

The odds against BPCL

Its sale has been delayed by two years. But the longer the wait, the lower its chances of getting a good valuation

S DINAKAR
New Delhi, 11 January

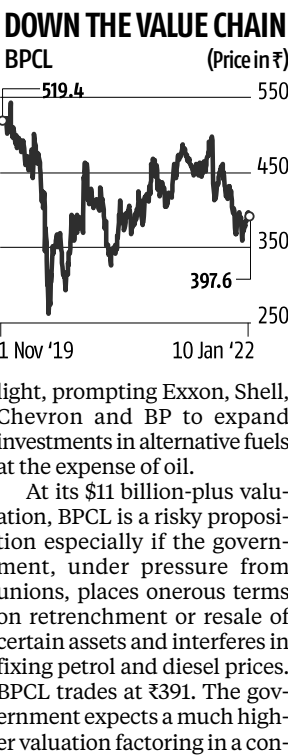
In 2017, a consortium led by Russian state oil company Rosneft agreed to buy Essar Oil for \$12.9 billion in India's biggest foreign acquisition of a homegrown company. Rosneft's buyout of Essar's assets was meant to herald a wave of energy investments in India — over six decades after Esso, Caltex and Shell invested in India's refining sector in the 1950s. But the government has tripped up in its efforts to sell Bharat Petroleum Corporation Ltd (BPCL), formerly Burmah Shell, a blue chip public sector company. Bidders include a couple of global funds and resources firm Vedanta. And after a two-year delay, New Delhi now expects BPCL's share sale in 2022-23.

The sale will remain a business of hope unless New Delhi stops meddling in fuel pricing and considers out-of-the-box solutions such as offering an unconditional deal or splitting up BPCL's myriad businesses into smaller, less expensive parts. "BPCL is a complex organisation, and a successful privatisation requires finding



suitors with significant financial muscle and strategic fit to make the acquisition a success," said Ramesh Vijayaraghavan, a Singapore-based global consultant with decades of experience as an investment banker and global markets professional with firms including US Morgan Stanley. "The energy industry is also under the impact of sustainability rules and regulations and challenges associated with building a long-term sustainable business."

Also, the timing of the sale couldn't have been worse for BPCL. What clicked for Essar was the pre-pandemic timing, a Donald Trump presidency that ignored the impact of fossil fuels on climate change and an increasing dependence on oil and LNG. Investments in oil have since declined 54 per cent after peaking in 2014-15. The pandemic and Joe Biden's presidency have brought climate change back to the lime-



light, prompting Exxon, Shell, Chevron and BP to expand investments in alternative fuels at the expense of oil.

At its \$11 billion-plus valuation, BPCL is a risky proposition especially if the government, under pressure from unions, places onerous terms on retrenchment or resale of certain assets and interferes in fixing petrol and diesel prices. BPCL trades at ₹391. The government expects a much higher valuation factoring in a con-

has since increased to around \$82. Exchange rates were volatile. But prices of petrol at ₹95.4 a litre in Delhi and diesel at ₹86.7 have been unchanged since December 2 and November 4, respectively. LPG prices are similarly flat. India imports around 85 per cent of its crude, so international prices and the rupee-dollar rate influence domestic pump prices, IOC says. But then, it's no coincidence that five states led by Uttar Pradesh are set to go to the polls in February.

On a broader note, farm reform laws were withdrawn a year after passage fearing the impact of protests on polls in UP and Punjab. A retrospective tax law, introduced by the former United Progressive Alliance government, was scrapped last year only after Cairn won an international arbitration against India and threatened to seize the government's overseas assets. What it demonstrates is that barring street protests or international strictures, New Delhi refuses to budge. And foreign investors have no appetite for such risks.

But how long can the government afford to wait for the right suitor? It took two decades to privatise Air India, while oil is running into climate change activists. Further delays may erode BPCL's value. The government cites Covid-19 as a reason for the delay. But the US witnessed a \$21 billion sale in 2020 of Marathon Petroleum's Speedway convenience store business to the Japanese owner of the 7-Eleven convenience store chain. Reliance Industries sewed up over \$23 billion in equity sales from its telecom and retail businesses involving Google and Facebook, and sovereign funds from the UAE and Saudi Arabia among others.

Where does that leave BPCL? One possible way the government could explore a sale is selling different parts of BPCL businesses to different strategic buyers as business packages and giving a longer timeline for the acquirer to achieve environmental, social and corporate governance-related objectives, Vijayaraghavan suggested. After Reliance scrapped a \$15 billion deal to sell 20 per cent of its oil business to Saudi Aramco, it plans to find investors for parts of its oil to chemicals business, transferring its gasification operations into a wholly-owned unit.

BPCL also plans to reposition itself as a green energy company, proposing to spend ₹250 billion to build 10 gigawatts of renewable energy capacity by 2040.

Saudi Aramco was keen to invest in a planned 1.2 million b/d refinery in Maharashtra along with UAE's Adnoc. The government's "Make in India" campaign will underpin oil and natural gas consumption, Aramco Chief Executive Officer Amin Nasser had said a few years back at an event in Delhi. "This is why I am convinced that the world's fastest-growing energy user and most reliable oil supplier must elevate their relationship to a much higher plane," he said. After all this bullishness, Aramco never put in a bid for BPCL. Neither has the Ratnagiri project found a location.

UIDAI open to looking at solutions on 'partial authentication': CEO

PRESS TRUST OF INDIA
11 January

The Unique Identification Authority of India (UIDAI) is open to looking at solutions that can enable "partial authentication" where needed, and is keen to get feedback from the industry about the demand for such solutions, its CEO Saurabh Garg said on Tuesday.

The Aadhaar-issuing body is also exploring possibilities for the usage of blockchain and quantum computing, as it marches ahead towards the 'Aadhaar 2.0' vision.

"We are also open to looking at what is called partial authentication. Some people might only want to verify the age, they are not looking at anything more than that. These are things that we also want to get feedback from the industry...that is the kind of demand there is, and we can accordingly create...might be just the age you want to verify," Garg said at the India Digital Summit 2022, organised by the Internet and Mobile Association of India (IAMAI).

Citing another example of "partial authentication" requirement, Garg said verifi-

cation may only be needed for confirming whether a person is a resident of a particular area, and not the full address per se.

"Someone just wants to verify whether that person is living in that area and they don't want address...these are kinds of services, where we have not yet developed the solutions but would be open to looking at," Garg said.

He further said that over 50 million Aadhaar authentications are taking place per day and over 400 million last-mile banking transactions are being done every month through the Aadhaar-enabled payment system (AePS).

Talking about Aadhaar 2.0, he said it would ensure faster automated biometric matching solutions, with a primary focus on the security of the ecosystem. He said the authority is exploring possibilities for leveraging blockchain and quantum computing.

"We are looking at what blockchain has to offer, and whether blockchain can be utilised in any manner for making decentralised-level solutions...it is for something in future but it is on our horizon," he said.

Clarification
In response to a report 'Broken pieces spoil experience for bidders of PM's mementos', published on January 11, the government has clarified that out of 939 items dispatched, complaints of breakage/damage have been received from only eight buyers. Of those, four have been reimbursed the amount.

FMCG distribution system in a flux



In the little shop outside my office building sits Ranjeet. He sells cigarettes, sweets and an assortment of snacks including biscuits and cookies. I often replenish my office supplies with purchases from Ranjeet. Sometimes he runs out of my favourite cookie and his excuse is, "Market jaane ke liye time nahin mila, Saab! (I did not have the time to go to the market)."

Ranjeet belongs to the tribe of small retailers who are too small to be serviced by any company or any authorised distributor of a company. He has to do his weekly purchases from the wholesale market. In a sense he is the lowest in the totem pole of FMCG distribution. And the big news is that this totem pole is getting a reboot.

India is often referred to as a country of shopkeepers. For a population of 1.38 billion, we have around 12 million shops; a large percentage of them sell packaged consumer products like soap and biscuits.

How do companies reach their products to these 10-plus million shops? Servicing shops like Ranjeet's is well-nigh impossible. Just the cost of delivery will eat up all the profits from the sale. The credit for setting up a robust FMCG distribution in the country goes to Hindustan Lever (HLL, now Hindustan Unilever or HUL), the early pioneer. It is to their credit they realised that India will be a country of *kirana* stores and they need to be serviced cost effectively so that consumer demand can be met. Many decades ago they set up an elaborate system of redistribution stockists (RS). These RSs were served by the company depots, which soon gave way to carrying & forwarding (C&F) agents. Some estimates put that today Hindustan Lever has over 5,000 RSs and 40 C&F agents.



Generations of RSs have grown up working and learning from HLL/HUL teams. Other companies learnt from HLL and set up their own system of stockists and resellers. A pioneering Indian company like Swastik Industries (part of Sarabhai Enterprises) even set up the country's first retail panel through its arm, Operations Research Group. The reports one remembers reviewing in the mid 1970s used to communicate market shares as well as what was known as STR (stock turnover ratio). A fast-moving brand like Lux may have an STR (at a retail level) of 14 days and a slow-moving brand like Mysore Sandal may have a STR of 60 days. In simple language, this meant that an average retailer carried enough Lux to service two weeks' demand.

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HUL and other FMCG companies trained their RSs to understand stocking at retail level, how overstocking or "stuffing" can have a bad impact, how much credit to give in the market, what to watch out for etc.

Can every retailer, even a small one like Ranjeet, be serviced by an RS? Not really. Fortunately, with the growth of FMCG marketing, there was also a growth in what was a traditional business, that of the wholesaler. Each town has a wholesale market where small retailers like Ranjeet and retailers from rural hinterlands go to buy their weekly stocks. It is rumoured that some of these wholesalers work on wafer thin margins. At one time it was said that a Lipton tea wholesaler's margin was the wooden box in which the tea was packed. Maybe that was just a rumour, but it is well known that wholesalers operate on very slim margins. Some reports say that there are probably 330,000 wholesalers in India. In comparison, company authorised

redistribution stockists number around 15,000.

Digital technology and flow of capital is set to disrupt the system that has served FMCG brands and consumers well. Remember that in developed countries supermarkets command higher margins from manufacturers than what our RS, wholesaler and retailers command.

First, wholesalers are being disrupted by organised wholesalers like Metro Cash & Carry. Ranjeet can go and buy all that he needs in one visit. Then there are B2B merchants like Udaan who serve retailers at their doorstep. Supermarket chains are expanding their reach and post-pandemic, they will become a bigger force. Finally, e-commerce is making rapid strides into the FMCG space to the extent that some FMCG companies are today finding almost 8 per cent of their sales coming from e-commerce platforms.

The pandemic has probably hastened some of these changes; retailers like Ranjeet would like to be serviced at their doorstep. If the offer is better, a bigger retailer may be willing to abandon their trusted RS; who will say no to an extra margin of 3 per cent?

Large companies that set up the complex distribution system in the country are today faced with the challenge of handling a many-headed monster. They may know that the future may lie in organised wholesale, in services like the information-powered Reliance JioMart and Udaan, but they cannot abandon their trusted RSs. So they are doing their bit to carry them along. It will not be unreasonable to guess that in the coming years we will see consolidation across the board in FMCG, just as it has happened in pharma distribution. Till then we will see FMCG marketers singing and dancing to many different tunes.

The writer is an independent brand coach and founder Brand-Building.com; he can be reached at ambimgp@brand-building.com

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Website: www.wabco-auto.com
Telephone No.91 44 42242000, Fax No.91 44 42242009

NOTICE
NOTICE is hereby given, pursuant to Regulation 47 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that a meeting of the Board of Directors of the Company is scheduled to be held on Thursday, the 27th January 2022, to consider and approve inter alia, the unaudited financial results of the Company for the quarter ended 31st December, 2021.
For ZF Group - WABCO India Limited
Chennai Muthulakshmi .M
11.01.2022 Company Secretary

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED
PIONEERS IN PROGRESS (A Government of India Enterprise) Regd. Office: Eloor
CORPORATE MATERIALS, PD ADMINISTRATIVE BUILDING, UJYOGAMANDAL- COCHIN - 683 501 (KERALA)
E-mail:jayakumar@factcd.com/ashila@factcd.com, Website: www.fact.co.in, Phone: 0484-2568123 / 2568613

NOTICE INVITING e-TENDERS
Online competitive two bid tenders are invited for the following work Through www.eprocure.gov.in
Name of Work: Balance Works of Academic Buildings at NIT Nagaland
Tender No: 08001/2021-E24657 e-tender Id: 2022_FACT_667781_1
Last date & time for submission of above bid: 01.02.2022 at 11.00 hrs.
The complete bidding process will be online (e-tendering) only. All the notifications, Time extension, Corrigendum, Addendum etc. if any, regarding this tender hereafter will be hosted in fact.co.in/CPP Portal (eprocure.gov.in) and will not be published in newspapers.
Date: 11.01.2022 sd/- SM(Mat)C

ASSAM POWER GENERATION CORPORATION LTD.
Short E-Tender Notice No: APGCL/LKHEP/PD/2019-2020/PD/40 Part-1/
part file 2/F/5 Date: 11.01.2022
Name of work: Supply and Erection, testing and commissioning of 750 KVA and 500 KVA DTRs along with 11 KV overhead lines at Lower Kopili Hydro Electric Project, Longku, Dima Hasao.

Description	Date & Time
Bid Submission start date and time	17.01.2022 From 12.00 Hrs.
Bid submission end date and time	24.01.2022 Upto 13.00 Hrs.
Technical Bid Opening Date & time	25.01.2022 at 15.00 Hrs.
Price Bid Opening Date & Time	Date and time will be notified later on

For details please visit e-procurement portal <https://assamtenders.gov.in> and www.apgcl.org. Any addendum/corrigendum will be made available in <https://assamtenders.gov.in> only.
Sd/-, Chief General Manager (PP&I),
APGCL, 3rd Floor, Bijulee Bhawan, Guwahati-1
CAS/2021-22/84

MORADABAD BAREILLY EXPRESSWAY LIMITED
The IL&FS Financial Center, Plot C-22, G Block, Bandra Kurla Complex, Mumbai- 400051 • Tel.: +91 022-26533333, Facsimile: +91 022-26523979, E-mail: itnl.projectbids@itnlindia.com, Website: www.itnlindia.com
CIN: U45208MH2010PLC198737

NOTICE INVITING TENDER (NIT)
January 12, 2022
Moradabad Bareilly Expressway Limited intends to invite tender through Offline mode for "Execution of Major Maintenance and Repair Works at Moradabad – Bareilly Section of NH 24 from Km from Km 148.000 to Km 262.000 in the State of Uttar Pradesh".
The Bidder may participate as per the given BOQ subject to qualification in eligibility criteria.
Bid document may be downloaded from the website www.itnlindia.com from January 12, 2022 (12:00 Hrs) to January 21, 2022 (11:00 Hrs). Bid must be submitted on or before January 21, 2022 (18:00 Hrs) to email id itnl.projectbids@itnlindia.com, via soft copy mode and hard copy to be sent to MBEL Site office or Mumbai office address as mentioned in Tender Document on or before January 24, 2022 (18:00 Hrs).
All the particulars and amendments related to this NIT can be viewed on the above said website. Interested agencies/firms may submit their bids as per eligibility criteria stated in the tender document. All the bids heavy in size can be submitted via link.
Authorized Signatory
Moradabad Bareilly Expressway Limited

ALKEM LABORATORIES LIMITED
CIN: L00305MH1973PLC174201
Registered Office: 'Alkem House', Senapati Bapat Marg, Lower Parel, Mumbai 400 013.
Phone: +91 22 3982 9999 Fax: +91 22 2495 2955
Website: www.alkemlabs.com, Email: investors@alkem.com

NOTICE
Members are hereby informed that pursuant to Section 110 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the Ministry of Corporate Affairs Circulars No. 14/2020 dated 08th April, 2020, No. 17/2020 dated 13th April, 2020, No. 33/2020 dated 28th September, 2020, No. 39/2020 dated 31st December, 2020, No. 02/2021 dated 13th January, 2021 and No. 20/2021 dated 08th December, 2021, the Company has on 11th January, 2022, completed the dispatch of the Postal Ballot Notice dated 20th December, 2021 ("Postal Ballot Notice") only through electronic mode to those Members whose email IDs are registered with the Company/ Depository Participants and whose names appear on the Register of Members / List of Beneficial Owners as on Friday, 31st December, 2021 ("cut-off date") for seeking approval of the Members of the Company by Postal Ballot, only through remote e-voting system, for business as specified in the Postal Ballot Notice.

The Postal Ballot Notice can also be downloaded from the Company's website viz. <https://www.alkemlabs.com/voting-result.php>, CDCL website viz. www.evotingindia.com, and website of the stock exchanges where equity shares of the Company are listed i.e. BSE Limited viz. www.bseindia.com and National Stock Exchange of India Limited viz. www.nseindia.com.

The Company has engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to all its Members. Members are requested to note that the remote e-voting shall commence from Wednesday, 12th January, 2022 at 9.00 a.m. and shall end on Thursday, 10th February, 2022 at 5.00 p.m. The remote e-voting module will be disabled by CDCL after 5.00 p.m. on Thursday, 10th February, 2022 and the Members shall not be allowed to vote beyond the said date and time. Only those Members whose names appear in the Register of Members / List of Beneficial Owners maintained by the Company/ Depository Participants as on the cut-off date will be entitled to cast their votes by remote e-voting.

The Members whose e-mail address is not registered with the Company/ Depository Participants, may register by clicking the link: https://linkintime.co.in/emailreg/email_register.html and completing the registration process on or before 5:00 p.m. (IST) on Friday, 28th January, 2022 to receive the Postal Ballot Notice and the procedure for remote e-voting along with the login ID and password for remote e-voting.

The Board of Directors of the Company have appointed CS Mannish L. Ghia, Partner, M/s Manish Ghia & Associates, Company Secretaries, Mumbai, as the Scrutinizer for conducting the Postal Ballot through remote e-voting process in a fair and transparent manner.

The result of the Postal Ballot shall be declared by the Chairman or any other authorised person by the Chairman on or before Monday, 14th February, 2022 by 5.00 p.m. at the Registered Office of the Company and communicated to the Stock Exchanges, CDCL, Registrar and Share Transfer Agent and shall also be displayed on the Company's website <https://www.alkemlabs.com/voting-result.php> and Notice Board at the Registered Office of the Company.

In case any Member has queries, grievances or issues relating to Postal Ballot, Members are requested to write an email to mt.helpdesk@linkintime.co.in or may write to Ms. Ashwini Nemlekar, Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083; Phone Number: 022- 49186000 and for any queries, grievances or issues related to remote e-voting, Members may refer to the Frequently Asked Questions and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013 or call on 022-23058542/43.

For Alkem Laboratories Limited
Sd/-
Manish Narang
President – Legal, Company Secretary & Compliance Officer
Date: 11th January, 2022
Place: Mumbai