ONGC raises USD 300 million 10-year bond at coupon 3.375%,
lowest by any Indian issuer

Oil and Natural Gas Corporation Ltd. (ONGC) has priced its maiden offering of USD bonds in the aggregate principal amount of USD 300 million for meeting capital expenditure in accordance with the External Commercial Borrowing guidelines issued by the Reserve Bank of India and successfully achieved its objective to set a fresh benchmark for the Group Companies.

The bonds will bear a coupon of 3.375% and will mature in 2029. This is the tightest coupon for 10 year or longer tenor offering from India ever achieved by any Indian Corporate.

The mix of investors is diverse, from across Singapore, HK, London, Taiwan, Japan and Middle East which includes 77% bid from Asian investors and 23% from EMEA investors. The Bankers to the deal were – Citi, DBS Bank Ltd, MUFG, SBICAP and Standard Chartered.

ONGC CMD Mr. Shashi Shanker said that ONGC funds its operations from internal accruals and it has capacity to do the same in future also; the offering of USD bond however was important to set a benchmark for ONGC group which has become one of the most integrated energy major post acquisition of HPCL. It is anticipated that once the benchmark is set, it will facilitate group entities to raise funds at a competitive price.

ONGC Director (Finance) Mr. Subhash Kumar added that the yield achieved in the exercise was one of the best which further reinforces the credentials of ONGC as an integrated energy major. It is also expected that this issuance will enhance the group visibility in international market which will also pave way for upgraded corporate governance.

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