4 Public Sector Enterprises & Company Profile

4.1 Introduction

The five organizations selected for the study are central public sector enterprises. This chapter contains a brief overview of public sector enterprises and profile of the five organizations, viz., Bharat Petroleum Corporation Limited Kochi Refinery (BPCL KR), Madras Fertilizers Limited (MFL), Bharat Heavy Electricals Limited (BHEL), Chennai Petroleum Corporation Limited (CPCL) and Hindustan Organic Chemicals Limited (HOCL). The organization structure of BPCL KR, CPCL and HOCL are presented in the form of organization chart. The organization structure of MFL and BHEL are indicated in the tables 4.1 and 4.2 by way of reporting relationship.

4.2 Public Sector Enterprises

Public Sector Enterprises were established by the Government of India as Government Companies under the Companies Act or as Statutory Corporations under specific statutes of Parliament. Central Public Sector Enterprises consist of companies in which Central Government holding in paid up share capital is not less than fifty one percent and also the subsidiaries of such companies.
In 1947, when the country became independent, there were various socio-economic problems confronting the country which needed to be dealt with in a planned and systematic manner. India at that time was an agrarian economy with a weak industrial base, low level of savings, inadequate investments and lack of infrastructure facilities. There existed considerable inequalities in income and levels of employment, glaring regional imbalances in economic development and lack of trained manpower. As such, State’s intervention in all sectors of the economy was inevitable since private sector neither had had necessary resources, the managerial and scientific skill, nor the will to undertake risks associated with large long-gestation investments. Among the imperatives before the Government were the removal of poverty, equitable distribution of income, generation of employment opportunities, removal of regional imbalances, accelerated growth of agricultural and industrial production, better utilization of natural resources and a wider ownership of economic power to prevent its concentration in a few hands. Given the type and range of problems faced by the country on the economic, social and strategic fronts, it became a pragmatic compulsion to use the public sector as an instrument for self-reliant economic growth.

The dominant consideration for the continued large investments in public sector enterprises was to accelerate the growth of core sectors of economy; to serve the equipment needs of strategically important sectors like Railways, Telecommunications, Nuclear Power, Defense etc. and to provide a springboard for the economy to achieve a significant degree of self-sufficiency in the critical sectors. The rationale for setting up public enterprises was to ensure easier availability of vital articles of mass consumption,
to introduce check on prices of important products, help promote emerging areas like
tourism, etc. The genesis of a large number of enterprises can be traced to the taking over
by the Government of sick private sector units with a view to protecting, inter- alia, the
interest of workers. A number of public enterprises were created to operate in national
and international trade, consultancy, contract and construction services, inland and
overseas communications etc. The overall profits of public sector enterprises in India is,
thus, a heterogeneous conglomeration of basic and infrastructure industries, industries
producing consumer goods, industries engaged in trading and rendering services etc.

The objectives for setting up of public enterprises were inter-alia to:

Ensure the rapid economic development and industrialization of the country and crate
necessary infrastructure for economic development

Promote redistribution of income and wealth

Create employment opportunities

Promote balanced regional development

Assist the development of small-scale and ancillary industries

Promote import substitutions, save and earn foreign exchange for the economy

Central public sector enterprises offer a wide range of products and services which
include manufacturing of steel, generation and transmission of power, manufacturing of
heavy machinery, machine tools, instruments, heavy machine building equipment, heavy
electrical equipment for thermal and hydel stations, transportation equipment,
telecommunication equipment, ships, submarines, fertilizers, drugs and pharmaceuticals,
petrochemicals, cement, textile, mining of coal and minerals, extraction and refining of crude oil, operation of air, sea, river and road transport, national and international trade, consultancy, contract and construction services, inland and overseas telecommunication services, financial services, a few consumer items such as newsprint, paper and contraceptives, hotel and tourist services etc.

4.3 Company Profile

4.3.1 Bharat Petroleum Corporation Limited Kochi Refinery (BPCL KR)

BPCL, a Fortune 500 company, with an equity base of Rs.300 crore is a leading player in the petroleum sector in the country. It has refineries at Mumbai with a capacity of refining crude oil as 12 MMTPA (million metric tons per annum), Kochi with 9.5 MMTPA. BPC’s subsidiary at Numaligarh has a capacity of 3 MMTPA. It has one more refinery at Bina at Madhya Pradesh under construction, which is expected to have a capacity of 6 MMTPA.

Kochi Refinery started on 27 April 1963 when Government of India, Phillips Petroleum Company of USA and Duncan Brothers of Calcutta signed an agreement for the construction of a petroleum refinery in south India, in Kochi, Kerala. Phillips Petroleum International Corporation was the prime contractor for the construction of the refinery. Construction work started in March 1964 and the first unit came on stream just after 29 months in September 1966. Former Prime Minister of India Ms. Indira Gandhi inaugurated it on 23 September 1966.
Bharat Petroleum Corporation Limited (BPCL) acquired control over Kochi Refineries Limited by buying the Government of India's shares in March 2001. Consequent to the merger order dated 18 August, 2006 issued by Ministry of Company Affairs, the refinery has been amalgamated with Bharat Petroleum Corporation, hence forth to be known as BPCL-Kochi Refinery.

Kochi Refinery which is owned by Bharat Petroleum Corporation Limited is one of the best run refineries in India with global levels of excellence. Kochi Refinery Learning Centre managed by the refinery is regularly running various kinds of training and educational programmes relevant to oil and gas operations.

Kochi Refineries Limited first exported its manufactured products in January 2001. The consignment was fuel oil. It supplies specialty niche petroleum products to the global market. These products include any grade fuel oil and low aromatic Naphtha. The fuel oil has been widely accepted and benchmarked in the Singapore and Dubai Fuel Oil Markets. In the last financial year the company exported petroleum products of a capital value of USD 280 million.

4.311 Raw material
Crude oil

4.312 Products & Applications

Liquefied Petroleum Gas (LPG), Motor Spirit (MS) or Petrol, Naphtha, Superior Kerosene Oil (SKO), Aviation Turbine Fuel (ATF), High Speed Diesel (HSD), Jet Propellant-5 (JP-5), Low Sulphur High Flash Diesel (LSHFD), Low Pour High Speed
Diesel (LPHSD), Light Diesel Oil (LDO), Low Sulphur Heavy Stock (LSHS), Furnace Oil (FO), Bitumen, Natural Rubber Modified Bitumen (NRMB), Benzene, Toluene, Special Boiling Point Spirit (SBPS), Poly ISO Butene (PIB), Mixed Aromatics Solvent (MAS) and Mineral Turpentine Oil (MTO). The brand name of premier brand of petrol is *Speed* and that of diesel is *Hi-Speed*. The brand for BPCL lubricants is *MAK* and LPG is *Bharat Gas*.

Petrol, Diesel & Auto LPG used as fuel for automobiles

LPG and Kerosene used as fuel for cooking

Aviation Turbine Fuel and Jet Propellant-5 used in aircrafts

Naphtha used as raw material for manufacture of fertilizers and fuel in power plants

Special Boiling Point Spirit used for manufacture of tyres.

Mineral Turpentine Oil used in textile and paint industries.

Bitumen is used for paving of roads.

Poly Iso Butene used for manufacture of lubricants

BPCL has mainly 6 Strategic Business Units (SBU) and they are: Refinery SBU, Retail SBU, Liquefied Petroleum Gas SBU, Lubricants SBU, Industrial and Commercial SBU and Aviation SBU. Kochi Refinery functions under the Refinery SBU.

BPCL has three refineries at Kochi, Mumbai and Numaligarh in Assam each with a crude refining capacity of 9.5 Million Metric Tonnes Per Annum (MMTPA), 12 MMTPA and 3 MMTPA respectively.
4.313 Corporate vision

The company’s vision is to be a globally competitive and integrated energy and petrochemicals company focused towards achieving excellence in national priority areas with a strong conscience towards protection of environment and progress of society.

4.314 Corporate mission

- To strengthen the presence in petroleum refining and marketing of petroleum products and grow into the energy and petrochemical sector.
- To realign orientation of thinking and philosophies to become a market driven and customer friendly organization with focus on TQM.
- To enhance shareholders value and maximize return through best use of resource.
- To recognize employees as the most valuable asset of the organization and foster culture of participation and innovation for employees growth and contribution.
- To achieve global standards of excellence through R&D efforts, technology upgradation, safety management and environment protection.
- To be a major contributor towards community development and welfare of society at large.
Chart 4.1 ORGANISATION CHART: BPCL KOCHI REFINERY (Year: 2009)
Chart 4.2 ORGANIZATION CHART: BPCL KR
(Year: 2009)
4.32 Madras Fertilizers Limited (MFL)

Established in 1966, Madras Fertilizers Limited is a Public Sector Undertaking under administrative control of the Department of Fertilizers, Ministry of Chemicals and Fertilizers. Madras Fertilizers Limited has been serving the Nation for the past 36 years since plant commissioning in 1971 and is proud to be part of Green Revolution.

MFL is a company committed to

- Meet needs of the Farmers
- Production & Promotion of Balanced NPK Fertilizers
- Production & Promotion of New Generation Biofertilizers
- Marketing of Eco-friendly Neem Pesticides
- Protection of the Environment & Energy Conservation
- Continual upgradation of Technology and Development of Human Resource

4.321 Products

4.3211 Chemical Fertilizers

Urea, NPK - Complex (17:17:17); (14:28:14); (19:19:19); (20:20:0:15), NK Mixture (20:0:10), MOP (Imported) and DAP (Imported). The brand names are VIJAY Urea, VIJAY Complexes and VIJAY 17:17:17 respectively.

4.2212 Fertilizers

Azospirillum (Paddy), Azospirillum (Other crops), Azospirillum (Plantation Crops), Rhizobium (Groundnut), Rhizobium (Pulses), Phospho Bacteria (All Crops) and NP Bio (All Crops). VIJAY Bio-fertilizers come in two categories, viz., Nitrogen fixers and Phosphate Solublizers.
4.2213 Chemicals - Neem based

VIJAY Neem - 300 ppm and VIJAY Neem - 1500 ppm

4.2214 Life Insurance Products

MFL diversified into a new field of operations – *Insurance Marketing* – with tie up from ING-VYSYA for Life Insurance.

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<th>reporting officer</th>
<th>Total</th>
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<td>Jt.GM/Sr.DGM</td>
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<td><strong>Total</strong></td>
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4.33 Bharat Heavy Electricals Limited (BHEL)

BHEL is the largest engineering and manufacturing enterprise in India in the energy-related/infrastructure sector, today. BHEL was established more than 40 years ago, ushering in the indigenous Heavy Electrical Equipment industry in India - a dream that has been more than realized with a well-recognized track record of performance. The company has been earning profits continuously since 1971-72 and paying dividends since 1976-77.

BHEL manufactures over 180 products under 30 major product groups and caters to core sectors of the Indian Economy viz., Power Generation & Transmission, Industry, Transportation, Telecommunication, Renewable Energy, etc. The wide network of BHEL's 14 manufacturing divisions, four Power Sector regional centres, over 100 project sites, eight service centres and 18 regional offices, enables the Company to promptly serve its customers and provide them with suitable products, systems and services -- efficiently and at competitive prices. The high level of quality & reliability of its products is due to the emphasis on design, engineering and manufacturing to international standards by acquiring and adapting some of the best technologies from leading companies in the world, together with technologies developed in its own R&D centres.

BHEL has acquired certifications to Quality Management Systems (ISO 9001), Environmental Management Systems (ISO 14001) and Occupational Health & Safety Management Systems (OHSAS 18001) and is also well on its journey towards Total Quality Management.
BHEL having registered office at New Delhi has installed equipment for over 90,000 MW of power generation for Utilities, Captive and Industrial users.

BHEL has supplied over 2,25,000 MVA transformer capacity and other equipment operating in Transmission & Distribution network up to 400 kV (AC & DC).

The company has supplied over 25,000 Motors with Drive Control System to Power projects, Petrochemicals, Refineries, Steel, Aluminum, Fertilizer, Cement plants, etc.

It has supplied Traction electrics and AC/DC locos to power over 12,000 kms Railway network.

BHEL has supplied over one million Valves to Power Plants and other Industries.

BHEL’s operations are organised around three business sectors, namely Power, Industry - including Transmission, Transportation, Telecommunication & Renewable Energy - and Overseas Business. This enables BHEL to have a strong customer orientation, to be sensitive to his needs and respond quickly to the changes in the market.

4.331 Vision

A world class engineering enterprise committed to enhancing stakeholder value.
4.332 Mission

To be an Indian Multinational Engineering Enterprise providing Total Business Solutions through Quality products, Systems and Services in the fields of Energy, Industry, Transportation, Infrastructure and other potential areas.

Table 4.2 Reporting Relationship of Officers: BHEL

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<th>Dy.Manager</th>
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<th>Sr.Manager</th>
<th>DGM</th>
<th>GM*</th>
<th>Director</th>
<th>CEO</th>
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* GM reports to ED
4.34 Chennai Petroleum Corporation Limited (CPCL)

Chennai Petroleum Corporation Limited (CPCL), formerly known as Madras Refineries Limited (MRL) was formed as a joint venture in 1965 between the Government of India (GOI), AMOCO and National Iranian Oil Company (NIOC) having a share holding in the ratio 74%: 13%: 13% respectively. From the grassroots stage CPCL Refinery was set up with an installed capacity of 2.5 Million Metric Tonnes Per Annum (MMTPA) in a record time of 27 months at a cost of Rs.43 crores without any time or cost over run. As a part of restructuring steps taken up by the Government of India, Indian Oil acquired equity from GOI in 2000-01. Currently IOC holds 51.88% while NIOC continued its holding at 15.40%.

CPCL has two refineries with a combined refining capacity of 10.5 Million Metric Tonnes Per Annum (MMTPA). The Manali Refinery has a capacity of 9.5 MMTPA and is one of the most complex refineries in India with Fuel, Lube, Wax and Petrochemical feedstock production facilities. CPCL’s second refinery is located at Cauvery Basin at Nagapattinam. The present refining capacity of this unit is 1.0 MMTPA.

4.341 Raw material

Crude Oil
4.342 Products


4.343 Vision

Chennai Petroleum Corporation Limited will be a world class Energy company well respected and consistently profitable, with a dominant presence in South India.

4.344 Mission

To maximize profit through the manufacturing and supply of petroleum products and other related business in a reliable, ethical and socially responsible manner.
Chart 4.3 ORGANIZATION CHART: CPCL (Year: 2005)

- MD
- DIRECTOR (OPERATIONS)
- DIRECTOR (TECHNICAL)
- DIRECTOR (FINANCE)
- CHIEF VIGILANCE OFFICER
- CO. SECRETARY
Chart 4.4 ORGANIZATION CHART
CPCL – OPERATIONS (Year :2005)
Chart 4.5 ORGANIZATION CHART
CPCL – TECHNICAL (Year: 2005)

- D(T)
  - ED(CP)
  - DGM(P)
  - DGM(ADMN, E&T)
- GM(HR)
- GM(CBR)
  - DGM(OHS & EC)
Chart 4.6  ORGANIZATION CHART
CPCL – FINANCE (Year: 2005)

D(F)

GM(F)

DGM(F)

DGM (INTERNAL AUDIT)

GM(PROJ. & DEVT.)

DGM (NPCB PROJECT)
4.35 Hindustan Organic Chemicals Limited (HOCL)

Hindustan Organic Chemicals Limited (HOCL), Kochi Unit situated at Ambalamugal, 15
kms away from Ernakulam city was commissioned in the year 1987 to manufacture
Phenol and Acetone. The installed capacity is 40,000 Tonnes Per Annum (TPA) of
Phenol and 24640 TPA of Acetone. A new project was commissioned in the year 1997 to
manufacture Hydrogen Peroxide with an installed capacity of 5225 TPA.

4.351 Raw materials

Benzene, Liquefied Petroleum Gas (LPG)

4.352 Products & Applications

Phenol : Phenol Formaldehyde Resin, Bisphenol-A and Pharmaceuticals; Acetone:
Solvent, Pharmaceuticals and Bisphenol; Hydrogen Peroxide: Bleaching and
Environmental applications.

4.353 Mission

To play a dominant role in the domestic market and to be competitive.

4.354 Objectives

To maintain growth in turnover & optimize return on investment

To maintain health of plant and equipment to realize all its objectives
To ensure upgradation of technology and innovations of value added products through Research & Development efforts

To maintain international quality standards & optimum level of efficiency

To practice customer friendly culture

To continue development of human resource efforts

To adhere to safety, health and environment policy standards

Implementation of growth strategy
Chart 4.7

ORGANIZATION CHART: HOCL (Year: 2009)

GENERAL MANAGER(P&A)

GM (ENGG)

DGM (I)
DGM (M)
DGM E/M
GM (MSS)

CE(E)
CE©
CM(F & SFT)

DGM P&A

CPRN

CM (EN)

GMP/P

DGM(F)

M MKG

CM (QC)

SVO

DGM (MAT)