

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:408

ANSWERED ON:19.02.2009

CREDIT RATING OF INDIAN OIL CORPORATION

Adhalrao Patil Shri Shivaji; Sai Shri Nand Kumar; Singh Shri Sugrib; Verma Shri Ravi Prakash; Yaskhi Shri Madhu Goud

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the credit rating of Indian Oil Corporation has been downgraded by the Standard and Poor, an international credit rating organisation;
- (b) if so, the facts thereof and reasons therefor; and
- (c) the impact of lowered credit rating on working of IOC?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

- (a) : Yes, Sir. Standard and Poor (S&P), on 31st December, 2008 has downgraded the Indian Oil Corporations' (IOC) Long Term Foreign Currency Issuer Rating from "Investment grade rating of BBB- with Stable out look" to "Speculative grade rating of BB+ with Stable out look".
- (b) : The said rating agency carries out periodical surveillance of the Companies' fundamentals, including credit worthiness, and after completing the annual surveillance of IOC for 2008, S&P decided to downgrade the rating. The agency has, however, recognized that IOC's financial situation would improve and stabilize in the short-term with the reduction in global oil prices, and final receipt of Oil Bonds from the Government of India.
- (c) : The downgrading may impact IOC's short term foreign currency loans in terms of restricted availability of funds and/or increase in interest rates by the Banks.