



ONGC News, 21.11.2021 Print

\$15billion Reliance-Aramco deal shelved	Millennium Post	1	Bureau
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RELIANCE WITHDRAWS PROPOSAL TO SEPARATE O2C BUSINESS

\$15 billion Reliance-Aramco deal shelved

Ambani had in August 2019 announced talks to sell a 20 per cent in the oil-to-chemicals business

MPOST BUREAU

NEW DELHI: After missing two self-imposed deadlines, billionaire Mukesh Ambani's Reliance Industries Ltd has shelved a proposed deal to sell a 20 per cent stake in its oil refinery and petrochemical business to Saudi Aramco for an asking of \$15 billion as the Indian firm focuses on new energy business.

"Due to evolving nature of Reliance's business portfolio, Reliance and Saudi Aramco have mutually determined that it would be beneficial for both parties to re-evaluate the proposed investment in O2C business in light of the changed context," the Indian firm said late Friday, adding that it will continue to be Saudi



Aramco's "preferred partner" for investments in India's private sector.

Ambani had in company's annual general meeting of shareholders in August 2019 announced talks to sell a 20 per cent in the oil-to-chemicals (O2C) business, which comprises its twin oil refineries at Jamnagar in Gujarat, petrochemical assets and 51 per cent stake in fuel retailing joint venture with BP, to the world's

largest oil exporter.

At that time, he had announced the deal would close by March 2020. The deadline was missed and the company blamed pandemic controlling restrictions, imposed towards the end of March 2020, for hampering due diligence.

This year too, at the AGM, Ambani stated that the deal would close by the end of the year. At the same event, he also announced new energy forays including a plan for developing one of the largest integrated renewable energy manufacturing facilities in the world.

The complex would consist of a solar photovoltaic module, battery, green hydrogen and fuel cell factories and cost Rs 60,000 crore.

While new deadlines for Aramco deal and new energy forays were announced in the same breath, it wasn't clear what changed between June and now to site shifting focus for the "re-evaluation."

Reliance also decided to withdraw the proposal filed before the National Company Law Tribunal (NCLT) to separate O2C business from the company.

New energy businesses are housed in separate subsidiaries of RIL and are not part of O2C. How the new energy business housed in separate subsidiaries impacted negotiations for O2C stake wasn't clear.

It also wasn't clear why the separation proposal filed before NCLT was withdrawn if Aramco remained interested

in buying a stake in the O2C business and the deal could be concluded in the future.

It also wasn't known if Aramco was interested in the new energy business as well and so a reworked deal needed to be negotiated.

An email sent to the company spokesperson on these issues remained unanswered.

Reliance in the Friday night statement said it will work with Aramco and SABIC for investments in the Kingdom.

"The deep engagement over the last two years has given both Reliance and Saudi Aramco a greater understanding of each other, providing a platform for broader areas of cooperation," the statement said.

SAUDI OIL CO, RELIANCE TO 'RE-EVALUATE' PROPOSED INVESTMENT

RIL focus on green energy, Covid hit for Aramco: Why both cos put O2C deal on hold

KARUNJIT SINGH
NEW DELHI, NOVEMBER 20

RELIANCE INDUSTRIES Ltd (RIL) and Saudi Arabia's national oil company Saudi Aramco on Friday decided to "re-evaluate" a proposed investment by the latter in RIL's O2C business.

What was the proposed investment?

In August 2019, RIL and Aramco signed a non-binding letter of intent for the latter to acquire a 20 per cent stake in Reliance's oil-to-chemical (O2C) business in a deal worth \$15 billion. The deal was expected to benefit RIL's O2C business in terms of higher feedstock security for its tilt towards higher crude to petrochemical conversion. Reliance had applied to hive off its O2C business in line with the National Company Law Tribunal (NCLT). In October, RIL also named Saudi Aramco chairman Yasir Al-Rumayyan to its board as an independent director.

What are the factors that have led to the deal being called off?

Covid-19 played a significant role in delaying the planned investment by Aramco, as the pandemic caused crude oil prices to crash in line with demand for petroleum products. Experts said

DEAL TO PURCHASE 20% STAKE

■ In August 2019, RIL and Aramco signed a non-binding letter of intent for the latter to buy 20% stake in Reliance's O2C business

■ In October, Reliance also named Saudi Aramco chairman Yasir Al-Rumayyan to its board as an independent director

this likely impacted Aramco's ability to acquire the 20 per cent stake in the RIL's O2C business. Further RIL's announcement to become a net zero carbon emitter by 2030 and plans to optimise its Jamnagar refinery to produce on jet fuels and petrochemicals may have impacted Aramco's interest in investing in the O2C.

"RIL and Aramco have mutually determined that it would be beneficial for both parties to re-evaluate the proposed investment in O2C business in light of the changed context," RIL said in a statement. The company also said that the Jamnagar complex, which is a key part of the company's O2C business, would be the centre of Reliance's renewable energy & new materials business, supporting its net zero carbon emissions commitment.

"These plans are counterintuitive to Aramco's interest and

EXPLAINED

world view. Oil producing nations have been making the case that fossil fuel assets need to be given more time and investment so that the energy transition can

be gradual," said an equity analyst who wished to be anonymous.

Jamnagar is set to be the site for RIL's 'Green Energy Giga Complex', which is set to include an integrated solar photovoltaic module factory, an advanced energy storage factory, an electrolyser factory and a fuel cell factory.

The analyst said Aramco may have also had concerns that a large part of its investment could be used to repay loans to RIL, which the Mukesh Ambani-led conglomerate may then use to fund its green energy related projects. After reorganisation of the O2C business, the new entity would have had a \$25 billion loan from RIL on its balance sheet, as per an investor presentation by RIL.

Reliance, Saudi Aramco to 're-evaluate' O2C proposal

RIL withdraws NCLT plea to spin off oil-to-chemicals unit

SPECIAL CORRESPONDENT
MUMBAI

Reliance Industries Ltd. (RIL) and Saudi Aramco have mutually decided to disengage from a major investment proposal concerning the Oil to Chemicals (O2C) business of the Indian conglomerate. The deal was estimated to be about \$15 billion.

"Due to the evolving nature of Reliance's business portfolio, Reliance and Saudi Aramco have mutually determined that it would be beneficial for both parties to re-evaluate the proposed investment in O2C business in light of the changed context," RIL said in a late night statement on November 19.

"Consequently, the current application with NCLT



for segregating the O2C business from RIL is being withdrawn," it added.

Both companies had signed a non-binding Letter of Intent in August 2019 for a potential 20% stake acquisition by Saudi Aramco in the O2C business of RIL.

In the media release, RIL referred to recently-unveiled plans for the new energy and materials businesses with the announcement on

the development of the Dhirubhai Ambani Green Energy Giga Complex at Jamnagar. It is planned to be among the largest integrated renewable energy manufacturing facilities in the world.

'Net zero commitment'

"Jamnagar, which accounts for a major part of the O2C assets, is envisaged to be the centre for Reliance's new businesses of Renewable Energy & New Materials, supporting the Net Zero commitment," RIL said.

"RIL shall continue to be Saudi Aramco's preferred partner for investments in the private sector in India and will collaborate with Saudi Aramco and SABIC for investments in Saudi Arabia," it added.

सऊदी अरामको और रिलायंस का सुदा रद्द

नई दिल्ली | एजेंसी

रिलायंस इंडस्ट्रीज लिमिटेड ने सऊदी अरब की तेल कंपनी सऊदी अरामको के साथ अपनी 15 अरब डॉलर की डील रद्द कर दी है। इसके तहत रिलायंस अपने तेल एवं गैस व्यापार में सऊदी अरामको को 20 फीसदी हिस्सेदारी बेच रही थी।

रिलायंस ने एक बयान जारी करके बताया कि रिलायंस के बिजनेस पोर्टफोलियो की विकसित प्रकृति के कारण, रिलायंस और सऊदी अरामको ने तय किया है कि दोनों पक्षों के लिए ओ2सी (तेल से लेकर रसायन तक) व्यवसाय में प्रस्तावित निवेश का पुनर्मूल्यांकन करना फायदेमंद रहेगा। रिलायंस ने ओ2सी कारोबार को कंपनी से अलग करने के लिए राष्ट्रीय कंपनी विधि न्यायाधिकरण (एनसीएलटी) के समक्ष किए गए आवेदन को भी वापस लेने का फैसला किया है।

2019 में की थी घोषणा

मुकेश अंबानी ने अगस्त, 2019 में हुई शेरधारकों की एनुअल जनरल मीटिंग के दौरान घोषणा की थी कि ऑइल टू केमिकल बिजनेस में 20 फीसदी हिस्सेदारी को बेचने पर बात चल रही है। इसके तहत रिलायंस के पास गुजरात के जामनगर में दो तेल रिफायनरी, पेट्रोकेमिकल एसेट्स और बीपी के साथ फ्यूल रिटेलिंग जॉइंट वेंचर में 51 फीसदी हिस्सेदारी शामिल है। ये डील मार्च 2020 होनी थी, लेकिन कोरोना महामारी के चलते ऐसा नहीं हो सका।

हालांकि यह भी साफ नहीं है कि यदि अरामको अभी भी ओ2सी कारोबार में हिस्सेदारी लेना चाहती है, और सुदा भविष्य में पूरा हो सकता है, तो एनसीएलटी के समक्ष कारोबार को अलग करने के आवेदन को वापस क्यों लिया गया। इस बारे में कंपनी के प्रवक्ता ने कोई जवाब नहीं दिया है।