OIL AND NATURAL GAS CORPORATION LIMITED

COMPANY SECRETARIAT

Regd. Office : 'Deendayal Urja Bhawan', 5, Nelson Mandela Marg, Vasant Kunj, New Delhi-110070
CIN: L74899DL1993GOI054155 Website: www.ongcindia.com Email: secretariat@ongc.co.in

ONGC/CS/SE/2018 **20th January 2018**

National Stock Exchange of India Ltd. **Exchange Plaza** **Bandra-Kurla Complex** **Bandra (E)** **MUMBAI – 400 051** **Symbol-ONGC; Series - EQ**	**BSE Ltd.** **Corporate Relationship Department** **Phiroze Jeejeebhoy Towers** **Dalal Street, Fort** **MUMBAI – 400 001** **BSE Security Code No. 500312**

Sub: Press Release pursuant to Regulation 30 of the Listing Regulations.

Dear Sirs,

Pursuant to Regulation 30 of the Listing Regulations, please find enclosed a copy of the Press Release issued by ONGC with regard to acquisition of equity shares of HPCL (representing 51.11% of the share capital of HPCL) from Government of India.

This is for your kind information and record please.

Thanking you,
Yours faithfully,
for OIL AND NATURAL GAS CORPORATION LTD.

20/01/18

(MEV Selvamm)
Company Secretary

Enclosed: as above

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ONGC acquires 51.11% stake of President of India in Hindustan Petroleum Corporation Limited

New Delhi 20th January 2018

Oil and Natural Gas Corporation Ltd. (ONGC) and the President of India (President) have been engaged in discussions on a potential transaction for purchase by ONGC of the President's shareholding of 51.11% in Hindustan Petroleum Corporation Limited (HPCL) [BSE/NSE: 500104/HINDPETRO] in furtherance of the budget announcement by the Government of India for creating an 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies.

About HPCL:

Standard Refining Company of India Limited was incorporated in 1952, and its name was changed to ESSO Standard Refining Company of India Limited (ESSO) in 1962. HPCL was formed in 1974 pursuant to the acquisition of shares in ESSO by Government of India and subsequent merger of ESSO and Lube India Limited. Thereafter, Government of India acquired shares of Caltex Oil Refining (India) Limited in 1976 and merged it with HPCL in 1978. Kosana's Company was merged with HPCL in 1979. HPCL is currently a Central Public Sector Enterprise (CPSE) with majority shareholding (51.11%) by President of India The equity shares of HPCL are listed on the Bombay Stock Exchange and the National Stock Exchange.

With a turnover of Rs 2,13,489 Crore and profit after tax of Rs 6502 Crore during 2016-17 HPCL ranks at 384th in Fortune Global 500 and 48th in Platts 250 Global Energy Companies, HPCL, a CPSE, with Navratna Status has business portfolio spanning across the hydrocarbon value chain and has a strong presence in Refining and Marketing of petroleum products in the country. HPCL markets around 35.2 MMT of petroleum products with a market share of about 21% and is number one lube marketer in the country. HPCL has its refineries at Mumbai and Visakhapatnam and a joint venture refinery at Bhatinda. HPCL owns the biggest Lube refinery in India and the second largest cross country product pipeline network of about 3500 km. HPCL has a vast marketing network spread across the length and breadth of the country with terminals, depots, LPG bottling plants, Lube blending plants, aviation fuel stations and around 15000 retail outlets. HPCL owns and operates LPG cavern at Visakhapatnam in joint venture with Total and have 16.96% equity stake in Mangalore Refining and Petrochemicals Ltd. HPCL also have other joint ventures in the areas of City Gas distribution, cross country pipelines, production and marketing of bitumen emulsions and bio fuels. HPCL is also setting up a state of the art greenfield Refinery cum Petrochemical Complex of 9MMTPA capacity in Rajasthan and is expanding its existing refinery.

ONGC Board on 19th January, 2018 considered the proposal and approved acquisition of the entire 51.11% shareholding (778,845,375 equity shares) of the President of India, at a cash purchase consideration of INR 473.97 per share with a total acquisition cost of Rs. 36,915 Crore.

ONGC has entered into a share purchase agreement with the President for acquiring the 778,845,375 equity shares of HPCL (representing 51.11% of HPCL) on 20th January 2018. The parties expect to complete the transaction before end of January 2018.

As the Government of India (GOI) through President of India, being the promoter of ONGC (holding 67.72%) and HPCL (holding 51.11%) is the seller, the transaction is a related party transaction between the Government and a government company within the meaning of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (LODR) and the Companies Act 2013 (Act). The SEBI has been pleased to grant an exemption from the application of Regulation 23 of the LODR to ONGC for this transaction vide its letter dated 30 November 2017. Requisite approval from the shareholders of ONGC for the related party transaction will be sought by ONGC after the execution of the share purchase agreement in accordance with provisions of Section 188(3) of the Act. The acquisition has been made on an arm's length basis. The transaction is exempt from the requirement to make an open offer under the provisions of Regulation 10(1)(a)(iii) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011. The Ministry of Corporate Affairs has notified an exemption for CPSEs in the oil and gas sector from the applicability of provisions of Sections 5 and 6 of the Competition Act 2002 on 22 November 2017, which exemption is applicable to this transaction. The CCEA has provided its in-principle approval for the transaction on 19 July 2017 and the alternate mechanism set up for the finalizing the price, terms and conditions of the transaction has accorded its final approval on 20th January 2018. No other regulatory approvals are required for the transaction.

The acquisition has been undertaken in furtherance of the Government's objective to combine the various central public sector enterprises to give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders and create an 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies. ONGC expects that as an integrated oil conglomerate, its performance will be less affected by the volatility of crude prices due to diversification of its cash flows to midstream and downstream presence through HPCL, lower earnings volatility, diversified cash flows and lower business risk resulting in better valuation and higher shareholder value. HPCL and ONGC have a complimentary asset portfolio and through this acquisition, ONGC is gaining a midstream and downstream presence and access to a marketing network. ONGC will also gain access to marketing network of HPCL which could be synergistically utilised for projects such as MRPL, OPaL.

SBI Capital Markets Ltd., and Citi Global acted as the Transaction Advisors and Shardul Amarchand Mangaldas acted as the Legal Advisor to ONGC.

About ONGC:

ONGC is the largest producer of crude oil and natural gas in India, contributing around 70 per cent of Indian domestic production. ONGC's market capitalization as on 19th January, 2018, was INR 248451 Crore. During the financial year ended 31st March 2017, ONGC Group had produced 61.60 million tonne of oil and oil equivalent gas (mmtoe); the Consolidated Gross Turnover was INR 142149 Crores, Consolidated Net Profit was INR 20498 Crore for the year 2016-17 and total oil and gas reserves were 2,142 mmtoe as on 31st March 2017.

For more information visit: www.ongcindia.com
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