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Reliance
Petroleum Limited

Annual Report 1999 - 2000

CONTENTS

	Page No(s).
Index & Company Information	2
Notice	3-7
Directors' Report	8
Management Discussion & Analysis	9-12
Corporate Governance Disclosures	13-17
Auditors' Report	18
Balance Sheet	19
Schedules annexed to Balance Sheet and	
Notes on Accounts	20-27
Cash Flow Statement	28
Nomination Request Form	29-30
Proxy Form & Attendance Slip	31

BOARD OF DIRECTORS

Dhirubhai H. Ambani	- Chairman
Mukesh D. Ambani	- Vice Chairman
Anil D. Ambani	- Managing Director
R. K. Narang	- Wholetime Director
T.M. Nagarajan	- Nominee of IDBI
K.G. Ramanathan	- Nominee of ICICI
Mansingh L. Bhakta	
Nikhil R. Meswani	
Hital R. Meswani	
K. K. Malhotra	
S. R. Setlur	

NINTH ANNUAL GENERAL MEETING

Wednesday, the 13th September, 2000 at 11.00 a.m. at Village Motikhavdi, P.O. Digvijay Gram, Dist. Jamnagar, Gujarat 361 140.

REGISTERED OFFICE

Village Motikhavdi,
P.O. Digvijay Gram, Dist. Jamnagar,
Gujarat 361 140.
Tel No.: 0288-510000
Fax No.: 0288-512149

CORPORATE OFFICE

3rd Floor, Maker Chambers IV,
222, Nariman Point
Mumbai 400 021, India.
Tel. No. 022-2831633
Fax No. 022-2042268

REFINERY COMPLEX

Taluk: Lalpur
Dist.: Jamnagar, Gujarat

REGISTRARS & TRANSFER AGENT

Karvy Consultants Limited
21, Avenue 4, Street No.1,
Banjara Hills,
Hyderabad - 500 034.
Tel. No. 040-3320666/3320711
Fax No. 040-3323058
E-Mail: rpl@karvy.com

SOLICITORS & ADVOCATES

Kanga & Co.

AUDITORS

Chaturvedi & Shah
Member - Summit International Associates Inc.

BANKERS

ABN Amro Bank N.V.	HDFC Bank
Andhra Bank	Hongkong and
ANZ Grindlays Bank Ltd.	Shanghai Banking Corporation
Bank of America NT & SA	ICICI Banking Corporation Ltd.
Bank of Baroda	IDBI Bank Ltd.
Bank of India	Indian Overseas Bank
Canara Bank	Punjab National Bank
Central Bank of India	Standard Chartered Bank
Citibank N.A.	State Bank of India
Corporation Bank	State Bank of Saurashtra
Dena Bank	Syndicate Bank
Deutsche Bank A. G.	Union Bank of India

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the Members of **Reliance Petroleum Limited** will be held on Wednesday, the 13th day of September 2000, at 11.00 a.m. at Village Motikhavdi, P.O. Digvijay Gram, District Jamnagar, Gujarat 361 140 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2000 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri N.R. Meswani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri H.R. Meswani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s.Chaturvedi & Shah, Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether working in India or out of India under a Scheme titled "Employee Stock Option Plan" (hereinafter referred to as the "ESOP" or "Scheme" or "Plan") such number of equity shares and/or equity linked instruments (including Options), equity shares issued through American Depository Receipts ("ADRs") and/or Global Depository Receipts ("GDRs") and/or any other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which could give rise to the issue of equity shares not exceeding in the aggregate 5% of the issued Equity Share Capital of the Company on 31st March, 2000 and the equity share capital that may be issued in the discharge of subsisting obligations, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time;

RESOLVED FURTHER THAT the said Securities may be allotted directly to such employees/directors or in accordance with a Scheme framed in that behalf through a trust which may be setup

in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the Company;

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company except that they shall be entitled for dividend on pro-rata basis from the date of allotment till the end of the relevant financial year in which the new Equity Shares are allotted;

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) consent of the Company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Plan proposed in the resolution under Item no. 5 in this Notice to the eligible employees/directors of the holding/subsidiary companies, as and when formed, and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board;

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the scheme and make any modifications, changes, variations, alterations or revisions in the said scheme from time to time or to suspend, withdraw or revive the scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary

or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri R.K. Narang, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company;

RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) the consent of the Company be and is hereby accorded to the appointment of Shri R.K. Narang, as a wholetime director of the Company, for a period of 5 (five) years with effect from 26th April, 2000, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri R.K. Narang, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri R.K. Narang;

RESOLVED FURTHER THAT where in any financial year closing after 31st March, 2000, the Company has no profits or its profits are inadequate, the Company do pay to Shri R.K. Narang, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 149(2A) and all other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any business specified in sub clauses (92) and (155) of Clause IIIC of the Memorandum of Association of the Company as and when deemed fit by the Board of Directors:

Sub Clause 92:

To undertake and execute any contracts for work involving the supply or use of any machinery and to carry out any ancillary or other works comprised in such contracts.

Sub Clause 155:

To carry on the business of leasing, hiring, selling, letting, hire-purchases, and as a hire-purchase finance Company carrying as its business hire-purchase transactions or the financing of such transactions and an equipment leasing company carrying on the business of leasing of equipment or the financing of such activity, and to acquire, provide on lease or on hire-purchase or deferred payment or on other similar basis all types of plant and machineries, industrial and office equipments, appliances, vehicles, land and building, real estates, movable and immovable properties and all other assets, required for manufacturing, processing, mining transportation, electricity generation, shipping, construction, firefighting, water and waste treatment, pollution, environment control, medical, energy saving, commercial, trading and for other activities.

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

By Order of the Board

K. Sethuraman

Vice President-Corporate Secretarial

Mumbai

Dated: June 30, 2000.

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NOTES:

1. **A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.**
2. The Explanatory Statement setting out the material facts in respect of the special business under Item Nos. 5 to 8 is annexed hereto.
3. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m., upto the date of the Annual General Meeting.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. **The Register of Members and Share Transfer Books shall remain closed from Tuesday, the 5th September, 2000 to Wednesday, the 13th September, 2000 (both days inclusive).**
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Appointment/Reappointment of Directors
At the ensuing Annual General Meeting, Shri N.R.Meswani and Shri H.R.Meswani retire by rotation and being eligible offer themselves for reappointment. Shri R.K. Narang who has been appointed as an additional director as also a Wholtime director for a period of 5 years with effect from 26th April, 2000 by the Board of Directors will be appointed by the shareholders in the ensuing Annual General Meeting, as required under Companies Act, 1956. The information or details to be provided for the aforesaid directors under Corporate Governance code are as under:
- a) Shri Nikhil R. Meswani, aged 34 years, is a Director of the Company since 15th October, 1997. He has a bachelor's degree in Chemical Engineering from Bombay University. Shri Meswani is an executive director of Reliance Industries Limited. He is also a member of the Indian Chemical Manufacturers Association (ICMA) and Young Presidents Association (YPO).
Shri.N.R.Meswani also holds the position of a member in the Management Committee of the Company and Finance Committee of Reliance Industries Limited.
- b) Shri Hital R. Meswani, aged 31 years, is a Director of the Company since 15th October, 1997. He is a B.Sc. in Chemical Engineering from School of Engineering & Applied Sciences - University of Pennsylvania and a B.B.A from Wharton Business School, University of Pennsylvania USA. He is also an executive director of Reliance Industries Limited and a member of American Alumni Association (AAO) and Young Entrepreneurs' Association (YEO). He is associated with various industry organisations like the Confederation of Indian Industries (CII) and The All India Association of Industries (AIAI). He is the brother of Shri Nikhil R. Meswani.
Shri.H.R.Meswani also holds the position of a member in the Management Committee of the Company and Finance Committee of Reliance Industries Limited.

- c) Shri R.K. Narang, a B.E. (Mech.) has wide experience in managing the refining / marketing operations of huge refineries and has held various senior positions including as Chairman of Indian Oil Corporation Limited before joining the Company's Board. Keeping in view his expertise in the refinery sector, the Board of Directors has appointed him as an Additional Director as also a Wholtime Director of the Company for a period of five years with effect from 26th April, 2000, subject to the approval of shareholders at the Annual General Meeting.
Shri.Narang is also a director in the Board of Container Corporation of India Limited.

EXPLANATORY STATEMENT

The Explanatory Statement under section 173(2) of the Companies Act, 1956 for item Nos.5 to 8 of the accompanying Notice is as under:

ITEM NO. 5

With the task of implementation of the world's largest grass root refinery having been completed in a record time, which indeed could be made possible only owing to the wholehearted support, commitment and team work of its personnel, the Company has been desirous of finding means to allow its personnel to participate in its growth, through an appropriate mechanism.

Stock Options have long been recognised internationally, as an effective instrument, to align the interest of employees with those of the Company and its shareholders, provide an opportunity to employees to share in the growth of the Company and create long term wealth in the hands of the employees.

Stock Options create a common sense of ownership between the Company and its employees paving the way for a unified approach to the common objective of enhancing overall shareholder value.

Stock Options provide for tax-efficient, performance linked rewards to employees and serve as an important means to attract, retain and motivate the best available talent for the Company.

From the Company's perspective, Stock Options also provide an opportunity to optimise personnel costs by allowing for an additional market-driven mechanism to attract, retain, compensate and reward employees.

The Securities and Exchange Board of India (SEBI), has introduced a comprehensive and internationally comparable set of regulations last year known as the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The new Regulations have removed the constraints imposed by the earlier laws and have provided a conducive environment for the implementation of an Employee Stock Option Plan.

The Company proposes to introduce the following two Stock Option schemes for the benefit of permanent employees of the Company, its Directors and such other persons/entities as may be prescribed by SEBI from time to time and in accordance with the provisions of prevailing regulations. The Stock Option schemes will also cover any issuance of ADRs/GDRs/other securities by the Company, as may be allowed from time to time under prevailing regulations.

SCHEME A

Stock Options: Under this scheme, employees will be given an option to acquire a certain number of shares of the face value of Rs. 10 each, at the price as mentioned hereinafter.

SCHEME B

Stock Appreciation Rights (SAR) is a means for cashless exercise of options. SAR entitles the employee to receive the difference between the price computed for the purpose of grant and the price computed for the purpose of exercise, in the form of shares of the Company. The number of shares received by the employee is arrived at by dividing the total appreciation in value, as calculated above, by the market price of the shares on the date of exercise.

APPLICABLE TO BOTH THE SCHEMES

The Company will constitute an ESOP Compensation Committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent Directors, for administration and superintendence of the ESOP.

The Committee will formulate the detailed terms and conditions of the ESOP.

The Committee will specify, inter alia, the following:

- quantum of options to be granted to any employee and in aggregate
- conditions under which options vested in employees may lapse
- time period within which an employee may exercise vested options in the event of termination or resignation
- rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period
- procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions or otherwise
- procedure and mechanism for cashless exercise of options
- lock-in period for the shares issued pursuant to exercise of the options
- any other related or incidental matters.

The following is the explanatory statement which sets out the various disclosures as required by Clause 6 of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the ESOP Guidelines).

The salient features of the ESOP are as under:-

(a) The total number of options to be granted

The total number of Options/SARs that may, in the aggregate, be issued, under both the schemes:

Upto 5% of the issued equity share capital of the Company as of 31st March, 2000 and the equity shares that may be issued in the discharge of subsisting obligations.

(b) Identification of classes of employees entitled to participate in the ESOP

Persons who are "employees" of the Company, including Directors, as defined in the ESOP Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time.

Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOP.

Employees will be granted Stock Option/Stock Appreciation Rights based on performance and such other parameters as may be decided by the ESOP Compensation Committee, in its discretion, from time to time.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(c) Requirements of vesting and period of vesting

Vesting of options may commence after a period of 1 year from the date of grant, and may extend upto 5 years from the date of grant. The vesting may occur in tranches, subject to the terms

and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion and which will include performance appraisal of the employee.

(d) Exercise Price or Pricing Formula

The exercise price for the purposes of the grant of options will be computed at a discount of 10% on the average of the weekly high and low of the closing prices for the Company's equity shares, quoted on the Mumbai Stock Exchange, during the 26 weeks preceding the date of grant of the options.

(e) Exercise Period and the process of Exercise

The exercise period may commence from the date of vesting, and will expire not later than 7 years from the date of grant of options, or such other period as may be decided by the ESOP Compensation Committee, from time to time.

The Options will be exercisable by the Employees by a written application to the Company to exercise the Options/SARs, in such manner and on execution of such documents as may be prescribed by the ESOP Compensation Committee from time to time.

The options will lapse if not exercised within the specified exercise period.

(f) Appraisal Process for determining the eligibility of employees to ESOP

The appraisal process for determining the eligibility of the employee will be specified by the ESOP Compensation Committee, and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or any such other criteria that may be determined by the ESOP Compensation Committee at its sole discretion.

(g) Maximum number of options/SARs to be issued per employee and in aggregate

The maximum number of Options/SARs granted per employee will not exceed 5,00,000 shares. The aggregate of all such grants shall not exceed 5% of the issued and outstanding equity shares of the Company as on 31st March, 2000 and the equity shares that may be issued in the discharge of subsisting obligations.

The Company will conform to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and/or such other guidelines as may be applicable, from time to time.

As the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of clause 6 of the Guidelines.

Your Directors commend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Schemes.

ITEM No.6

As per the SEBI Guidelines, a separate resolution is required to be passed if the benefits of ESOP are to be extended to employees of the subsidiary or holding company, as and when formed. This separate Resolution is being proposed accordingly, to cover those employees, and/or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations and/or amendments thereto from time to time. This may be read with explanatory statement for Item No. 5.

Your Directors commend the resolution for your approval.

None of the Directors of the Company is, in anyway, concerned or interested in the resolution.

ITEM No.7

Shri R.K. Narang was appointed by the Board of Directors as an Additional Director of the Company with effect from 26th April, 2000. Pursuant to Section 260 of the Companies Act, 1956, Shri R.K. Narang will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri R.K. Narang for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri R.K. Narang, a B.E. (Mech.) has wide experience in managing the refining / marketing operations of huge refineries and has held various senior positions including as Chairman of Indian Oil Corporation Limited before joining the Company's Board. Keeping in view his expertise in the refinery sector, the Board of Directors has appointed him as an Additional Director as also a Wholtime Director of the Company for a period of five years with effect from 26th April, 2000, subject to the approval of shareholders at the Annual General Meeting. Shri R.K. Narang fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956.

The remuneration payable to Shri R.K. Narang has been determined by the Remuneration Committee constituted by the Board of Directors.

The draft Agreement to be entered into by the Company with Shri R.K. Narang, in respect of his appointment, inter alia, contains the following terms and conditions:

Salary : Rs.80,000 per month

Perquisites and Allowances : Rs.50,000 per month

He shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependants; club fees, medical insurance and such other perquisites and/or allowances, upto the amounts specified above, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

Shri R.K. Narang, shall also be eligible to an annual increment of 5% on the last drawn salary and perquisites during his tenure as wholtime Director.

The terms and conditions as set out in the draft agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

The Agreement may be terminated by either party (Company or the Wholtime Director) by giving the other three months prior notice of termination in writing.

The above may be treated as an abstract of the draft agreement proposed to be entered into between the Company and Shri R.K. Narang, pursuant to Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Shri R.K. Narang is available for inspection by the Members of the Company at the registered office of the Company on any working day excluding Saturdays and holidays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Your Directors commend the resolution for your approval.

Shri R.K. Narang is deemed to be concerned or interested in the

resolution as it pertains to his appointment and remuneration payable to him. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

ITEM No.8

As per the provisions of Section 149 (2A) of the Companies Act, 1956, approval of the Shareholders in General Meeting is required for commencement of any business as set out in the Other Objects under Clause IIIC of the Memorandum of Association.

With a view to better deploying the assets situate at the refinery site, approval of the shareholders is sought to enable the directors at such time or times as they may consider appropriate and in the interest of the Company to commence or undertake all or any of the businesses specified in sub-clauses (92) and (155) under other objects of the Memorandum of Association of the Company. The businesses specified in the aforesaid sub-clauses may conveniently or advantageously be combined with the existing business of the Company. Particulars of the business which may be pursued by the Company are set out in the resolution.

Your directors commend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board

K. Sethuraman

Vice President-Corporate Secretarial

Mumbai

Dated: June 30, 2000

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Ninth Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2000.

ACCOUNTS

During the year ended 31st March, 2000 since the refinery was being commissioned in phases and trial runs were conducted, no profit and loss account has been prepared for the year.

PROJECT COMPLETION

The key units in RPL refinery complex have been completed in a phasewise manner beginning with the start up of the first Crude Distillation Unit (CDU) in the middle of July, 1999. Funds to the extent of Rs. 13502 crores (from the project cost of Rs. 5142 crores as per the Prospectus dated 26th August, 1993 for 9 MMTPA capacity and subsequently reappraised by Industrial Development Bank of India at Rs. 10,780 Crores and at Rs. 13,800 crores for capacity upto 18 MMTPA and 27 MMTPA respectively) have been utilised for the project as on 31st March, 2000.

ISSUE OF SECURITIES

During the year, your Company made allotment of Equity Shares as under :

- 48,06,89,700 Equity Shares on conversion of Zero Coupon Fully Convertible Debentures
- 124,67,53,200 Equity Shares on conversion of Optionally Fully Convertible Debentures
- 35,65,00,000 Equity Shares on conversion of 7.84% Convertible Bonds
- 44,89,10,700 Equity Shares on conversion of Warrant Equity Shares 1999
- 43,52,73,900 Equity Shares against Unsubscribed Tradeable Warrants

Further, the Company made allotment of Warrant Equity Shares (WES) during the year as under :

- 16,02,52,100 WES – 1999 (since converted into Equity Shares)
- 16,02,52,100 WES – 2000
- 16,02,52,100 WES – 2001

The aforesaid securities have been duly listed with the Stock Exchanges at Rajkot, Mumbai, Ahmedabad and National Stock Exchange of India Ltd.

MARKETING**Petroleum Products**

Marketing arrangements with Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd. were concluded for controlled products during the year. Your company supplied 8.53 MMT of petroleum products.

LPG & Kerosene Business

During the year, your Company has strengthened its marketing presence for LPG and Kerosene under the parallel marketing scheme. LPG sales increased to 1,46,826 MTs compared to 1,08,631 MTs and Sale of Kerosene increased to 3,35,176 MTs from 2,28,904 MTs, registering a growth of 35% and 46% respectively. 3.5 lacs new customers were enrolled, 87 new distributors appointed and 3,500 new distributor outlets authorised for the packed LPG business. As on 31st March, 2000, RPL has marketing network consisting of 4.3 lacs customers, 116 distributors and 19 contract bottling plants in the States of Maharashtra, Gujarat, Rajasthan and Madhya Pradesh.

FIXED DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

DIRECTORS

Shri. T.M. Nagarajan was nominated as a director by Industrial Development Bank of India effective 1st December, 1999. Shri R.K. Narang on his ceasing to be a nominee director of ICICI Limited has been appointed as an Additional Director as also a Whole Time Director, effective 26th April, 2000, subject to the approval of the shareholders in the ensuing Annual General Meeting. Shri. K.G. Ramanathan has been nominated as a director by ICICI Limited effective 26th April, 2000. Shri N.R. Meswani and Shri. H.R. Meswani retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

AUDITORS AND AUDITORS' REPORT

The statutory auditors M/s. Chaturvedi & Shah retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. Chaturvedi & Shah to the effect that their appointment as Auditors, if made, would be within the limits under Section 224(1-B) of the Companies Act, 1956. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the annual report and accounts are being sent to all shareholders of the Company excluding the aforesaid particulars. Any shareholder interested in obtaining such particulars may write to the Company.

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

Since the refinery was under trial run, no information has been given as required under Section 217 (1)(e) of the Companies Act, 1956 in respect of Conservation of Energy and Technology Absorption.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned	(Rs. in crores)
(i) Total Foreign Exchange used	10,141.07
(ii) Total Foreign Exchange earned	50.63

ACKNOWLEDGEMENT

Your directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Solicitors, Shareholders and Debentureholders of the Company. Your directors also wish to thank management and the staff of Reliance Industries Limited, promoter company, for the continuous guidance and support received from them. Your directors express their appreciation for the dedicated and sincere services rendered by employees of the Company.

For and on behalf of the Board

Nikhil R. Meswani
Director

Anil D. Ambani
Managing Director

Mumbai
Dated: June 30, 2000.

MANAGEMENT DISCUSSION AND ANALYSIS**PROJECT HIGHLIGHTS**

Reliance Petroleum Ltd. (RPL) has been promoted by Reliance Industries Ltd. (RIL), India's largest private sector company, in terms of sales, assets, net worth and net profits.

The 27 million tonnes (MMT) per annum RPL refinery is the world's largest grassroots refinery, and the 7th largest operating refinery in the world.

From the very first full year of operations, RPL will join RIL, amongst the ranks of the top 2 companies in India, on all major financial parameters.

RPL is already Asia's most valuable petroleum company with a market capitalisation of over Rs. 25,000 crores (US\$ 5.6 billion), and with over 2.2 million, international, domestic, institutional and retail shareholders.

In India, RPL ranks amongst the top 5 companies in terms of market capitalisation.

The project cost of RPL's refinery is Rs 14,250 crores (US\$ 3.4 billion), conservatively financed with a debt : equity ratio of approximately 0.9:1.

RPL is amongst the most modern and complex refineries in the world, employing state-of-the art technology provided by UOP and Foster Wheeler, global leaders in refining technology, and with Bechtel France S.A. as the EPC contractor.

The Nelson complexity Index of 9.93 indicates large secondary processing, leading to higher value addition, and higher refining margins, as compared to less complex refineries.

RPL's configuration provides flexibility to process a wide range of crudes, allowing for optimisation of the crude mix and product slate, and thereby contributing to improved margins.

The RPL refinery fulfills a major national priority, by substantially eliminating the country's dependence on imports of petroleum products, as also providing a higher level of energy security and conserving valuable foreign exchange.

The major highlights of the project include:

- RPL, the world's largest grassroots refinery, has the distinction of having the world's largest Fluidised Catalytic Cracker (FCC) and the world's largest Delayed Coker.
- The captive port facility at Jamnagar has the capacity to handle over 50 MMT of products every year. This is India's largest marine oil terminal.
- The fully automated dedicated rail/road loading and product despatch terminal has a capacity of around 10 million tpa. This is one of the largest terminals of its kind in India.
- The tank farm complex has capacity of around 4 MMT - representing over 15% of the total tank farm capacity of the Indian petroleum sector.
- The sea-water desalination facility has a capacity of 12 MGD of water. This is the first of its kind in India.
- The captive power facilities have generating capacity of nearly 300 MW power.
- The self-contained housing complex and associated infrastructure accommodates over 2,500 families - over 10,000 people - and offers them a high quality of life, comparable to the global standards.

UNIQUE ACHIEVEMENTS AT JAMNAGAR

Jamnagar today houses the largest industrial project implemented in the Indian corporate sector.

- The Reliance group's combined investment of over Rs. 24,000 crores (about US \$ 6 Billion) at Jamnagar is the single largest

investment ever made at any location in India.

- Reliance's investments at Jamnagar represent 4% of all investments under implementation in the country.
- Reliance's investments at Jamnagar represent 5% of the gross assets of the entire Indian corporate sector.
- The annual output at Jamnagar will be of the order of over Rs. 28,000 crores at current prices (US\$ 6.5 billion).
- The output at Jamnagar will make up 4% of the total turnover of the Indian corporate sector, and will lead to import substitution of US\$ 1.2 billion (around Rs. 5,500 crores) each year.

BENEFITS TO THE STATE OF GUJARAT

Reliance's current investments in Gujarat amount to Rs. 36,000 crores (about US\$ 9 billion). This represents the single largest investment by a private sector enterprise in any state.

Reliance's total investments in Gujarat:

- are equal to 40% of the Net State Domestic Product for 1998-99;
- represent 25% of total investments on hand in Gujarat.

Reliance's activities at its Jamnagar complex are expected to directly and indirectly, lead to the generation of around half a million jobs.

Reliance's activities in Jamnagar have enhanced Gujarat's position amongst the leading industrial states in India.

BENEFITS TO RELIANCE GROUP

The commissioning of the RPL refinery marks an important step in Reliance's vertical integration strategy.

Reliance's vertically integrated operations will now span the entire energy chain, from crude oil / gas exploration and production, refining, petrochemicals to textiles.

Naphtha, Reformate and Propylene produced by the RPL refinery, are captively consumed by RIL, ensuring assured offtake, and leading to substantial savings in freight, storage and handling costs.

The petroleum coke produced by RPL will be captively consumed for generation of power by the 500 MW Independent Power Project (IPP) planned at the Jamnagar complex.

Captive consumption by group companies will account for approximately 25%-30% of RPL's total production.

ECONOMIES OF SCALE

RPL's refinery is the country's largest refinery - about double the size of the second largest refinery, and accounting for a sizeable 25% of the country's refining capacity.

The RPL refinery enjoys the benefits of considerable economies of scale, and has been set up at 30%-50% lower per tonne capital cost, as compared to other refineries recently set up in Asia, by leading International Oil companies.

The lower capital cost per tonne is particularly significant in the context of RPL's much higher complexity as compared to other refineries.

The economies of scale have also contributed to lower operating costs, enhancing RPL's global competitiveness, and enabling RPL to achieve significantly higher refining margins as compared to its peer group.

SUPERIOR REFINERY CONFIGURATION

RPL ranks amongst the top 15 refineries globally, in terms of complex-barrels, and is also the most complex refinery in India, thereby leading to the highest degrees of value addition, and improved margins.

RPL's unique processing configuration includes FCC (Fluidised