

Govt invites bids for sale of BPCL

Expressions of interest for the strategic sale of BPCL have been invited by May 2, as per the bid document by the Department of Investment and Public Asset Management (DIPAM).

- PTI
- March 07, 2020, 20:30 IST



The bidding will be a two-stage affair, with qualified bidders in the first expression of interest (Eoi) phase being asked to make a financial bid in the second round. New Delhi: In the country's biggest ever [privatisation](#) drive, the government on Saturday invited bids for sale of its entire 52.98 per cent stake in India's second biggest oil refiner Bharat Petroleum Corp Ltd ([BPCL](#)).

Expressions of interest for the strategic sale of BPCL have been invited by May 2, as per the bid document by the Department of Investment and Public Asset Management (DIPAM).

"The Government of India is proposing strategic [disinvestment](#) of its entire shareholding in BPCL comprising of 114.91 crore equity shares, which constitutes 52.98% of BPCL's equity share capital along with transfer of management control to a strategic buyer (except BPCL's equity shareholding of 61.65% in Numaligarh Refinery Limited)," it said.

NRL stake will be sold to a state-owned oil and gas firm.

The bidding will be a two-stage affair, with qualified bidders in the first expression of interest (Eoi) phase being asked to make a financial bid in the second round.

PSUs "are not eligible to participate" in the privatisation, the offer document said.

Any private company having a networth of USD 10 billion is eligible for bidding and consortium of no more than four firms will be allowed to bid, it said.

As per the bidding criteria, the lead member of the consortium must hold 40 per cent stake and others must have a minimum networth of USD 1 billion.

Changes in consortium are allowed within 45 days but the lead member cannot be changed, it added.

BPCL will give buyers ready access to 14 per cent of India's oil refining capacity and about one-fourth of the fuel market share in the world's fastest-growing energy market.

BPCL has a market capitalisation of about Rs 87,388 crore and the government stake at current prices is worth about Rs 46,000 crore. The successful bidder will also have to make an open offer to other shareholders for acquiring another 26 per cent at the same price.

Privatisation of BPCL is essential for meeting the record Rs 2.1 lakh crore target Finance Minister Nirmala Sitharaman has set from disinvestment proceeds in the Budget for 2020-21.

BPCL operates four refineries in Mumbai (Maharashtra), Kochi (Kerala), Bina (Madhya Pradesh) and Numaligarh (Assam) with a combined capacity of 38.3 million tonnes per annum, which is 15 per cent of India's total refining capacity of 249.4 million tonnes.

While the Numaligarh refinery will be carved out of BPCL and sold to a PSU, the new buyer of the company will get 35.3 million tonnes of refining capacity.

BPCL also owns 15,177 petrol pumps and 6,011 LPG distributor agencies in the country. Besides, it has 51 LPG (liquefied petroleum gas) bottling plants.

The company distributes 21 per cent of petroleum products consumed in the country by volume as of March this year and has more than a fifth of the 250 aviation fuel stations in the country.

The government has appointed Deloitte Touche Tohmatsu India LLP as its transaction advisor for the strategic disinvestment process.