VIS
Credit Rating Company Limited

OIL & GAS DEVELOPMENT COMPANY LIMITED

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AAA	A1+	AAA	A1+
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	January 08, 2026		December 04, 2024	

Shareholding (5% or More)	Other Information
Government of Pakistan (GoP): 85.02%	Incorporated in 1997
General Public: 14.98%	Public Limited Company (listed)
	Chief Executive: Mr. Ahmed Hayat Lak
	External Auditor: A.F. Ferguson & Co., Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

The assigned ratings reflect ownership structure of OGDCL with 85.02% shareholding held by the Government of Pakistan (GoP). The Company is a leading entity in Pakistan's oil and gas sector in terms of exploration acreage, reserves, and production contribution. The business risk profile of Pakistan's oil and gas exploration sector is assessed as medium to high, reflecting a balance between its resource potential and operational challenges. While the sector remains impacted by circular debt accumulation, the Government of Pakistan is committed and continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Company considers its receivables amount to be fully recoverable because the GOP has been assuming responsibility to settle the inter-corporate circular debt in the energy sector.

The ratings also reflect the Company's strong financial risk profile, supported by a debt-free balance sheet and low leverage. The Company is a significant contributor to the national exchequer through corporate taxes, dividends, royalties, and government levies. In addition, its oil and gas production also contributes to foreign exchange savings by reducing reliance on imports. Despite exposure to inter-corporate circular debt, primarily involving Government of Pakistan owned gas entities, Company's liquidity position remains strong, as the associated credit risk is considered low. Liquidity is further bolstered by substantial cash balances and liquid assets on the balance sheet.

Development activities related to the Company's strategic investments in the Reko Diq Mining Project and the Abu Dhabi Offshore Block 5 Project are on track and progressing as planned.

Company Profile

Oil & Gas Development Company Limited ('OGDCL' or 'the Company') is Pakistan's largest national oil and gas company. The Company is the Country's leader in terms of exploration acreage, oil and gas reserves, and production contribution. It was founded as a Public Sector Corporation in 1961 and later converted to a Public Limited Company in 1997. In 2003, the Company was listed on the PSX, and its Global Depository Shares began trading on the London Stock Exchange in December 2006.

The primary business of OGDCL is the exploration, development, and production of oil and gas resources, and related activities. Crude Oil, Gas, Liquefied Petroleum Gas (LPG), and sulphur are products in the portfolio. OGDCL supplies crude oil and condensate to refineries for processing, while gas is supplied to gas distribution companies, power generation companies, and the fertilizer industry.

Management and Governance

CHAIRMAN PROFILE

Mr. Zafar Masud is the Chairman of OGDCL. He is a seasoned professional with around 30 years of experience in development finance, energy, corporate governance and management. He has served as a development and social impact-focused banker, entrepreneur and public sector expert. He holds an MBA in banking and is an alum of Insead – Fontainebleau, France, qualified in Corporate Governance.

CEO PROFILE

Mr. Ahmed Hayat Lak is the CEO/MD of OGDCL and brings a strong track record in strategic leadership, corporate governance, and public sector management, with deep insight into the country's upstream energy landscape. He holds a postgraduate degree in law from University of Wolverhampton and a Bachelor of Law from University of London.

BOARD & SENIOR MANAGEMENT

The Board of Directors comprises nine experienced members, including the Chairman, CEO, three independent Directors, and four Non-Executive members. The Board includes eight male and one female director and is supported by key committees: the Audit Committee, Human Resource and Nomination Committee, Risk Management & Security Committee, Business Development and Operations Committee and ESG Committee. The FY25 accounts of the Company are audited by A.F. Ferguson & Co Chartered Accountants. The auditor has given an unqualified opinion.

Business Risk

INDUSTRY UPDATE

The business risk profile for Pakistan's oil and gas exploration sector is assessed as medium to high, reflecting a balance between resource potential and operational challenges. While the sector benefits from steady domestic demand and strategic importance, it faces risks related to reserve depletion, exposure to circular debt, and the complexities of developing unconventional and offshore resources.

Pakistan's proven oil and gas reserves have been declining over the years due to natural depletion and ageing reservoirs. This depletion underscores the necessity for new discoveries and enhanced recovery techniques to sustain production levels.

The sector remains impacted by the accumulation of circular debt within the energy supply chain, affecting the financial health of exploration and production companies. However, the Government of Pakistan has initiated large-scale refinancing arrangements, structural financial reforms, and IMF-aligned fiscal measures aimed at containing and gradually reducing circular debt. In particular, targeted actions to address gas sector circular debt, including rationalization of gas tariffs.

Moreover, the local exploration and production sector also stands to benefit from the recent diversion of 24 LNG cargoes imported from Qatar, which is likely to boost domestic gas demand. Over the long term, the potential for discovery of significant offshore oil and gas reserves in Pakistan's territorial waters presents opportunities for resource expansion. Steady domestic demand for energy, driven by industrial and population growth, reinforces the sector's strategic importance. However, the realization of potential benefits is contingent upon addressing security challenges, implementing prudent E&P policies, and investing in advanced exploration capabilities.

Operational Performance

As of FY25, the Company's total exploration acreage stood at 99,284 sq.km (FY24: 99,282 sq.km) representing 40% of country's total area under exploration. Amongst the operations, the Company demonstrated marked progress with 15 wells spud (FY24: 13) and 8 injected (FY24: 11). Exploration efforts were constrained due to security constraints with 2D Seismic survey reducing to 750 line-km (FY24: 1,236 line-km) and 3D Seismic Survey at 1,051 sq.km (FY24: 1,201 sq.km). During the year, the Company reported 5 new discoveries (FY24: 5) resultantly reserve replacement ratio improved to 167% (FY24: 59%). Overall, Company's market share across products have remained steady over the years.

Market Shares	FY21	FY22	FY23	FY24	FY25
Net Oil Production (BBL/D)	36,892	35,292	32,478	33,117	30,919
OGDCL Market Share - Oil	48%	47%	46%	46%	49%
Net Gas Production (MMSCF/D)	870	825	764	717	652
OGDCL Market Share - Gas	29%	29%	29%	28%	28%
Net LPG Production (MT/D)	803	807	720	717	642
OGDCL Market Share - LPG	37%	37%	36%	37%	34%

PROFITABILITY

During FY25, the Company reported a top line of PKR 401.2 bn (FY24: PKR 463.7 bn), reflecting a 13.5% decline, driven by both lower production and crude pricing. Gas production was constrained primarily due to forced curtailments by gas companies, while the average basket price of crude oil declined to USD 74.23 per barrel from USD 83.94 per barrel in the previous year. The reduction in crude oil prices was largely attributable to the easing of risk premiums following a moderation in geopolitical tensions in key regions and eased production curbs by OPEC+.

As a result, the Company's gross margin witnessed a downtick to 58% (FY24: 61%). Likewise, the operating margin declined to 46% (FY24: 52%), mainly on account of higher exploration and prospecting expenditure. The net margin declined slightly to 42% (FY24: 45%), primarily due to a higher effective tax rate arising from tax payments on bonus shares issued by Mari Energies Ltd, though overall profitability remained largely stable. The profitability trend continued into 1QFY26, with topline standing at PKR 96 bn and a gross margin of 59%. Lower other income, driven by a decline in interest income from investments and bank deposits, moderated the bottom-line profits, resulting in a net margin of 40%.

Financial Risk

CAPITAL STRUCTURE

OGDCL maintains a strong financial position, underpinned by a debt-free capital structure. The balance sheet exhibits low leverage recording at 0.21x and 0.23x as of end-1QFY26 and FY25, respectively (FY24: 0.28x). The Company is currently funding its capital expenditure requirements entirely through internal resources, including notable investments in the Reko Diq Project (through Pakistan Minerals (Pvt) Ltd – PMPL) and the Abu Dhabi Offshore Block 5 project (through Pakistan International Oil Limited – PIOL). During the ongoing year, OGDCL made an additional equity contribution of PKR 6.033 bn to PMPL. Meanwhile, the investment in PIOL stands at USD 19.9 bn as of end-FY25.

DEBT COVERAGE & LIQUIDITY

OGDCL's liquidity position remains strong with Funds from Operations (FFO) recording at PKR 39.4 bn (FY24: PKR 154.7 bn), impacted by higher taxation and lower margins. As of FY25, overdue receivables stood at PKR 549.976 bn, largely from GoP-controlled entities, including SSGC (PKR 231.980 bn) and SNGPL (PKR 264.208 bn). The credit risk associated with these receivables is considered low from a national scale rating perspective due to the backing of the GoP.

Moreover, the Company's strong cash and liquid assets, amounting to PKR 206 bn (FY24: PKR 259 bn) and PKR 222 bn as of 1QFY26, provide a substantial buffer, ensuring that elevated trade receivables do not materially impact liquidity. Improved collection rates from gas companies, which rose to 109% in FY25 (FY24: 76%) following gas price adjustments and government initiatives to mitigate circular debt, further reinforce OGDCL's stable financial position.

Additionally, a recovery plan for PKR 92.7 bn in interest from the Company's investment in PPTFCs under the Uch Power agreement is ongoing. Interest payments are being recovered in 12 equal monthly installments starting from June 2025, with six installments already received, contributing to continued liquidity support and financial stability. The principal amount of PKR 82 bn had been fully recovered by FY24.

FINANCIAL SUMMARY

BALANCE SHEET (PKR billions)	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	1QFY2026M
Property, Plant and Equipment	95.7	92.7	85.8	86.8	97.9	111.8
Development and Production Assets	100.4	118.3	122.6	120.4	139.0	141.2
Long-term Investments	168.0	217.1	274.4	216.6	242.4	227.0
Lease Receivables (incl. current portion)	59.5	69.9	158.7	155.5	140.9	127.2
Other Non-Current Assets	26.4	24.0	16.8	31.8	44.2	49.8
Short-term Investments	56.4	48.5	87.3	118.0	152.7	209.8
Trade Debts	358.8	456.6	577.0	635.0	613.7	612.8
Income Tax – Advance	45.8	31.9	33.3	54.0	114.0	128.8
Cash & Bank Balances	7.4	31.6	25.8	141.0	52.8	12.5
Other Current Assets	37.6	39.3	42.4	45.1	57.0	57.1
Total Assets	956.0	1,130.0	1,424.1	1,604.3	1,654.6	1,677.9
Trade and Other Payables	72.4	105.1	123.3	139.5	123.8	106.4
Non-current Liabilities	84.7	115.5	180.2	172.9	181.1	184.1
Short Term Borrowings	-	-	-	-	-	-
Long Term Financing (Inc. current maturity)	-	-	-	-	-	-
Other Liabilities	29.3	33.9	37.7	41.3	1.5	1.5
Total Liabilities	186.3	254.6	341.2	353.8	306.4	292.0
Paid-Up Capital	43.0	43.0	43.0	43.0	43.0	43.0
Reserves & Retained Earnings	726.6	832.4	1,039.9	1,207.5	1,305.2	1,342.9
Total Equity	769.6	875.4	1,082.9	1,250.5	1,348.2	1,386.0

INCOME STATEMENT (PKR billions)	FY21A	FY22A	FY23A	FY24A	FY25A	1QFY26M
Net Sales	239.1	335.5	413.6	463.7	401.2	96.2
Gross Profit	139.7	216.9	269.7	283.3	231.6	56.3
Profit Before Tax	129.0	232.5	383.8	293.8	279.3	62.0
Profit After Tax	91.5	133.8	224.6	209.0	169.9	38.3
FFO	95.3	161.6	161.6	154.7	39.4	3.6

RATIO ANALYSIS	FY21A	FY22A	FY23A	FY24A	FY25A	1QFY26M
Gross Margin (%)	58.4%	64.7%	65.2%	61.1%	57.7%	58.5%
Net Margin (%)	38.3%	39.9%	54.3%	45.1%	42.4%	39.8%
FFO to Long-Term Debt	-	-	-	-	-	-
FFO to Total Debt	-	-	-	-	-	-
Debt Servicing Coverage Ratio (x)	-	-	-	-	-	-
ROAA (%) *	9.9%	12.8%	17.6%	13.8%	12.0%	9.8%
ROAE (%) *	12.4%	16.3%	22.9%	17.9%	14.9%	12.2%
Debt Leverage (x)	0.24	0.29	0.32	0.28	0.23	0.21
Current Ratio	6.4	5.6	6.0	5.9	9.0	10.4

*Annualized, if required

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES						Appendix II
Name of Rated Entity	Oil & Gas Development Company Limited					
Sector	Oil & Gas					
Type of Relationship	Solicited					
Purpose of Rating	Entity Ratings					
Rating History	Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action	
	RATING TYPE: ENTITY					
	01/08/2026	AAA	A1+	Stable	Reaffirmed	
	12/04/2024	AAA	A1+	Stable	Reaffirmed	
	12/20/2023	AAA	A1+	Stable	Reaffirmed	
	12/23/2022	AAA	A1+	Stable	Reaffirmed	
	12/17/2021	AAA	A1+	Stable	Reaffirmed	
	01/25/2021	AAA	A1+	Stable	Reaffirmed	
	01/20/2020	AAA	A1+	Stable	Reaffirmed	
	02/15/2019	AAA	A1+	Stable	Reaffirmed	
	02/22/2018	AAA	A1+	Stable	Reaffirmed	
	10/31/2017	AAA	A1+	Stable	Reaffirmed	
	04/28/2017	AAA	A1+	Stable	Initial	
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.					
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.					
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Due Diligence Meetings Conducted	S.No.	Name	Designation	Date		
	1.	Mr. Fahad Saeed	Senior Accountant	22-Dec-25		