



# OIL AND NATURAL GAS CORPORATION LIMITED

## COMPANY SECRETARIAT

CS/ONGC/SE/2024-25

29.05.2024

**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**  
NCD: **959844, 959881**

**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 S&P Global Ratings vide Press release issued on 29<sup>th</sup> May, 2024 has upgraded ONGC's rating outlook to Positive from Stable. The rating action follows the upgrade of India's sovereign rating outlook to Positive from Stable on 29<sup>th</sup> May, 2024

Details of Press Release and details of Credit rating are enclosed for reference and records.

The intimation may also be accessed at <https://ongcindia.com/web/eng/investors/credit-rating>

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

Rajni Kant  
Company Secretary & Compliance Officer



# OIL AND NATURAL GAS CORPORATION LIMITED

## COMPANY SECRETARIAT

### Details of Credit Rating

<i>Instruments</i>	<i>Rating Agency</i>	<i>Rating</i>	<i>Outlook</i>
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-	Positive
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-	Stable
Commercial Paper upto Rs. 10,000 Crore outstanding at any point of time	CARE Ratings Limited	CARE A1+	-
Commercial Paper up to Rs. 10,000 Crore outstanding at any point of time	India Ratings and Research Private Limited	IND A1+	-
Non-Convertible Debentures for Rs. 9,860 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

# Outlook On Indian Govt-Owned NTPC, ONGC, And Power Grid Revised To Positive From Stable; Ratings Affirmed

May 29, 2024

## Rating Action Overview

- On May 29, 2024, S&P Global Ratings revised the outlook on its sovereign rating on India to positive from stable; at the same time, it affirmed the 'BBB-/A-3' ratings.
- Consequently, we revised the rating outlook on NTPC Ltd., Oil and Natural Gas Corp. Ltd. (ONGC), and Power Grid Corp. of India Ltd. to positive from stable. At the same time, we affirmed our 'BBB-' issuer and issue ratings on these companies.
- The positive rating outlook on these entities mirrors that on the sovereign.

SINGAPORE (S&P Global Ratings) May 29, 2024--S&P Global Ratings today revised the rating outlook to positive from stable on NTPC, ONGC, and Power Grid. The actions follow the revision of the outlook on the sovereign rating of India (BBB-/Positive/A-3) to positive from stable. We affirmed our 'BBB-' issuer and issue ratings on these companies.

The ratings on ONGC (BBB-/Positive/--) and Power Grid (BBB-/Positive/--) are constrained by the sovereign rating on India. This is because we believe the companies may face extraordinary negative government intervention if the sovereign comes under financial stress.

These companies have stronger stand-alone credit profiles (SACPs): ONGC's SACP is 'bbb+'; Power Grid's is 'bbb'. An upgrade of the sovereign to 'BBB' would therefore result in a corresponding upgrade of these entities.

On the other hand, our rating on NTPC (BBB-/Positive/--; SACP: 'bbb-') benefits from a very high likelihood of government support, resulting in a one-notch uplift should we upgrade the sovereign. This reflects the central role the company plays in the economy as the dominant power generator as well as its strong links with the government.

## NTPC Ltd.

The positive rating outlook on NTPC reflects our outlook on the sovereign credit rating on India.

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## Upside scenario

We could upgrade NTPC if we raise the sovereign credit rating on India to 'BBB' and the company maintains its SACP.

## Downside scenario

We could revise the rating outlook to stable if we revise the outlook on the rating on India.

We could also revise the rating outlook to stable if NTPC's SACP deteriorates. We could lower the SACP by one notch if the ratio of funds from operations (FFO) to debt falls sustainably below 9%. This could happen if:

- NTPC's capital expenditure (capex) or investments are substantially higher than our expectation without offsetting earnings;
- The company faces significant delays in collection from weak state electricity utilities; or
- Unexpected adverse regulatory developments cause much lower cash flow.

## Oil and Natural Gas Corp. Ltd.

The positive rating outlook on ONGC reflects the outlook on the long-term sovereign credit rating on India. It also reflects our expectation that ONGC will maintain its solid stand-alone creditworthiness, benefitting from a strong financial profile and status as a national oil company.

## Upside scenario

We will raise the rating on ONGC if we take a similar action on the sovereign credit rating on India.

We could revise upward our assessment of the company's SACP if it deleverages beyond our current expectations such that the FFO-to-debt ratio approaches 60% even under our midcycle price assumptions. Such a scenario could result from higher oil prices than in our base case, with the company using its operating cash flow to reduce debt.

## Downside scenario

If we revised the outlook on India's sovereign credit rating back to stable, we would do likewise on the rating outlook on ONGC.

We are less likely to revise the rating outlook to stable due to the company's weaker operating or financial performance. This is because a rating outlook revision would only arise should our 'bbb+' SACP of ONGC fall by at least three notches, which we consider highly unlikely.

We may revise downward our assessment of the SACP by one notch if ONGC's capital spending, acquisitions, or dividends increase materially such that FFO-to-debt ratio fails to remain materially above 40% under our midcycle price assumptions.

## Power Grid Corp. of India Ltd.

The positive rating outlook on Power Grid reflects the outlook on the sovereign credit rating on India.

### **Upside scenario**

We could upgrade Power Grid if we raise the sovereign credit rating on India and the company maintains an SACP of at least 'bbb-'.

### **Downside scenario**

We could revise the rating outlook back to stable if we revise the outlook on the sovereign rating to stable.

We are less likely to revise the rating outlook to stable due to weakness in the company's SACP, given that it is 'bbb'.

We may lower our assessment of Power Grid's SACP by one notch if its FFO-to-debt ratio falls below 13% for a sustained period. This could happen if: (1) shareholder payouts are much higher than we expect; or (2) capex is much higher without a commensurate increase in earnings.

### **Related Criteria**

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

## Outlook On Indian Govt-Owned NTPC, ONGC, And Power Grid Revised To Positive From Stable; Ratings Affirmed

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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