

**21st
ANNUAL REPORT
1999-2000**

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MARDIA CHEMICALS LIMITED

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CHEMICALS LIMITED

BOARD OF DIRECTORS

Shri Rasiklal S. Mardia
 Shri Rakesh S. Mardia
 Shri Satish P. Mardia
 Shri P. N. Ojha
 Shri Rajeev S. Mardia
 Shri Kumar S. De
 Shri R.K. Prased
 Shri A.K. Gore

Chairman & Managing Director
Vice Chairman & Jt. Managing Director
Whole Time Director
Executive Director
Director
Nominee Director of L.I.C.
Nominee Director of IFCI
Nominee Director of ICICI

COMPANY SECRETARY

Shri K. B. Kapadia

AUDITORS

M/s. Mehta Lodha & Co.
 Chartered Accountants

REGISTERED OFFICE

'Mardia Plaza', 6th Floor, C. G. Road,
 Panchwati, Ahmedabad - 380 006.

PLANTS

- 468, G.I.D.C. Estate, Phase - II,
 Vatva, Ahmedabad - 382 445.
- Mardianagar, Tal. Sayla,
 Dist. Surendranagar, Gujarat.

21st ANNUAL GENERAL MEETING

Date : 10th May, 2000
 Day : Wednesday
 Time : 10.00 A.M.
 Place : 'Mardia Plaza', 6th Floor,
 C. G. Road, Panchwati,
 Ahmedabad - 380 006.

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MARDIA CHEMICALS LIMITED**NOTICE**

NOTICE is hereby given that the Twenty First Annual General Meeting of MARDIA CHEMICALS LIMITED will be held at 6th Floor, Mardia Plaza, C. G. Road, Panchwati, Ahmedabad - 380 006 on Wednesday the 10th day of May, 2000 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 31st March, 2000, the audited Balance Sheet as at that date and the Directors' and Auditors' reports thereon.
2. To appoint a Director in place of Mr. Satish P. Mardia who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint 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 :

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as **Special Resolution**:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Articles of Association of the Company be and are hereby altered by inserting the following new Articles 18-A and 62-A after the existing Articles 18 and 62 respectively along with the headings and marginal notes.

18-A. DEMATERIALISATION OF SECURITIES :**(1) Definitions For the purpose of this Article :**

"SEBI" means the Securities and Exchange Board of India established under Section 3 of The Securities and Exchange Board of India Act, 1992.

"Depositories Act" means The Depositories Act, 1996, including any statutory modifications or re-enactments thereof for the time being in force.

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

"Participant" means a person registered as such under Section 12(1A) of The Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depository Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporation.

Words and expressions used and not defined in this Article shall have the same meanings as respectively assigned to them in the Depositories Act.

- (2) Either the Company or the investor may exercise an option to issue, deal in, hold Securities (including Shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and the matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or re-enactment thereof.

(3) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities in the Depositories and/or offer its fresh Securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

(4) Option to receive securities certificates or hold securities with Depository

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the Security and no receipt of the information, the Depository shall enter in its records, the name of the allottees as the Beneficial Owner of the security.

(5) Securities in Depositories

All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372AA of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(6) Rights of Depositories & Beneficial owners.

(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights as the case may be in respect of the Securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a Depository.

(7) Beneficial Owner deemed as absolute owner.

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any Share or where the name appears as the Beneficial Owner of the Security in the records of the Depository, as the absolute owner thereof. The Company shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in the Security (except otherwise provided by the Articles) or any right in respect of the Security other than an absolute right thereto in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall subject to the Provisions of the Act, be at its sole discretion to register the Security in the joint names of any two or more persons or the survivor or survivors of them.

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(8) Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

(9) Cancellation of certificates upon surrender by a person.

Upon receipt of Certificate of Securities for dematerialisation in terms of the applicable provisions of appropriate Acts or rules, the Company shall cancel such certificates and substitute in its records, the name of the Depository as the owner in respect of the said Securities and shall also inform the Depository accordingly.

(10) Option to opt out in respect of any security

If a Beneficial Owner seeks to opt of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial Owner or the transferee as the case may be.

(11) Service of Documents

Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository to the Company by means of electronic mode or by delivery of floppies or discs.

(12) Provisions of the Act and Articles to apply to Securities held in the Depository.

All the provisions of the Act and Articles of Association of the Company, particularly the provision relating to joint holding, calls, lien, forfeiture and transfer and transmission of the Depository Securities shall also be applicable to securities held in the Depository.

(13) Allotment of Securities dealt within a Depository.

Notwithstanding anything in the Act or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

(14) Distinctive number of shares held in the Depository.

The Shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

(15) Register and Index of Beneficial Owners

The Company shall cause to keep a Register and index of Members and a Register and index of Debentureholders in accordance with Section 151 and 152 of the Act respectively read with the applicable provisions of the Depositories Act with details of shares and debentures held in material and demat forms in any media as may be permitted by law. The Register and index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of Members and Register and Index of Debentureholders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India, a branch Register of Members in respect of the resident in that state or country.

(16) Register of Transfers

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

(17) Trading and transfer of Securities.

Trading and transfer of securities can be effected in the form permitted by appropriate authorities from time to time.

(18) Power to Board to take necessary actions to Dematerialise Securities offered by the Company.

The Board is authorised to take all such actions and steps as may be necessary to dematerialise listed securities offered by the Company including executing deeds, documents and papers and appointing such persons and agencies as may be necessary to facilitate dematerialisation / rematerialisation and trading in such securities.

62-A NOMINATION : (1) Every holder of Shares or debenture of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death. A member may revoke or vary his or her nomination, at any time, by notifying the Company to that effect.

(2) Where the shares or debentures of the Company are held by more than one person jointly, the joint holders may together, nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the shares or debentures where a nomination is made in the manner prescribed under the Act, purports to confer on any person the right to vest the shares or debentures of the Company, the nominee shall, on the death of the shareholder or the debentureholder concerned, or on the death of the jointholders, become entitled to all the rights in the shares or debentures of the Company of such shareholder or holder of debentures or, as the case may be, of all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied, cancelled in the manner prescribed under the Act.

(4) Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint, in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death, during the minority.

(5) Notwithstanding anything contained in these Articles, any person who becomes a nominee under the provisions of Section 109A, and to whom the shares in or debentures of the Company have vested on the death of the shareholder or holder of the debentures of the Company, or as the case may be, on the death of the joint holders, upon the production of such evidence as may be required by the Board, and subject as hereinafter provided elect either.

(a) to be registered himself as holder of the share or debenture as the case may be; or

(b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, as the case may be, could have made.

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- (6) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him that nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder / debentureholder as the case may be.
- (7) All the limitations, restriction and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debentureholder, as the case may be.
- (8) A person being a nominee becoming entitled to share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time give notice requiring any such person to elect to be registered himself or to transfer the share or debenture, and if, the notice is not complied with within ninety days, the Board may thereafter withhold all payments of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.
- (9) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased shareholder or debentureholder as the case may be had transferred the shares or debentures as the case may be, before his death.
- (10) No person shall be recognised by the Company as a nominee unless the shareholder has, during his life time, giving an intimation to the Company of his having appointed a nominee in the manner specified under Section 109A of the Companies Act, 1956.
- (11) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such information.
- (12) If the holders of the shares or debentures survives the nominee, then and in such case, the nomination made by the registered holder shall be of no effect and shall automatically stand revoked.
- (13) A depositor may, at any time, make a nomination and the provisions of Section 109A and 109B shall as far as may be applicable to such nominations made pursuant to the provisions of Section 58A(11) of the Companies Act, 1956.

PLACE : AHMEDABAD
DATE : 3RD APRIL, 2000.

BY ORDER OF THE BOARD OF DIRECTORS

(K. B. KAPADIA)
COMPANY SECRETARY

REGISTERED OFFICE :
"MARDIA PLAZA", 6TH FLOOR,
C. G. ROAD, PANCHWATI,
AHMEDABAD - 380 006.

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 PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 1st May, 2000 to Wednesday the 10th May, 2000. (Both days inclusive).
3. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the Special business is annexed.
4. Members are requested to notify immediately any change of address, if any.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4 :**

As directed by SEBI by its letter No.SMDRP/Connectivity/2982/2000 dated 15/02/2000, it will be compulsory for Members who fall in the category of Financial Institutions (FIs, FIIs, Mutual Funds and Banks) and OCBS to deal in the Company's Equity Shares in dematerialised form on and from 26th June, 2000. Consequently, the Company has signed a Tripartite Agreement with National Securities Depository Limited (NSDL) and Central Depository Services of (India) Ltd. (CDSL) and MCS Limited, (an agent who has connectivity with NSDL and CDSL) for admitting the Company's Shares under the Depository System. The Equity Shares are available in dematerialised form with effect from 26th June, 2000, and shall be available for trading in the electronic segment on the Stock Exchanges at Mumbai, Ahmedabad and National Stock Exchange, Mumbai with effect from 26th June, 2000. In order to bring the Articles of Association of the Company in line with the Depositories Act, 1996 and the amendments made to the Companies Act, 1956, upon introduction of the Depository System, and providing nomination facilities to investors, amendments are required to be made in the existing Articles of Association of the Company as specified in the Special Resolution. Section 31 of the Companies Act, 1956, requires a Special Resolution to amend the Articles. Accordingly, your Directors recommend the resolution for approval. The copy of the Memorandum and Articles of Association of the Company and the documents referred to in the Notice and in the Explanatory Statement are available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days excepting Sundays and holidays. None of the Directors is concerned or interested in the said resolution.

PLACE : AHMEDABAD
DATE : 3RD APRIL, 2000.

BY ORDER OF THE BOARD OF DIRECTORS

(K. B. KAPADIA)
COMPANY SECRETARY

REGISTERED OFFICE :
"MARDIA PLAZA", 6TH FLOOR,
C. G. ROAD, PANCHWATI,
AHMEDABAD - 380 006.

ANNUAL REPORT 1999-2000**DIRECTORS' REPORT**

Dear Shareholders,

Your directors present the Twenty First Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS :

(Rupees in Lakhs)

PARTICULARS	1999 - 2000	1998 - 1999
TOTAL INCOME	21308.11	20383.68
GROSS PROFIT/(LOSS)	(1150.97)	(4179.93)
INTEREST	18096.07	14242.65
DEPRECIATION	8522.29	10016.30
NET PROFIT/ (LOSS) FOR THE YEAR	(27769.33)	(28438.88)
PREVIOUS PERIOD ADJUSTMENTS	(435.32)	(7451.07)
TRANSFER FROM/TO RESERVES	0.00	0.00

For the financial year 1999-2000 the Company has achieved turnover of Rs.21308.11 against Rs. 20383.68 lacs in the corresponding period. The total loss suffered by the Company before interest and depreciation amounting to Rs.1150.97 as compared to Rs.4179.93 lacs during the previous year. Like wise last year interest and depreciation accounted for a lions share in the total loss figure of the company. During the current year through some measures it was able to bring down the manufacturing and administrative expenses. However, certain expenses like freight, electricity etc. which are beyond the control of the management and could not be controlled to required extent.

OPERATIONS :

During the year Indian Industrial Sector more particularly the Chemical Sector continued to face unfavourable conditions. Operations of the Company were severely affected due to poor demand in Indian as well as International market, increase in input cost like; Raw materials, power, fuel, etc. and decline in finished product cost.

The operations of Unit No.3 i.e. Caustic Chlorine Plant was discontinued due to disconnection of power supply by Gujarat Electricity Board (GEB) with effect from 16th November, 1999. In this plant electricity is the major input cost and the cost of the same charged by GEB was around 120% of the sale price of the product manufactured by Company. The rate of electricity per unit charged by GEB are exorbitant and totally unreasonable which has resulted in closing down of the plant which has an investment of around Rs.390 crores.

DIVIDEND :

In view of losses during the year under review, your Directors express their inability to recommend any dividend for the year 1999-2000.

REFERENCE TO BIFR UNDER SECTION 15 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

The Company had made reference to BIFR under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) on the basis of the results stated in the accounts for the year 1998-99. BIFR in the hearing held on 6th August, 1999 appointed IDBI as Operating Agency and Special Audit was conducted to verify the records of accounts of the Company. The report of IDBI and Special Audit has been submitted. The final decision of BIFR is awaited.