US, Japanese, Middle Eastern firms interested in OPaL stake, says ONGC
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Global giants from US, Japan and the Middle East have shown interest in picking up a stake in state-owned Oil and Natural Gas Corp's (ONGC) mega petrochemical project in Gujarat, the firm's Chairman and Managing Director Shashi Shanker said.

ONGC Petro additions Ltd's (OPaL) 1.1 million tonnes plant was completed last year at a cost of Rs 300 bn. "The plant is operating at 80 per cent capacity and is targeted to reach 100 per cent before end of current fiscal," Shanker said.

While the plant was originally conceived as a joint venture with state-owned gas utility GAIL India Ltd and Gujarat State Petroleum Corp Ltd (GSPC), ONGC funded most of the project cost.

ONGC is now looking at restructuring the equity of OPaL and is exploring the option of roping in a foreign partner. "Many people across the globe have shown interest in taking stake. Many options are available," he said. "Companies from Middle East, Japan and US have shown interest."

He, however, did not name the companies. Saudi Aramco is said to be one of the companies interested in taking a stake in OPaL.

"By February we should be able to get a fix on the whole thing," he said.

ONGC was originally supposed to keep just 26 per cent stake in OPaL while gas utility GAIL was to take 19 per cent. Five per cent was to be taken by Gujarat State Petroleum Corp (GSPC) and the remaining was to be sold to a strategic investor and public.

But GAIL ended up paying for only 9 per cent and GSPC for only 0.2 per cent. The remaining cost was borne by ONGC.

GAIL had in 2008 picked up 19 per cent stake in OPaL, which was then building the mega petrochemical complex at Dahej in Gujarat.

But the project, which started in 2006, faced major cost and time overruns, which forced GAIL to restrict its equity contribution to the original Rs 9.96 bn.

This investment in the expanded project cost meant that the gas utility's stake dropped first to 17 per cent, then to 15.5 per cent and now about 9 per cent.

The project at the time of conception was projected to cost Rs 124.40 bn but the cost was in 2010 revised to Rs 195.35 bn. It was a couple of years later further revised upwards to Rs 213.96 bn with December 2013 set as the commissioning date. It was completed last year for Rs 300 bn.

GAIL would, however, continue to hold rights to market 38 per cent of the polymer and other chemicals produced by OPaL even at the reduced equity stake.

ONGC had attributed the increase in project cost primarily to additional cost of Phase-II captive power plant and increase in cost of building the Phase-I electricity generating unit.

OPaL aims to export products overseas to markets such as Africa, China, Singapore, Turkey, Pakistan, Vietnam, Malaysia, Indonesia, Bangladesh and Sri Lanka.