

# HPCL yet to recognise ONGC as promoter

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**HINDUSTAN PETROLEUM (HPCL)** has for the fifth consecutive quarter listed its majority shareholder ONGC as a public shareholder and not its promoter, but it will face a real test when the vacant posts of directors on the company board are filled.

Oil and Natural Gas Corp (ONGC) in January last year bought the government's entire 51.11% stake in HPCL for ₹36,915 crore. HPCL thereafter became its subsidiary but HPCL management has continuously refused to recognise ONGC as its promoter.

In a regulatory filing on shareholding pattern at the end of March quarter, HPCL on April 18 listed 'President of India' as its promoter with 'zero' per cent shareholding. ONGC was listed as 'public shareholder', owning '77.88 crores' shares or '51.11%' shareholding of the company.

Sources said HPCL may be



taking shield of technicalities to not list ONGC as its promoter but it will face a real test when interviews to fill the post of director (finance) are conducted.

The chairman of ONGC, as a result of the company being the holding company of HPCL, should by rules be on the interview panel to select the directors and that would in a way end all the wrangling over promoter issue, they said.

HPCL director (finance) J Ramaswamy retired on February 28 but interviews for the post haven't been done

yet by the government headhunter Public Enterprise Selection Board (PESB).

For selecting a director of a company where the government or its controlled company has more than 50% stake, a PESB panel holds interview from among short-listed candidates. The panel is assisted by the secretary of the administrative ministry and the chairman of the company concerned.

The Department of Personnel guidelines state 'in the case of subsidiaries, the full-time Chairman of the holding Company is invited to assist the Board'. Sources said going by these guidelines, ONGC chairman and managing director Shashi Shanker should sit on the interview panel to select HPCL director (finance).

They said Coal India governance structure, which the HPCL management has so often cited, clearly provides for the holding company chairman to sit on the panel for selecting directors of subsidiary companies.