SYNERGY

The Excellence Platform

Vol. 2, Issue 2, 2005

OIL's Vision

To be a vibrant, responsive, knowledge based competitive E &P Company with global presence, and a selective presence across the oil and gas value chain in India, maximizing shareholders' value, respecting stakeholders' aspirations and caring for the environment.

OIL beyond territorial barriers

I am OIL. An ever-improving,
ever-evolving organic entity.
Perseverance is my first name,
Diligence - my surname.
I harbour camaraderie.
I value ethics.
I envisage a future.
A future, when the world
will be my playground and
territorial boundaries will have
no meaning.

Team Synergy

Mr. R.K. Dutta - Patron
Mr. Arvind Jaini - Editor
Ms. Krishna Hazarika Rao - Sub Editor

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Editorial

Welcome once again to the second issue of "Synergy". Poised as we are at a very interesting and phenomenal stage of our evolvement as a reckonable entity, both as a company and as an industry, it was with immense awe that we have seen significant event after event unfold at a blistering pace since we last went into print.

A global "energy demand shock"compounded by extremely tight world oil supplies, constraints on world natural gas production, and geopolitical turmoil is now putting even countries like United States at a "critical juncture" in its energy position.

The solution to looming Energy problems and solutions being sought will undoubtedly involve intensifying exploratory efforts, promoting international cooperation, maintaining a strong domestic industry, and more realistically appraising energy reserves, environmental goals, technological potential and geopolitical limitations.

The world's consumption of oil is likely to increase over the next two decades by more than 40 percent. Population and social change in India and China and in the Middle East are doing much to drive today's high oil prices. Economic growth in India and China, as well as in the United States, is contributing to a demand shock on the oil market. What looks like the best global economic growth in a generation is creating specific pressure on energy markets.

There have been enough reports and articles in the media on the move to restructure the Petroleum Sector in the country to strengthen the industry, ensure Oil security, meet future challenges and also realize "Synergy in Energy".

Where do we see ourselves two years, five years and ten years from now? Where does our vision lead us? Are we prepared and equipped for it? Are we 'keeping our powder dry' or will we allow events to overtake us as we grapple with change.

In this issue we have covered articles from Mergers, Innovations, Management issues etc., for our readers. I convey my sincere thanks to our CMD, Shri R K Dutta for his trust and guidance. I also like to thank Mrs Krishna Hazarika Rao for her efforts in bringing out this volume. I would also like to thank all the Authors for their contribution in this issue.

I leave you to mull over with these thought provoking 'magic seeds' as we embark upon the next phase of our journey in pursuit of our dreams while we shape our destiny. Till then "Happy Reading"!

With best wishes

Arvind Jaini

Merger and Acquisition for Synergy in Petroleum Business

By J. M . BUJOR BARUAH

Shri J. M. B. Baruah, a Petroleum and Management Consultant, was the Chairman and Managing Director of Bongaigaon Refinery and Petrochemicals Ltd. He was also the Director (Exploration and Development), Oil India Limited, and former Managing Director of Prize Petroleum Co. Ltd.

BACK-GROUND

For about three decades, I was closely associated with Oil India Limited as an employee in various capacities. I was naturally delighted when I got an opportunity to share some of my thoughts on certain aspects of future growth potential of the company through the pages of SYNERGY.

As I have been, by and large, out of touch with the thinking of the corporate level management of the company for a fairly long time; some of the views expressed here may naturally be out of tune with the current management thinking in the company. It is needless to mention that the perspective provided by my own work exposure outside Oil India Limited during last decade has largely influenced my thought process.

PETROLEUM VALUE CHAIN

We would now proceed to look at what merger and acquisition could mean to a mid-sized financially sound up-stream oil company like Oil India Limited. But before doing so let us first look at what constitute the value chain in the petroleum business.

The composite petroleum value chain has four individual value chains as indicated below:

- Up-stream Value Chain
- Down-stream Value Chain
- Natural Gas Value Chain
- Chemicals Value Chain

The relationship amongst these value chains is explained in figure 1 below :

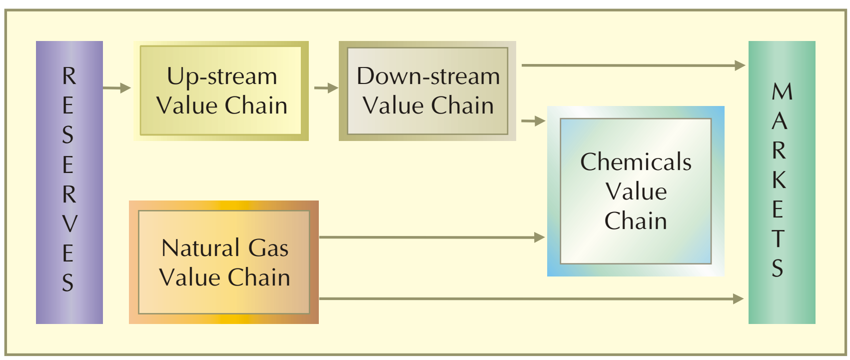


Figure 1 : Segments of Petroleum Value Chain

Up-stream Value Chain

The segments of the up-stream value chain are exploration, appraisal of a discovery, development of oil / gas fields, production of oil and gas, storage and transportation of crude oil and distribution of natural gas.

Down-stream Value Chain

The typical down-stream value chain comprises of refining of crude oil, primary distribution of petroleum products, storage in terminals, and marketing of

petroleum products including pricing, distribution to bulk consumers and retailing .

Natural Gas Value Chain

Unlike crude oil, natural gas could be sold in the retail market directly. Natural gas is also extensively used for generation of electricity. Natural gas value chain comprises of transportation (by pipeline or as LNG), marketing as gas, and generation / sale of electricity. Besides these uses as energy, natural gas value chain includes the fractionation of natural gas into various components like methane, ethane, LPG, natural gas liquids, etc. Some of these fractions are valuable and preferred raw materials for the petrochemicals value chain.

Chemicals Value Chain

Chemicals value chain starts with processing of naphtha obtained as a crude oil refinery product and selected fractions of natural gas for the production of various value added chemicals. The major petrochemicals value sub-chains relate to plastics, fabrics and organic chemicals. Each of these sub-chains are long with several branches and will not be discussed here.

INTERNATIONAL OIL MAJORS

Most of the internationally competitive major oil companies are vertically integrated with business interests along the entire petroleum value chain. Break-up of gross revenue and earnings of an oil major for two years during the relatively stable price regime of 1990s are shown below as an illustration.

Year	Business Segment	Sales	Earnings	Capital Investment
X	Up-stream (including Natural Gas)	6.9 %	66.3 %	53.6 %
	Down-stream	79.2 %	14.9 %	24.2 %
	Chemicals	13.9 %	18.8 %	22.1 %
Y	Up-stream (including Natural Gas)	6.0 %	42.6 %	49.4 %
	Down-stream	79.4 %	33.6 %	36.8 %
	Chemicals	14.6 %	23.8 %	13.8 %

An analysis of the information tabulated above would make it clear that sales revenue is much higher in the down-stream business, while profit is much higher in the up-stream business

It would be of interest to note here that capital investment is comparatively high in the up-stream business. However, the Return On Capital (ROC) is also much higher in the case of the up-stream business as would be evident from the following example:

Business Segment	Capital Employed	Return On Capital
Up-stream	45 %	17 %
Down-stream	35 %	6 %
Chemicals	20 %	10 %

UP-STREAM INDEPENDENTS

The up-stream business is far more risky. In addition to uncertainties with regard to underground reserves and production rates, E & P business is heavily dependent upon crude oil price, which fluctuates widely and does not follow typical market dynamics of demand - supply. Some of the factors contributing to price volatility of crude oil are areas of excess production being away from the areas of large consumption, excessive dependance on the OPEC countries for supply, concentration of surplus availability in localized areas, wars / hostilities and other potential political changes / uncertainties in major oil producing areas like west Asia. Of late, sharp increase in the demand for oil in the rapidly growing large economies of China and India has greatly reduced the surplus availability of crude oil. As a result, temporary shut-down of producing fields even outside the OPEC results in a near panic situation resulting in over-heating of the market.

Asset values of an E & P company should ideally include all the assets that the company owns. Typically, these would include the producing fields, fields under development, discoveries under appraisal, new discoveries and exploration acreage. From the angle of risk and cash flow potential, the asset values may be classified as core values and upside potentials. The core values include producing fields and fields under development. Upside potential is far less certain and includes the contingent resources that may be currently un-economical or the discoveries whose commercial viability has not yet been determined as well as the value of the exploration prospects to be drilled by the company. It is needless to state while determining the asset value of the company that the risk-weighted values are to be taken into account.

Against this background, E & P business is highly capital intensive. Moreover, the time required for exploration, appraisal of a discovery, development of fields considered as commercial and build-up of the surface facilities for production, processing, storage and transportation is usually very large as new large discoveries are likely to be located in hostile and far flung areas. By the time production from the new areas becomes available, the fields already in production would start to decline.

Globally, the independent up-stream oil companies tend to generate internal growth in their value through acquisition of assets with core value and portfolio management through swapping of assets.

MERGERS AND ACQUISITIONS: PERSPECTIVES

For growth of enterprise value, the oil companies would normally try to expand the business within the existing value chain, where adequate core competency exists. Moreover, in order to improve the bottom line, the down-stream companies would like to diversify into chemicals business and up-stream business, where the return on capital are higher than in refining & marketing business .

As the business dynamics of the petrochemicals business is comparable to that of the refining and marketing business, expansion of business of the down-stream companies by diversifying into the chemicals business comes naturally. However, the core competencies required for the E&P business are significantly different from those of the refining and marketing segment of the petroleum value chain. Therefore, the down-stream companies are eager to acquire an up-stream company to translate their expansion plans by migrating to a value chain with higher return potential.

Various arguments are often put forward in favour of vertical integration of oil companies. Out of these, three important arguments are:

- it would reduce volatility of earnings in the case of up-stream companies.
- it would improve security of supply in the case of down-stream companies.
- it would improve utilization of logistics assets.

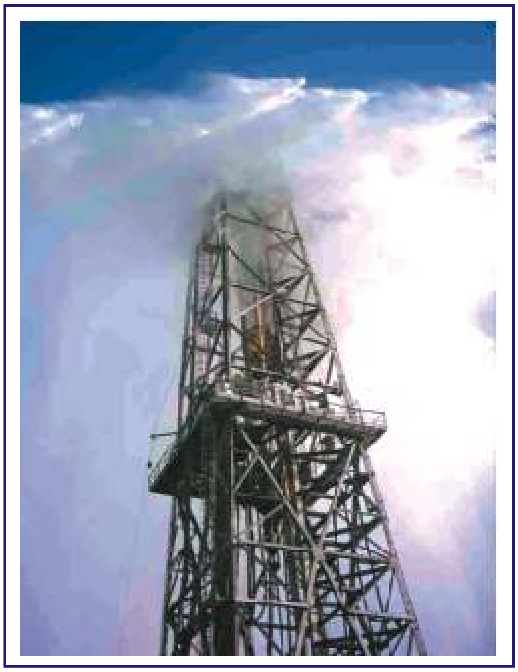
Another reason as to why a refiner would seek vertical integration is that, integration could lower investment costs in refining by allowing refiners to optimize their operations around a known fixed crude oil system.

While the securities of raw material supply in a process industry is very critical for its survival as a business entity. Volatility of crude oil price on an E & P company is not very critical as profitability of the company could be reasonably managed even at the time of low crude oil price by cutting down the exploration expenditure, and under special circumstances, by pruning development expenditures and shutting down the marginal fields. The temporary shortfall in crude availability from these measures would result in bounce back of the crude oil price. Utilization of logistics assets is true only in special cases. In any case, available infrastructures of different oil companies in the same area could be shared through contractual arrangements. It is quite common for the user to pay a tariff to the owner of such infrastructures if the same is cost-effective.

If we look around the globe, we will find that most of the oil companies are either integrated oil companies or independent E & P oil companies. Accordingly, the Government of India started encouraging the down-stream oil companies to move to up-stream activities in the 1990s. However, the results so far have not been very encouraging. This was not unexpected, as the down-stream oil companies have tried to build up their own competencies in the complex up-stream business, which is time-consuming .

MERGERS AND ACQUISITIONS: PROCESSES

Acquisition could be acquiring an asset or acquiring stocks in a company. The latter could be with management control or without management control. An acquired asset could be managed by the acquiring company as a division or as a subsidiary. Similarly, an acquired company could be managed either as a separate entity or it could be merged with the acquirer by consolidating the accounts. In the later event, the acquired company loses its identity. The share holders of the acquired company are offered equity shares in the acquiring company as per ratios mutually agreed upon.



Acquisition of an asset or a company stock has a cost attached to it. Therefore, acquisition makes sense to the acquirer only when it can add value to the acquired entity through injection of fresh capital and technology, resulting in modernization of plants and machineries, or through improved management including organizational re-structuring or more often by synergizing the operations of the acquired entity with those of the acquired company.

For expansion in the same business segment, one of the means is through fresh capital investment. For an E & P company like Oil India Limited, this means bidding for exploration blocks and going through the entire activity chain consisting of geological analysis, geophysical surveys, exploratory drilling, appraisal of discovery, preparation of development plan, development drilling and creation of surface facilities before production and revenue generation starts. The long chain of activities normally takes 7 years or more. In addition, there is the risk of several of the exploration ventures being a failure.

To cut short this time span and also to reduce the risk, the E & P companies seeking growth in the same business segment resorts to M & A activities of acquiring discovered fields awaiting development or producing properties. This also provides an opportunity to the oil company of diversifying the locations of the acreage held by it to spread the overall risk (eg. political risk).

It is needless to state that such a business strategy of expediting growth would need availability of excess cash. The company would need to create what is called a `war chest' for acquisition. It is because trying to raise money from the capital market as equity or debt at the time of acquisition could be self-defeating on several counts. For example, tight time schedule for acquisition may not permit a judicious choice of funding options. Information on the entity to be acquired including its valuation may get circulated before the submission of the final binding bid to the advantage of the competitor. Once the buyer-seller agreement is final, capital could be raised from the market to complete the transaction and the war chest could be kept intact or replenished for future acquisitions.

While considering an E & P acquisition, the acquirer must take into account the up-side potential of the entity. The up-side potential could be additional reserves accretion from extension of the productive limit of the known field, shallower or deeper prospects within the known limit of the field, scopes for re-development for enhancing recovery of the existing field, and / or discovery of new field within the lease area based on a fresh evaluation of the prospects. These relatively high risk components do not form part of the standard valuation of the assets as only proved and probable reserves are normally taken into account in these exercises.

MERGERS AND ACQUISITIONS: MECHANISM

In the international arena, mergers and acquisitions normally take place through direct negotiations between buyer and seller, or through the process of international bidding. In cases where the bidding process is chosen by the seller, bids are invited from the prospective buyers by the financial advisors appointed by the seller. It is only in very special cases that the advisors are appointed by the buyers to look for specific acquisition targets.

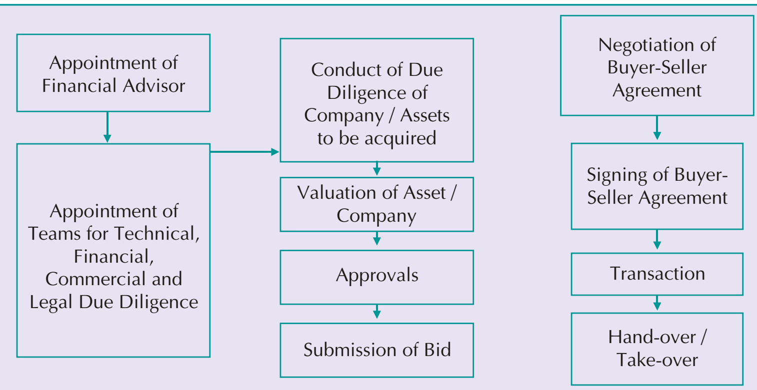


Figure 2 : Important Steps is an M&A Deal

In the E & P business, where acquisition of assets is very common, there are a few agencies, who provides scouting services based on analysis of various companies. Also, mergers of large international companies often result in disposal of assets to rationalize portfolio as a part of M & A deals and such information is usually available with the scouting agencies.

Once a company is aggressively engaged in M & A activities in the market, it is quite common to be listed by the financial advisors of the sellers as potential buyers, and information do flow in easily. Until such a reputation is established, it is necessary for the acquirers to be proactive and be in communication with advisors who are in the business of providing advisory services to the sellers.

After an acquisition target is identified, several important steps are to be taken either simultaneously or in quick succession as outlined below in figure 2.

SYNERGY FROM MERGERS AND ACQUISITIONS

Generally speaking, potential sources of synergy in mergers and acquisitions are in competitive advantage in the existing business, expansion into new business, and in financial benefits to the merged entity.

Competitive advantages in existing business are achieved through horizontal mergers. It helps in achieving economies of scale, restricting competition and in indulging in anti-competitive practices. Vertical mergers on the other hand, make supplies more difficult for the competitors. When there is shortage in the market, profitability improves. When the market has over supply, merger could help in re-structuring, whereby the economically less viable assets / projects could be disposed of or kept in abeyance.

Entry to a new business or market through mergers is very common. It is because entry to a new business or market through merger is relatively quick. It also has lower risk than direct entry. Sometimes, M & A is also the cheaper route.

The basic idea of M & A is to exploit the distinctive capabilities of the acquired company and to get possession of its strategic assets. Vertical integration through mergers and acquisitions has a greater chance of success if the original core competencies of the merged companies are complementary.

Diversification of assets' location and business segments achieved through mergers, result in lowering the overall business risk. Many believe that this benefits the share holders as the cost of capital reduces with the lowering of the business risk.

Raising capital in larger blocks for increased activities / expenditures of the merged entity could also result in reduced transaction costs and this factor could also lower the cost of capital. Some of the other financial benefits of M & A are the exploitation of unutilized debt capacity and unutilized tax credits leading to synergy.

Normally the stock price of the acquired company increases after an acquisition. However, this increase may be at the cost of share price of the acquirer. When this happens, the two entities are often merged, whereby one company ceases to exist. However, the value of the merged entity could still be lower than the values of individual entities prior to acquisition. In such a case, the M & A may be considered as a failure.

Analysis of mergers and acquisitions worldwide has shown that at least half of all the M & As are failures. This is primarily because synergy of business / operation could not be established after the mergers. Another very important reason of failure of mergers is divergent work systems, ethics and cultures of the individual entities. Some times, it takes decades before an effective amalgamation of company cultures and value systems take place. Another important reason of failure of M & A is inadequate or faulty due diligence.

CONCLUDING REMARKS

In addition to being a financially sound independent oil company with core competency in the conventional up-stream value chain, Oil India Limited has the unique distinction of being fully integrated in the up-stream business with core competencies in conducting various oil-field services activities like seismic surveys, drilling, well completion, well logging, data processing, etc., which are normally out-sourced by the oil companies. In order to ensure fast growth and value creation, the company could look into the possibilities of strengthening the entire up-stream value chain including the oil-field services business through the M & A route conducted on a global scale.

As far as growth in other petroleum value chains is concerned, the company may consider expanding along the natural gas value chain, where it has some core competencies. This would include acquisition of gasfields, and diversifying into gas transportation and distribution business through pipeline and LNG business. The next obvious step of diversification would be to participate in the gas-based petrochemicals value chain. These diversifications would adequately protect the company from wide fluctuations in crude oil price.

Merger with another oil company with core competency limited to the down-stream business of the petroleum value chain may in fact slow down investment in the E & P business on account of generally poor risk taking abilities of the oil companies engaged in refining and marketing. This would be an additional factor to the divergence in work cultures and work systems. For diversification of down-stream companies to improve securities of supply of crude oil, the obvious route is to have alliances including un-incorporated joint ventures with one or more up-stream oil companies and acquire oilfields having crude oil suitable for processing in its existing refineries.

Merger and Acquisition in oil sector-MRPL Experience

Dr. Jauhari Lal Secretary General PETROTECH

Dr. Jauhari Lal is at present the Secretary General of Petrotech Society. Dr. Jauhari Lal was Former Director (Personnel), OIL. He was also Director (HR) ONGC, Director ONGC Videsh Ltd and National President of NIPM. He is a visiting professor in IIM-L, MDI & other Management institutions.

Until the 1990s, global M & A was predominantly an Anglo Saxon phenomenon. Thanks to globalization that M & A has crossed boundaries & it has become its integral part. During 1990-2000 era, mega deals became routine with the cost synergies, globalization & strategic considerations as key driving force. In the era of competition, it is believed that giant size of the company will have an advantage of endurance, taking risk and emerging as long time player. Some of the patterns for M & A wave coincided with low falling interest rates, rising stock markets & growing economy. According to Bruce Wasserstein, the main drivers for M & A phenomenon are:

- Regulatory and political reform
- Technology Change
- Fluctuations in financial markets
- Role of leadership
- Tension between scale and focus

The question arises, "Whether M & A will pay in the long run?" As per the analysis made, from a shareholder value point of view, success rate is generally low & sometimes as low as 25-30% of acquiring companies. This situation is, at times, because of over-estimation of potential benefits in the long run & under-estimation of inherent integration difficulties because of culture and HR related issues. However, every CEO thinks that his deal would make it a great success and enamoured by the consideration to create an impact and make history. In this endeavor, investment of time, energy and finance is made from longterm return point of view. But, generally it takes a long time to achieve desired results. Nevertheless M & A has emerged as an extremely important tool in strategic armoury of global companies.

Hydrocarbon is strategic sector & it has also been affected by M & A trends globally. There has been trend for massive consolidation leading to merger of oil giants into "super majors". Between 1997-2002 as many as, 34 oil companies merged into 13 companies. There has also been a trend that M & A actively increase during the periods of falling oil prices. And this trend is going on rather aggressively.

Some of the key drivers in oil Industry mergers are: -

- Pressure to globalize & become a giant company.
- Larger balance sheet size & strength to bid for exploration rights and undertake large risky investments.
- Enhance vertical integration
- Technology acquisition
- Self-reinforcing phenomenon
- Acquisition of companies with proven reserves during periods of decline in oil prices in lieu of exploration.

Some of the giant companies' mergers in the oil sector to become super-major are:

BP	Amoco
BP-Amoco	Arco
Chevron	Texaco
Exxon	Mobil
Total	Petrofina
Total Fina	Elf Aquitaine
Philips	Conoco
Nippon Oil Co.	Mitsubishi Oil Co.

In India M & A was dormant in the pre-reform era because of restriction in licencing & MRTP regime. There was slow build-up in the post-reform period. However during the last 3-4 years, there have been aggressive efforts in International acquisition by Indian Companies led by Tata Motors, Tata Steel, Bharat Forge & many Pharma Cos. The process had been going on since then. I.T. and Telecom sector have witnessed some significant M & A deals. TCS acquiring CMC brought a big change in the stature and volume of business. Dabur India is planning in big way to become a giant company. The change takes place through acquisition of shares or assets or Business Divisions and also through consolidation by way of statutory merger & amalgamation.

Some of the examples of consolidation through merger are; Hindustan Lever involving Lipton, Brooke Bond, Tomco, Ponds etc. RIL has been following the policy of merger i.e. Reliance Petrochemicals, RPEL, RPPL & Reliance Petroleum.

AVB Group has consolidated the metal business under Hindalco by merging the copper division of Indo Gulf, and also now INDAL. Similarly the AVB cement business is consolidated under GRASIM.

For quite sometime, the need was felt for restructuring & consolidation of Public Sector Oil Companies in India. In the Ist phase, smaller companies were merged with bigger oil companies such as;

CPCL, BRPL & IBP merging with IOCL & BPCL

It may be noted that out of 9 Navratna Companies, 5 Navratna Companies belong to Oil Sector namely IOCL, ONGC, HPCL, BPCL & GAIL. It is also noteworthy that two 500 fortune companies belong to Oil Sector i.e. IOC & BPCL. However, the need was felt from time to time to restructure & consolidate the public sector Oil Companies, in view of:

- They do not operate on the entire value chain.
- There is wide variation in size, business mix, capabilities & financial strength.
- The companies have pursued individual strategies to broaden the scale and scope of their activities, responding to their own growth aspirations and impulses arising from emerging opportunities.
- They have often indulged in competing with sister oil companies which is harmful from the national point of view.

The need therefore was felt to achieve the size and balance sheet strength so as to compete effectively in the International Market for acquisition. It is also necessary to enhance the quality of competition, with a few strong players rather than too many weak players to compete in the International Market. India had been facing a very tough competition from China. The present Petroleum Minister, Shri Mani Shanker Iyer is very clear in his thoughts and for quite sometime, he had been working on this. Constitution of the "Synergy in Energy" Committee is the outcome of his long term vision in the overall interest of the nation.

The Petroleum Minister recently informed the Parliamentary Consultative Committee of his Ministry, that the Advisory Committee has been formed to give its recommendation after deliberation, interaction and holding meetings with all concerned with regard to merging the Oil PSU's or allowing them to continue operations in the present form. The Committee is headed by Shri V. Krishnamurthy. The Minister felt the need for Oil PSU's to leverage their strength of core competence to optimally fulfill the role envisaged for them in promoting national objectives of energy security, accelerated growth rate and sustained economic development.

The Advisory Committee will examine the core competence of PSU's in Petroleum Sector to assess their competitiveness in the emerging domestic and international scenario. The committee will also analyze the various options of leveraging their strength to optimally fulfill their required contribution to the national objectives of energy security, accelerated growth, sustained development and social objectives of the Govt. policy. The committee is expected to give its report by May 2005.

Acquisition of MRPL by ONGC is unique in many ways. Historically in the past some sick companies in Textile sector were acquired by the public sector and the acquiring public sector undertaking itself became a sick company. NTC is an example of such take over. ONGC took a very daring and calculated step in acquiring MRPL at the time when it was almost becoming a sick unit.

Acquisition of MRPL by ONGC

Background

MRPL was set up as the first Joint Sector Refinery in the Country pursuant to Memorandum of Understanding (MOU) entered into, Government of India (GOI), Hindustan Petroleum Corporation Ltd. (HPCL) and Indian Rayon & Industries Ltd. & Associates (A. V. Birla Group) in June 1987.

The Refinery with capacity of 9.69 MMTPA, at capital cost approximately Rs.6500 Crores, was set up in two phases (Phase I of 3.69 MMTPA commissioned in March 1996 and Phase II of 6 MMTPA commissioned in September 1999).

The Refinery was envisaged during APM regime with the objective of maximizing the production of Middle Distillates (HSD / Kerosene) as these products were having large deficits in supply.

The financial performance of MRPL started deteriorating from 1998 - 1999 when the APM for the Refineries was removed, due to high interest and depreciation burden and Middle Distillates becoming surplus due to negative growth in demand. MRPL came to very close of getting declared as a sick unit in the year 2002-2003. The performance of MRPL upto 2002-2003 is as under: -

Amt. in Rs. /Crores							
Year Ended March 31st	1997	1998	1999	2000	2001	2002*	2003**
Throughput MMTPA	2.80	3.95	4.06	5.17	6.41	5.32	7.26
Total Income	1300	1399	2665	3263	2721	5505	8205
Total Expenditure	770	845	2172	3206	2577	5217	7802
PBDIT	530	554	493	57	144	288	403
Interest & Financial Charges	308	393	343	237	238	672	567
PBDT	222	161	150	-180	-94	-384	-164
Depreciation	118	130	134	143	173	394	405
PBT	104	31	16	-323	-267	-778	-569
Provision for Tax	13	3	2	0	0	-286	-241
PAT	91	28	14	-323	-267	-492	-328
Extraordinary/Exceptional Items				-23	-82	0	83
Net Profit / (Loss)	91	28	14	-300	-185	-492	-412
Accumulated Losses							1185

* Phase-II commissioned on 10th April 2001.

** DRP effective from 1st July 2002 and hence interest for 9 month (July 02-March 03) 02-03 at DRP Rates.

In view of the continuing adverse financial performance, MRPL started Debt Restructuring exercise in May 2001. However, the same could not progress due to the unwillingness of the then Promoters HPCL and A. V. Birla Group to infuse further interest free funds.

ONGC's Entry into MRPL

ONGC acquired the entire 37.39% equity stake of A.V. Birla Group in MRPL in March 2003. ONGC negotiated Debt Restructuring Package (DRP) with the lenders of MRPL. DRP was implemented on 30th March 2003. The salient features of DRP are as under: -

a) Average cost of Borrowings reduced from 13.61 % to 9.15 %. Saving in interest cost: Rs.235 Crores.

b) Repayment period of Loans extended to 12 years with four years moratorium.

c) Pre-payment of debt permitted without any pre-payment premium.

d) Interest payments linked with cash flows and payable in stepped up manner.

e) Conversion of Loans by the Lenders:

- Rs.157 Crores into Zero Coupon Loan / Debentures and 0.01 preference shares repayable in two equal installments at the end of 9th and 10th year from 1st July, 2002 (the date when DRP became effective).
- Rs. 358 Crores into Equity Shares with Option to ONGC to purchase with 8% Yield.

The debt and equity profile of MRPL pre and post DRP are as under:

	Pre-Restructuring 29th March 2003		**Post Restructuring 31st March 2003**	
	Rate of int.%	Rs. / Cr.	Rate of int.%	Rs. / Cr.
EQUITY		**797**		**1752**
LONG TERM DEBT				
RUPEE LOANS	13.61	3185	9.15	2185
FOREIGN CURRENCY	5.77	1252	6.11	1186
ZERO COUPON DEB.				165
PARTLY CONVERTIBLE DEB.	16.00	98	16.00	98
		4535		**3469**
NET WORTH		466		1022
DEBT EQUITY RATIO (LTD)		**9.77 : 1**		**3.45 : 1**
AVERAGE DSCR				1.57

ONGC exercised its option to purchase 35.8 Crores equity shares allotted to Lenders pursuant to DRP in June / July 2003. These shares were purchased at an average price of Rs. 10.64 per share (including the 8% yield secured by the ONGC under DRP). The present holding pattern of MRPL equity is as under: -

ONGC	-	71.62%
HPCL	-	16.95%
Others Retail Shareholders	-	11.43%

ONGC's present holding of 125.4 Crores Equity Shares of MRPL is acquired at a cost of Rs. 1041 Crores. The current market value of ONGC's equity holding in MRPL is approximately Rs. 6600 Crores, i.e. an appreciation of more than 500% in just about two years.

Performance of MRPL after ONGC's acquiring Management control.

After acquiring the Management control of MRPL on 30th March 2003, ONGC has taken various initiatives, which has improved the operating and financial performance of MRPL. MRPL refinery is now operating at around 120% of the capacity. The performance of MRPL for the Financial

Year 2001-02, 2002-03, 2003-04 & 2004-05 (Nine Months ended Dec. 2004) is as under: -

Particulars	Pre ONGC		Post ONGC	
	2001-02	2002-03	2003-04	2004-05 9 months
Thruput MMTP	5.32	7.25	10.05	8.71
	Rs. Crs	Rs. Crs	Rs. Crs	Rs. Crs
PBDIT	288	319	1357	1408
Interest & Finance Charges	672	567*	373	181
PBDT	-384	-248	984	1227
Depreciation & Amortization	394	405	409	308
PBT	-779	-653	575	919
Provision for Tax / Deferred				
Tax	-286	-241	115	350
PAT	-492	-412	459	569
GRM (US$/BBL)	1.74	2.04	3.90	5.62

* DRP was effective from 1st July 2002.

Special emphasis has been given on safety and environment protection. MRPL has been awarded 5 Star rating by British Safety Council. As on 1st February 2005, accident free days are 419.

Various initiatives have been taken to further reduce the interest on working capital borrowing and also term loans as under: -

a) Working Capital Borrowing has been shifted from PLR (presently 10.25% p.a.) linked to Libor (around 2.5-3% p.a.) linked. Saving of around 6.5% p.a.

b) ONGC's Working Capital Loan of Rs.450 Crores was refinanced by MRPL by availing Buyers credit facility with ONGC's guarantee carrying interest at around 1.5% p.a.

c) MRPL persuaded Saudi Aramco (Crude Supplier) to supply crude without insisting for any LC with the backing of ONGC's parental guarantee.

d) Once the IOC-NIOC contract was assigned by IOC in February 2004, MRPL took up with NIOC for waiver of confirmation / handling charges pertaining to LC levied by Bank Markazi, Iran (0.10% flat for confirmation & 0.10% flat for handling). After lot of persuasion NIOC & Bank Markazi agreed to waive the confirmation charges of LCs with support of RBI.

e) Long Term Loan of Rs. 2400 Crores availed from ONGC in January 2004 to refinance Facilities `A', `B' and the outstanding under facility `C', carrying interest linked to Bank Rate (Presently 6% p.a.) have been prepaid to the extent of 600 Crores.

The Annual Accounts of MRPL for the year 2002-03, 2003-04 were subjected to C&AG supplementing Audit U/s 619(4). C&AG have given nil report on the same.

Other positive features after ONGC's entry in MRPL

The short term borrowing programme of MRPL is rated at A1+rating (indicating highest safety) by ICRA on stand-alone basis without the benefit of comfort from ONGC.

The share price of MRPL share to almost Rs.53 per share (increase of about 550%) indicating the substantial improvement in Investors confidence in MRPL.

Market capitalization of MRPL's equity has increased from Rs.638 Crores to approximately Rs.9000 Crores increase of 1310%.

MRPL, which was virtually a sick unit at the time of acquisition of A.V. Birla's stake by ONGC, entered BSE top 30 portals on 7th January 2004.

MRPL has started getting Mumbai High crude. MRPL has also started processing Nile crude. ESC for MRPL has been constituted by MOP&NG. MRPL has for the first time signed a Term Contract with Saudi Aramco (National Oil Company of the Kingdom of Saudi Arabia). MOP&NG has also approved assignment of NIOC-IOC contract of 5 MMTPA for import of Iran Mix crude in favour of MRPL. The crude procurement is now directly done by MRPL saving the canalizing charges / commission to the buying agent of about 3 cents per barrel.

MRPL has finalized Contract of Affreightment with the help of Transchart (Ministry of Shipping) for transporting its Arab Mix / Iran Mix crude for the year 2003-04 & 2004-05 at very competitive rates.

Mangalore-Hassan-Bangalore Pipeline (MHBPL) has since been commissioned in which ONGC has acquired 23% equity. This will help more evacuation of MRPL's product in hinterland areas of Karnataka hereby increasing the economic supply zone of MRPL.

Marketing of Products

MRPL was selling all its major products only through HPCL till ONGC took the Management control of MRPL.

MRPL is now supplying the products to all the Oil Companies directly in Karnataka and has also started inter-state sales also on direct basis to all Oil Marketing Companies thereby reducing the dependence on single customer.

MRPL is proposing to take on lease storage and handling facilities at various selected locations to start its direct sales to all the Oil Companies in different States.

MRPL is assisting ONGC in implementation of ONGC's retail marketing plan.

Steps taken to improve GRMs

After acquiring Management control by ONGC, MRPL has undertaken various de-bottlenecking activities and also carried out the preventive maintenance shutdowns which were pending for quite some time to improve capacity utilization. The planned maintenance shutdown of phase - I unit of 3 MMTPA was taken up in September / October 2004 after more than four and a half years of operations and was completed in record period of 21 days.

Several ENCON schemes have been initiated. Advance Process Control schemes have been initiated for refinery optimization. Project for setting up facility to produce Euro III / IV compliant MS are under implementation.

Facilities for extracting high value product viz., Mix Xylene at a cost of approximately Rs.95 Crores are being set up.

Several other projects involving substantial investment for producing Lab, Para Xylene and setting up of Petro FCC are being studied to further improve GRMs of MRPL.

Mangalore Refinery and Petrochemicals Limited (MRPL), reports gross turnover of Rs. 5446 Crores (up 63 % from Rs. 3337 Crores) for the quarter ended 31st December 2004. The Company earned a net profit of Rs.288 Crores (Rs.40 Crores) for the quarter, after providing for interest and finance charges of Rs.56 Crores (Rs.101 Crores), depreciation of Rs.95 Crores (Rs.95 Crores) and deferred / current tax liability of Rs.185 Crores (deferred tax liability Rs.22 Crores).

The refinery achieved a throughput of 3.023 Million Metric Tonnes (MMT) (up 13 % from 2.667 MMT) achieving capacity utilization of 125 % (110%). Export sales amounted to Rs.2017 Crore (up 13 % from Rs.1783 Crores).

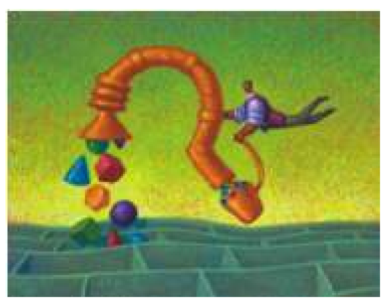
During the three quarters of the current financial year (April 04 - December 04), gross turnover was Rs.14,723 Crores (up 71 % from Rs.8623 Crores) and refinery throughput was 8.706 MMT (up 21 % from 7.183 MMT). Net profit after tax is Rs.569 Crores (net loss Rs.92 Crores). Realisation from product exports was Rs.4375 Crore (up 33 % from Rs.3281 Crores).

MRPL is the first refinery in India to produce Euro-III High Speed Diesel (HSD). The first consignment of Euro-III HSD was despatched on December 31, 2004 through Mangalore-Hassan-Bangalore Pipeline (MHBPL) for sale in Bangalore. From the existing specifications of 2500 parts per million (ppm) by weight of sulphur in HSD, the sulphur level has been brought down to 350 ppm by weight in Euro-III, and 500 ppm by weight in BS-II Diesel. From April 1, 2005, while 11 major cities are to switch over to Euro-III HSD, BS-II standard is to be implemented in the rest of the country.

Govt. of India has decided to permit MRPL along with Reliance to market Kerosene and Diesel in the market.

Conclusions

From the above, it can be concluded that MRPL which was just on the verge of becoming a sick unit has been converted into a healthy unit with the strong backing of ONGC and it is expected to wipe out the entire accumulated losses of Rs.1185 Crores by the end of the current year (2004-05).

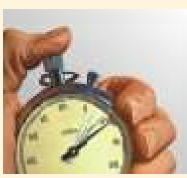


Laughter Times

"Quotes of Companies"

Here are some of the submissions of actual comments, notices, and statements coming out of different companies:

- As of tomorrow, employees will only be able to access the building using individual security cards. Pictures will be taken next Wednesday and employees will receive their cards in two weeks.
- What I need is a list of specific unknown problems, we will encounter.
- E-mail is not to be used to pass on information or data. It should be used only for company business.
- This project is so important, we can't let things that are more important interfere with it.
- We know that communication is a problem, but the company is not going to discuss it with the employees.



Dilberts

one liners

Work is fine if it doesn't take too much of your time.

When everything comes in your way! you're in the wrong lane.

Born free taxed to death.

Everyone has a photographic memory, some just don't have film.

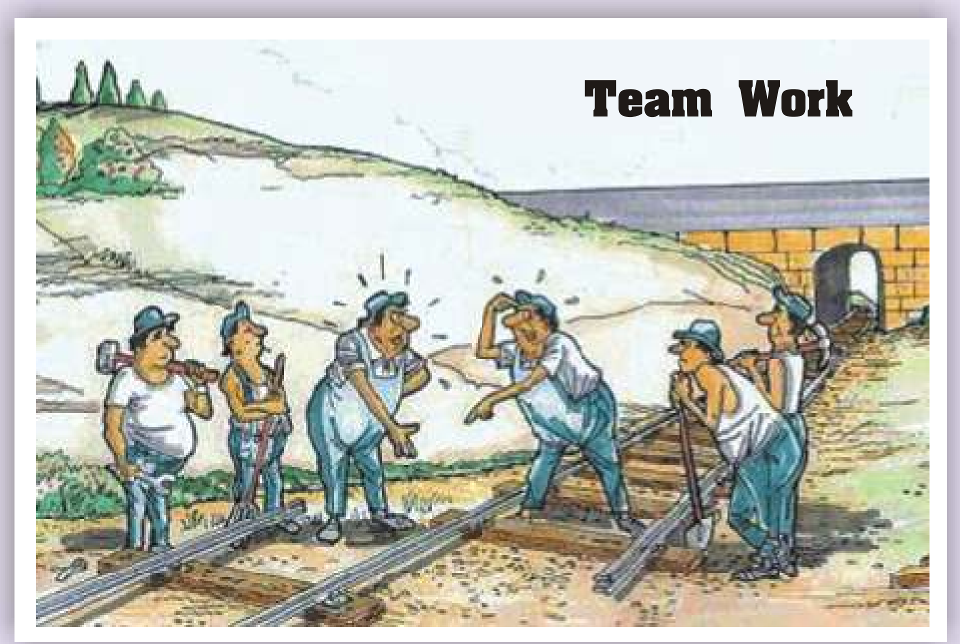
Smile, it makes people wonder what you are thinking.

Beat the 5 O'clock rush, leave work at noon!

Hot glass looks same as cold glass. - Cunino's Law of Burnt Fingers.

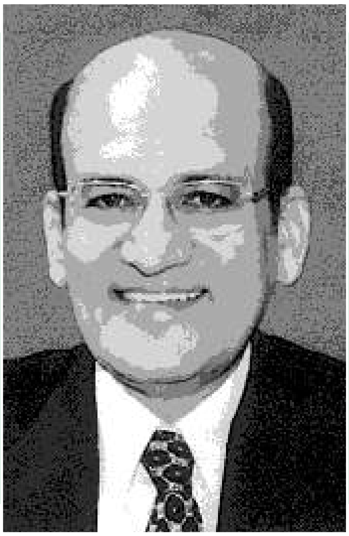
MURPHY'S WORK LAWS

- Don't be irreplaceable, if you can't be replaced, you can't be promoted.
- You can go anywhere you want if you look serious and carry a clipboard.
- Never ask two questions in a business letter. The reply will discuss the one you are least interested in, and say nothing about the other.
- Everything can be filed under "miscellaneous."
- Never delay the ending of a meeting or the beginning of a cocktail hour.
- Anyone can do any amount of work provided it isn't the work he is supposed to be doing.
- If you are good, you will be assigned all the work. If you are really good, you will get out of it.
- You are always doing something marginal when the boss drops by your desk.
- People are always available for work in the past tense.
- If it wasn't for the last minute, nothing would get done.
- When you don't know what to do, walk fast and look worried.
- No one gets sick on Wednesdays.
- All vacations and holidays create problems, except for one's own.
- Success is just a matter of luck, just ask any failure.



Public Sector Stays Ahead, Earns More & Contributes More

Dr. S. M. Dewan, Director General, SCOPE



Dr. S. M. Dewan a Graduate in Honours from University of Punjab and MBA from Faculty of Management Studies, Delhi. Advance Management programme from IIM, Ahmedabad, a Ph.D. in International Commerce and Post-Graduate in Company Law.

He has held very senior assignments in PSUs viz., Chairman-cum-Mg. Director of STC, Chairman, Spice Trading Corporation of India, Chairman, Tea Trading Corporation of India, Chairman, PEC Limited and Member on the Board of MMTC, ESPL & Steel Strips Wheels Ltd. He is an Adviser on Export to international organizations. He has held the position of Vice-Chairman, SCOPE, in the preceding two years and is presently its Director General.

Public sector is a crucial component of the Indian economy - an engine of growth. It has succeeded to a large extent in meeting the objective and laying a strong foundation for industrial development of the country. The Finance Minister has in his budget speech reiterated Government's commitment for a strong and effective public sector operating in a competitive environment.

The Economic Policy of 1990-91 has brought competitiveness and confidence in public enterprises. Most of them have adapted to the liberalized economic regime and many have become top rankers in their fields of operations. One of the PSUs appeared in the FORTUNE 500 List also. Central PSEs have become leaner over the years, shedding manpower. Their sales have been growing, which in turn, translates to higher per employee sale or improving utilization.

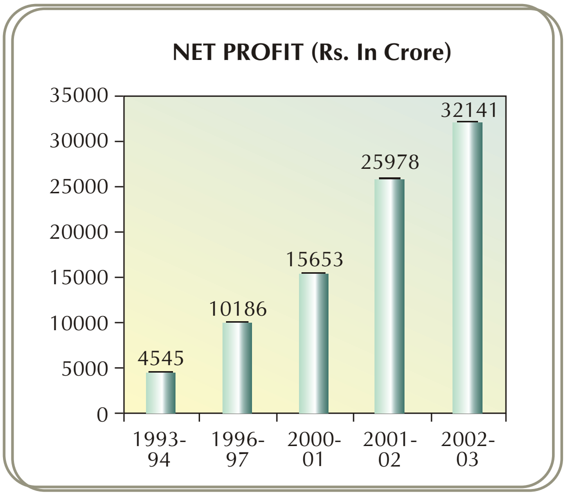
During the year 2002-03, Central PSUs have performed commendably well by registering quantum jump in net profit (23.72%), turnover (13.71%), return on investment (17.45%), foreign exchange earnings (29.17%) and contribution to the national exchequer (30.32%).

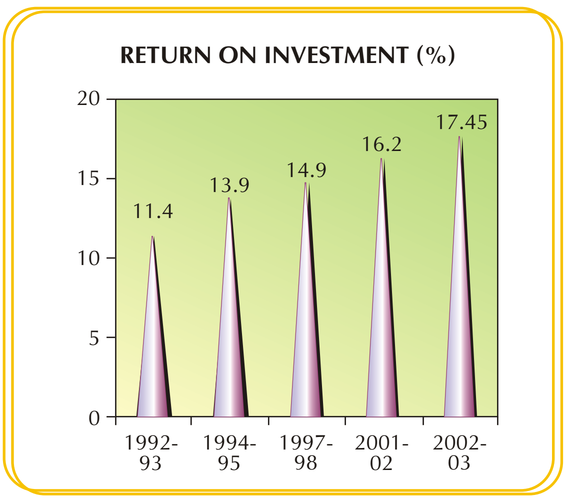
Significant Rise in Profit and Profitability

According to the Public Enterprises Survey 2002-03 released by the Government recently, the Central PSEs have recorded a net profit of Rs.32,141 Cr during 2002-03 as against Rs.25,978 Cr last year registering an increase of 23.72% and Rs.4,545 Cr a decade back i.e. an increase of 607.17% over 1993-94. Their profit before depreciation, interest and tax has increased from Rs.27,707 Cr in 1993-94 to Rs.1,00,918 Cr in 2002-03 thereby registering a rise of 264.23 per cent. Profit before interest and tax during last one decade has risen from Rs.18,556 Cr to Rs. 73,077 Cr, which works out to a 293.82% increase. The return on equity rose to 28.64% in 2002-03.

CPSEs return on investment i.e. Profit before interest and tax to capital employed has increased to 17.45% from 11.6% a decade back. It was 16.20% the previous year and 14.7% in 2000-01.

The detailed analysis of enterprise-wise profitability reveals that 118 profit making enterprises earned a profit





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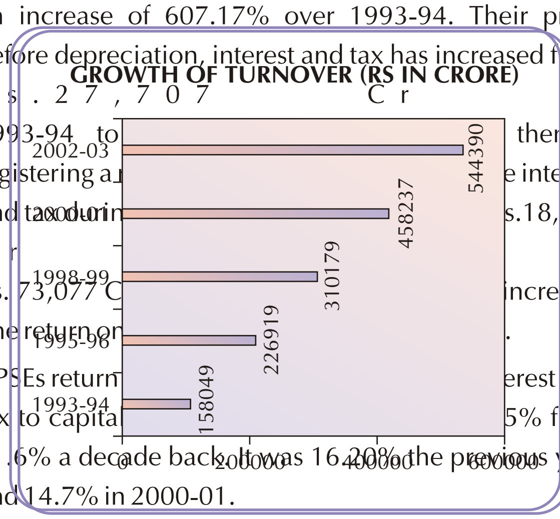
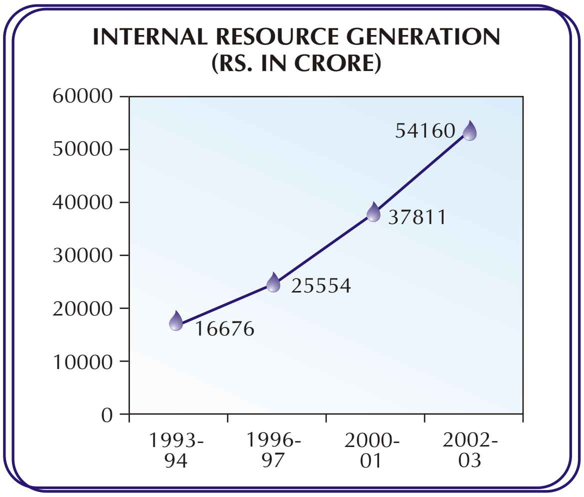


The detailed analysis of enterprise-wise profitability reveals that 118 profit making enterprises earned a profit of Rs.43,085 Cr compared to Rs.36,432 Cr earned by 120 enterprises during the previous year. The profit of profit making PSEs in 2002-03 has more than quadrupled since 1993-94.

Consistent Improvement in Turnover and Impressive

The Wealth Creators and Foreign Exchange Earners



Internal resource generation of CPSEs grew from Rs.52,544 Cr the previous year to Rs.54,160 Cr during 2002-03. Since 1993-94, it totals to Rs.329,362 Cr which is more than twice the cumulative investments made in CPSEs over the last five decades.

Public Enterprises also play a major role in easing balance of payment(s) position of our country by promoting import substitution and earning foreign exchange. During 2002-03 export earnings of PSEs increased to Rs.26,980 Cr as compared to Rs.20,887 Cr during 2001-02 showing 29.17% increase.

Contribution to National Economy

Public sector occupy a key position in the nation's economy in several sectors, specially in the production of coal, lignite, petroleum, basic metal, non-ferrous metal and fertilizers. Production of coal from public sector increased from a meager 12.61 million tones in 1968-69 to 325.40 million tones in the year 2002-03 which accounted for over 95.36% of the total production. Likewise, the share of public sector in crude oil, natural gas and refinery crude production was 87.62%, 83.73% and 66.42% respectively. In case of finished steel its production rose from 2.55 MT in 1968-69 to 10.97 MT in 2002-03 which accounted for 32.62% of country's total production.

REPORT CARD
PSUs PERFORMANCE OVER THREE YEARS

(Rs. In Crore)

S. N.	Particulars	2000-01	2001-02	2002-03
1.	No. of operating enterprises	234	231	227
2.	Capital employed	331401	390162	418758
3.	PBDIT	69287	89550	100918
4.	Net Profit	15653	25978	32141
5.	Profit of profit making PSEs	28494	36432	43085
6.	Loss of loss incurring PSEs	12841	10454	10944
7.	Profit making PSEs	123	120	118
8.	Loss incurring PSEs	110	109	107
9.	Dividend	8260	8068	13735
10.	PBDIT to capital employed	20.9	22.95	24.10
11.	PBIT to capital employed	14.7	16.20	17.45

An article, which appeared in the first issue of "Synergy", published in 1987, contained interesting comments by Directors and eminent Oil Indians, on whether OIL should diversify. We thought it would interest our readers, since some of these are relevant in today's context. Hence, decided to publish some of them in this issue. The designations of the persons are being printed as they appeared in the Synergy, 1987.

Excerpts from the Article

A.B. Das Gupta
Vice Chairman, WB S & TC
Member of State Planning Board &
Former OIL Managing Director, 1987

In a situation where industrial alternatives are coming up fast and it is difficult to foresee which particular item is going to become scarce, that one tries to spread activity over a number of areas, so that the loss of any one or two areas does not completely cripple the organization. In OIL's case, without further major discoveries its available petroleum resources may become scarce.

In a Public Sector Enterprise, commercial factors are modified by the role which has been allotted to it by the Government. Territorially, OIL has already diversified. Whether it ought to go in for more areas should depend upon its own assessment of its opportunities and managerial situation.

Basically, each oil territory passes through a succession of discovery, growth, peak and declining phase. The word 'territory' here has both lateral and vertical connotations. Sometimes, when an upper group of oil pools have set upon its finally declining production, the discovery and development of a lower group (or vice-versa) would give a fresh lease of life. In the ultimate context, however, it is also necessary to move into new geographical areas. Should OIL find itself in a position to undertake further new area exploration ventures, they would have to prepare, to start with, a series of geological synthesis of the available regions and then exercise their choice in the matter.

Incidentally, there is one aspect of territorially diversified and collaborative operations, which is very important. This enables the Company's professionals to rapidly improve their knowledge base and effectiveness by exposing them to diverse conditions, situations and solutions. In the process, this improvement should reflect on the Company's operations in many directions.

Apart from territorial diversification OIL may have some scope as well for products diversification. LPG today has virtually an unlimited market, and its extraction should also be able to reduce flaring. Then again there is the rest of propane which cannot be included in the LPG. Even ethane may have a large potential market. One could also examine to what extent the flared gas can be used for on-the-spot power generation and/or carbon black production.

OIL has some resources of high aromatic low wax crude which could well merit some separate and specialized refining treatment, but this would presumably come in the domain of IOC.

OIL could possibly think of entering the consultancy and the services area in a big way. However, unless the professionals employed in these activities can be paid at near international rates the clients may try to win them off into their own pay roles rather than pay consultancy/service fees to OIL.

Apart from what OIL can do as an organization, the OIL employees should be able to adapt themselves after retirement for work on ground water exploration and exploitation as well as on city gas distribution. With proper approach, they may even be able to set up entrepreneurial ventures in these areas, with the help and collaboration of the Industrial Development Corporation of the Sate concerned.

Dr. V.K. Kelkar
Chairman, Bureau of Industrial Costs and Pricing and former OIL Director, 1987

The time has not come for OIL to consider exploits outside of E&P. Oil India is one of our two premier exploration and production companies, and E&P should remain its primary tasks.

At this juncture the country's economic priority in the energy sector would be to intensify exploration so as to gauge and develop the hydrocarbon potential at our command. Oil India should seriously add to this effort by expanding geographically. By acquiring more acreage both onshore and offshore the company can balance its risks and chart out a strategic course of action based on both commercial returns and establishing potential for future exploitation.

OIL has commercial interests and exploration risks can be offset by judicious planning. All oilfield services, for example, should be hired, and to the maximum extent the newest technology utilized. Only production equipment need be owned by the company.

By remaining an E&P Company OIL can continue to be one of our profit leaders. LPG extraction by both OIL and ONGC was undertaken because of convenience, there were no other companies who could easily set up the required infrastructure in the vicinity of the gas off-take points. But OIL should intensify operations in the existing concessions, including Assam, so as to maximize production.

After consolidating its E&P interests, OIL can think of diversification into other forms of energy generation that are today considered non-conventional. But this is for the future.

Oil India's batting average has been very good its got excellent geologists and other technical personnel and I see very promising innings ahead.

B.C. Bora
General Manager (Production)
(Former Chairman & Managing Director, OIL & ONGC)

OIL, over the years, has built up expertise in exploration, production and transportation of crude oil and natural gas. These are our main areas of strength and, therefore, we should rather expand our activities in these fields instead of trying to diversify into other fields.

Various organizations have already come up in the country, both in the private and in the public sectors in allied fields like refining, gas processing, manufacturing, etc. I do not think it would be right for OIL to intrude into their areas of expertise.

However, OIL should diversify to areas like consultancy services, project management and turn-key project implementation in the field of its expertise, such as seismic data acquisition and processing, drilling, reservoir engineering, production engineering, pipeline transportation, gas handling and transportation, engineering services, gas turbine power generation, etc. For this purpose, OIL will have to attract the best available talents from the international market by offering remuneration packages comparable to international rates. Therefore, it would be necessary to make these services group of OIL work as a separate profit centre with an aggressive profit oriented incentive scheme and marketing approach.

I don't think the existing PEL areas with OIL are sufficient. We should explore in other basins also. The selection of basins will depend entirely on the geological prospects and can probably be identified best by the geologists. Nevertheless, on the basis of what I have heard from geologists, I felt that we can go in for exploration in the Gangetic basin and the foot-hills of the Himalayas.

Roopkali, an Elephant "Employee" of The Assam Oil Company, Shifting a Tank

C. Ratnam
Senior Geo Technical Adviser
(Former Chairman & Managing Director, OIL)

Unless we make a big strike somewhere, about 500 engineers will be out of their jobs in OIL after 20 years. That is why it is so essential that OIL start thinking of exploiting other forms of energy.

Crude oil will run out in the world in another 50 years. The future lies with fusion energy. It is like harnessing a controlled hydrogen bomb.

Civilization made the first change when man moved from the nomadic culture to settled agriculture patterns. In the field of energy, we are still in the nomadic stage, we have to go where the energy is. This situation can only be changed with fusion energy when man controls his energy sources without getting into the hunter/gatherer syndrome.

A lot of R&D is yet to go into fusion energy and those intermediate years between hydrocarbon and fusion will see the world using geo-thermal energy.

The possibility of tapping geo-thermal energy was raised in our strategic planning meeting held in Duliajan in August 1985. I am in the process of preparing a feasibility to using this energy. Various countries like Ireland, Italy and New Zealand are already using geo-thermal energy.

Geo-thermal is extracting the sub-surface heat and using it as an energy source. 90% of this technology of tapping the underground heat is the same as oil technology. We have this know-how in abundance and we can immediately transfer it and put it to use. Our reason for diversification is not to ensure an alternate capital base for the company because we are a public sector unit, but our diversification into geo-thermal energy will allow us to use our specific talents for the company's future.

I have given a lot of thought to this problem. I have collected relevant statistics of the sub-surface temperature conditions in Assam and Orissa. Both these areas have plenty of water and the temperature differential between the hot water we get from underground and the surface water available will allow us to produce continued sources of energy. I was discussing this the other day with the Secretary in the Department of Non-Conventional Energy Sources and he seemed quite interested. About 9 years ago I even thought of tapping nuclear fuel like uranium and thorium, etc.

OIL should spread out into newer areas like the Nicobar Islands and the Kerala Coast. We can in fact become the Indian collaborator for the Kerala-Konkan region of the foreign company who will respond to the Government's third round of bids to explore in the country's offshore blocks. The delegation from the Yugoslavian National Oil Company that came to us recently was very keen that OIL joins hands with them for oil exploration in various parts of the world.

B.B. Sharma
Dy. General Manager (Workover, Commissioning & Stimulation)
(Former Chairman & Managing Director, OIL)

No, I definitely don't think that OIL should diversify to manufacturing products. With the available resources, we can in fact enhance our present operations. We should do more exploration and more EOR to find more oil in the country. We have a very fine group of executives and workmen who have the rare expertise of petroleum technology in this country and we should utilize them to the fullest.

I feel we can definitely go for major exploration activities both in the North East region and outside. The North bank of the Brahmputra needs to be explored. We have PELs in 3 basins outside this region and aside from working on these 3, we should also go out to get newer areas so that we can spread our exploration activities throughout the country. To do this, we need to only increase our manpower in the decision making level, i.e. personnel such as geologists, petroleum technologists, etc. It would not be prudent to acquire our own equipment and instead we should opt for hired services.

It is in OIL's interest and in the nation's interest that we gamble in exploration outside Assam. We can do this without sacrificing the Assam and Arunachal Pradesh operations from where our main revenue comes today. The people of Assam need to be explained the national perspective of why we are going outside Assam so that they do not have a misunderstanding about our necessity to take on exploratory activities in the country as a whole.

Since there is a slump in oil exploration in the world in general, we need not think in terms of spreading our operations outside India now.

S. Chaliha
Director (Exploration & Development)
(Former Chairman & Managing Director, OIL)

Yes, we should diversify to increase our turnover. Our diversification should be related to oil, be capital intensive and be hi-tech oriented. Skilled human materials are very important and if we can attract talented manpower, we can achieve a lot and simultaneously carry out exploration and other diversified activities so as to ensure corporate viability.

I have been advocating diversification for more than 16 years now ever since I was the Chief Geologist in Duliajan. I even thought of wild ideas like buying up of tea gardens when the tea market was depressed. The famous example of ITC, a cigarette company going into a totally unrelated business of hoteliering, came much later. Even the BOC diversified into shipping, cycle parts marketing, etc. because they claim that doing so is still within their objective of dealing with people.

In fact, many years ago BOC came and surveyed the area to set up a fertilizer plant in Duliajan. Of course, they were not given the licence by the Government. It took us 12 years of sustained effort with the Government to set up the LPG plant in Duliajan. I remember, I had even conducted a survey in places like Titabor and Moran to find out the marketing requirement for LPG. In those days I was very much in favour of producing our own petrochemicals or setting up gas processing units instead of selling our gas for the paltry sum of 25 paise and Rs.1.20 per thousand cubic feet to ASEB and HFC respectively at that time. Today various agencies can come up to use the free gas we have in Tenghakhat for setting up such industries. I do not envisage problems in marketing as our country always has a short supply of petrochemicals. Look at IPCL. Their turnover is going up by leaps and bounds. With a capital input of less than Rs. 300 crores they will increase their turnover from Rs. 500 crores today to Rs. 2,500 crores five years later.

OIL should definitely not concentrate in one corner of India alone. In the North East we will remain a big fish in a small pond. But I have an all India outlook and I feel that unless we grow fast our corporate viability will be jeopardized. We should quickly explore intensely the areas we now have with more pre-drilling surveys, reserve establishment, drilling and then pull out immediately, if necessary. The time span should be small and we should operate like a private company. After keeping or relinquishing the areas we have, we can be on the look out for more prospective areas like offshore Saurashtra, Kerala, Konkan, Lacadives, etc. But at every stage our operations should be quick.

Once we get additional manpower, OIL can certainly think of going outside the country, but not with our internal resources. Aside from proving our worth as an international oil operator this would serve to broaden our intellectual horizon. This is specially fruitful for our geo-scientists. Even within India our geologists have been studying the geology of the North East region only. But once we got the other basins in the country our perspectives have certainly widened and our geo-scientific analyses are today much sharper and broad based.

Dr. P. Bharali
Director (Operations), 1987

To survive OIL must go into new areas, new activities, but all aligned to the geosciences and to petroleum technology including surveys and what is required in production and allied services.

We must of course pursue our present stance of 'prospect to pipeline' but it would be in our interest to grow as a petroleum prospecting and developing company. To enable a steady return we can think of a 15 to 20% investment further in LPG and than into ethane extraction.

Today OIL is concentrated 80% in Assam and 20% outside. If we make a major strike in our new areas, the whole scenario will change. Today's priority is to implement the 7th Five Year Plan and also plan on a long range for the next 10 to 15 years. We must be ready with all alternatives and contingencies for the coming years.

Our biggest asset is our people. We have a large number of youngsters today who will professionally mature very soon. We can now also consider giving help to other developing countries in areas that constitute our expertise in seismic survey, drilling, etc. And whenever we accept new work we can send a nucleus of people and then build up the project. We can even consider diversification into related areas like geothermal energy.

Dr. S.N. Visvanath
Former General Manager (O)

In the confused scenario that constitutes today's global and consequently Indian economy, it would be unwise for an industry to put all its eggs in one basket. I, therefore, believe that OIL should diversify.

Diversification could be by floating affiliates with equity participation. Possible partners could be the State Government or any entrepreneur of proven excellence. Product-wise, diversification should essentially be into gas-based derivatives (methanol, ammonia, carbon block, etc.). Service-wise, you could think in terms of: (a) consultancy service in the fields of reservoir engineering and pipeline construction; and (b) contract drilling services. It should, however, be emphasized that establishing hydrocarbon resources must remain the back-bone of OIL despite the baffling events in the world of petroleum and that diversification is merely to impart additional strength to its limbs.

Swardar Swaran Singh (Extreme Left), Union Minister for Steel, Mines & Fuel accompanied among others, by Mr. W.P.G. Maclachlan (Exteme Left) A.O.C. GM, in a boat crossing Buri Dihing River to reach Nahorkatiya in January 1958.

OIL has had a long and creditable innings in the north east and must now reach out for newer horizons. One is strongly tempted to stay close to the known and to the familiar, but true maturity lies in stepping out and seeking new avenues to conquer. Existing PELs in north eastern India are inadequate. You must obtain more, particularly along the Naga-Patkai foothills. You should explore in basins additional to where you are now operating. Areas of promise are Kerala-Konkan, Lakshadweep in the first instance.

To establish credibility OIL should operate outside India, first as an agent of the Government of India, and thereafter seek independent status. Consultancy services to developing countries would be most prudent. Investment would be minimum and there will only be a marginal addition to the manpower. Such services could be in project management, production, well log interpretation, well site services, pipeline, transportation, etc.

However, it would be advisable for OIL to wait for the global oil scene with its several price-wars, cut-backs in production, retrenchment, etc. to become a bit clearer before getting into a foreign venture.

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Future Strategy for Energy Security

Swadhin Hazarika, Chief Engineer (PACER Project)

Shri S. Hazarika joined OIL in 1973 as GET in Mechanical Engineering department. He was associated with various mechanical engineering services provided to drilling and production oil and gas activities including installation and commissioning of the first electrical rig and the first Nitrogen and Coiled Tubing Unit in OIL.

Worked in Safety & Environment department and was involved in the formulation of safety guidelines for oilfield operations.

He is currently associated with the prestigious Coal Liquefaction Project and at present holding the post of Head- Coal Liquefaction Project.

Synthetic fuel from North East coal

The country's self sufficiency in crude oil has been consistently declining from about 70% in 1974-75 to about 26% in 2001-02 and is expected to reach as low as 12% by the year 2020. This trend of widening gap between the demand and indigenous supply of petroleum energy in India is a cause for serious concern. Every year, India has to spend thousands of crore of rupees for import of crude oil and petroleum products and this amount will go up manifold in coming decades with increased demand.

The process of economic development introduced in the country is largely dependent on adequate availability of crude oil and petroleum products at affordable prices. Therefore any disruptions in oil supplies would hamper progress of the country. There have been several price hikes of oil since 1971 and in all the cases India was one of the hardest hit countries.

Strategies involving intensive domestic exploration efforts to add to the hydrocarbon reserve base and acquisition of equity oil abroad have been adopted to improve availability. Nevertheless, in the wake of volatile crude oil prices and highly unstable political configuration of the oil-exporting nations, the high import dependency of the Indian economy is a matter of grave concern. This brings forth a strategic need to arrange for an alternate source of energy for the nation.

Coal liquefaction is one of the options available to the nation, and development of technologies for liquefaction of coal and capabilities for adoption of a suitable technology for commercial exploitation is the need of the hour. Fortunately, the tertiary coals available in the north eastern states of India have properties like low ash, high sulphur and high volatile matter content and these unique properties make them an ideal resource for conversion to liquid fuel. Besides the property of their amenability to liquefaction, the occurrence of most of these coals in the vicinity of oil and gas fields and refining facilities is an additional advantage for their integrated development. These coals have remained under-utilized due to their high sulphur content. The proven reserve of such coal is about 412 MMT out of a total reserve of 890 MMT. This coal resource has potential to generate about 200 MMT of liquid fuel.

Oil India Limited in its all out effort to contribute more towards India's self reliance and energy security and to develop an alternate source of liquid fuel, has taken up an R&D project to study the techno-economic feasibility of converting the high sulphur coal of north eastern coalfields into synthetic crude oil and distilled fuel like LPG, gasoline, kerosene, diesel etc. Accordingly, a pilot plant was set up in OIL's headquarters at Duliajan, Assam, in 1999 to generate scientific data and carry out feasibility studies on direct coal liquefaction in collaboration with Axens North America of USA. Though the results of the pilot plant studies with Axens NA's technologies have been found to be encouraging, other contemporary technologies are also being evaluated to select the most appropriate one for the type of coal available in the North East. OIL, therefore, is now taking up a preliminary site-specific feasibility study by adopting the Direct Coal Liquefaction technology of Hydrocarbon Technologies Inc. (HTI) of USA. The HTI technology has been adopted by Shenhua Group of China for its 50,000 bbls / day, pioneer direct coal liquefaction plant being constructed in China's Inner Mongolia. The plant is expected to be commissioned in 2007. If it is established that a project on liquefaction of coal will be commercially viable in India, OIL, in collaboration with competent partners, may set up a commercial coal liquefaction plant in near future.

International scenario of commercial coal liquefaction

Use of Coal for producing liquid fuel has been known to man since the days of First World War. Large commercial plants were operated in Germany during the Second World War when a wide range of transportation fuels were produced from coal to supply the war machines. South Africa started production of liquid fuels from coal due to international trade embargo imposed on the country during apartheid era. Lack of petroleum and natural gas reserves but abundance of coal reserves also had driven South Africa towards adopting indirect coal liquefaction technology to produce liquid fuels and petro chemicals. Therefore, it can be seen that the commercial application of liquefaction of coal for production of oil had taken place in unusual circumstances where price had been a less critical factor than secured or strategic supply. With the discovery of cheap crude oil in Middle East and other places Germany stopped production of synthetic fuel, but South Africa, under the apartheid rule, continued production and are still economically producing syn-fuel from their plants built in 1950s and 1970s as the capital costs of these plants have already been paid off.

Efforts towards commercial production of liquid fuels from coal have taken place in the US, UK and Japan without actual full scale commercial development. The main reason for not going up to commercial operation in these countries has been the availability of inexpensive petroleum supplies in abundance from both domestic and imported sources. Recent advancements in coal liquefaction technologies including improved reactor and catalyst design and their adoption in country like China are opening up new clean and environment friendly options for the future.

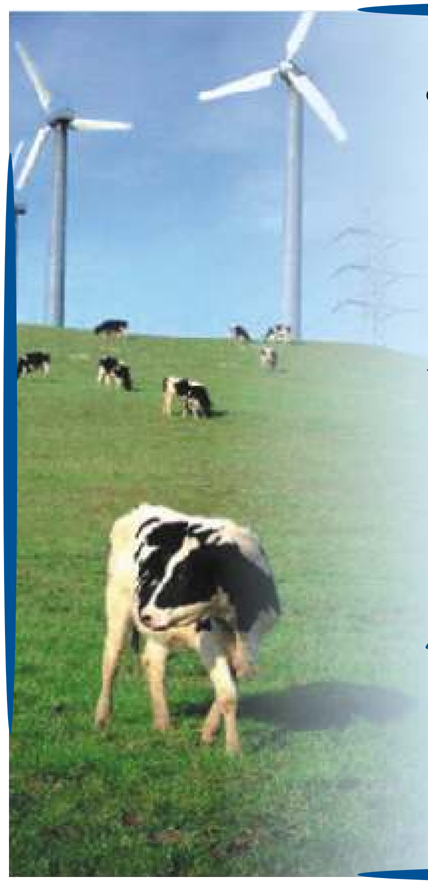
OIL's efforts for development of coal liquefaction technologies and capabilities will result in the following benefits:

- Premium quality and environment friendly liquid fuel will be produced from poor quality coal.
- If OIL's project becomes commercially viable India will have a new technology in command for commercial use whenever demand comes.
- There will be energy security and insurance for India against stoppage of oil supply in the international market due to war or other situations, decline in the existing producing oil fields of India and due to no discovery of major oil finds in the coming years.
- Coal liquefaction could make a significant contribution to India's energy supply in the coming decades.

The calf beaten path

M. A. Niphi, Manager (Personnel), OIL, Duliajan

M. A. NIPHI is an MBA from XLRI, Jamshedpur. He has worked in Administration, T&D, Public Relations, Industrial Relations and Personnel Department in OIL. Presently, he is involved with the ERP Project `Aarohan'.



Once upon a time, there was a calf. One evening, this calf (like any other calf) came back home after wandering here and there, left and right through a thick jungle; even though the distance from its home was just about a kilometer away from where it lived.

The next morning, a shepherd's dog passed by and saw the calf's hoof marks and followed the path of the calf through the woods. Shortly after, the first sheep of a flock followed the path with all the remaining sheeps following him. So a path through the woods was made.

Then men began to use this path, cursing its twists and turns as they walked and walked but doing nothing about it. A century later, the road became a street . The street turned into a city's crowded thorough fare with thousands following the footprints left by a wobbly calf. Three centuries later, the road became the main street of a very large city. Buses, lorries, trams and cars followed the path of a wandering calf.

" A hundred thousand men were led by one calf near three centuries dead. They followed still this crooked way and lost one hundred years a day… … along the calf path of the mind.

And work away from sun to sun, to do what other men have done, to keep the path that others do, along which all their lives they do."

Walter Foss (1895)

Of late, this poem has been a constant thought which I felt is worth sharing with all fellow Oil Indians. As we all know, our company is going through a transition stage moving away from the conventions and traditions of how we were doing business in the past. Our Strategic business initiatives focus towards doubling production within a 10 year time frame and to move out from just being a regional player into a National / Global player in the oil industry. OIL is now being steered and led into a different level altogether identified with greater growth, greater accountability and greater empowerment by transforming ourselves into a Learning Organisation.

The time is ripe for us to seriously ponder whether we should stick on to traditions, standards and set practices when we all agree that changes are inevitably sweeping through everything. Nothing is static. Everything changes and everything has to change indeed.

But at the end of the day, we will reap a rich harvest if only we can live through the changes by focusing and directing all our efforts towards our goal and vision that is already set before us. Henry Ford had once said," Obstacles are those frightening things you see when you take your eyes off the goal."

How long can we remain in our `Comfort Zones' and be boasting of our rich heritage of values and culture? Or for that matter, say to others," THOSE WERE THE GOOD OLD DAYS" without trying to do anything about the present. The `glorious past' is no longer a good guide for the present and even the future. Towards this, Rudyard Kipling gives us a thought that goes…

" I keep six honest serving men
They taught me all I know
Their names are **WHAT** and **WHY** and **WHERE**
And **HOW** and **WHEN** and **WHO**…"

Let us maximise and build on from our rich base by becoming observant and aware of everything around us. Let us be clear in identifying misleading calf paths by changing our perceptions and assumptions of our jobs and ourselves. We need a questioning attitude of the mind by using the **`Six Honest Men'** whose services are available to all of us, anywhere at all times.

We can transform our working places and our places of dwelling into green fresh pastures, that will yield dynamic results, ensuring optimum growth and efficiency for the organisation.

We owe our allegiance to the Company. The Company needs our full-hearted support commitment and contribution at this point of time. We need to stand and rise up on the occasion and face the changes boldly. Let us not leave to chance and say whatever will happen will happen. It is for all of us to make changes happen the way we want.

Systems, best practices and packages can be bought and put in place. But unless we are open and adapt these changes in it's right earnest, the best of systems will fail. For ultimately, it is the man behind the machine that matter. It calls for a shift into a positive mind-set where avenues for learning and growth are abundant.

Our individual views about our organisation depend upon our view-points. The higher we stand, the further we see and the broader our outlook becomes. Therefore, let us all come together, stand higher and contribute for our own growth. Because when it comes to work, no matter how high or low, in rank and file, a job is a job. Everyone has a role to play and contribute. For they say **"a chain is as strong as its weakest link"**. We should not compartmentalise departments, sections or groups because `we are sailing on the same boat'. Let us continue to give our best and make OIL a Company where OIL never ceases to flow!

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"Corporate Branding" driving force in a market driven mechanism

Tridiv Hazarika, Oil India Limited

A senior Public Relations Officer of Oil India Limited, Tridiv completed his Masters in Communication Studies (MCmS) from Pune University and Bachelors with Honours in Economics from Fergusson College, Pune University. Recipient of State Merit Scholarship, National Merit Scholarship & Government of India Merit Scholarship for Higher Studies from North Eastern Council, Tridiv has always been keenly involved in creative activities like public speaking, dramatics and literature from his schooling days in Don Bosco High School, Guwahati. He had conducted Quiz, Current Affairs Programmes, Interviews for Doordarshan. Trained in Physical Theater by David Greaves, Royal Academy of Drama and Arts (London).

Prologue

Let's begin with a trivia.

What could be common to a school dropout juvenile delinquent in rural China, a septuagenarian trapeze star of a Russian Circus, an upward mobile yuppie of Mumbai, a new member of Mother Teresa's Sisters of Charity; an underworld kingpin on the run in Middle East, a veteran soldier of Indian Army who fought two wars with Pakistan, now running a popular Dhaba on the Delhi-Jaipur Highway?

Well, one possibly can't find any other connectivity other than what brand consultants would readily agree: All of them must have tasted Coca Cola or atleast heard about the world's most popular brand.

Welcome to the world of Brands. They are all-around you - enticing, cajoling, tempting, luring and at times annoying you; trying hard to somehow steal a permanent space in your subconscious. An attempt, the more successful it is, branding jargon would refer to as "Brands with good Recall".

All of us grew along with various brands. In the Indian context, brands like Johnson and Johnson baby hampers, Colgate toothpaste, Amulspray Milk, Glycodin Cough Syrup, Usha Fan, Godrej Almirahs, Hero Cycles, Philips Radio, Tata Steel, Bajaj Scooters, Ambassador Cars to the recent entries like Maruti Suzuki, Santro, Sony, Pepsi, Coke and a number of brands with transcontinental presence.

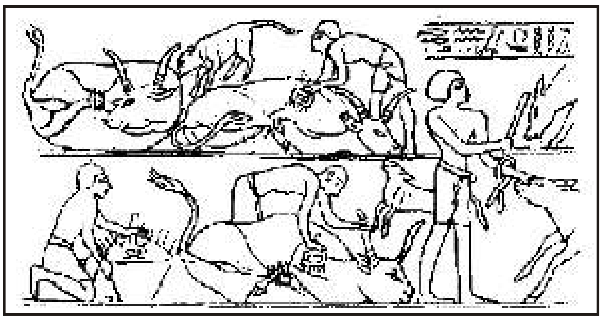
On being asked to describe what "Brand" is all about, a salesman promptly replied: "It is something that is not seen but only felt…something that says almost everything about my organization, without actually saying it in so many words."

In business parlance, branding is the culmination of a process that involves concentrating all of a company's resources and all its functions only on one purpose - **CREATING AND SUSTAINING A DIFFERENCE.**

Let's probe a little deeper into the world of Brands.

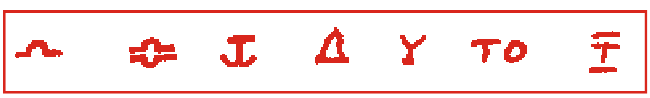
Brand - a historical perspective

Branding has a long history. The word 'brand' is derived from the word **brandr**, a word used by early Norse tribesman meaning 'to burn' as in branding livestock to declare ownership. Although popularly the differentiating of cattle by their owners in the wild west is considered to be the more recent roots of modern day complex branding process, brands have been used as marks of identification at some time in all countries and civilizations. The branding scene below is shown on Egyptian Tomb walls dating back to 2,000 B.C.



BRANDS WERE APPLIED TO HUMANS AS RECENT AS 1822.

For over 4,000 years, brands have been used for identification on both livestock and humans. Fugitives, galley slaves, gypsies, vagabonds, brawlers, and the clergy have been marked with "symbols of shame" brands down through history. The science of brand reading almost requires a language of its own. Amazingly, every numeral and letter of the alphabet can be made with an iron shaped in a configuration.



Until modern times, to prevent theft, livestock being driven across country were required to be "road branded". The brands were painted on with pine tar or paint in early history. Later, when the vast trail herds of cattle were driven north to market, hot iron brands were used. Rustlers using "running irons" were ingenious in changing brands. The most famous brand change involved making the X I T brand into a Star with a cross inside.

"Over the years brands evolved from being an identifier, than a discriminator and finally a repository of shared meanings & beliefs."

Corporate Branding

Every successful brand has managed to communicate its company's core beliefs and attitudes what the company stands for to its target customers. Over the last hundred years there has been a proliferation of products due to mass production and distribution. As technologies developed it became increasingly difficult to differentiate in a given product category. Without having strong brands, consumers find it difficult to make a choice between a large number of products and services. In such situations, strong brands can differentiate between similar products and consumers use brands as a mechanism to make purchase decisions.

Brands allow you to clearly define and communicate what you stand for, whether you're the "lowest-cost provider," the "most innovative," the "best total solution," the "preferred choice" and so on.

Indian brands like Colgate and Godrej have touched the zenith of brand value, which is reflected in the fact they have become generic names (people use these brand names loosely for all other toothpaste/steel cabinets brands).

There is evidence available worldwide that the performance of Companies is directly linked with the strength of the brand name. A study conducted by Mckinsey in 1999 across 130 countries worldwide demonstrated that an average the total return to the shareholder was five percentage points higher than companies which had weak brands.

"Target Groups, Communication Content and Methods & Modes are the main constituents of Corporate Branding."

Brand Value

For the fourth consecutive year, Business Week has teamed up with Interbrand, a leading brand consultancy, to publish a ranking of The 100 Best Global Brands by dollar value. This year's rankings rewarded companies

The World's 10 Most Valuable Brands

A newcomer, Toyota, breaks into the Top 10, while big-name consumer brands come under attack.

RANK	BRAND	2004 BRAND VALUE (BILLIONS)
1	COCA-COLA	$67.39
2	MICROSOFT	61.37
3	IBM	53.79
4	GE	44.11
5	INTEL	33.50
6	DISNEY	27.11
7	McDONALD'S	25.00
8	NOKIA	24.04
9	TOYOTA	22.67
10	MARLBORO	22.13

that build communities around their products and services creating "cult brands" that enable customers to feel as if they own the brand. Cutting-edge technology companies did well as four of the top five biggest gainers in brand value are from the tech sector, while long-established brands such as Coca Cola, Microsoft, Disney and Ford actually lost brand value (Interbrand Press Release: New York, July 22, 2004).

Branding Basics

Branding has evolved over the years and has now become a common term used in marketing. Branding is essentially imprinting a company's name or slogan into the minds of potential customers. Companies have to decide what their brand stands for, and communicate that value proposition effectively and repeatedly. It's not good enough to just run a quality business-Companies got to let everyone know what sets it apart from the pack.

In "Advanced Brand Management", Paul Temporal points out that your image is not your brand. Modernizing your visual image (logo, design, collaterals) won't effect a change in brand VALUES so the heart of the brand remains the same -- **what it stands for or its personality.**

In other words, branding isn't a surface thing. Fiddling with one's logo and webpage is superficial. It won't change consumer perceptions of quality, service and the other intangibles that make them love the Company's product / services and keep coming back for more.

People tend to mix up Corporate Branding, Corporate Identity and Corporate Image. They have different connotations.

Corporate Identity refers to visual expressions or look (Name, logo, house colours, tagline...etc.) while Corporate Image is Public's perception of company, whether intended or not. Corporate Branding is a strategic business process which is planned, focused & integrated throughout organization. Corporate Brand establishes direction, leadership, clarity of purpose, inspiration & energy. It is the heart & soul of entity from which all outward expressions emanate.

Brand Identity

Brand identity is the visual expression of a brand. It's everything from the Company's logo to its business card and letterhead to the website. In fact, brand identity includes:

Logo / Marks; Stationery; Brochures; Packaging; Website; Signage; Livery (fleet); Uniforms.

A company's brand identity should be unique to its organisation. Just like the logo, it reflects the business goals, products / services, vision and personality.

A brand identity should reflect a company's personality / values; Generate trust and credibility; Differentiate the business (product/service) from others; Enable effective,

efficient marketing across diverse channels; Add value to your organisation.

Effective Tagline: key to building strong brand

Taglines are generally descriptive phrases that accompany a business name. E.g. Nike Just do it or ICICI *Hum Hein Na*. (I am there).

They help explain what one's business does or create a feeling associated with it. Ideally, taglines should be simple and memorable.

Branding Blunders

The fact that branding is a complex exercise is evident from the fact that even the world's top brand-Coke can also get it wrong. Colin Bates in "Brand Naming: Even Coke can get it wrong" mentions that when Coke launched in China they naturally wanted to retain the 'Coca-Cola' name. There first attempt in Chinese was 'Ke-kou-ke-la' which had the benefit of sounding similar, but unfortunately meant "bite the wax tadpole" or "female horse stuffed with wax" depending on the dialect. Coke's second brand naming attempt was more effective, using a different set of characters to present "ko-kou-ko-le," which can be loosely translated as "happiness in the mouth."

Coke isn't the only company to have problems in brand naming in new markets:

In Taiwan, the translation of the Pepsi slogan "Come alive with the Pepsi Generation" came out as "Pepsi will bring your ancestors back from the dead."

Also in Chinese, the Kentucky Fried Chicken slogan "finger-lickin' good" came out as "eat your fingers off." And there have been disasters in other markets too. When General Motors introduced the Chevy Nova in South America, it was apparently unaware that "no va" means "it won't go."

Ford had a similar problem in Brazil when the Pinto flopped. The company found out that Pinto was Brazilian slang for "tiny male genitals". Ford pulled all the nameplates off and substituted Corcel, which means horse.

How Are Brands Created?

Branding by "Personal Experience"

This creates the strongest bond between a Company's customers and its business and products. Your customer service, front and back end offers must be of high quality, in order to create exceptional "Personal Experience". This starts a virtuous cycle. Exceptional "Personal Experiences" lead to general public and market acclaim spread by word of mouth and other publicity. In turn, this feeds into a still stronger Brand, starting the cycle all over again. However, always remember it is easier to create a negative Brand than it is to create a positive one, by offering low or poor quality and value products, services and customer support.

Branding by "Indirect Experience"

For many direct marketers, "Personal Experience" Branding is difficult and not easily achieved because sales that lead to "Personal Experience" are not easily made. The "Indirect Experience" strategy relies on creating a consistent, repeating association to the product in your prospects mind. Marketers use a variety of tactics to achieve this aim.

- Jingles in audio / visual media
- Using Slogans
- Advertising through classifieds, display, press releases, and give away products and information
- Sponsorship of media, cultural, sporting and other events

OIL's branding issues

A hundred years of legacy, an amazing journey from private ownership to nationalization and recent thoughts on realizing IPOs makes OIL's story an intriguing one. Although OIL has a simple yet striking logo, the Company's brand image needs to be worked at. In any case compared to FMCG sector, E&P companies have a different positioning. However, with the aggressive growth plans for doubling production in a few years, seeking vertical integration, forming strategic alliances to exploring overseas for equity oil, a strong brand image would facilitate OIL's long term growth plans.

Need of an appropriate tag line, a catchy jingle, corporate theme song, dress code for employees are some of the many issues that need to be discussed by the corporate think tank. These could be complex issues that would require lot of brainstorming since we are not dealing with a new organization but one that has inherited a past that traverses three centuries.

Epilogue

The world's most powerful brand has always been Lord Jesus Christ. In fact the cross is undoubtedly the most powerful symbol in the world. It has lasted over 2000 years. It is a very difficult scenario for Corporate Houses, where the forces of a highly sensitive market and the all pervading influences of media can create or destroy apparently strong brand image with consummate ease. The Cokes, McDonalds, IBMs, Nikes can never take its image as granted. It takes just one wrong step and an adverse story in the media to tarnish a Company's / product's image while it takes years of consistent good work to create a long lasting and powerful brand name. Experts opine that the new millennium will be dictated by the markets. An effective brand image therefore is a must for Corporate Houses to consistently draw the attention of its current and potential customers.

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Books for the bookworms...

Books for the bookworms...

Books for the bookworms...

The Feiner points of Leadership

-Michael Feiner

Based on common sense and practicality this book is full of examples that Managers will identify with and relate to.

Managing Radical Change

-Sumantra Ghosal, Gita Piramal and Christopher A. Bartlett

The Book looks at what Companies in India must do to rank amongst the best in their Strategy, Organisation and Management

Quotations

Change is the law of life. And those who look only to the past or present are certain to miss the future.

The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew.

Abraham Lincoln...

Small opportunities are often the beginning of great enterprises.

Demosthenes...

It takes a lot of courage to release the familiar and seemingly secure, to embrace the new. But there is no real security in what is no longer meaningful. There is more security in the adventurous and exciting, for in movement there is life, and in change there is power.

Alan Cohen...

Feed Back

DR. P. K. CHAUDHURI

Date 20th Sept/2004

Shri Arvind Jaini
Oil India Ltd
5 Sikandra Road
New Delhi 110001

Dear Shri Jaini,

Many thanks for sending me the 'Synergy', which I received to day. Indeed you have given a new life to the [illegible] Corporate House Journal. I was very impressed reading the articles – most educative and telling. The get up and style truly reflects the excellence of Oil India. I do hope we shall see more of the House Journal regularly now carrying the saga of the Company in the fulfillment of its vision in the next six years.

With regards

Yours sincerely,

DR. P. K. CHAUDHURI

We await your comments & feedback at pr@oil.delhi.nic.in

These Articles are personal views of the writers and do not reflect OIL's Management thoughts.

Petrotech 2005

Petrotech 2005 ... the 6th in the series of prestigious international Oil & gas Conference and Exhibition was held from 16th to 19th January 2005 at New Delhi. The theme of the event was "Value from Hydrocarbons - Advances in Science and Technology." The four day conference and exhibition was well attended. The plethora of issues discussed during the Petrotech make very absorbing reading. Oil India Limited was well represented in the conference and the stall put up at the exhibition drew large crowds and went on to bag the third prize.

Published by Corporate Communication Department
OIL INDIA LIMTED
5, Sikandra Road, New Delhi - 110 001 Tel.: 23074263-74
website: www.oilindia.nic.in

Designed & Printed for Oil India Limted by
United Advertising & Marketing Services
80/42, Malviya Nagar, New Delhi- 110 017 Tel.: 26683792, 26687191
E-mail: delhi-united@dishnetdsl.net