long Term Issue Rating: BBB-	Stable
International Bonds (Senior unsecured notes) issued by company and subsidiaries which are guaranteed by the Company	Fitch Ratings	Long Term Foreign Currency Issuer Default Rating: BBB-	Negative
Commercial Paper upto Rs. 10,000 Crore outstanding at any point of time	ICRA Limited	ICRA A1+	-
Commercial Paper upto Rs. 10,000 Crore outstanding at any point of time	CARE Ratings Limited	CARE A1+	-
Non-Convertible Debentures for Rs. 5,000 Crore	ICRA Limited	[ICRA] AAA	Stable
Non-Convertible Debentures for Rs. 5,000 Crore	India Ratings and Research Private Limited	IND AAA	Stable
Non-Convertible Debentures for Rs. 7,500 Crore	CARE Ratings Limited	CARE AAA	Stable
Non-Convertible Debentures for Rs. 7,500 Crore	ICRA Limited	[ICRA] AAA	Stable

OIL AND NATURAL GAS CORPORATION LTD. NEW DELHI

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's changes ratings outlook for 9 Indian corporates to stable following sovereign outlook change

06 Oct 2021

Singapore, October 06, 2021 -- Moody's Investors Service has affirmed the long-term issuer ratings of the following 9 non-financial companies:

1. Tata Consultancy Services Limited (TCS)

2. Infosys Limited (Infosys)

3. Reliance Industries Limited (RIL)

4. Oil and Natural Gas Corporation Ltd. (ONGC)

5. Petronet LNG Limited (PLL)

6. UltraTech Cement Limited (UltraTech)

7. Oil India Limited (OIL)

8. Indian Oil Corporation Ltd (IOCL)

9. Hindustan Petroleum Corporation Ltd. (HPCL)

The outlooks on all these ratings have been changed to stable from negative.

Moody's has also affirmed the Baa3 long-term issuer rating of Bharat Petroleum Corporation Limited (BPCL). The rating outlook remains negative.

Today's rating actions follow the affirmation of India sovereign's Baa3 rating and a change in rating outlook to stable from negative on 5 October 2021.

Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL455749 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.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL455749 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 and Models Used

RATING ACTIONS FOR GOVERNMENT-RELATED ISSUERS - ONGC, OIL, IOCL and BPCL

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 of these four GRIs are sensitive to a change in the rating of their government owner given their close links with the Government of India. As a result, Moody's has affirmed the Baa3 issuer rating of each GRI, consistent with the affirmation of the India sovereign's Baa3 rating.

The baseline credit assessment (BCA) for all the four entities has also been affirmed at the existing level.

Moody's has also changed the outlook for ONGC, OIL and IOCL to stable from negative in line with the change in sovereign outlook.

The outlook on BPCL's ratings remains negative and reflects the uncertainty around its ownership, capital structure, liquidity and management control given the ongoing process by the government to divest its entire stake in the company.

RATINGS AFFIRMATION AND CHANGE IN OUTLOOK FOR GOVERNMENT-LINKED ISSUERS - HPCL and PLL

HPCL's rating incorporates Moody's expectation of support from the Government of India through ONGC, and has, accordingly, also been affirmed at Baa3 and its outlook changed to stable from negative following the rating action on the Indian sovereign and ONGC.

The affirmation of PLL's Baa3 issuer rating and a change in its outlook to stable from negative follows the rating actions on its key counterparties, including IOCL and BPCL.

RATING ACTIONS FOR NON-GOVERNMENT RELATED ISSUERS -- TCS, Infosys, RIL, and UltraTech

The ratings of TCS and Infosys are constrained to no more than two notches above the sovereign rating, while RIL's issuer rating is capped at one notch above the sovereign rating. The affirmation of India sovereign's Baa3 rating therefore results in the rating affirmation of TCS' and Infosys' Baa1 issuer ratings and RIL' Baa2 issuer rating.

The outlook for all three entities has been changed to stable from negative in line with the change in sovereign rating outlook.

UltraTech's rating is capped at the sovereign rating, and hence, its issuer rating has been affirmed at Baa3 and outlook changed to stable from negative, in line with the sovereign rating outlook.

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

ONGC

ONGC's BCA and issuer rating can be upgraded if (1) India's sovereign rating is upgraded; (2) Moody's assesses that its liquidity and financial policy can support a rating higher than the sovereign rating; and (3) oil and gas prices improve such that the company's credit profile is supportive of a higher BCA.

Credit metrics supportive of a higher BCA include retained cash flow (RCF)/net debt of at least 20%-25% and EBIT/interest of 5x-6x.

ONGC's rating and BCA will be downgraded if India's sovereign rating is downgraded. ONGC's issuer rating could also be downgraded if the government's stake in the company is reduced to below 51% or government control is reduced by some other means, which would require a reassessment of the level of support incorporated into the company's ratings.

Although ONGC's BCA is currently constrained by the sovereign rating, Moody's could downgrade the BCA if oil prices decline and remain weak for a prolonged period and the company continues to pursue high shareholder returns. Downward pressure on ONGC's BCA will also arise if the company embarks on large debt-funded acquisitions.

Credit metrics indicative of a BCA downgrade include ONGC's RCF/net debt falling below 15%-20% and EBIT/interest remaining below 4x-5x.

A BCA downgrade will not automatically result in a rating downgrade. ONGC's rating can be maintained at the current level (assuming no change in the sovereign rating) if its BCA does not fall below ba3.

OIL

OIL's issuer rating will be upgraded if the sovereign rating is upgraded.

OIL's BCA can be upgraded to baa3 over the longer term if oil and gas prices improve such that the company's credit profile is supportive of a higher BCA.

Credit metrics indicative of such upward pressure on OIL's BCA include its adjusted RCF/net debt remaining above 20%-25% or EBIT/interest expense increasing above 5x-6x.

An upgrade of OIL's BCA to baa3 will not result in an upgrade of its issuer rating.

OIL's issuer rating will be downgraded if (1) the sovereign rating is downgraded; (2) if its BCA is downgraded to below ba3; (3) the government's stake in the company is reduced to below 51% or government control is reduced by some other means, which would require a reassessment of the level of support incorporated into the company's ratings

OIL's BCA will be downgraded to ba2 if OIL makes further debt-funded acquisitions or high shareholder payments, or its earnings and cash flow generation weaken because of a prolonged decline in oil prices.

Credit metrics indicative of such downward pressure include OIL's adjusted RCF/net debt remaining below 15%-20% or EBIT/interest expense falling below 4x-5x.

A BCA downgrade will not automatically result in a rating downgrade. OIL's rating can be maintained at the current level (assuming no change in the sovereign rating) so long its BCA does not fall below ba3.

IOCL

IOCL's issuer rating will be upgraded if the sovereign rating is upgraded.

IOCL's BCA can be upgraded to baa3 if (1) there is a sustained improvement in the regional refining margin environment, (2) there is clarity around the government's policy regarding the oil and gas sector, and (3) IOCL's credit metrics improve because of a reduction in borrowings through free cash flow generation.

Credit metrics indicative of an improvement in IOCL's BCA include RCF/debt above 15%, and debt/EBITDA below 3.5x on a sustained basis.

An upgrade of IOCL's BCA to baa3 will not result in an upgrade of IOCL's issuer rating.

Moody's could downgrade IOCL's issuer rating if (1) India's sovereign rating is downgraded; (2) the government makes adverse changes to the subsidy framework; (3) IOCL's BCA is downgraded to below ba3; or (4) the government's stake in IOCL is reduced to below 51% or government control is reduced by some other means, which would require a reassessment of the level of support incorporated into the company's ratings.

Moody's would downgrade IOCL's BCA if the company's credits metrics deteriorate as a result of (1) a higher-than-expected increase in the fuel subsidy burden; (2) a large debt-funded expansion, acquisition or dividend payment; or (3) a sustained decline in refining and marketing margins or the efficiency of its operations.

Credit metrics indicative of a deterioration in its BCA include RCF/adjusted debt below 8%-10%, and debt/EBITDA above 4.5x.

A BCA downgrade will not automatically result in a rating downgrade. IOCL's rating can be maintained at the current level (assuming no change in the sovereign rating) so long its BCA does not fall below ba3.

BPCL

Given the negative outlook, a rating upgrade is unlikely. A change in outlook to stable will require the conclusion of the sale of government stake in the company such that the support incorporated in BPCL's rating is maintained. On the other hand, the rating will be downgraded if the government sells it entire stake resulting in elimination of the support incorporated in the rating. A sale of government's entire stake in BPCL to a buyer with weak credit quality or significant credit negative changes to BPCL's post acquisition capital structure or financial profile could also put downward pressure on the rating.

BPCL BCA can be upgraded if (1) there is a sustained improvement in the regional refining margin environment, (2) there is clarity around the government's policy regarding the oil and gas sector, and (3) BPCL's credit metrics improve because of a reduction in borrowings through free cash flow generation.

An upgrade of the BCA will also require greater clarity regarding the company's ownership and management control, and its steps in managing potential liquidity stress.

Credit metrics indicative of a higher BCA include retained cash flow (RCF)/debt above 15% and debt/EBITDA below 3.0x on a sustained basis.

Moody's could also downgrade BPCL's issuer rating if (1) India's sovereign rating is downgraded; (2) the government makes adverse changes to the subsidy framework; (3) BPCL's BCA is downgraded to below ba3;

or (4) government's stake in BPCL is reduced to below 51% or government control is reduced by some other means, which would require a reassessment of the level of support incorporated into the company's ratings.

Moody's would downgrade BPCL's BCA if the company's cash flow coverage credit metrics deteriorate. This may occur if BPCL maintains or increases its high level of dividend payouts. Its credit metrics may also weaken as a result of (1) a higher-than-expected increase in the fuel subsidy burden, (2) a large debt-funded expansion or acquisition, or (3) a sustained weakness in refining & marketing margins or in the efficiency of its operations.

Credit metrics indicative of a lower BCA include RCF/adjusted debt below 10% and debt/EBITDA above 4.0x.

HPCL

HPCL's issuer rating could be upgraded if the government or ONGC's rating is upgraded.

HPCL's standalone credit quality can improve (1) if there is a sustained improvement in the regional refining margin environment, (3) there is clarity around the government's policy regarding the oil and gas sector; (4) its credit metrics improve because of a reduction in borrowings through free cash flow generation.

Credit metrics indicative of a higher standalone credit quality include RCF/debt above 15% and debt/EBITDA below 3.0x on a sustained basis.

HPCL's issuer rating could be downgraded if (1) the government or ONGC's rating is downgraded; (2) the government makes changes to the subsidy framework that are negative for HPCL; (3) the company's stand-alone credit quality deteriorates by more than two notches; or (4) ONGC's ownership of HPCL declines below 51% or government control is reduced by some other means, which would require a reassessment of Moody's expectation of the extraordinary support that is currently incorporated in HPCL's rating.

HPCL's standalone credit quality will weaken if its credit metrics deteriorate. This may occur if HPCL maintains or increases its high level of dividend payouts. Its credit metrics may also weaken as a result of (1) a higher-than-expected increase in the fuel subsidy burden, (2) a large debt-funded expansion or acquisition, or (3) a sustained weakness in refining & marketing margins or in the efficiency of its operations.

Credit metrics indicative of a weaker stand-alone credit quality include RCF/adjusted debt below 10% and adjusted debt/EBITDA above 4.0x on a fully consolidated basis.

PLL

PLL's rating could be upgraded if the ratings of its key off takers are upgraded, which could be due to an upgrade of India's sovereign rating.

PLL's rating could be downgraded if Moody's downgrades the ratings of the company's key counterparties as a result of a downgrade of the sovereign rating.

The rating could also be downgraded if the company makes any large debt-funded acquisition or increases its capital spending significantly, resulting in a deterioration in its credit metrics such that debt/EBITDA increases above 3x or EBITDA/interest coverage falls below 4x.

RIL

Credit metrics indicative of a higher rating level include retained cash flow (RCF)/net debt above 25%, net debt/EBITDA below 2.0x, and EBITDA/interest above 7x, all on a sustained basis

However, RIL's ratings can be upgraded only if the sovereign rating is upgraded because its ratings are capped at one notch above the sovereign.

RIL's rating could be downgraded if the Indian sovereign rating is downgraded.

The credit metrics of RIL are extremely strong for its sovereign constrained rating and only a very substantial deterioration in credit metrics could put pressure on its fundamental credit profile. Such deterioration could occur if (1) there is a protracted weakness in its operations, which results in significantly lower earnings, or (2) RIL increases its capital spending or makes large acquisitions or shareholder distributions that substantially increases its net borrowings.

Credit metrics indicative of such a scenario include RCF/net debt below 20%, adjusted net debt/EBITDA above 3.0x, and EBITDA/interest below 4x.

TCS

Given the guidelines regarding the differences between government and corporate ratings (see Moody's Credit Policy paper titled Assessing the Impact of Sovereign Credit Quality on Other Ratings, published 20 June 2019), TCS' rating will not be upgraded unless India's Baa3 sovereign rating is upgraded.

An upgrade of the Indian sovereign will be a precondition for any upgrade of TCS' rating

Downgrade of India's sovereign rating to Ba1 will immediately cause a downgrade of TCS' rating.

TCS's Baa1 rating will also experience downgrade pressure if: (1) TCS provides support to its affiliated companies other than through its parent, Tata Sons Ltd. (Tata Sons); (2) TCS undertakes any material debt funded acquisitions or increases its returns to shareholders, significantly undermining its credit profile; or (3) its operating performance significantly deteriorates.

Specific credit metrics indicative of a lower rating include negative free cash flow (after dividends, share repurchases, capital spending and acquisitions) on a sustained basis or a significant weakening in TCS' balance-sheet liquidity.

Infosys

Given the guidelines regarding the differences between government and corporate ratings (see Moody's Credit Policy paper titled Assessing the Impact of Sovereign Credit Quality on Other Ratings, published 20 June 2019), Infosys' rating will not be upgraded unless India's Baa3 sovereign rating is upgraded.

The downgrade of India's sovereign rating to Ba1 will immediately cause a one-notch downgrade to Infosys' rating.

Infosys' rating will also experience downward pressure if (1) it undertakes material debt-funded acquisitions or increases returns to shareholders that significantly undermine its credit profile, or (2) its operating performance deteriorates significantly.

Key considerations that we would consider for a possible downgrade include sustained negative free cash flow generation (after dividends, share repurchases, capital spending and acquisitions) or a significant weakening in the company's balance-sheet liquidity.

UltraTech

Given the guidelines regarding the differences between government and corporate ratings (see Moody's Credit Policy paper titled Assessing the Impact of Sovereign Credit Quality on Other Ratings, published 20 June 2019), UltraTech's rating will not experience any upward pressure unless India's Baa3 sovereign rating is upgraded.

UltraTech cannot be rated higher than its country of incorporation, India, given its limited revenue and cash flow diversity and high reliance on domestic funding sources.

Therefore, an upgrade of the Indian sovereign rating will be a precondition for any upgrade of UltraTech's ratings. Fundamental factors that could exert upward rating pressure include: leverage, measured by adjusted debt/EBITDA, below 2.0x; adjusted RCF/net debt above 35%; continued positive free cash flow generation; all on a sustained basis, as well as maintenance of strong balance-sheet liquidity.

A downgrade of India's sovereign rating to Ba1 would lead to a downgrade of UltraTech's ratings.

The ratings could also be downgraded if UltraTech loses market share such that it leads to a significant deterioration in its credit profile. Large debt-funded acquisitions or a significant increase in shareholder returns could also have negative rating implications.

Fundamental factors that could exert downward pressure on the ratings include: leverage above 3.0x; adjusted RCF/net debt below 20%; or intensifying competitive pressure resulting in an EBITDA margin below 20%, all on a sustained basis.

The ratings could also be subject to negative pressure should the amount of secured debt in the company's capital structure fails to continue to decline.

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.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL455749 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

• Person Approving the Credit Rating

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.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1288435 .

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moodys.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.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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