CHAPTER 4

STUDY OF ORGANISATIONS
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This chapter is discussed under the following headings:

4.1 Profile of NSE
4.2 Profile of IOC
4.3 Profile of BPCL
4.4 Profile of HINDPETRO
4.5 Profile of ONGC
4.6 Summary of the sampled companies

4.1 Profile of National Stock Exchange:

In 1991, the High Powered Study Group popularly known as the Pherwani Committee recommended the setting up of a model Stock Exchange for the development of National Market System in the country. As a result, the NSE was established and recognized by the Government of India as a public limited company owned by the Industrial Development Bank of India (IDBI) and other all-India financial institutions such as the ICICI, the IFCI, the GIC, the LIC, and subsidiaries of the SBI, the BOB, the Canara Bank, the PNB,
the Corporation Bank, the Indian Bank, the Oriental Bank of Commerce, the Union Bank of India, the SBI Caps, and the Stock Holding Corporation of India Limited (SHCIL) in Mumbai in November 1992 with a paid up equity of Rs.25 crores.

4.1.1 Mission of NSE

It was set up with the following objectives

(i) To establish a nation-wide trading for equities and debt instruments

(ii) To provide a fair, efficient and transparent securities market, and

(iii) To meet the international standards of securities market.  

4.1.2 NSE’s Derivatives Market:

The derivatives trading on the NSE commenced with S&P CNX Nifty Index futures on June 12, 2000. The trading in index options commenced on June 4, 2001 and trading in options on individual securities commenced on July 2, 2001. Single stock futures were launched on November 9, 2001. Today, both in terms of volume and turnover, NSE is the largest derivatives exchange in India. Currently, the derivatives contracts have a maximum of 3-month expiration cycles. Three contracts are available for trading, with 1 month, 2 months and 3 months expiry. A new contract is
introduced on the next trading day following the expiry of the near month contract.\textsuperscript{49}

4.2 Profile of Indian Oil Corporation Limited (IOC):\textsuperscript{50}

4.2.1 Background: As introduced in its official website, Indian Oil Corporation Limited, or Indian Oil, is an Indian state-owned oil and gas corporation with its headquarters in New Delhi, India. It is the world's 88th largest corporation, according to the Fortune Global 500 list, and the largest public corporation in India when ranked by revenue. Indian Oil and its subsidiaries account for a 49 percent share in the petroleum products market, 31 percent share in refining capacity and 67 percent downstream sector pipelines capacity in India. The Indian Oil Group of companies owns and operates 10 of India's 22 refineries with a combined refining capacity of 65.7 million metric tons per year. In FY 2012 IOCL sold 75.66 million tons of petroleum products and reported a PBT of 37.54 billion, and the Government of India earned an excise duty of 232.53 billion and tax of 10.68 billion.

The company is mainly controlled by Government of India which owns approximately 79 percent shares in the company. It is one of the seven Maharatna status companies of India
4.2.2 History:

Indian Oil began operations in 1958 as Indian Oil Company Ltd., and is engaged in exploration and production and marketing of oil. It is India’s largest company sales wise with a turnover of Rs 2,47,479 crore ($ 59.22 billion).

IOC has subsidiaries namely Indian oil Technologies, Chennai Petroleum Corporation, Bongaigaon Refinery & Petrochemicals, Indian Oil (Mauritius) and Lanka IOC.

Out 19 refineries, IOC owns and operates 10 with a combined capacity of capacity of 60.2 million metric tons per annum (MMTPA), i.e. 1.2 million barrels per day. It has 166 bulk storage terminals and depots, 101 aviation fuel station and 89 Indane bottling plants.

The refining major has a countrywide network of petrol and diesel stations with 17,600 retail outlets. Its Indane cooking gas network has at presence in 50 million households through its distribution network of 5,000 distributors. In 2003, its Gujarat Refinery was awarded the "Best of all" Rajiv Gandhi National Quality Award.
4.2.3 Products:

It provides spectrum of petroleum products through its retail outlets like XtraCare (Urban), Swagat (Highway) and Kisan Seva Kendras (Rural).

IOC provides auto gas, aviation turbine fuel, bitumen-a binder used for road construction, high speed diesel, bulk industrial fuels like furnace oil, Indane gas, Servo Lubricants and greases and special products like benzene and surplur.

It has created brands like Indane LPG, Servo Lubricants, Auto gas LPG, XtraPremium Branded Petrol, XtraMile Branded Diesel, XtraPower Fleet Card.

Indian Oil operates the largest and the widest network of fuel stations in the country, numbering about 20,575 (16,350 regular ROs & 4,225 Kisan Seva Kendra). It has also started Auto LPG Dispensing Stations (ALDS). It supplies Indene cooking gas to over 66.8 million households through a network of 5,934 Indene distributors.
The main services offered by Indian Oil are Refining, Marketing, Pipelines, R&D and Training. Indian Oil’s Research and Development Center (R&D) at Faridabad supports, develops and provides the necessary technology solutions to the operating divisions of the corporation and its customers within the country and abroad.

**4.2.4 Loyalty programs:**

XTRAPOWER Fleet Card Program is aimed at large fleet operators. Currently it has 1 million customer base. XTRAREWARDS is a recently launched loyalty program for retail customers where customers can earn reward points on their purchases. Indian Oil truck carrying fuel across the Himalayas Indian Oil truck at North Pullu, entrance to Nubra Valley, Ladakh. 2010

**4.2.5. Refineries:**

IOCL has various refineries across India in Assam Digboi Refinery is India's oldest refinery and was commissioned in 1901. Originally a part of Assam Oil Company, it became part of Indian Oil in 1981. Its original refining capacity had been 0.5 MMTPA since 1901. Modernization project of this refinery was completed by 1996 and
the refinery now has an enhanced capacity of 0.65 MMTPA. UOP licensed the technology for the Coking process in this refinery.

Guwahati Refinery, the first public sector refinery of the country, was built with Romanian collaboration and was inaugurated on 1 January 1962. Its capacity is 1 MMTPA.

Bongaigaon Refinery became the eighth refinery of Indian Oil after merger of Bongaigaon Refinery & Petrochemicals Limited w.e.f. 25 March 2009. It is located at Dhaligaon in Chirang district of Assam, 200 km west of Guwahati.

In Bihar: Barauni Refinery, in Bihar, was built in collaboration with Russia and Romania. It was commissioned in 1964 with a capacity of 1 MMTPA. Its current capacity is 6 MMTPA.

In Gujarat: Gujarat Refinery, at Koyali (near Vadodara) in Gujarat, is Indian Oil’s second largest refinery. The refinery was commissioned in 1965. It also houses the first hydrocracking unit of the country. Its present capacity is 13.70 MMTPA.

In West Bengal: Haldia Refinery is the only coastal refinery of the Corporation, situated 136 km downstream of Kolkata in the Purba Medinipur (East Midnapore) district. It was commissioned in 1975
with a capacity of 2.5 MMTPA, which has since been increased to 7.5 MMTPA.

In Uttar Pradesh: Mathura Refinery was commissioned in 1982 as the sixth refinery in the fold of Indian Oil and with an original capacity of 6.0 MMTPA. Located strategically between Delhi and Agra, the capacity of Mathura refinery has been increased to 8.8 MMTPA.

In Haryana: Panipat Refinery is the seventh and largest refinery of Indian Oil. The original refinery with 6 MMTPA capacity was built and commissioned in 1998. Panipat Refinery has since expanded its refining capacity to 12 MMTPA.

In Odisha (Orissa): Paradip Refinery - The commissioning of 15 million tons per annum refinery in November 2012 has been delayed and is now expected to be operational only in June 2015.

4.2.6. International Rankings:

Indian Oil is the highest ranked Indian company in the Fortune Global 500 listing, at the 88th position in 2013. It is also the 18th largest petroleum company in the world and the No. 1 petroleum trading company among the national oil companies in the Asia-Pacific region.
IOCL was featured on the 2011 Forbes Global 2000 at position 243. It is the fifth most valued brand in India according to an annual survey conducted by Brand Finance and The Economic Times in 2010.

4.2.7. Employees:

As on 31 March 2013, the company had 34,084 employees, out of which 2643 were women (7.8 percent). Its workforce includes 14,981 officers. The attrition rate in Indian Oil is around 1.5 percent. The company incurred INR 78 billion on employee benefits during the FY 2012-13.

4.2.8. Listing and shareholdings:

Indian oil’s equity shares are listed on the Bombay Stock Exchange and National Stock Exchange of India. As on 31 December 2013, the promoters Government of India held approx. 79 percent of the shares in Indian Oil. ONGC held approx. 9 percent of the shares. Remaining 12 percent of the shares is held by others.
### Table 4.1

**Listing and Shareholdings at Oil and Natural Gas Corporation**

<table>
<thead>
<tr>
<th>Promoter Group (Government of India)</th>
<th>78.92 percent</th>
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<tr>
<td>Private single body</td>
<td>20.13 percent</td>
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<tr>
<td>Insurance Companies</td>
<td>01.50 percent</td>
</tr>
<tr>
<td>Individual shareholders</td>
<td>0.83 percent</td>
</tr>
<tr>
<td>Trusts</td>
<td>0.42 percent</td>
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<td>Foreign Institutional Investors (FII)</td>
<td>0.13 percent</td>
</tr>
<tr>
<td>Others</td>
<td>0.07 percent</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0 percent</strong></td>
</tr>
</tbody>
</table>

Source: Official website of ONGC

**4.2.9. Competitors:** Indian Oil Corporation has two major domestic competitors, Bharat Petroleum and Hindustan Petroleum.
Both are state-controlled, like Indian Oil Corporation. There are two private competitors: Reliance Industries and Essar Oil.

**4.2.10. Oil Industry Development board:** India has begun the development of a strategic crude oil reserve sized at 37.4 million barrels (5,950,000 m³), enough for two weeks of consumption. Petroleum stocks have been transferred from the Indian Oil Corporation (Indian Oil) to the Oil Industry Development Board (OIDB). The OIDB then created the Indian Strategic Petroleum Reserves Ltd (ISPRL) to serve as the controlling government agency for the strategic reserve.

Indian Oil is India's flagship national oil company with business interests straddling the entire hydrocarbon value chain from refining, pipeline transportation and marketing of petroleum products to exploration & production of crude oil & gas, marketing of natural gas and petrochemicals. It is the leading Indian corporate in the Fortune 'Global 500' listing, ranked at the 96th position in the year 2014.

With over 34,000 strong workforces, Indian Oil has been helping to meet India’s energy demands for over half a century. With a corporate vision to be the Energy of India, Indian Oil closed the
year 2013-14 with a sales turnover of Rs.4,57,553 crore and profits of Rs 7,019 crore.

At Indian Oil, operations are strategically structured along business verticals - Refineries, Pipelines, Marketing, R&D Centre and Business Development – E&P, Petrochemicals and Natural Gas. To achieve the next level of growth, Indian Oil is currently forging ahead on a well laid-out road map through vertical integration one upstream into oil exploration & production (E&P) and other downstream into petrochemicals and diversification into natural gas marketing and alternative energy, besides globalization of its downstream operations. Having set up subsidiaries in Sri Lanka, Mauritius and the United Arab Emirates (UAE), Indian Oil is simultaneously scouting for new business opportunities in the energy markets of Asia and Africa.

4.2.11. Reach and Network: Indian Oil and its subsidiary (CPCL) account for over 49percent petroleum products market share, 31percent national refining capacity and 71percent downstream sector pipelines capacity in India.

The Indian Oil Group of companies owns and operates 10 of India's 22 refineries with a combined refining capacity of 65.7 Million Metric tons Per Annum (MMTPA), i.e. 1.30 million barrels
per day approximately. Indian oil’s cross-country network of crude oil and product pipelines spans 11,214 km with a capacity of 77.258 MMTPA of crude oil and petroleum products and 10 MMSCMD of gas. This network is the largest in the country and meets the vital energy needs of the consumers in an efficient, economical and environment-friendly manner.

The Corporation has a portfolio of powerful and much-loved energy brands that includes Indane LPG gas, SERVO lubricants, XtraPremium petrol, XtraMile diesel, PROPEL & petrochemicals, etc. Validating the trust of 82 mn households, Indane has earned the coveted status of 'Super brand'. Indian Oil has a keen customer focus and a formidable network of customer touch-points dotting the landscape across urban and rural India. It has over 23,900 petrol and diesel stations, including over 6000 Kisan Seva Kendra’s (KSKs) in the rural markets. With a countrywide network of over 40,000 sales points, backed for supplies by 135 bulk storage terminals and depots, 3,930 SKO/LDO dealers (60 percent of the industry), 98 aviation fuel stations and 90 LPG gas bottling plants, Indian Oil serves every nook and corner of the country. Indane is present in almost 3,130 markets through a network of 7035 distributors (51.2 percent of the industry). Over 6,300 bulk
consumer pumps are also in operation for the convenience of large consumers, ensuring products and inventory at their doorstep.

Indian oil’s ISO-9002 certified Aviation Service commands an enviable 63percent market share in aviation fuel business, successfully servicing the demands of domestic and international flag carriers, private airlines and the Indian Defense Services. The Corporation also enjoys a 65percent share of the bulk consumer, industrial, agricultural and marine sectors.

With a steady aim of maintaining its position as a market leader and providing the best quality products and services, Indian Oil is currently investing Rs. 47,000 crore in a host of projects for augmentation of refining and pipelines capacities, expansion of marketing infrastructure and product quality upgradation.

4.2.12. Innovation: Indian Oil has a sprawling world-class R&D Centre that is perhaps Asia's finest. It conducts pioneering work in lubricants formulation, refinery processes, pipeline transportation and alternative fuels, and is also the nodal agency of the Indian hydrocarbon sector for ushering in Hydrogen fuel economy in the country. The Centre holds 292 active patents, with over 152 international patents.
Bio-Energy Research Centre has signed an agreement with Lanzatech to develop micro-algae technology which entails development of an acetate-to-lipid pathway and evaluation of its viability for CO2 gas fermentation technology. In order to harness futuristic energy sources, initiatives are being taken for setting up of an Indian Oil Centre for Renewable Energy (i-CARE) at Manesar. Besides, bio-energy, this Centre will also focus on gasification technology, solar, thermal and hydrogen including fuel cells.

Some of the in-house technologies and catalysts developed by Indian Oil include the DHDT technology, Light Naptha Isomerization technology, INDMAX technology (for maximizing LPG gas yield), Oilivorous –S bio-remediation technology (extended to marine applications too), Diesel Hydro Desulphurization(DHDS) catalyst, a special Indicate catalyst for Bharat Stage – IV compliant Diesel, IndVi catalyst for improved distillate and FCC throughput, and adsorbent based deep sulphurisation process for gasoline and diesel streams.

**4.2.13. Venturing into alternative fuels:** Indian Oil has forayed into alternative energy options such as wind, solar, biofuels and nuclear power. A 21 MW wind power project is operational in the Kutch district of Gujarat. The solar power
initiative is being spearheaded on a pilot basis in Orissa, Karnataka and the North East and a pan-India phased roll-out is underway. Solar products such as solar lanterns and torches are being sold through the Retail Outlets in rural and urban areas. With a view to investing in the nuclear energy sector in the country, Indian Oil has entered into an agreement with the Nuclear Power Corporation of India Ltd.

Indian Oil has the largest captive plantation – over 1,000 hectares – for bio-fuel production in India which is underway in the States of Chhattisgarh and Madhya Pradesh, generating rural employment. To straddle the complete bio-fuel value chain, Indian Oil has formed a joint venture with the Chhattisgarh Renewable Development Authority. Indian Oil CREDA Biofuels Ltd. has been formed to carry out farming, cultivating, manufacturing, production and sale of biomass, bio-fuels and allied products and services in Chhattisgarh. In Uttar Pradesh, Indian Oil is establishing a model value chain for the production of bio-diesel. A MoU for collaborating on commercial production of bio-diesel from algae has also been signed with PA LLC.

With facilities at multiple locations and ever-expanding market opportunities, Indian Oil is poised to become an integrated energy
company. As the flagship public sector enterprise of India, Indian Oil has also successfully combined its corporate social responsibility agenda with its business offerings, meeting the energy needs of millions of people every day, across the country.

4.2.14. Milestones: IOC is the highest ranked Indian company In Fortune ‘Global 500’ list. It is 18th largest petroleum company in the world. It is India’s most trusted fuel pump brand as per the survey conducted by ET brand equity and AC Neilsen. It has received National Award for “Innovation in Implementing Business Continuity for SAPR/3 Environment “from the Government of India.

4.2.15. Outlook: IOC and GAIL have signed a memorandum of understanding for cooperation in setting up an Rs 10,000 crore petroleum plant at Barauni in Bihar. Indian Oil launched its lubricant brand Servo in Oman. Servo has 500 different grades and 1200 varied formulations.

4.3. Profile of Bharat Petroleum Corporation Ltd., (BPCL):^51

As introduced in its official website, although it carries the ancient Sanskrit name for India (Bharat), Bharat Petroleum Corporation Limited (BPCL) is a modern refining and distribution company. It
vies with Hindustan Petroleum for the number two slot behind Indian Oil. The company's refineries - in Mumbai, Kochi, and Numaligarh (62 percent-owned) - collectively process more than 24 million metric tons of crude oil per year. BPCL sells engine oils and gasolines, liquefied petroleum gas (LPG), and kerosene. It has 10,000 gas stations, a national network of kerosene dealers, and more than 2,450 LPG distributors. The company operates 50 LPG bottling plants and serves more than 30 million LPG customers across India.

4.3.1. Product:

4.3.1.1. Imports:

BPCL imports products depending upon the domestic demand supply scenario. BPCL on a regular basis imports its LPG requirements mainly from the Middle East. Occasional there are import requirements of Gasoil, Kerosene, Gasoline and Base Oil.

4.3.1.2. Exports:

BPCL exports products from its refineries on a regular basis. The products which are exported regularly are Fuel Oil, Naphtha and
Base Oil (Group II). Products exports are done on both FOB and CFR basis.

Both import and export of products are done through tender. Tender invitations are only sent to counterparties who are registered with BPCL. Companies interested in registering with BPCL for buying/supplying products, please click here for details of contact person and registration template.

4.3.2. Company background:

BPCL is a Government owned company incorporated under the Companies Act,1956 with its headquarters in Mumbai. Business – Refining, Storing, and distributing of petroleum products. Paid up capital- Rs 300 million (GOI-66.2 percent, Private hands-33.8 percent) Areas of operation- retail, lubricants, LPG, aviation Fuel.

4.3.3. History:

4.3.4. Crisis:

Crisis Before deregulation 3 main players: BPCL, HPCL, IOL (private player Reliance, Essar) Enjoy monopoly under APM of GOI. Private cannot compete openly. After deregulation Open Competition in industry 1999 deregulation effect on lubricants: market share dropped from 16percent to 4percent Retention of market share serious issue.

4.3.5. Issue:

Issue Loss of market share due to increase in number of players. Product prices will be determined by import parity prices. Margins set by competitive pressures will be more volatile and highly uncertain. Shifting of allegiance of dealers and distributors. Trained and Experienced manpower will be lured away by new entrants. Retain customers and remain profitable.

4.3.6. Need for redesign:

Need for Redesign Increase in demand for petroleum products in India. Strong customer focus needed to understand and respond quickly to customers need and expectations. Speed at which staff
respond to the market will determine the success of organization. Main focus on customer loyalty. To focus on customer and make decision faster- de-layering the hierarchical organization and by empowering staff. Main Aim of Redesign- to be ready for change

4.3.7. Organizational redesign:

Organizational Redesign started in 1998 with the help of consultant Arthur D. Little and its group of consultants. They formed a Project Group with over 30 people drawn from different functions and regions with a General Manager as their leader. It was called Project CUSECS meaning customer service and customer satisfaction. Their main thrust areas were better customer service, profitability, creation of strategic business units (SBUs) and dividing the organization into regions. After redesign, the organization is mostly participative and team based with absolute delegation of authority.

4.3.8. History of BPCL:

Bharat Petroleum Corporation (BPCL) traces its history to 1928 when the Burmah Shell Oil Storage & Distribution Company of India was incorporated in England to enter the petroleum products business in India. The business of the Company grew substantially
given the international backing of Shell and it achieved the leadership position in India. In 1952, Shell and Burmah Oil Company set up Burmah Shell Refineries to set up a refinery in Mumbai. The entire operations of Burmah Shell in India were nationalized in 1976 and the Refinery and Marketing Companies were merged to form BPCL.

1952: The Company was incorporated on 3rd November, 1952 under the name Burmahshell Refineries Limited (BSR). The Burmah Shell as Storage & Distributing Company of India, Ltd., a foreign company established in England in 1928 was carrying on in India the business of distributing and marketing petroleum products and for that purpose established places in India.

1955:

- The Company has a well-established refinery at Mahul, Chembur (Mumbai) which has commissioned in January.

- The company's refinery in Bombay was commissioned in 1955. It introduced LPG as a cooking fuel to the Indian home and all along, it went beyond selling petroleum, to educate the customer.

1977: Companies name changed to its present name (BPCL) on 1st August.

1979: Pursuant to an agreement dated 23.12.79 between Govt. of India and BSM, the Shell Petroleum Co. Ltd., the Burmah Oil Co. Ltd., and the Burmah Shell Refineries Ltd., the Govt. of India acquired 100 percent equity share holdings of BSR on 24th January, 1976. So also acquired the right to title and interest and liabilities of BSM in relation to its undertakings in India.

1992:

- During the year the company commissioned 50 retail outlets including 9 in rural areas and 7 superior kerosene oil/light diesel oil dealerships. The total number of retail outlets/light diesel oil dealership at the end of the year stood at 4,090 and 928 respectively.

- During the year, 20 percent of the shares were sold by the govt. to various financial institutions and Mutual Funds. Thus presently the President of India holds 80 percent of the paid up capital.

1993

- During the year, the company installed microprocessor based digital integrated distributed control system in catalytic reformer
and new solvent unit which replaced the pneumatic control system. Also installed advanced control system for catalytic control unit.

1994

- During the year, the corporation commissioned 124 retail outlets and 10 oil/light diesel oil dealership.

- On 25th February, a joint venture company `Bharat Oman Refineries Ltd' was incorporated. And was set up.

4.4. Profile of Hindustan Petroleum Corporation Ltd., (Hindpetro)\textsuperscript{52}:

4.4.1. Background: As introduced in its official website, at HPCL, they believe in the maxim: Think big, dream big and achieve big. We are the future - a future full of energy. HPCL is a Government of India Enterprise with a Navratna Status, and a Forbes 2000 and Global Fortune 500 company. It had originally been incorporated as a company under the Indian Companies Act 1913. It is listed on the Bombay Stock exchange (BSE) and National Stock Exchange (NSE), India.

HPCL has earned "Excellent" performance from FY1991-92 (basis signing of the first MOU with the Ministry of Petroleum & Natural
Gas, GOI in FY 1991-92), till FY 2012-13, except for the single FY 2006-07, when it was adjudged as Very Good. HPCL has won the prestigious MOU Award for the year 2007-08 for Excellent Overall Performance, and for being one of the Top Ten Public Sector Enterprises who fall under the 'Excellent' category. HPCL has also earned the “TOP PERFORMER” status for two consecutive FY 2011-12 and 2012-13, as the topper in the MOU ratings, in the Oil Industry.

4.4.2. Import and Export of petroleum products

HPCL: 

HPCL imports products for meeting domestic market requirement. The products being imported by HPCL are LPG, Kerosene, Gas Oil, Gasoline, Low Sulphur Fuel oil.

Imports are finalized by tendering. Details regarding cargo size, product quality, discharge port etc. are covered in the specific tenders. Parties registered (330 KB) with HPCL only can participate in these tenders. The parcels are received at various coastal locations in India Petroleum Product Exports. HPCL exports products and intermediate streams from its refineries. The products
being exported by HPCL are Fuel Oil, High Sulphur Gas oil, Naphtha, Packed Bitumen, Food grade Hexane, Lube oil base stock.

4.4.3. Geographic research:

Hindustan Petroleum Corporation Limited is a Government of India enterprise with the Navratna status which owns two coastal refineries in India at Mumbai and Vishakhapatnam in India. HPCL currently contributes to about 10% of India’s refining capacity. HPCL is composed of business units in Refining, Bulk Fuels, Lube Blending, Retail Fuel Outlets, Trade, and Exploration - Production, LPG Bottling, Aviation Services and new initiatives in alternative energy. Apart from global interests in Egypt, Australia, Oman, HPCL has interests in 14 blocks in India spread in the KG Basin, Rajasthan, Kerala, Konkan, Assam, and Mumbai.

4.4.4. Organization structure: Hindustan Petroleum Corporation Limited (HPCL) is a Government Company within the meaning of Section 617 of the Companies Act 1956. It is registered with Corporate Identification Number (CIN): L23201MH1952GOI008858

The Registered Office of the Corporation is at Petroleum House, 17 Jamshedji Tata Road, Church gate, Mumbai 400020.
HPCL is an amalgamation of the erstwhile foreign oil companies ESSO and Caltex, which were taken over by the Government of India in 1974 and 1976 respectively.

HPCL is a Central Public Sector Undertaking, with a subscribed capital of Rs. 339.33 Crores. The President of India is presently holding 51.01 percent of the paid share capital, the remaining shares being held by various Financial Institutions, FIIs, Banks, Mutual Funds, NRIs and general public including employees of the Corporation.

The shares are listed on BSE / NSE and are actively traded.

HPCL is one of the largest integrated Public Sector Undertaking, engaged in the business of refining Crude Oil and marketing of various petroleum products like Petrol, Diesel, LPG, Kerosene, Lube Oils, Asphalt, branded products like Power, Turbojet, naphtha, ATF (Aviation Turbine Fuel) throughout India and at select foreign countries. Some of these products are exported to other countries.

HPCL owns and operates two refineries situated at Mumbai and Visakhapatnam.

HPCL has focused on its business throughout India by segmenting its business outlook into Retail(Petrol Pumps), LPG, Industries &
Commercial (Bulk Fuels supplies to industries, ships), Lubes, Aviation, Refineries etc., with support from the shared services like Finance, Company Secretary, Human Resources, Public Relations, Legal etc.

HPCL has 7 Retail and 6 LPG Zonal offices at major Cities, in addition to 90 Regional Offices, 37 major Terminals / Installations / Tap Off Points and an elaborate Pan India Infrastructure network comprising Lube Blending Plants, Depots, LPG Bottling Plants, LPG Import Facilities, Petrol Pumps, CNG outlets, Auto LPG Pumps, HP Gas LPG Distributors, SKO / LDO Distributors, Lube CFAs, Aviation’s Service Facilities (ASF) etc.

HPCL is managed by a Board of Directors. The Board of Directors consists of a maximum of 15 Directors, including the Chairman & Managing Director. The Chairman and Managing Director is the head of the Corporation. The Board comprises of Whole time Directors also called Functional Directors – Director Marketing, Director Refineries, Director Human Resources, and Director Finance. In addition, part time Directors representing Government of India, through Ministry of Petroleum & Natural Gas, and part time Independent Directors, also called Navratna Directors are on
the Board. All these Directors are nominated by the Government of India.

The Board of Directors is assisted by Executive Directors, General Managers and other Officers / employees in carrying out the day-to-day functions of the Corporation.

4.5. Profile of Oil and Natural Gas Corporation Ltd., (ONGC):53

As introduced in its official website, ONGC ranks as the Numerous UNO Oil & Gas Exploration & Production (E&P) Company in Asia, as per Plats 250 Global Energy Companies List for the year 2007. ONGC ranks 23rd Leading Global Energy Major amongst the “Top 250 Energy Majors of the World in the Platt’s List” based on outstanding performance in respect of Assets, Revenues, Profits and Return on Invested Capital (RIOC) for the year 2007. ONGC is the only Company from India in the Fortune Magazine’s list of the World’s Most Admired Companies 2007. ONGC is 9th position in the Industry of Mining, crude oil production. ONGC ranks 239th position in the prestigious Forbes Global 2000 and Numerous UNO ranking amongst Indian Companies. ONGC ranks 369th position in Fortune Global 500 list for the year 2006 based on Revenues.
ONGC retains Numerous Uno position from India in terms of Profits with overall global ranking of 121st. ONGC ranks 21st among the top 50 publicly traded Companies in Oil & Gas Industry, based on the year-end (2007) market Capitalization by PFC Energy.

4.5.1. Products: ONGC activities focus on exploration and production of oil and gas in 26 sedimentary basins in India. ONGC operates over 11,000 KM of pipelines.

Table 4.2

Organizational structure of ONGC

<table>
<thead>
<tr>
<th>Name</th>
<th>Since</th>
<th>Title</th>
</tr>
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<tbody>
<tr>
<td>Akhilesh Kumar Ambasht</td>
<td>2014</td>
<td>Chief Vigilance Officer</td>
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<td>Tapas Kumar Sengupta</td>
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<td>Director - Offshore, Director</td>
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<td>Desh Deepak Misra</td>
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<td>Director - Human Resources, Director</td>
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<td>Shashi Shanker</td>
<td>2012</td>
<td>Director - Technology &amp; Field Services, Executive Director</td>
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<td>Narendra Kumar Verma</td>
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<th>Name</th>
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<td>N. K. Sinha</td>
<td>2008</td>
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<td>Dinesh Kumar Sarraf</td>
<td>2014</td>
<td>Chairman of the Board, Managing Director</td>
</tr>
<tr>
<td>Aloke Kumar Banerjee</td>
<td>2012</td>
<td>Director - Finance, Whole-time Director</td>
</tr>
</tbody>
</table>

Source: Official website of ONGC

**History**

1947 – 1960

During pre-independence, the Assam Oil Company in the North-Eastern and At tock Oil company in North-Western part of undivided India were the only oil companies producing oil in the country. The major part of Indian sedimentary basins was deemed to be unfit for development of oil and gas resources.

Until 1955, private oil companies mainly carried out exploration of hydrocarbon resources of India. Assam Oil Company was producing oil at Digboi, Assam (discovered in 1889) and the Oil India Ltd. (a 50percent joint venture between Government of India and Burma
Oil Company) was engaged in developing two fields Naharkatiya and Moran in Assam.

In 1955, Government of India decided to develop the oil and natural gas resources in the various regions of the country as part of Public Sector development.

In April 1956, the Government of India adopted the Industrial Policy Resolution, which placed mineral oil industry amongst the Schedule 'A' industries, the future development of which was to be the sole and exclusive responsibility of the state.

1961 – 1990

Since its inception, ONGC has been instrumental in transforming the country's limited upstream sector into a large viable playing field, with its activities spread throughout India and significantly in overseas territories.

Post 1990 Scenario

The liberalized economic policy, adopted by the Government of India in July 1991, sought to deregulate and de-license the core sectors (including petroleum sector) with partial disinvestments of government equity in Public Sector Undertakings and other measures.
During March 1999, ONGC, Indian Oil Corporation (IOC) a downstream giant and Gas Authority of India Limited (GAIL) - the only gas marketing company, agreed to have cross holding in each other's stock. This paved the way for long-term strategic alliances both for the domestic and overseas business opportunities in the energy value chain, amongst themselves.

In the year 2002-03, after taking over MRPL from the A V Birla Group, ONGC diversified into the downstream sector. ONGC has also entered the global field through its subsidiary, ONGC Videsh Ltd. (OVL). ONGC has made major investments in Vietnam, Sakhalin, Columbia, Venezuela, Sudan, etc. and earned its first hydrocarbon overseas revenue from its investment in Vietnam.
### Table 4.3

**Financial profile of the companies under the study (RS. In Crores)**

<table>
<thead>
<tr>
<th>Ranks in 2012 &amp; 2013 Based on Total Revenues</th>
<th>Company, city</th>
<th>Total Revenue</th>
<th>Operating Profit</th>
<th>Net profit</th>
<th>Networth</th>
<th>Total Assets</th>
<th>RON W</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IOC, Mumbai</td>
<td>475867.4</td>
<td>17327.4</td>
<td>4449.0</td>
<td>61775.4</td>
<td>164581.8</td>
<td>5.7</td>
<td>50912.9</td>
</tr>
<tr>
<td>3</td>
<td>BPCL, Mumbai</td>
<td>244822.6</td>
<td>8201.3</td>
<td>1880.8</td>
<td>15699.0</td>
<td>50619.4</td>
<td>11.2</td>
<td>24144.4</td>
</tr>
<tr>
<td>4</td>
<td>HPCL, Mumbai</td>
<td>217771.1</td>
<td>5626.2</td>
<td>501.3</td>
<td>13591.2</td>
<td>66124.9</td>
<td>3.0</td>
<td>6684.2</td>
</tr>
<tr>
<td>6</td>
<td>ONGC, Dehradun</td>
<td>168286.2</td>
<td>49094.4</td>
<td>24219.6</td>
<td>150581.4</td>
<td>200184.6</td>
<td>16.5</td>
<td>238569.9</td>
</tr>
</tbody>
</table>

The Table 4.3 depicts the financial profile of all the sampled companies. These companies are ranked according to their total turnover in 2012 and 2013. Indian Oil Corporation ranked first followed by Bharat Petroleum Corporation, Hindustan Petroleum Corporation and Oil and Natural Gas Corporation. In list of top fortune 500 companies in the world eight Indian companies are included, out those four companies are selected for the purpose of study as they are more liquid and continuously traded during the period of research.

Accordingly, Business Standard the financial daily newspaper of India has also compiled the list of top 1000 companies of India; out of 1000 companies these companies are included in top six companies in the India. All the four companies are public sector and included in Oil and Gas sector. **Business Standard BS1000 Annual dated January (2014).**

### 4.6 Summary of the sampled companies

The sampling method followed for the proposed study is convenient and quota in which only the public sector companies dealt with Oil and gas sector NSE are included. There are one-hundred and thirty six companies dealt in option market in NSE out of which nine companies are dealt in Oil and gas sector of which top four public
companies are selected for the proposed research. These companies are liquid and are continuously traded in the stock market. The following are the characteristics/features of the sampled companies

- Sample consists of four individual stocks that are liquid based on the trading volume and are included in Fortune 500.

- All the four stocks are continuously traded in Derivative Market during the course of research.

- The Prices of option and underlying assets are obtained from the official web site of NSE.

- Right from the inception of F & O market in India their trading is not stopped by SEBI for want of liquidity under its selection criteria.$^{55}$