



## IOC will look at all possibilities of mergers and acquisitions

Chairman B Ashok supports govt's integrated oil companies decision [Page 2](#)

# IOC favours oil companies' mergers, to seize opportunity

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New Delhi, March 20

**S**UPPORTING the government's decision to create integrated domestic oil companies, Indian Oil Corporation (IOC) chairman B Ashok on Monday said the company would look at all possibilities of mergers and acquisitions.

"Mergers and acquisitions are not new to us and in the past 15 years or so, we have taken over some big companies. So with such experience, we think it definitely is worth our while to look at the possibilities. The finance minister has offered a window of opportunities for us," he told *FE* in an interview.

IOC, India's largest company by revenue, had taken over Bongaigaon Refinery, a stand-alone refining company, and Indo-Burma Petroleum, a downstream company, in the past.

Finance minister Arun Jaitley in his Budget speech had announced that the government intended to merge state-run oil and gas entities to create an integrated company which will have the "capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders".

Since then, there have been talks of national oil explorer ONGC taking over oil marketer Hindustan Petroleum, though there has been no official confirmation from the companies.



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Ashok believes that such a move makes sense in the larger context as bigger organisations with greater financial muscles in today's integrated world have a far better means of looking at opportunities unlike smaller companies. "I would look at it from that perspective and especially now with oil prices being in a range and expected to remain range-bound for some time, we as a consuming nation need to look at international opportunities that come our way," he added.

The other side, he said, is that an integrated company has the flexibility in terms of stable performance because the oil industry is volatile and different parts of it are volatile at different points in time. Being integrated provides the opportunity to face such a situation. "It could be that when upstream is doing well, the downstream is not doing well or the other way round. Or maybe even further downstream such as petrochemicals is not doing well. Everything doesn't fall during the same cycle," he added.

Internationally, companies such as BP, Royal Dutch Shell and Chevron, among others, are integrated, though they have different focus areas.