ऑयल इंडिया लिमिटेड
(भारत सरकार का उपक्रम) पंजीकृत कार्यालय : दुलियाजान, असम
Oil India Limited
(A Government of India Enterprise) Registered Office " Duliajan, Assam

प्लॉट. न. 19, सेक्टर 16-ए, नोएडा-201301 उत्तर प्रदेश
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CIN : L11101AS1959GOI001148 ई-मेल / E-mail : oilindia@oilindia.in वेबसाईट / Website : www.oil-india.com

Ref. No. OIL/SEC/32-33/NSE/BSE
Dated: May 5, 2015

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Department of Corporate Service
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Sub: Clause 36 of the Listing Agreement

Dear Sir,

Pursuant to Clause 36 of the Listing agreement, it is hereby notified that :

Fitch affirms Oil India Ltd at **BBB(-)/ Stable**. Press Release attached.

This is for your information.

Yours faithfully,
Oil India Limited

SRKrishnan

(S.R.Krishnan)
Company Secretary

FitchRatings

Fitch Affirms Oil India Ltd at 'BBB-'; Outlook Stable Ratings Endorsement Policy

05 May 2015 3:50 AM (EDT)

Fitch Ratings-Singapore-05 May 2015: Fitch Ratings has affirmed Oil India Ltd's (OIL) Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB-'. The Outlook is Stable. Fitch has also affirmed OIL's senior unsecured rating and the rating on its USD1bn of notes at 'BBB-'.

KEY RATING DRIVERS

Strong State Linkages: Fitch assesses the linkages between OIL and its 67.6% owner - the Indian sovereign (BBB-/Stable) - to be strong, based on the agency's Parent and Subsidiary Linkage methodology. The operational and strategic linkages are especially strong, given that the government oversees the exploration and production company's operations, appoints the senior managers, and gets OIL to bear part of the domestic fuel subsidy burden. OIL's standalone rating is at the same level as India's. Should the standalone rating be lower than the sovereign's, OIL's IDR would receive an uplift to equate it to India's rating based on a top-down rating approach, provided the linkages with the state remain intact.

Subsidy Reforms Positive for Margins: OIL's profitability has diminished over the last few years as it had to share the domestic fuel subsidy burden by giving large discounts (of around USD56 per barrel of oil) on crude oil supplied to refineries. As a result, its average post-discount (net realised) price over FY12-15E (financial year ended March) stood at around USD50 a barrel (bbl) compared with a pre-discount price of over USD100/bbl. The government in October 2014 deregulated diesel prices, the largest source of fuel under-recoveries in the past. With the deregulation, and assuming 40%-50% of the subsidy for liquefied petroleum gas (LPG) and kerosene are borne by the upstream companies, including OIL, we believe OIL's net realised oil price will improve to levels higher than seen historically.

Small, Concentrated Reserves: OIL's relatively small reserves and their concentration constrain its standalone rating. OIL's proven reserves were 400m barrels of oil equivalent (boe) at end-March 2014; with production of around 110,000 boe/d. OIL's peers rated in the 'BBB' category have median reserves of 2bn-3bn boe and production of around 500,000 boe/d. Almost all of OIL's production (96%) and reserves (98%) are in the north-eastern state of Assam, which is prone to political unrest. We believe OIL's production will continue to be concentrated in Assam over the next 4-5 years, and earnings would be at risk from unrest there.

Contingent Legal Liabilities: In its 9MFY15 results, OIL disclosed claims worth INR85.7bn from the Assam government related to taxes on OIL's sharing of under-recoveries with downstream oil companies. The company has challenged the demand saying that it followed regulations, and the matter is before the courts. In a similar dispute between ONGC (OIL's sister company) and the Gujarat government, the Gujarat High Court ruled in the state government's favour. We estimate that if OIL is directed to pay dues and change its method of tax calculation, its net leverage (net adjusted debt/EBITDA) is likely to increase to around 1x .

KEY ASSUMPTIONS

- Oil and gas output to rise by 5% in FY16, and by 3% annually thereafter.
- Net realised oil price to rise to USD58/bbl in FY16 (from USD47/bbl in FY15) and to USD60/bbl in FY17
- Realised gas price of USD3.9/mmbtu in FY15 and USD4.2/mmbtu thereafter.
- - total employee costs and per unit depreciation, depletion and amortisation (DD&A) cost to rise 7%-8% per annum from FY15.
- Capex of about USD740m in FY16, about USD890m in FY17 and USD950m each in 2018-19, assuming no M&A.

RATING SENSITIVITIES

Positive: Future developments that may, individually or collectively, lead to positive rating action include
- An upgrade of the sovereign rating provided the rating linkages with the state remain intact.
- OIL's standalone credit profile of 'BBB-' may be upgraded if it addresses the current constraints on its scale and asset diversity, while maintaining its strong balance sheet position.

Negative: Future developments that may, individually or collectively, lead to negative rating action include
- A downgrade of the sovereign rating
- A downgrade of OIL's standalone credit profile may result if adjusted net debt to EBITDA increases to over 2.0x, gross debt/ proved reserves exceeds USD5/boe (FY14: USD4.0/boe) and/ or fixed charge coverage reduces below 6x (FY15E: 9.8x) on a sustained basis. However, OIL's IDRs will continue to be equated to that of India, provided the linkages with the state remain intact.

For the sovereign rating of India, the following sensitivities were outlined by Fitch in its Rating Action Commentary of 9 April 2015:

The main factors that individually or collectively could lead to positive rating action are:

- Fiscal consolidation or fiscal reforms that would cause the general government debt burden to fall more rapidly than expected
- An improved business environment resulting from implemented reforms and structurally lower inflation levels, which would support higher investment and real GDP growth

The main factors that individually or collectively could lead to negative rating action are:

- Deviation from the fiscal consolidation path, leading to persistence of the high public debt burden, or greater-than-expected deterioration in the banking sector's asset quality that would prompt large-scale financial support from the sovereign
- Loose macroeconomic policy settings that cause a return of persistently high inflation levels and a widening current account deficit, which would increase the risk of external funding stress

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Additional information is available on www.fitchratings.com

Applicable criteria: 'Corporate Rating Methodology: Including Short-Term Ratings and Parent and Subsidiary Linkage', dated 28 May 2014 are available at www.fitchratings.com

Applicable Criteria and Related Research:
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage

Additional Disclosure
Solicitation Status