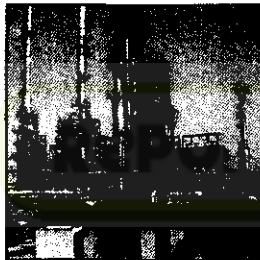
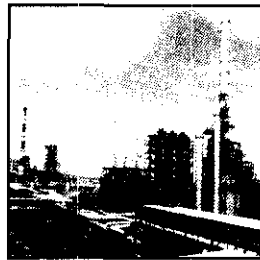
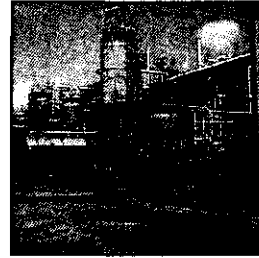


MANGALORE REFINERY AND PETROCHEMICALS LIMITED





CHAIRMAN'S MESSAGE



Dear Fellow Shareholders,

It gives me pleasure to inform you that the operational performance of MRPL's refinery since its commissioning in 1996 continues to be satisfactory. Its expansion from 3 mmtpa to 9 mmtpa, the dual operating streams and the economies of scale which will accrue upon successful commercial production of 6 mmtpa stand alone refinery are expected to improve the operational performance.

Alongwith the dismantling of the Administered Pricing Mechanism for the refineries since April 1998, the year 1999-2000 saw steep rise in the international crude oil prices without the corresponding increase in product prices. This, coupled with the existing tariff protection, which does not provide the required relief has been affecting the refinery margins. The decision to increase crude oil output by the OPEC countries did not have the desired softening effect on crude prices. However, we are making all efforts to meet the situation.

Your Company is participating as an equity shareholder alongwith HPCL in 364 km long cross country multiproduct Mangalore-Hassan-Bangalore pipeline project currently under implementation which will help in accessing wide consumption area for its products. Your Company has also initiated steps for overall optimisation of refinery operations and has also approached the Govt. to grant marketing rights for transportation fuels, the decision on which is awaited.

With a view to correct the high debt equity ratio and to infuse the required equity funds, MRPL is considering to induct a third strategic partner. The contribution that would be brought in by the third partner is expected to have a positive impact on the operations of MRPL.

MRPL is initiating steps for overall optimisation and enhancement of Corporate profitability. In furtherance of the above, MRPL has already commenced sourcing crude oil, chartering of vessels for transportation of crude, focussing on value added products, optimisation of crude mix and financial re-engineering.

Your Company is closely monitoring the various developments currently emerging in the hydro-carbon sector and would endeavour to adopt the required strategy to achieve further growth.

A handwritten signature in black ink, appearing to read 'H. L. Zutshi', is placed above the printed name of the Chairman.

H. L. ZUTSHI
CHAIRMAN



BOARD OF DIRECTORS

Shri H. L. Zutshi, Chairman (w.e.f. 2.8.2000)
 Shri Kumar Mangalam Birla
 Shri M. C. Bagrodia
 Shri S. K. Kapoor
 Shri P. Ramakrishnan
 Shri C. Ramulu
 Shri M. P. Modi (ICICI Nominee)
 Shri Jagdeesh M. Mehta, Managing Director (F&A)
 Shri D. K. Deshpande, Managing Director (Technical)

SENIOR EXECUTIVES

Shri V. K. Talithaya, Vice President (P&A)
 Shri J. C. Laddha, Associate Vice President (Finance)

COMPANY SECRETARY

Shri Lalit Kumar Gupta

REGISTERED OFFICE

Mudapadav, Kuthethoor P.O. Via Katipalla,
 Mangalore - 574 149, Karnataka.

INVESTOR RELATIONS CELL

Arcadia, 7th Floor, 195 N. C. P. A. Marg,
 Nariman Point, Mumbai-400 021.
 E-mail : mrpl1@bom3.vsnl.net.in
 Tel : 2822522 / 2822523
 Fax : 2029772

AUDITORS

M/s. Lodha & Co., Chartered Accountants
 M/s. Sharp & Tannan, Chartered Accountants

SOLICITORS

M/s. Mulla & Mulla & Craigie Blunt & Caroe

BANKERS

State Bank of India
 ABN Amro Bank
 Bank of America
 Bank of Baroda
 Canara Bank
 Citibank N. A.
 Corporation Bank
 Punjab National Bank
 Barclays Bank
 Bank of India
 Credit Agricole Indosuez
 HDFC Bank
 Oriental Bank of Commerce
 Vijaya Bank
 United Bank of India
 State Bank of Hyderabad

REGISTRAR AND TRANSFER AGENTS

MCS Limited,
 Sri Venkatesh Bhavan, Plot No. 27, Road No. 11,
 M.I.D.C., Andheri (E), Mumbai - 400 093.
 E-mail: mcsmmum@bom2.vsnl.net.in

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NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Mangalore Refinery and Petrochemicals Limited will be held at the REGISTERED OFFICE OF THE COMPANY AT MUDAPADAV, KUTHETHOOR P. O. VIA KATIPALLA, MANGALORE - 574 149 on 22nd September, 2000 at 4.00 p.m. to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account and Balance Sheet of the Company as at 31st March, 2000 together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri H. L. Zutshi who retires from office by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M. C. Bagrodia who retires from office by rotation and being eligible offers himself for re-appointment.
4. To appoint Joint Auditors and to fix their remuneration and in this connection, to pass the following resolution as a Special Resolution:
"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956 M/s. Lodha & Co., Chartered Accountants, Mumbai and M/s. Sharp & Tannan, Chartered Accountants, Mumbai, the retiring Joint Auditors be and are hereby re-appointed as Joint Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting, on such remuneration as may be mutually agreed between the Auditors and the Board of Directors of the Company for the said period."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following new Article 66A after the existing Article 66.
66A Nomination for Shares and Debentures
Notwithstanding anything contained in Articles 62 and 66 every holder(s) of shares in or holder(s) of debentures of the Company, holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company or debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Companies Act, 1956 or such other regulations governing the matter from time to time."
6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and subject to such approvals, if any, as may be necessary, consent

of the Company be and is hereby accorded to the appointment of Shri D. K. Deshpande as Managing Director (Tech.) for a period of 5 years w.e.f. 30.6.2000 on the terms and conditions as set out in the Explanatory Statement attached to this Notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution".

Registered Office:

Mudapadav, Kuthethoor P. O.
Via Katipalla,
Mangalore 574 149
Mumbai, 11th August 2000

By Order of the Board

LALIT KUMAR GUPTA
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE, NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 4, 5 and 6 of the notice set out above is annexed hereto.
3. Members are requested to notify the change in address, if any, immediately to the Registrars, MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, M. I. D. C., Andheri (East), Mumbai - 400 093 quoting their Folio Numbers.
4. Members holding more than one Share Certificate in the same name under the different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant Share Certificates to the Registrar.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 11th August, 2000 to 30th August, 2000 (both days inclusive).
6. The Company has entered into Agreements with both the Depositories viz:- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and Dematerialisation of securities. Members can avail the depository facilities by approaching any of the Depository Participants of NSDL or CDSL.
7. The Companies (Amendment) Act, 1999 extended nomination facility to individuals holding Shares/Debentures in Companies. Share/Debenture holders, in particular whose holding is in single name, are requested to avail of the above facility by furnishing to the Company the particulars of their nomination. Share/Debenture holders may please write to the Company/Registrars for obtaining the prescribed Nomination Form.
8. The Company has listed its shares at Mumbai, Delhi, Calcutta, Madras, Bangalore, Mangalore and Ahmedabad Stock Exchange. Uptodate listing fee of these exchanges have been paid.



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

Although not strictly necessary, the explanatory statement is being given in respect of Item No.4 of the Notice as the Resolution is proposed as a Special Resolution. Section 224A of the Companies Act, 1956 provides the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors of a Company by a Special Resolution if the Company is one in which, not less than 25% of the Subscribed Share Capital is held singly or in combination by the Public Financial Institutions, Government Companies etc. The shareholding of Hindustan Petroleum Corporation Limited, a Government Company, exceeds 25% of the Subscribed Share Capital of the Company and, hence, a Special Resolution is required for appointment of Auditors Messers Lodha & Co., Chartered Accountants, Mumbai, and Messers Sharp & Tannan, Chartered Accountants, Mumbai, as the Auditors of the Company.

As required, M/s. Lodha & Co. and M/s. Sharp & Tannan have forwarded their certificates to the Company stating that the appointment, if made, will be within the limit specified in Sub-Section (1-B) of Section 224 of the Companies Act, 1956.

ITEM NO. 5

The Companies Act, 1956 has been amended and new Sections 109A and 109B have been inserted making available nomination facility to the share and debenture holders in respect of the shares and debentures of the Company held by them. Accordingly, a new Article 66A is proposed to be inserted in the Articles of Association of the Company as mentioned in this item of the Notice so as to bring the same in line with the provisions of Sections 109A and 109B of the Companies Act, 1956.

The Board commends the resolution mentioned under this item of the notice for your acceptance.

ITEM NO. 6

In terms of Articles 158 read with Articles 129 & 134 of the Articles of Association of the Company and Sections 198, 269 and 309 of the Companies Act, 1956, the Board of Directors has appointed Shri D. K. Deshpande, nominee of HPCL, as Managing Director (Tech.) for a period of 5 years w.e.f. 30th June, 2000 in place of Shri M. A. Tankiwala whose nomination was withdrawn by HPCL. Shri D. K. Deshpande is a Bachelor in Chemical Engineering. His wide and varied experience in the Oil industry extending to a period of nearly 22 years can advantageously be availed of by the Company to its benefit. The terms and conditions of appointment of Shri D. K. Deshpande who in on deputation to MRPL are as under:

1. Period :

Period of appointment is for 5 years w.e.f. 30th June, 2000.

2. Salary :

Rs. 24,940/- (Basic) per month. In addition he is entitled to variable D. A., deputation allowance and other allowances which are presently Rs. 18,627/- per month as per HPCL rules.

3. Annual Increment :

4% of Basic salary i.e. Rs.24,940/-.

4. In addition to salary, the following perquisites will be provided as per the relevant applicable rules of HPCL:

- Housing :** Company owned accommodation with standard deduction calculated as per HPCL rules.
- Medical Reimbursement :** MRPL to pay the required annual insurance premium as per the HPCL's Medical Insurance Scheme with M/s. New India Assurance Company Limited under which Shri D. K. Deshpande is entitled for reimbursement of medical expenses for self and family.
- Leave Travel Allowance :** Entitled for Air or First Class A/C Rail Fare for self, spouse, dependent children and parents from the place of posting to anywhere in India by shortest route once in two years as per HPCL rules.
- Personal Accident Insurance :** Personal accident insurance cover as applicable in line with HPCL rules.

Apart from the above, other entitlements are as follows :

- Contribution to Provident Fund, Superannuation Benefit Fund Scheme in accordance with the Rules of HPCL.
- Gratuity at a rate not exceeding half month's salary for each completed year of service as per the rules of HPCL.
- Car with Driver at the place of posting, presently Mumbai, as per HPCL rules in force from time to time.
- Reimbursement of entertainment, travelling and all other expenses incurred for the business of the company.
- Leave as per the rules of HPCL.

So long as Shri D. K. Deshpande functions as the Managing Director (Tech.) of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

Where in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay to Shri D. K. Deshpande minimum remuneration by way of salary and perquisites not exceeding the limits specified above.

The above may be treated as an abstract of the terms of the contract in relation to his appointment between the Company and Shri D. K. Deshpande pursuant to Section 302 of the Companies Act, 1956.

The Company stands to gain considerably by the appointment of Shri D. K. Deshpande as Managing Director (Tech.) of the Company in view of his wide and varied experience and expertise and in the circumstances the Directors recommend the resolution set out in this item No.6 of the accompanying notice for your approval.

Shri D. K. Deshpande is deemed to be interested in this resolution as it relates to his appointment.

Registered Office:

Mudapadav, Kuthethoor P. O.
Via Katipalla,
Mangalore 574 149
Mumbai, 11th August, 2000

By Order of the Board

LALIT KUMAR GUPTA
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the Twelfth Annual Report of your Company, together with the audited accounts for the financial year ended 31st March, 2000.

1. FINANCIAL RESULTS

(Rs. in Crores)

	Year ended 31 st March, 2000	Year ended 31 st March, 1999
Turnover	3021.20	2,418.77
Profit before Depreciation, Interest and Tax	80.06	493.89
Interest	236.96	343.70
Gross Profit / (Loss) after Interest but before Depreciation and Tax	(156.90)	150.19
Depreciation	142.76	134.45
Provision for Taxation	0.02	1.67
Profit / (Loss) after Tax	(299.68)	14.06
Profits available for Appropriation / (Loss)	(299.68)	14.06
Appropriations :		
Debenture Redemption Reserve	-	14.06

2. OPERATIONAL PERFORMANCE

During the year 1999-2000, your Company processed 3.775 million metric tonnes (MMT) of crude oil (previous year 4.061 MMT), produced 3.486 MMT of finished products (previous year 3.737 MMT) and despatched 3.412 MMT of finished products (previous year 3.701 MMT). Reduction in throughput was mainly on account of the turnaround of the refinery during the year for 22 days. Despite the operational performance of your Company being satisfactory, financial performance has been adversely affected due to the unprecedented rise in international crude oil prices, without a corresponding rise in the prices of finished products. The low import duty differential between crude and the finished products has also severely constrained the refining margins of your Company.

3. EXPANSION PROJECT

Your Company has completed the project for expansion of refining capacity to 9 mmtpa. Trial runs are in progress and commercial production is expected to start within a few months.

The expansion project will enable your Company to have dual operating streams thereby optimising the refinery operations. This expansion project will result in economies of scale and will improve the Company's competitiveness under the deregulated scenario.

4. NEW JETTY AT PORT

The New Mangalore Port Trust (NMPT) is constructing a new jetty at the port for the exclusive use of your Company's expansion project (Phase-II) at a project cost of Rs.180 crores. Your Company has contributed Rs.20 crores by way of long term loan to NMPT. The Phase-II jetty is likely to be completed by March 2001. In the interim to handle the additional volume of the expansion project, your Company has constructed a virtual jetty costing Rs.14 crores at NMPT to evacuate products. This facility has already been commissioned and is operating satisfactorily. This jetty can handle vessels of 30 – 35 thousand metric tonnes capacity.

5. MANGALORE HASSAN BANGALORE PIPELINE

Your Company is participating as an equity shareholder in the 364 km long cross country multi product Mangalore - Hassan - Bangalore pipeline project costing approximately Rs.667 crores being set by Petronet MHB Limited promoted by Petronet India Ltd. and HPCL. The pipeline is being constructed primarily for evacuating MRPL products and will help MRPL accessing wider consumption areas for its products. This project is progressing satisfactorily and is expected to be completed in 2001 / 2002.

6. RETENTION MARGINS

MRPL was covered under Administered Pricing Mechanism (APM) upto 31st March, 1998. During the year under reporting, OCC approved the Standard Product Pattern, Standard Capacity and Standard Fuel & Loss for the refinery based on the cost updation as per audited accounts and revised upwards the retention margins on provisional basis for the APM period i.e. upto 31st March, 1998. The Company has made a representation to the Government for reviewing various issues involved while approving the final retention margins. The final decision is awaited.

7. CRUDE PROCUREMENT

The Government of India has allowed private sector and joint sector refineries to directly import crude oil. To optimise crude selection and procurement and training of MRPL personnel, your Company has retained the services of the international oil majors Chevron and Texaco. They are assisting MRPL to set up its crude procurement desk and training MRPL personnel in various facets of crude selection and procurement to improve the refinery profitability by optimising the refinery operations.

8. MARKETING ARRANGEMENTS

Your Company continues to market its finished products through HPCL. Keeping in view the fact that the oil sector is expected to be totally decontrolled effective from April 2002, M/s. Andersen Consulting were appointed to carry out a detailed study to enable your Company to undertake direct marketing. M/s. Andersen Consulting have submitted their report and the same is under consideration of the Management. Your Company has also applied to the Government to provide rights to market controlled products in line with the Government policy in this regard.