

HPCL-MRPL merger next year; not right time for OVL listing, says ONGC chief

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State-run Oil and Natural Gas Corporation (ONGC) said on Friday the proposed merger of its subsidiaries, Hindustan Petroleum Corporation (HPCL), and Mangalore Refinery and Petrochemicals (MRPL), would happen next year.

The largest hydrocarbon producer in India has lined up a capital expenditure of Rs 32,921 crore during 2019-20, compared to Rs 29,449 crore during the previous financial year.

Addressing the media after the company's annual general meeting, Chairman and Managing Director Shashi Shanker said: "The proposed merger is in progress and will happen next year. We will appoint a consultant soon." The plan to bring the refining and marketing business of ONGC under an umbrella came after the company acquired 51.11 per cent stake in HPCL for Rs 36,915 crore in January 2018.

ONGC said investments on 27 projects to the tune of Rs 86,000 crore is currently being executed. The company has also come out with a road map for 2040, including investments of around \$1 billion in initiatives like hydrogen fuel, lithium mining, and artificial intelligence.

On physical front, the company also expects its gas production to increase from 32 billion cubic meter (bcm) now to 40 bcm in a decade. On the other hand, by 2040, the share of its renewable business may also increase from 23 mega watt now to around 5 Gw based on the road map.

To relinquish six overseas blocks

ONGC Videsh (OVL), the overseas subsidiary of the company, is set to relinquish at least six of its overseas assets during the current financial year. This includes three blocks in Columbia (RC-9, RC-10, and GUA OFF-2) and one block each in Sudan, Namibia, and Kazakhstan. In the case of Sudan, the notice for relinquishment has already been provided for August 31.

The company said it was not in favour of listing OVL. "We looked at a proposal for listing of OVL by the government and have informed them that this is not the right time," Shanker added.

ONGC is of the view that the listing should happen after start of production from its major asset in Mozambique by 2022. OVL is expected to invest around \$4.5 billion to develop Golfinho-Atum field in the Rovuma Area 1 Offshore Block.

A company official said the dividend dues from various countries, including Venezuela and Sudan, now stood close to \$1 billion. Venezuela's state oil firm Petroleos de Venezuela is yet to pay dividend dues of \$400 million, while another \$300 million is stuck in a Sudanese asset.

According to the deal signed with India, the Latin American major has so far paid around \$130 million in instalments to the ONGC subsidiary. "Even after this, the current due from Venezuela stands at over \$400 million," an official said.

