

# Roadshows for BPCL and Concor veer off the beaten track

Govt sounds out select few firms over stake sales; might push process to next financial year

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No information memorandum (IM), no data room and selective invitation. This may appear unconventional for in any stake sale, but that was how the recent roadshows abroad were conducted by the Department of Investment and Public Asset Management (Dipam).

The roadshows, termed "sounding" roadshows, were for strategic sale of government stake in Bharat Petroleum Corporation (BPCL) and Container Corporation (Concor).

Despite all this, BPCL roadshows — held in the United Kingdom, United States of America and the United Arab Emirates — attracted attention from global oil and gas majors like Shell, Chevron, Conoco Philips, Saudi Aramco, Rosneft and Exxon Mobil. For Concor, companies like DP World and Adani Group participated in its Dubai and Mumbai roadshows.

Almost all those interested

indicated that the March 31 deadline for the stake sale was a hurdle. As a result, some in the government are believed to be considering pushing the stake sale to the next financial year.

Deloitte, the advisor for both BPCL and Concor divestment processes, did not respond to queries from *Business Standard*. A delay in disinvestment is likely to affect the fiscal math and divestment target of ₹1.05 trillion for the current financial year (2019-20, or FY20).

An industry source told *Business Standard* that the roadshows were conducted without following conventions like an IM and data room. The memorandum normally lists out the objectives, risks, and investment terms to the potential investors.

Multiple people close to the process confirmed that these normal procedures were not followed for two reasons — one, the country cannot afford sharing financial details, future

plans and physical status of its strategic assets, and, secondly, these sounding roadshows were held to understand what potential investors want. Prospective investors did not sign a non-disclosure agreement at

## A LONG WAY TO GO

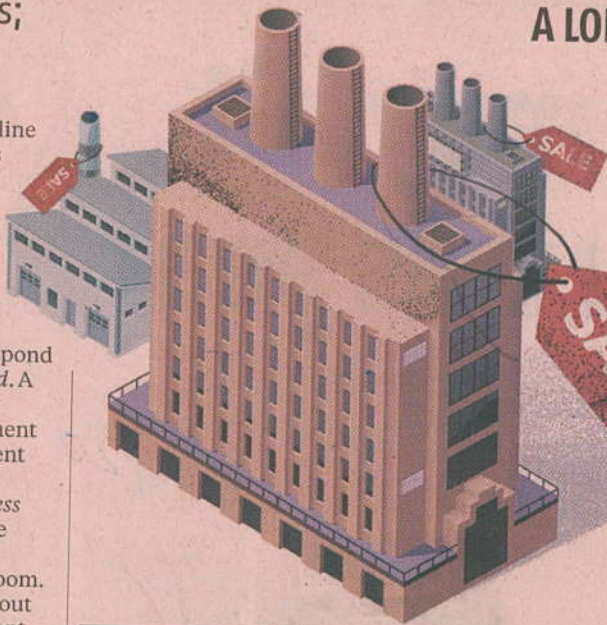
**Nov 20:** Cabinet Committee on Economic Affairs clears strategic divestment in five PSUs, including BPCL and Concor

**₹1.05 trillion**

Divestment target for 2019-20

**₹17,364 crore**

collected so far



this stage.

The idea is to design the process based on their feedback and select players were invited based on their net-worth and capability, including their exposure to the refinery

business. One major feedback from potential investors was related to the process, environment and safety issues since their global boards and investors have to clear mega deals.

"Any roadshow will remain superficial without a data room and IM. Without that, the discussions will be confined to whatever is available in the public domain.

Maybe the plan is to share such things after the expression of interest (EOI) stage," said an industry veteran.

However, another person countered that a deal worth about \$11-12 billion should only have a select group of investors who are capable of striking the deal. An official said sounding roadshows were done also to understand the process that the companies want to follow.

The government is expected to float an EOI soon and five prospective investors will be selected out of those participating in that process, with whom the strategic data will be

shared. "The reasons are obvious. The government does not want to share its data with everyone, as it is a strategic deal. This is considering the strategic importance of the refineries, pipelines, overseas assets and even local land assets in key locations."

This may well be the case for Concor, too, said another industry

expert. There were reports last week that both these sales may happen only in 2020-21. Industry sources say a major reason for this was the concerns raised by some prospective investors.

"The authorities should have planned it well, since it is a strategic disinvestment. The decision happened in November and even in January they are unable to finish sounding

roadshows. The delay will affect the fiscal deficit target set by the government," said one source.

A major reason for the delay in roadshows was the year-end holidays, during which major officials at multinational firms were on vacation.

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