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

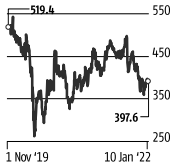
S DINAKAR
New Delhi, 11 January

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

DOWN THE VALUE CHAIN



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 control premium of ₹300-₹400 a share considering that Rosneft paid more for a less-endowed Essar Oil. That deal included a 400,000 barrels per day (b/d) modern refinery at Vadinar, a captive port and power plant, and 3,500 retail outlets. Compare that to BPCL, which operates 24 per cent of India's 80,458 retail outlets, 23 per cent each of the 263 aviation fuel stations and of the 21.3 million tonnes of LPG bottling capacity, and a combined 550,000 b/d of refining capacity at Mumbai and Kochi. It also has petrochemical units, stakes in city gas distribution in India and a 10 per cent stake in a $20-billion Mozambique LNG project.

"BPCL is the best run oil company with a very good footprint,'' said Narendra Taneja, an independent oil expert. "An asset like BPCL should not be privatised in a hurry," he added.

Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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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
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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...what 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 verification 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

Large companies that set up the complex distribution system in the country are today faced with the challenge of handling a many-headed monster

AMBI PARAMESWARAN

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.

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The job is not as simple as appointing someone as a redistribution stockist. HUL teams had to train the RS on how to serve the market to the extent they even monitored the ROI of redistribution stockists. Stories abound on how HUL area sales managers used to sit with an RS to figure out how much his ROI was. If it was too low, what costs should he cut in order to improve the ROI. And if it was too high, how he needed to invest more in the business, maybe with one more three-wheeler or one more sales rep.

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.

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.

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

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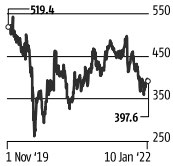

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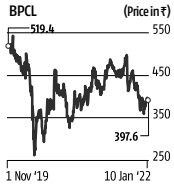

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Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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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...what 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 verification 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

Large companies that set up the complex distribution system in the country are today faced with the challenge of handling a many-headed monster

AMBI PARAMESWARAN

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.

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The job is not as simple as appointing someone as a redistribution stockist. HUL teams had to train the RS on how to serve the market to the extent they even monitored the ROI of redistribution stockists. Stories abound on how HUL area sales managers used to sit with an RS to figure out how much his ROI was. If it was too low, what costs should he cut in order to improve the ROI. And if it was too high, how he needed to invest more in the business, maybe with one more three-wheeler or one more sales rep.

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.

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

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

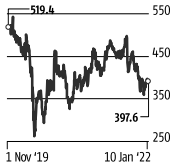
S DINAKAR
New Delhi, 11 January

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

DOWN THE VALUE CHAIN



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 control premium of ₹300-₹400 a share considering that Rosneft paid more for a less-endowed Essar Oil. That deal included a 400,000 barrels per day (b/d) modern refinery at Vadinar, a captive port and power plant, and 3,500 retail outlets. Compare that to BPCL, which operates 24 per cent of India's 80,458 retail outlets, 23 per cent each of the 263 aviation fuel stations and of the 21.3 million tonnes of LPG bottling capacity, and a combined 550,000 b/d of refining capacity at Mumbai and Kochi. It also has petrochemical units, stakes in city gas distribution in India and a 10 per cent stake in a $20-billion Mozambique LNG project.

"BPCL is the best run oil company with a very good footprint,'' said Narendra Taneja, an independent oil expert. "An asset like BPCL should not be privatised in a hurry," he added.

Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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"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).

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AMBI PARAMESWARAN

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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.

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

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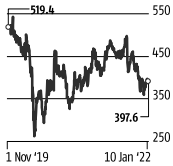

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Saudi Aramco was keen to invest in a planned 1.2 million b/d refinery in Maharashtra along with UAE's Adnoc. The government's "Make in India" campaign will underpin oil and natural gas consumption, Aramco Chief Executive Officer Amin Nasser had said 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...what 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 verification 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

Large companies that set up the complex distribution system in the country are today faced with the challenge of handling a many-headed monster

AMBI PARAMESWARAN

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.

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The job is not as simple as appointing someone as a redistribution stockist. HUL teams had to train the RS on how to serve the market to the extent they even monitored the ROI of redistribution stockists. Stories abound on how HUL area sales managers used to sit with an RS to figure out how much his ROI was. If it was too low, what costs should he cut in order to improve the ROI. And if it was too high, how he needed to invest more in the business, maybe with one more three-wheeler or one more sales rep.

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.

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.

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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

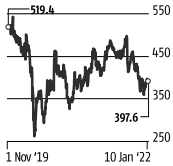
S DINAKAR
New Delhi, 11 January

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

DOWN THE VALUE CHAIN



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 control premium of ₹300-₹400 a share considering that Rosneft paid more for a less-endowed Essar Oil. That deal included a 400,000 barrels per day (b/d) modern refinery at Vadinar, a captive port and power plant, and 3,500 retail outlets. Compare that to BPCL, which operates 24 per cent of India's 80,458 retail outlets, 23 per cent each of the 263 aviation fuel stations and of the 21.3 million tonnes of LPG bottling capacity, and a combined 550,000 b/d of refining capacity at Mumbai and Kochi. It also has petrochemical units, stakes in city gas distribution in India and a 10 per cent stake in a $20-billion Mozambique LNG project.

"BPCL is the best run oil company with a very good footprint,'' said Narendra Taneja, an independent oil expert. "An asset like BPCL should not be privatised in a hurry," he added.

Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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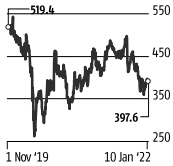

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Ranjeet belongs to the tribe of small retailers who are too small to be serviced by any company or any authorised distributor of a company. He has to do his weekly purchases from the wholesale market. In a sense he is the lowest in the totem pole of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

The job is not as simple as appointing someone as a redistribution stockist. HUL teams had to train the RS on how to serve the market to the extent they even monitored the ROI of redistribution stockists. Stories abound on how HUL area sales managers used to sit with an RS to figure out how much his ROI was. If it was too low, what costs should he cut in order to improve the ROI. And if it was too high, how he needed to invest more in the business, maybe with one more three-wheeler or one more sales rep.

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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.

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.

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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

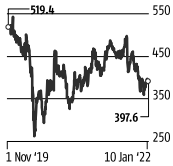
S DINAKAR
New Delhi, 11 January

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

DOWN THE VALUE CHAIN



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 control premium of ₹300-₹400 a share considering that Rosneft paid more for a less-endowed Essar Oil. That deal included a 400,000 barrels per day (b/d) modern refinery at Vadinar, a captive port and power plant, and 3,500 retail outlets. Compare that to BPCL, which operates 24 per cent of India's 80,458 retail outlets, 23 per cent each of the 263 aviation fuel stations and of the 21.3 million tonnes of LPG bottling capacity, and a combined 550,000 b/d of refining capacity at Mumbai and Kochi. It also has petrochemical units, stakes in city gas distribution in India and a 10 per cent stake in a $20-billion Mozambique LNG project.

"BPCL is the best run oil company with a very good footprint,'' said Narendra Taneja, an independent oil expert. "An asset like BPCL should not be privatised in a hurry," he added.

Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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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...what 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 verification 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.

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

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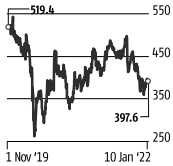

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Can every retailer, even a small one like Ranjeet, be serviced by an RS? Not really. Fortunately, with the growth of FMCG marketing, there was also a growth in what was a traditional business, that of the wholesaler. Each town has a wholesale market 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.

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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.

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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

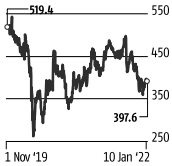
S DINAKAR
New Delhi, 11 January

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

DOWN THE VALUE CHAIN



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 control premium of ₹300-₹400 a share considering that Rosneft paid more for a less-endowed Essar Oil. That deal included a 400,000 barrels per day (b/d) modern refinery at Vadinar, a captive port and power plant, and 3,500 retail outlets. Compare that to BPCL, which operates 24 per cent of India's 80,458 retail outlets, 23 per cent each of the 263 aviation fuel stations and of the 21.3 million tonnes of LPG bottling capacity, and a combined 550,000 b/d of refining capacity at Mumbai and Kochi. It also has petrochemical units, stakes in city gas distribution in India and a 10 per cent stake in a $20-billion Mozambique LNG project.

"BPCL is the best run oil company with a very good footprint,'' said Narendra Taneja, an independent oil expert. "An asset like BPCL should not be privatised in a hurry," he added.

Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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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...what 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 verification 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

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AMBI PARAMESWARAN

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.

The job is not as simple as appointing someone as a redistribution stockist. HUL teams had to train the RS on how to serve the market to the extent they even monitored the ROI of redistribution stockists. Stories abound on how HUL area sales managers used to sit with an RS to figure out how much his ROI was. If it was too low, what costs should he cut in order to improve the ROI. And if it was too high, how he needed to invest more in the business, maybe with one more three-wheeler or one more sales rep.

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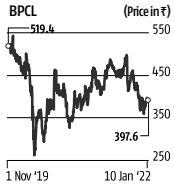

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S DINAKAR
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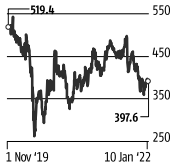
In 2017, a consortium led by Russian state oil company Rosneft agreed to buy Essar Oil for $12.9 billion in India's biggest foreign acquisition of a homegrown company. Rosneft's buyout of Essar's assets was meant to herald a wave of energy investments in India — over six decades after Esso, Caltex and 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 limelight, prompting Exxon, Shell, Chevron and BP to expand investments in alternative fuels at the expense of oil.

DOWN THE VALUE CHAIN



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 control premium of ₹300-₹400 a share considering that Rosneft paid more for a less-endowed Essar Oil. That deal included a 400,000 barrels per day (b/d) modern refinery at Vadinar, a captive port and power plant, and 3,500 retail outlets. Compare that to BPCL, which operates 24 per cent of India's 80,458 retail outlets, 23 per cent each of the 263 aviation fuel stations and of the 21.3 million tonnes of LPG bottling capacity, and a combined 550,000 b/d of refining capacity at Mumbai and Kochi. It also has petrochemical units, stakes in city gas distribution in India and a 10 per cent stake in a $20-billion Mozambique LNG project.

"BPCL is the best run oil company with a very good footprint,'' said Narendra Taneja, an independent oil expert. "An asset like BPCL should not be privatised in a hurry," he added.

Still, companies like Saudi Aramco, Shell and BP chose not to bid despite the Paris-based International Energy Agency calling India the most promising market for fossil fuels. Investors are concerned about a lack of fuel pricing reforms and New Delhi's tendency to refuse to honour arbitration agreements unless pushed into a corner. Why will anyone pay over $12 billion for a company when you lack the freedom to price your fuels, asks a former BPCL official.

Pump prices, which are influenced by state oil companies, continue to be controlled indirectly. For instance, Brent crude averaged $69 a barrel in the last week of November and 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.

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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...what 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 verification 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

Large companies that set up the complex distribution system in the country are today faced with the challenge of handling a many-headed monster

AMBI PARAMESWARAN

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.

The job is not as simple as appointing someone as a redistribution stockist. HUL teams had to train the RS on how to serve the market to the extent they even monitored the ROI of redistribution stockists. Stories abound on how HUL area sales managers used to sit with an RS to figure out how much his ROI was. If it was too low, what costs should he cut in order to improve the ROI. And if it was too high, how he needed to invest more in the business, maybe with one more three-wheeler or one more sales rep.

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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.

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

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

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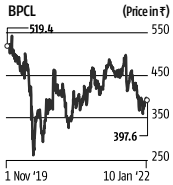

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AMBI PARAMESWARAN

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