

**22ND
ANNUAL REPORT
2000-2001**

**CERTIFIED TRUE COPY
FOR MARDIA CHEMICALS LIMITED**

W. S. K. K. K.
COMPANY SECRETARY

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mardia
MARDIA CHEMICALS LIMITED

**BOARD OF DIRECTORS****Shri Rasiklal S. Mardia****Shri Rakesh S. Mardia****Shri Satish P. Mardia****Shri G. S. Agarawalla****Shri R.K.M. Prasad****Shri A.K. Gore****Shri N.L. Ajwalia****COMPANY SECRETARY****Shri K. B. Kapadia***Chairman & Managing Director**Vice Chairman & Jt. Managing Director**Whole Time Director**Nominee Director of L.I.C.**Nominee Director of IFCI**Nominee Director of ICICI**Nominee Director of BOI***AUDITORS****M/s. Mehta Lodha & Co.**

Chartered Accountants

REGISTERED OFFICE

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

22nd ANNUAL GENERAL MEETING**Date : 18th June, 2001****Day : Monday****Time : 10.00 A.M.**

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

PLANTS

λ 468, G.I.D.C. Estate, Phase - II,

Vatva, Ahmedabad - 382 445.

λ Mardianagar, Tal. Sayla,

Dist. Surendranagar, Gujarat.

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MARDIA CHEMICALS LIMITED**NOTICE**

NOTICE is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of **MARDIA CHEMICALS LIMITED** will be held on **Monday, 18th June, 2001** at **10.00 a.m.** at **6th Floor, Mardia Plaza, C. G. Road, Panchawati, Ahmedabad - 380 006** 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, 2001, 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 modifications the following resolutions as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, an approval of the Company be and is hereby accorded, subject to the approval of the Central Government, if necessary, to the re-appointment of Shri Rasiklal S. Mardia as Chairman and Managing Director of the Company for a period of Three years commencing from 1st April, 2001 at a remuneration and upon the terms, provisions and conditions contained in the agreement of re-appointment entered into with him which agreement be and is hereby specifically approved with power to the Board of Directors to alter and vary the terms and conditions of the said agreement without increasing the remuneration mentioned therein and in such manner as may be agreed to between the Central Government, if required, and the Directors and acceptable to Shri Rasiklal S. Mardia, Chairman and Managing Director."

5. To consider and, if thought fit, to pass the following resolutions as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, an approval of the Company be and is hereby accorded, subject to the approval of the Central Government, if necessary, to the re-appointment Shri Rakesh S. Mardia as Vice Chairman and Joint Managing Director of the Company for a period of Three years commencing from 1st April, 2001 at a remuneration and upon the terms, provisions and conditions contained in the agreement of re-appointment entered into with him which agreement be and is hereby specifically approved with power to the Board of Directors to alter and vary the terms and conditions of the said agreement without increasing the remuneration mentioned therein and in such manner as may be agreed to between the Central Government, if required, and the Directors and acceptable to Shri Rakesh S. Mardia, Vice Chairman and Joint Managing Director."

REGISTERED OFFICE :

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

DATE : 11th APRIL, 2001.

PLACE : AHMEDABAD

BY ORDER OF THE BOARD OF DIRECTORS
OF MARDIA CHEMICALS LTD.

(K. B. KAPADIA)
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 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 Friday the 1st June, 2001 to Monday the 18th June, 2001. (Both days inclusive).
3. Members are requested to notify immediately any change of address, if any.
4. The Company's Equity Shares are compulsorily traded in dematerialised form. The shareholders who intends to dematerialise the same are requested to submit their Demat Request Form and share certificates at the registered office of the Company through

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their Depository Participant.

EXPLANATORY STATEMENT

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

ITEM NO. 4 :

* The present term of appointment of Shri Rasiklal S. Mardia expire on 31st March, 2001. During the tenure of his office as Chairman and Managing Director, the Company has achieved considerable progress. The Board of Directors is of the opinion that he is fit and proper person and it is in the interest of the company that he should continue as the Chairman and Managing Director of the Company.

The Board of Directors, therefore recommends re-appointment of Shri Rasiklal S. Mardia as Chairman and Managing Director of the Company for a further term of Three years commencing from 01/04/2001, in accordance with Schedule XIII read with Sections 198, 269(2) & 309 of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, on following terms and conditions :

1. Salary : Rs.80,000/- per month.
2. Period : Three years from 01.04.2001 (period of contract of Appointment).
3. Perquisites : Perquisites payable are as under.
 - (a) Contribution to provident fund, Superannuation fund or annuity fund to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
 - (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
 - (c) Encashment of leave at the end of tenure.
 - (d) Children's education allowance in case of children studying in or outside India, an allowance limited to a maximum of Rs.5000/- per month per child or actual expenses incurred, whichever is less. Such allowance is admissible upto a maximum of two children.
 - (e) Holiday passage for children studying outside city limits of residence of appointee or outside India, return holiday passage once in a year to children from the place of their study to the place of residence of the appointee.
 - (f) Leave travel concession:- Return passage for self and family in accordance with the rules specified by the company.
 - (g) (1) The expenditure by the company on hiring unfurnished accommodation will be subject to ceiling of 50% of salary over and above 10% payable by him.
 - (2) If the accommodation is owned by the company, 10% of the salary of the Managing Director shall be deducted by the company.
 - (3) If no accommodation is provided by the company, the Managing Director shall be entitled to house rent subject to a ceiling mentioned in (1) of (g) above.

Explanation :-

The expenditure incurred by company on gas, electricity, water and furnishing shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.

- (h) Medical reimbursement : for self and his family will be reimbursed by the Company as per rules of the Company.
- (i) Club fees subject to a maximum of two clubs excluding admission and life membership.
- (j) Personal accident insurance : premium not to exceed Rs.20,000/- per year.
- (k) Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

4. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Appointee, if the Company has no profits or its profit are inadequate, the Company will pay minimum remuneration by way of salary and perquisites as specified above".

The other terms and conditions of the re-appointment contained in the agreement executed on 29/03/2001 will remain unchanged. The Copy of Agreement for re-appointment executed between the Company and Shri Rasiklal S. Mardia, is available for inspection by members of the Company at its Registered office between 10.00 A.M. to 12.00 Noon on any working day of the company till the Annual General Meeting.

This may be treated as an abstract under section 302 of the Act, for the terms of re-appointment of the Chairman and Managing Director w.e.f. 01/04/2001.

Shri Rasiklal S. Mardia and his relative Shri Rakesh S. Mardia, Vice Chairman and Joint Managing Director of the company may be considered as interested in the aforesaid resolution. Except them no other directors of the Company is considered

MARDIA CHEMICALS LIMITED

as interested in the resolution.

ITEM NO. 5 :

The present term of appointment of Shri Rakesh S. Mardia expire on 31st March, 2001. During the tenure of his office as Vice Chairman and Joint Managing Director, the Company has achieved considerable progress. The Board of Directors is of the opinion that he is fit and proper person and it is in the interest of the company that he should continue as the Vice Chairman and Joint Managing Director of the Company.

The Board of Directors, therefore recommends the re-appointment of Shri Rakesh S. Mardia as Vice Chairman and Joint Managing Director of the Company for a further term of three years commencing from 01/04/2001, in accordance with Schedule XIII read with Sections 198, 269(2) & 309 of the Companies Act, 1956 and/or subject to the approval of the Central Government, if necessary, on the following terms and conditions :

1. Salary : Rs.60,000/- per month.
 2. Period : Three years from 1.4.2001 (period of contract of appointment.)
 3. Perquisites : Perquisites payable are as under.
 - (a) Contribution to provident fund, superannuation fund or annuity fund to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
 - (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - (c) Encashment of leave at the end of tenure.
 - (d) Children's education allowance in case of children studying in or outside India, an allowance limited to a maximum of Rs.5000/- per month per child or actual expenses incurred, whichever is less. Such allowance is admissible upto a maximum of two children.
 - (e) Holiday passage for children studying outside city limits of residence of appointee or outside India, return holiday passage once in a year to children from the place of their study to the place of residence of the appointee.
 - (f) Leave travel concession:- Return passage for self and family in accordance with the rules specified by the company.
 - (g) (1) The expenditure by the company on hiring unfurnished accommodation will be subject to ceiling of 60% of salary over and above 10% payable by him.
 - (2) If the accommodation is owned by the company, 10% of the salary of the Vice Chairman and Joint Managing Director shall be deducted by the company.
 - (3) If no accommodation is provided by the company, the Vice Chairman and Joint Managing Director shall be entitled to house rent subject to a ceiling mentioned in (1) of (g) above.
- Explanation :-** The expenditure incurred by company on gas, electricity, water and furnishing shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- (h) Medical reimbursement : for self and his family will be reimbursed by the Company as per rules of the Company.
 - (i) Club fees subject to a maximum of two clubs excluding admission and life membership.
 - (j) Personal accident insurance : premium not to exceed Rs.20,000/- per year.
 - (k) Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

4. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Appointee, if the Company has no profits or its profit are inadequate, the Company will pay minimum remuneration by way of salary and perquisites as specified above".

The other terms and conditions of the re-appointment contained in the agreement executed on 29/03/2001 will remain unchanged.

The Copy of Agreement for re-appointment executed between the Company and Shri Rakesh S. Mardia, is available for inspection by members of the Company at its Registered office between 10.00 A.M. to 12.00 Noon on any working day of the company till the Annual General Meeting.

This may be treated as abstract under section 302 of the Act, of the terms of the re-appointment of the Vice Chairman and Joint Managing Director w.e.f. 01/04/2001.

Shri Rakesh S. Mardia and his relative Shri Rasiklal S. Mardia, Chairman and Managing Director of the company may be considered as interested in the aforesaid resolution. Except them no other directors of the Company is considered as interested in the resolution.

REGISTERED OFFICE :

"MARDIA PLAZA", 6TH FLOOR,
C. G. ROAD, PANCHWATI,
AHMEDABAD - 380 006.
DATE : 11th APRIL, 2001.
PLACE : AHMEDABAD

BY ORDER OF THE BOARD OF DIRECTORS
OF MARDIA CHEMICALS LTD.

(K. B. KAPADIA)
COMPANY SECRETARY

ANNUAL REPORT 2000-2001**DIRECTORS' REPORT****mardia**

Dear Shareholders,

Your directors present the Twenty Second Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS :

	(Rupees in Lakhs)	
<u>PARTICULARS</u>	2000 - 2001	1999 - 2000
TOTAL INCOME	15701.29	21319.67
GROSS PROFIT/(LOSS)	282.38	(1150.97)
INTEREST	20103.67	18096.07
DEPRECIATION	4161.80	8522.29
NET PROFIT/ (LOSS) FOR THE YEAR	(23983.09)	(27769.33)
PREVIOUS PERIOD ADJUSTMENTS	(4.10)	(435.32)
EARLIER YEARS DEPRECIATION DUE TO		
CHANGE IN METHOD OF DEPRECIATION	17635.63	NIL

OPERATIONS :

The year under review was a difficult year for the entire Industrial Segment of the country in general and for your company in particular. The recessionary trend has continued during this year also which has a severe impact on the working of the Company.

The Operations of the company during the year under review was seriously affected due to sluggish trend in the market and due to serious drought situation.

Also the severe Earthquake on 26/01/2001 in Gujarat has further disturbed the entire economy and has caused heavy damage to all walks of life. The company has also suffered damage in the Units situated at Village Sitagadh, Tal. Sayla, Dist. Surendranagar in the state of Gujarat.

As reported last year the operations in Unit No.3 i.e. Caustic Chlorine plant was discontinued due to disconnection of power supply by Gujarat Electricity Board on 16th Nov., 1999. The Board is pleased to inform that the operations of the aforesaid unit has been restarted as the power was reconnected by Gujarat Electricity Board on 20th July, 2000, on the recommendation of Government of Gujarat. The Board of Directors is thankful to the State Government for its bold decision to restart our power supply which has helped thousands of people to save their jobs. The Company has paid Rs.42.46 crores to Gujarat Electricity Board towards the power used during a period from 20/07/2000 to 31/03/2001 and thus, GEB is also benefited greatly by the order of State Government of Gujarat.

DIVIDEND :

In view of losses during the year under review, your Directors express their inability to recommend any dividend for the year 2000-2001.

CHANGE IN DEPRECIATION METHOD FROM WRITTEN DOWN VALUE TO STRAIGHT LINE METHOD :

The references filed by the Company to Board for Industrial and Financial Reconstruction (BIFR) for the year 1998-99 and 1999-2000 were not accepted mainly due to the change in the method of charging of depreciation. In the circumstances, with the objective that rehabilitation of the Company could be commenced at the earliest it is decided to revert back to the original method of charging depreciation, i.e. Straight Line Method of depreciation, inspite of its perception that the Written Down Value Method provides for a more appropriate presentation of the financial statements of the Company.

The said change also meets with the requirements of nominee Directors of ICICI and IFCI.

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

At the end of the current financial year ended on 31/03/2001, the accumulated losses exceed the net worth of the Company (even after recomputing the depreciation as per Straight Line Method), resulting in the complete erosion of the net worth of the Company by Rs.43102.37 lacs. Thus the Company is a sick industrial company as per the provisions of Section 3(1)(o) of SICA and the Company is required to make a reference to the BIFR under Section 15(1) of SICA.

Accordingly, the reference will be made by the Company to the BIFR within the time limit prescribed under the said Act.

MARDIA CHEMICALS LIMITED**DEPOSITS:**

During the year the company has not repaid fixed deposit amounting to Rs.200 lacs and interest thereon.

DIRECTORS:

Shri G. S. Agarwalla has been nominated as Nominee Director of LIC in place of Shri Kumar Sasi De.

Shri N. L. Ajwalia has been nominated as Nominee Director of Bank of India.

Shri Rajeev S. Mardia has resigned as a Director of the Company.

Shri Satish P. Mardia retires by rotation, being eligible and offer himself for re-appointment.

AUDITORS

The Auditors, M/s Mehta Lodha & Co., are retiring and are eligible for re-appointment.

AUDITORS OBSERVATIONS:

The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore, do not call for any further explanation under section 217(3) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

The information in accordance with the section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given in Annexure "A" to this report.

INFORMATION ON ENERGY CONSERVATION & TECHNOLOGY ABSORPTION:

Disclosure as required under the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988, with regard to conservation of energy, Research & Development, technology absorption, adaptation and innovation and foreign exchange earnings and outgo are given in Annexure "B" to this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm that:

- in the preparation of statement of accounts, the applicable accounting standards have been followed, unless otherwise stated.
- the Directors have selected such accounting policies and applied them and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and profit or loss of the Company for the period.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- the Directors have prepared the accounts on a going concern basis.

DEMATERIALIZATION OF SHARES OF THE COMPANY:

The Company's shares are compulsorily traded in dematerialised form and dematerialisation of shares has been effected in large number.

Those members who are desirous of opting for this facility may contact one of the Depository Participants (DP) as per their own evaluation and convenience.

ACKNOWLEDGMENTS:

Your Directors would like to express their gratitude towards Government, Share holders, Suppliers & Customers for their Valuable support at this difficult time of the Company.

REGISTERED OFFICE:

"MARDIA PLAZA", 6TH FLOOR,
C. G. ROAD, PANCHWATI,
AHMEDABAD - 380 006.
DATE : 11th APRIL, 2001.
PLACE : AHMEDABAD

BY ORDER OF THE BOARD OF DIRECTORS
OF MARDIA CHEMICALS LTD.

(RASIKLAL S. MARDIA)
CHAIRMAN & MANAGING DIRECTOR