

ONGC Petro additions Limited

May 17, 2024

CARE Ratings Limited (CARE Ratings) notes that ONGC Petro additions Limited (OPaL) in its Extra-ordinary General Meeting dated May 15, 2024, has approved extension of tenure of Compulsorily Convertible Debentures (CCDs) of ₹5,615 crore (ISIN: INE163N08271) prior to the date of exercising of the put option becoming applicable on May 31, 2024, and conversion date of July 02, 2024. The tenure of the CCDs is proposed to be extended up to six months for which investors are expected to provide the consent. These CCDs are backed by credit enhancement (CE) in the form of an irrevocable and unconditional undertaking which is legally enforceable (as per independent legal opinion taken by CARE Ratings) from Oil and Natural Gas Corporation Limited (ONGC; rated 'CARE AAA; Stable/CARE A1+'), to buyout these CCDs from the investor on exercise of 'put' option and to ensure its servicing on due date.

ONGC, in its Board meeting, has already approved the extension of backstopping support for aforementioned CCDs.

Furthermore, in September 2023, ONGC's board of directors had already approved the implementation of sustainable capital restructuring of OPaL wherein ONGC is expected to invest around ₹18,000 crore in OPaL. The timeline for restructuring was end-FY24. However, as per company management, response from government authority is expected soon. CARE Ratings notes that extant extension of tenure of CCDs is solely to keep status quo of existing capital structure till the time requisite approvals are in place for increasing equity stake of ONGC in OPaL beyond its existing 49.36% stake. The other shareholders of OPaL are GAIL India Ltd. (holding 49.21% stake) and Gujarat State Petroleum Corporation Limited (holding 1.43% stake).

Please refer to the following link for the previous detailed rationale of OPaL that captures the key rating drivers and their description, the liquidity position, rating sensitivities, and key financial indicators: [Click here](#)

Contact Us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 91 22 6754 3404 E-mail: saikat.roy@careedge.in	Analytical Contacts Ranjan Sharma Senior Director CARE Ratings Limited Phone: +91-22-6754-3453 E-mail: Ranjan.sharma@careedge.in Hardik Manharbhai Shah Director CARE Ratings Limited Phone: +91-22-6754-3591 E-mail: hardik.shah@careedge.in Richa Bagaria Associate Director CARE Ratings Limited Phone: +91-33-4018-1653 E-mail: richa.jain@careedge.in
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About us:

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