

ONGC, Saudi Aramco discuss Dahej project stake

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Foreign firm may get 20-25 per cent share ONGC Petro additions Ltd (OPaL) has again started its hunt for a suitable partner for its Dahej petrochemical complex. This time, it is in talks with Saudi Aramco.

Sudhir Vasudeva, chairman & Managing Director, ONGC, and Chairman, OPaL told Business Line the first round of introductory and exploratory discussions has taken place.

But, the oil major is yet to start due diligence. "No timeline has been fixed as yet," another source said.

ONGC is the principal promoter of OPaL. The other partners are GAIL (India) and Gujarat State Petroleum Corporation (GSPC).

ONGC holds 26 per cent stake in this venture, formed to set up the complex at the Dahej special economic zone.

Five per cent stake is with Gujarat State Petroleum Corp and Gail (India) has 15.5 per cent.

The promoters have to tie up equity for the remaining 53.5 per cent. A foreign firm may be given 20-25 per cent. In 2010, OPaL had attracted the interest of Kuwait's Petrochemical Industries Company (PIC) with suitable premium on valuation. However, the talks fell through due to differences over price.

Players such as PIC and Saudi Aramco had earlier declined offers for stake in Indian refinery-cum-petrochemical projects as they wanted auto fuel distribution rights as well, which was not possible as only public sector entities are eligible for Government subsidies.

Whether this has changed now remains to be seen, industry observers said.

GAIL had originally decided to pick up 19 per cent in the project but after the project cost was revised to Rs 19,535 crore, it decided to restrict participation to 17 per cent. Subsequently, it restricted its holding at 15.5 per cent in the project.

Initially, the 1.1 million-tonne plant was estimated to cost Rs 12,440 crore. The project cost was in 2010 revised to Rs 19,535 crore and further revised to Rs 21,396 crore with December 2013 set as the commissioning date.

The project is likely to be completed by 2014.

Products

The Dahej petrochemical complex would comprise global scale cracker and downstream polymer plants. OPaL will use C2-C3 (ethane and propane) compounds extracted from imported liquefied natural gas to make polymers. ONGC is looking for someone who can sell the polymers the plant makes.

The plant would produce 1.1 million tonnes of ethylene, 340,000 tonnes of propylene, 135,000 tonnes of benzene and 95,000 tonnes of butadiene per annum. These products are used as source materials in the plastics industry.

SOURCE : *The Hindu Business Line*