July 01, 2025 (Revised)

ONGC Petro additions Limited: Ratings reaffirmed for bank lines, commercial paper program and NCD program with rating of [ICRA]AA (Stable); ratings reaffirmed and withdrawn for the NCD program and CCD program with [ICRA]AAA (CE) (Stable) rating

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture	940.50	0.00	[ICRA]AAA (CE) (Stable); reaffirmed and withdrawn
Non-convertible debenture	4,700.00	4,700.0	[ICRA]AA (Stable); reaffirmed
Compulsorily convertible debenture	7,286.00	0.00	[ICRA]AAA (CE) (Stable); reaffirmed and withdrawn
Commercial paper#	1,500.00	1,500.00	[ICRA]A1+; reaffirmed
Term loans	18,518.00	20,018.00	[ICRA]AA (Stable); reaffirmed
Fund-based limits – CC/WCDL	1,558.00	1,558.00	[ICRA]AA (Stable) / [ICRA]A1+; reaffirmed
Non-fund based limits – LC /BG	2,924.00	1,424.00	[ICRA]A1+; reaffirmed
Total	**37,426.5**	**29,200.00**	

Rating Without Explicit Credit Enhancement	[ICRA]AA

**Instrument details are provided in Annexure-1;*

#:out of the total limits of Rs. 1,500 crores, Rs. 500 crore is carved out from working capital limits and Rs. 1,000 crore is a standalone limit

Rationale

The reaffirmation of the ratings of ONGC Petro additions Limited (OPaL/the company) considers its strong parentage i.e., Oil and Natural Gas Corporation Limited {ONGC, rated [ICRA]AAA(Stable)/A1+/the parent]. Post the conversion of the Compulsorily Convertible Debentures (CCDs), issuance of shares in lieu of the share warrants and infusion of fresh equity by ONGC in FY2025, OPaL is now a 95.69% owned subsidiary of ONGC. The Chairman of ONGC is also the Chairman of OPaL's board. ONGC also has plans to provide funding support to OPaL in the form of corporate guarantees to the extent of Rs. 20,000 crores which should aid the financial flexibility of the company going forward as the need to raise fresh loans will remain material for OPaL. In addition to the infusion of fresh capital by ONGC which has supported the capital structure of OPaL, the government of India (GoI) has permitted the parent ONGC to allocate 50% of the annual gas production from New Wells (NW) or well interventions in its nomination fields, or up to 3.2 million metric standard cubic metres per day (MMSCMD) of domestic natural gas, whichever is lower, to provide the feedstock support to OPaL. The same will support moderation in the feedstock pricing for the C2+ stream for OPaL as the pricing linkage for the C2+ stream will shift from imported Liquified Natural Gas (LNG) to NW gas, thereby aiding profitability improvement. ICRA also notes that the company has exited from the Special Economic Zone (SEZ) in Dahej from March 8, 2025. The same will benefit the company as majority of its sales are in the domestic market on which it earlier used to pay Basic Customs Duty (BCD). As a result, of the aforementioned initiatives, OPaL should witness improvement in profitability going forward, although the upside in profitability improvement will remain impacted by the weak polymer margins driven by overcapacity situation in the global petro-chemical markets.

The ratings are, however, constrained by the company's highly leveraged capital structure owing to the significant cost overruns during the project phase in the past and the losses posted by the company since the beginning of operations, which were largely debt-funded. While the fresh equity infusion by ONGC in FY2025 has resulted in improvement in the credit metrics, the overall leverage and coverage metrics remain subdued owing to the significant amount of debt on the books and subdued profitability of the company. Given the leveraged balance sheet of the company, the overall credit profile is expected to remain subdued in the near to medium term as the outlook for the polymer margins remain weak amid global over-supply situation amid subdued demand in the global markets which is expected to keep the polymer margins subdued. The ratings are also constrained by the vulnerability of OPaL's profitability to the cyclicality inherent in the petrochemical business.

ICRA has reaffirmed the rating of [ICRA]AAA (CE) (Stable) assigned to the non-convertible debentures (NCD) of Rs. 940.50 Crore and compulsorily convertible debentures of Rs. 7286.0 crores and has simultaneously withdrawn the rating. The NCDs of Rs. 940.50 crore was redeemed on April 11, 2025, and March 10, 2025, and CCD of Rs. 7,286 crores were converted to equity shares on September 12, 2024, and October 25, 2024. The withdrawal of the rating is in accordance with ICRA's policy on the withdrawal of ratings.

Rating Outlook

The Stable outlook on long term rating reflects ICRA's expectation that ONGC will continue to support OPaL despite the anticipated pressure on cash generation of OPaL, given its strategic importance to the parent.

Key rating drivers and their description

Credit strengths

Strong linkages with ONGC – OPaL's petrochemical complex is a part of ONGC's forward-integration plans. Majority of OPaL's feedstock is currently being sourced from ONGC. The naphtha requirement is met by the processing plants of ONGC at Hazira (Gujarat) and Uran (Maharashtra), while the C2/C3/C4 requirement is met from ONGC's separation plant at Dahej (Gujarat). Further, with the allocation of New Well Gas, the pricing of C2/C3/C4 for OPaL would moderate thereby aiding profitability to an extent. With the fresh capital infusion from ONGC, OPaL became a subsidiary of ONGC in FY2025, and the company remains an integral part of the forward integration plans of ONGC. The parent has also passed a board resolution to provide up to Rs. 20,000 crores in corporate guarantees backing the borrowing program of OPaL going forward, thereby aiding the financial flexibility of the company to meet its need to raise fresh loans. Additionally, the Chairman of ONGC is also the chairman of the board of directors of OPaL. ICRA expects the operational, managerial and financial linkages between ONGC and OPaL to remain strong going forward.

Favourable domestic outlook for polyolefins demand – The domestic per capita consumption and the absolute consumption of commodity polymers are expected to show secular growth due to various economic and demographic factors such as increase in urban population and rise in per capita income. ICRA expects the domestic consumption of commodity polymers to record a CAGR of 7-8% over the long term.

Healthy capacity utilisation – The ratings further consider the OPaL's steady operational performance, reflected in its improved plant utilisation. In FY2025, the utilisation levels had remained at ~90% vis-à-vis 89% in FY2024. The operational performance remains healthy, although the same has not translated into higher profits owing to subdued polymer margins.

Credit challenges

Modest financial risk profile due to weak profitability and sizeable debt levels – OPaL's balance sheet has remained leveraged owing to sizeable cost overruns during the project execution phase which led to higher debt levels and subsequently weak profitability which kept the reliance on borrowings. While operating performance had improved from FY2020 onwards, the overall profitability has not been commensurate with the debt servicing requirements of OPaL, thereby resulting in a constant need for raising fresh loans, which largely was enabled by the financial flexibility emanating from the backing of ONGC. The company posted operating loss in FY2024 and FY2025 amid weak polymer margins and higher power costs. While the credit metrics have shown slight improvement driven by the fresh equity infusion by ONGC in OPaL in FY2025, the overall credit profile remains subdued. In FY2025, the total debt/OPBITA and coverage indicators stood negative on account of the operating losses. Going forward, with the benefit of the exit from the SEZ and moderation in the C2+ feedstock, OPaL should witness improvement in profitability, albeit the same is expected to remain adequate to meet the debt servicing requirements. As a result, OPaL's need to raise fresh loans will remain sizeable and given the financial flexibility emanating from the parentage of ONGC, OPaL should be able to meet its debt raising requirement at competitive rates from the banks and capital markets.

Vulnerability of profitability to cyclicality in petrochemical business, import duty levels and exchange fluctuations – The profitability of the company would remain vulnerable to the cyclicality inherent in the petrochemical business and exchange fluctuations. The polymer margins can also be impacted by supplies from global petrochemical players which can lead to excess supplies in the market and put further pressure on the margins.

Liquidity position: Adequate

OPaL's liquidity position is expected to remain adequate going forward supported by availability of fund-based cash credit limits of Rs 1535 crore which were utilized to the extent of 4% for last 12 months ending February 2025 along with Rs. 200-250 crores of cash flow from operations as estimated by ICRA in FY2026. The company also had free cash and bank balance of ~Rs. 11 crores as on March 31, 2025. The company has sizeable debt repayment liabilities of Rs. 3534 crore and Rs. 5444 crores in FY2026 and FY2027 which ICRA expects the company to raise fresh loans supported by the financial flexibility emanating from the parentage of ONGC.

Rating sensitivities

Positive factors – The ratings could be upgraded if the plant is able to operate at healthy utilisation levels along with a sustained improvement in the profitability, which would also help deleverage its balance sheet.

Negative factors – Pressure on OPaL's ratings may arise if ONGC's credit profile weakens, or the linkage between ONGC and OPaL weakens, or if there is a further deterioration in OPaL's performance, leading to high losses.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group Support	ICRA expects OPaL's parent, ONGC ([ICRA]AAA(Stable)/A1+), to be willing to extend financial support to OPaL, should there be a need, given the high strategic importance that OPaL holds for ONGC for meeting its diversification objectives. Both OPaL and ONGC also share a common name, which in ICRA's opinion would persuade ONGC to provide financial support to OPaL to protect its reputation from the consequences of a Group entity's distress
Consolidation/Standalone	ICRA has used the standalone financials of OPaL.

About the company

ONGC Petro additions Limited (OPaL) is a subsidiary of Oil and Natural Gas Corporation Limited (ONGC). OPaL has set up a 1.1-million-metric-tonne-per-annum (MMTPA) greenfield petrochemical complex at the Dahej SEZ in Gujarat. The project uses ethane (C2), propane (C3), butane (C4), aromatic rich naphtha (ARN) and low aromatic naphtha (LAN) as feedstock to produce basic downstream petrochemical products, viz. HDPE, LLDPE, polypropylene, butadiene, PyGas, CBFS, benzene, etc.

Key financial indicators (audited)

OPaL Standalone	FY2024	FY2025*
Operating income	14,307	14,804
PAT	-3,456	-3,726
OPBDIT/OI	-3.2%	-2.1%
PAT/OI	-24.2%	-25.2%
Total outside liabilities/Tangible net worth (times)	-10.2	5.0
Total debt/OPBDIT (times)	-67.0	-78.8
Interest coverage (times)	-0.2	-0.1

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *Results*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years							
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024			Date & rating in FY2023		
				01-Jul-2025	02-Jul-2024	29-Dec-23	12-Oct-2023	11-May-23	24-Jan-23	17- Jun-22	01-Apr-22
1	**Non-convertible debenture**	Long Term	4,700.00	**[ICRA]AA (Stable)**	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
2	**Non-convertible debenture**	Long term	940.50	**[ICRA]AAA (CE) (Stable); withdrawn**	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)
3	**Non-convertible debenture**	Long term	0.00	-	-	-	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)
5	**Compulsorily convertible debenture 1**	Long term	5,615	**[ICRA]AAA (CE) (Stable); withdrawn**	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)
6	**Compulsorily convertible debenture 2**	Long term	1,671	**[ICRA]AAA (CE) (Stable); withdrawn**	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)
7	**Commercial paper**	Short term	1,500	**[ICRA]A1+**	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
8	**Term loan (Secured)**	Long term	0.00	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)
9	**Term loan (Unsecured)**	Long term	20,018.00	**[ICRA]AA (Stable)**	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AAA (CE)(Stable) rating withdrawn and simultaneously [ICRA]AA (Stable) assigned	[ICRA]AAA (CE) (Stable)	[ICRA]AAA (CE) (Stable)	

Instrument		Current rating (FY2026)			Chronology of rating history for the past 3 years						
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024			Date & rating in FY2023		
				01-Jul-2025	02-Jul-2024	29-Dec-23	12-Oct-2023	11-May-23	24-Jan-23	17- Jun-22	01-Apr-22
10	**Fund based limits – CC / WCDL**	Long term / Short term	1,558.00	**[ICRA]AA (Stable)/ [ICRA]A1+**	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+
11	**Non-fund based limits – LC/ BG**	Short term	1,424.00	**[ICRA]A1+**	[ICRA]A1+	[ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible debenture	Very Simple
Commercial paper	Very Simple
Term loans	Simple
Fund-based limits	Very Simple
Non-fund based limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
Yet to be placed	Non-convertible debenture	-	-	-	3,100.00	[ICRA]AA (Stable)
INE163N08222	Non-convertible debenture	9/11/2022	8.58%	9/11/2029	100.00	[ICRA]AA (Stable)
INE163N08263	Non-convertible debenture	16-06-2023	8.37%	16-06-2026	600.00	[ICRA]AA (Stable)
INE163N08289	Non-convertible debenture	23-01-2024	8.29%	25-01-2027	900.00	[ICRA]AA (Stable)
INE163N08180*	Non-convertible debenture	09-07-2021	6.63%	09-07-2024	0.00	[ICRA]AA (Stable)*
INE163N08230*	Non-convertible debenture	13-03-2023	8.57%	11-09-2024	0.00	[ICRA]AA (Stable)*
INE163N08255*	Non-convertible debenture	26-05-2023	8.12%	22-11-2024	0.00	[ICRA]AA (Stable)*
INE163N08115	Non-convertible debenture	10-12-2019	8.83%	10-03-2025	465.50	[ICRA]AAA (CE) (Stable); reaffirmed and withdrawn
INE163N08131	Non-convertible debenture	11-02-2020	8.00%	11-04-2025	475.00	[ICRA]AAA (CE) (Stable); reaffirmed and withdrawn
INE163N08305	Compulsorily convertible debenture 1	02-07-2016	8.60%	02-01-2025	5,615.00	[ICRA]AAA (CE) (Stable); reaffirmed and withdrawn
INE163N08248	Compulsorily convertible debenture 2	18-05-2017	8.24%	18-11-2024	1,671.00	[ICRA]AAA (CE) (Stable); reaffirmed and withdrawn
Unplaced	Commercial paper	--	--	--	1500.00	[ICRA]A1+
-	Term loan – I	08/12/2023	NA	08/12/2027	300.00	[ICRA]AA (Stable)
-	Term loan – II	31/03/2021	NA	04/08/2027	487.52	[ICRA]AA (Stable)
-	Term loan – III	25/06/2021	NA	28/02/2027	1,662.50	[ICRA]AA (Stable)
-	Term loan – IV	25/02/2025	NA	25/02/2030	900.00	[ICRA]AA (Stable)
-	Term loan – V	25/08/2022	NA	22/02/2028	300.00	[ICRA]AA (Stable)
-	Term loan – VI	30/06/2022	NA	30/06/2027	920.00	[ICRA]AA (Stable)
-	Term loan – VII	26/09/2024	NA	21/11/2029	2,000.00	[ICRA]AA (Stable)
-	Term loan – VIII	18/12/2023	NA	18/12/2027	1,375.00	[ICRA]AA (Stable)
	Term loan – IX	07/06/2023	NA	18/12/2027	1,650.00	[ICRA]AA (Stable)
	Term loan – X	06/11/2023	NA	04/06/2029	1,437.50	[ICRA]AA (Stable)
	Term loan – XI	22/09/2022	NA	20/06/2028	3,140.00	[ICRA]AA (Stable)
	Term Loan	23/06/2025	NA	24/06/2029	3,000.00	[ICRA]AA (Stable)
	Term Loan	26/06/2025	NA	26/06/2029	2,000.00	[ICRA]AA (Stable)
-	Term loan – Proposed	NA	NA	NA	845.48	[ICRA]AA (Stable)
-	Fund-based limits	NA	NA	NA	1,558.00	[ICRA]AA (Stable)/ [ICRA]A1+
-	Non-fund-based limits – LC/BG	NA	NA	NA	1,424.00	[ICRA]A1+

*Source: Company; * The NCD issuance for respective ISINs have been redeemed on their respective due dates and the equivalent redeemed amount of Rs. 1,710 crores has been added to the NCD amount which is yet to be placed.*

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis - Not applicable

Corrigendum: The abbreviation of the name of the company has been corrected from OPAL to OPaL on Page-1 for one instance.

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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