

ONGC to raise Rs. 25,000 cr. to buy Centre's stake in HPCL

War chest:Last month, the ONGC board gave in-principle approval for the acquisition worth about Rs. 37,000 crore.

Cash-rich Oil and Natural Gas Corp. (ONGC) will raise its first debt ever, of Rs. 25,000 crore, to part fund the Rs. 37,000 crore acquisition of government's stake in Hindustan Petroleum Corp Ltd. (HPCL).

India's largest oil and gas producer has about Rs. 13,000 crore in cash and will need to borrow the rest to fund the buying of government's 51.11% stake in HPCL. ONGC has sought shareholder approval for "borrowing/ raising funds in Indian rupee and/ or foreign currency by issue of debt instruments (including bonds, non-convertible debentures and notes) in domestic and/ or overseas market" of Rs. 25,000 crore.

The borrowings would be for "acquisition of projects/ equity shares and/or going concerns, meeting capital expenditure, working capital requirements and general corporate purposes during the period commencing from the date of passing of special resolution till completion of twelve months thereof or the date of the next annual general meeting in the financial year 2018-19, whichever is earlier," the company said in a shareholder resolution.

The resolution would come up for voting at the company's annual general meeting (AGM) of shareholders on September 27.

The board of ONGC last month gave 'in-principle approval' for the acquisition of the government stake in HPCL, which at Monday's trading price is worth about Rs. 37,000 crore.

Stakes in firms

ONGC holds 13.77% stake in IOC, which at Monday's trading price is worth Rs. 28,800 crore. It also holds 4.83% stake in gas utility GAIL India Ltd. which is worth Rs. 1,550 crore.

But the company is not likely to sell any of it to fund the HPCL buy, officials said.

A six-member committee of directors has been constituted to examine various aspects of the acquisition and provide its recommendations to the board.

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