

GAIL plans to double output capacity at BCPL, says Tripathi

ENS ECONOMIC BUREAU

GAIL India, the country's leading gas transportation company is planning to double the capacity of its petrochemical subsidiary Brahmaputra Cracker and Polymer Limited (BCPL) in Assam. Gail has already commissioned a study for doubling the firm's petrochemical capacity, B C Tripathi, CMD had said at a recent press conference.

BCPL, which was born out of the Assam Accord of August 1985, has been a long time in the making and was finally commissioned in 2016. Tripathi said the plant operated at 107 per cent capacity last fiscal, and is currently running at 110 per cent capacity. The plant had suffered low capacity utilisation clocking just 37 per cent in fiscal 2017, and 78 per cent in 2018. "It started as a sub-optimal capacity plant, more as a

social objective... Feedstock problems have been ironed out. It has turned to profit... this year onwards, expect it to make regular profits of ₹200 crore plus," Tripathi said.

Natural gas supply from Oil and Natural Gas Corporation were also started in February 2017, after the connecting pipeline came on stream in December 2016.



The required quantity of naphtha is being supplied by Numaligarh Refinery Ltd., said CRISIL in a ratings report. Gail is also building a natural gas pipeline from Barauni to Guwahati.

BCPL's expansion would ride on the capacity enhancement planned at the Numaligarh Refinery. In January, the Cabinet approved a ₹22,594 crore capacity ex-

pansion from 3 MMTPA to 9 MMTPA which is expected to be completed in four years. The refinery expansion had also been delayed for a long while to the crude oil supply issue, which has now been taken care of through a proposed pipeline from Paradip in Odisha to Numaligarh. BCPL currently has a capacity to produce 220,000 tonne per annum of polyethylene (PE) products, and 60,000 TPA of polypropylene (PP).

Three-way Merger of Power cos, GAIL Split First Up in PSU Rejig

New deals in line with successful experience in ONGC-HPCL and PFC-REC restructuring

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New Delhi: India has started work on restructuring state-owned companies and on the immediate agenda is the bifurcation of GAIL (India) into marketing and transportation units — one of them to be sold — and a three-way merger of power generation companies NTPC, SJVN and NHPC.

“We are looking at various combinations,” said a finance ministry official aware of developments. Indian Oil Corporation, the state-owned refiner, had evinced interest in natural gas processing and distribution company GAIL last year, and may be a potential buyer, the official said. IOC is the second-biggest gas marketer in India, after GAIL.

The government holds 52.64% in GAIL, which has a market capitalisation of ₹80,844 crore.

“In the past, the petroleum ministry had some reservations... we expect to iron out these issues this time,” the official said, adding that the government could raise about ₹30,000 crore from a stake sale in such an exercise.

In a similar transaction last fiscal, the government sold its entire stake in REC, formerly Rural Electrification Corporation, to state-run Power Finance Corporation for ₹14,500 crore. Oil & Natural Gas Corporation, India's biggest exploration company, bought the government's entire stake in refiner Hindustan Petroleum Corporation for ₹36,915 crore.

The government has set a disinvestment target of ₹90,000 crore for the current financial year. It raised ₹84,972.16 crore in 2018-19 against a target of ₹80,000 crore.

The other plan being considered is the merger of NTPC, NHPC and SJVN. NTPC, the country's largest power generator, may eventually becoming a holding

New Look for CPSEs

Gail (India) may be bifurcated — one part sold to IOC

Govt expects to raise ₹30,000 crore from deal

NTPC may be holding co after NTPC, NHPC, SJVN merger

Stake sale in SJVN alone may fetch ₹6,000 crore



company. The official said one option is for NHPC to buy out government stake in SJVN and at a later stage, become holding company for both utilities. The government's 61.93% in SJVN is valued at about ₹6,000 crore at current market price. It holds 73.33% in NHPC, which has a market capitalisation of ₹25,597 crore.

Another government official said an alternative is that NTPC buys out the Centre's entire stake in SJVN and NHPC takes over North Eastern Electric Power Corporation, making it a strong portfolio of hydropower firms.

“These are being discussed,” the second official said, adding that the proposals will be taken up by the new ministerial committee that will oversee mergers and stake sales once the panel is notified.

Experts said the government should focus on strategic sales.

“Rather than raid the cash reserves of CPSEs, the government should look to sell non-strategic companies to the private sector or opt for golden share and sell the rest,” said MP Shorawala, a former independent director with Container Corporation of India.