

24TH ANNUAL REPORT 2002-2003



**BOARD OF DIRECTORS****Shri Rasiklal S. Mardia****Shri Rakesh S. Mardia****Shri A. K. Gore****Shri G. S. Agrawalla****Shri D. H. Shinde****Shri Purshottam Devanga****Shri R. S. Chaudhary***Chairman & Managing Director**Vice Chairman & Jt. Managing Director**Nominee Director of ICICI**Nominee Director of L.I.C.**Nominee Director of IFCI**Nominee Director of BOI**Executive Director***COMPANY SECRETARY****Shri K. B. Kapadia****AUDITORS****M/s. Mehta Lodha & Co.**

Chartered Accountants

REGISTERED OFFICE501, Mangal Murti Complex,
Ashram Road, Ahmedabad - 9.**24th ANNUAL GENERAL MEETING****Date** : 18th June, 2003**Day** : Wednesday**Time** : 10.00 A.M.**Place** : 501, Mangal Murti Complex,
Ashram Road, Ahmedabad - 9.**PLANTS**

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

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MARDIA CHEMICALS LIMITED**NOTICE**

NOTICE is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of **MARDIA CHEMICALS LIMITED** will be held on Wednesday, the 18th day of June, 2003 at 10.00 a.m. at the Registered Office of the Company at 501, Mangal Murti Complex, Ashram Road, Ahmedabad - 380 009 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, 2003, the audited Balance Sheet as on that date and the Directors' and Auditors' reports thereon.
2. To appoint a Director in place of Shri Rakesh S. 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 resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to section 257 of the Companies Act, 1956, Shri R. S. Chaudhary be and is hereby appointed as a Director of the company as rotational director of the company who was appointed as an Additional Director of the Company with effect from 18/01/2003 and holds the office upto the next Annual General Meeting."

5. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 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, to the appointment of Shri R. S. Chaudhry as an Executive Director of the Company for a period of Three years commencing from 18th January, 2003 on the terms, conditions and remuneration contained in the draft agreement, a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting and the Board of Directors of the Company be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 or any statutory modification thereof as may be agreed to by the Board of Directors and Shri R. S. Chaudhary.

FURTHER RESOLVED THAT the Chairman be and is hereby authorised to do all acts, deeds and things necessary and incidental for appointment of Shri R. S. Chaudhary including executing the agreement, filing requisite forms with the office of the Registrar of Companies, Gujarat within the prescribed time limit under the law."

PLACE : AHMEDABAD
DATE : 22nd APRIL, 2003.

BY ORDER OF THE BOARD OF DIRECTORS

REGISTERED OFFICE :
501, MANGAL MURTI COMPLEX,
ASHRAM ROAD,
AHMEDABAD - 380 009.

(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. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the aforesaid special business is annexed hereto
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th June, 2003 to 18th June, 2003 (Both days inclusive).
4. Members are requested to notify immediately any change of address, if any.
5. 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 or to Intime Spectrum Registry Pvt. Ltd., 211, Sudarshan Complex, Nr. Mithakhali under bridge, Navrangpura, Ahmedabad through their Depository Participant.

EXPLANATORY STATEMENT**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO.3.**

Shri Rakesh S. Mardia, retires by rotation and being eligible offers himself for reappointment.

Brief resume and nature of expertise :

Shri Rakesh S. Mardia is an Industrialist having experience of 23 years in Industry. He was appointed as a Director of the Company in 1987. He was appointed as Joint Managing Director of the Company in the year 1995.

His area of expertise includes Finance, Accounts, Taxation.

ANNUAL REPORT 2002-2003**mardia****Directorship:**

Apart from directorship in Mardia Chemicals Limited Shri Rakesh S. Mardia holds directorship of the following Companies.

1. Mardia Steel Limited.
2. Mardia Wire Rods Limited
3. Mardia Securities Limited
4. Mardia housing And Infrastructure Finance Limited

Your Directors recommend reappointment of Shri Rakesh S. Mardia as a Director.

No director, other than Shri Rakesh S. Marida and Shri Rasiklal S. Mardia are concerned or interested in the said resolution.

ITEM NO.4 :

Breif resume and nature of expertise :

Shri R. S. Chaudhary was appointed as an Additional Director in the meeting of the Board of Directors held on 18/01/03. By virtue of provisions of Section 260 of the Companies Act, 1956, Shri R. S. Chaudhary is holding office of director only upto the date of this Annual General Meeting. Notice in writing has been received from a member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri R. S. Chaudhary as a candidate for the office of Director. He is a Chemical Engineer and his area of expertise includes Production of Chemicals & Administration. Shri R. S. Chaudhary has experience of Chemical Industry for more than 30 years

Directorship:

He is not director in any other Company.

Your Directors recommend appointment of Shri R.S. Chaudhary as a Director.

No director, other than Shri R. S. Chaudhary is concerned or interested in the said resolution.

ITEM NO.5 :

The Board of Directors, had subject to approval of shareholders of the Company appointed Shri R. S. Choudhary as Executive Director of the Company for a term of three years w.e.f. 18th January, 2003, in accordance with Schedule XIII read with Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 on the terms and conditions stated hereunder and as set out in the draft agreement for appointment.

1. Salary : Rs.21000/- P. M. in the grade of Rs.3,000 - Rs.27000 - Rs.4000 - Rs.39000/-
2. Period : 3 years begins from 18th January, 2003.
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) Leave Travel Allowance:- 5% of Basic Salary.
- (d) Site Allowance:-10% of Basic Salary only when services are located at Mardia Nagar.
- (e) Periodical Allowance:- Rs.1833/- per month or as applicable to his grade from time to time.
- (f) Special Duty Allowance Rs.5000/- p.m.
- (g) Bonus :- As per the Bonus Act (subject to the Managements discretion.)
- (h) Free-use of fully furnished residential accommodation for residence will be provided to the appointee by the Company subject to deduction 10% of the salary of the appointee.
- (i) Provision of car with driver 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 purposes shall be billed by the company to the individual appointee concerned.
- (j) Medical Allowance : Reimbursement of actual medical expenses subject to ceiling of one month salary in a year or three months salary over a period of three years.

4. Minimum Remuneration :

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

Draft of Agreement for appointment to be executed between the Company and Shri R. S. Choudhary, is available for inspection by members of the Company at its Registered office between 10.00 a.m. and 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, of the terms of the appointment of the Executive Director w.e.f. 18th January, 2003.

The resolution for appointment of Shri R. S. Choudhary as an Executive Director is recommended to the members for approval. Shri R. S. Choudhary may be concerned or interested in the aforesaid resolution to the extent remuneration payable to him. Except him no other directors of the Company is concerned or interested in the resolution.

PLACE : AHMEDABAD

BY ORDER OF THE BOARD OF DIRECTORS

DATE : 22nd APRIL, 2003.

REGISTERED OFFICE :

501, MANGAL MURTI COMPLEX,
ASHRAM ROAD,
AHMEDABAD - 380 009.

(K. B. KAPADIA)
COMPANY SECRETARY

MARDIA CHEMICALS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your directors presents the **Twenty Fourth Annual Report** of your Company together with the audited statement of accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

(Rupees in Lakhs)

PARTICULARS	2002 - 2003	2001 - 2002
TOTAL INCOME (Gross)	23014.17	20683.28
GROSS PROFIT/(LOSS) BEFORE INTREST & DEPRECIATION	1115.28	538.99
INTEREST	362.92	26638.16
DEPRECIATION	4145.98	4158.24
NET PROFIT/ (LOSS) FOR THE YEAR	(3393.62)	(30257.41)
PREVIOUS PERIOD ADJUSTMENTS (Expenses)	132.07	1481.44

OPERATIONS:

Your company has recorded successive growth in the Total Income and PBIDT in the year, inspite of adverse situations due to riots, war and overall recessionary market condition. The Total Sales has risen to Rs. 23014.17 lacs, which reflects growth of 11% over the previous financial year and the PBIDT level has risen to Rs. 1115.28 lacs, which reflects growth of about 107% over the previous financial year. The indigenous raw-material consumption for the year has increased to 95%, as compared to 81% during the previous financial year. Your company could pay Rs. 1350 lacs towards the past arrears to Bank, GEB and Naval Group Insurance Fund. The improvement in the performance of the company is attributed to the commitment and hard-work of the employees to bring the company to the path of revival & growth.

Your company could not operate the plants at optimum capacity mainly due to working capital constraints and high power cost. The Caustic Chlorine Plant is a highly electricity incentive plant and electricity cost of this plant alone was Rs. 7399.59 lacs against the total power cost of Rs. 8238.90 Lacs. Against sales of Rs. 8688.67 Lacs from Caustic Chlorine plant the power cost works out to 85% of the Sales Value (net of excise) of this plant. There has been wide coverage in the media regarding the legal cases against the Company and various other issues. The Board feels that the shareholders of the Company be informed through this report on the various issues raised in the media.

As you are aware, the Mardianagar unit of your company had faced closure of 7 months during the financial year 1996-97 and since then, the company has not been able to achieve net profit. As reflected in the table below, the total loss suffered by your company since 1996-97 is Rs. 153400.13 lacs, out of which Interest and Depreciation amounts to Rs. 152351.47 lacs. Thus the loss before interest & depreciation since 1996-97 is Rs. 1048.66 lacs only.

Year	Net Profit(+) / loss (-) before interest and depreciation	Interest	Depreciation	Net Loss
1996-97	-1331.32	4339.12	1395.68	7066.12
1997-98	3805.09	3750.99	1454.32	1400.22
1998-99	-4308.11	14114.47	10016.30	28438.88
1999-00	-1150.97	18096.07	8522.29	27769.33
2000-01	282.38	20103.67	4161.80	23983.09
2001-02	538.99	26638.16	4158.24	30257.41
2002-03	1115.28	31454.38	4145.98	34485.08
TOTAL	-1048.66	118496.86	33854.61	153400.13

* Includes interest amount of Rs. 31091.46 lacs not provided for in the books of accounts.

As could be seen from the above table, your company is burdened with significant interest cost. During the year 1995, your company had prepaid the entire loan amount to all the financial institutions who accepted the pre-payment. ICICI Ltd had also accepted the pre-payment and entire outstanding of ICICI was paid with prepayment premium, making their outstanding amount NIL in the month of November 1994. The expansion project worth Rs. 551 crores were appraised by ICICI as lead Institution in the year 1995-96 and ICICI sanctioned Rs. 158.50 crores and the total commitment of the Financial Institutions was Rs. 400.31 Crores. However, net disbursement made available to complete the project by all banks/ financial institutions was Rs. 177.46 crores against the committed amount of Rs. 400 crores. The net position on Disbursement, Interest adjustment are reflected in the table below

Bank / FIs	Gross Disbursement as per banks record	Interest Adjustment	Principal Adjustment	Net disbursement	Interest upto 31.3.2002	Interest for 2002-03	Interest upto 31.3.2003
ICICI	157.70	41.65	60.00	56.05	149.34	65.19	214.52
IFCI	93.20	24.93	20.00	48.27	132.35	50.15	182.50
IIBI	32.00	16.31	-	15.69	47.92	19.01	66.94
LIC	19.74	1.63	-	18.11	48.95	19.34	68.29
GIC	2.48	0.19	-	2.29	5.07	1.76	6.84
NIA	2.48	0.08	-	2.40	5.16	1.82	6.98
OIC	1.49	0.16	-	1.33	3.87	1.48	5.35

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NATIONAL INS.	1.49	0.04	-	1.45	2.70	0.76	3.46
UNITED INDIA	1.98	0.19	-	1.79	5.47	2.23	7.70
BOB	19.77	0.00	-	19.77	21.21	6.73	27.94
IDBI	4.00	3.25	-	0.75	4.48	1.79	6.27
INDUSIND BANK	9.50	2.00	-	7.50	4.69	1.66	6.35
BANK OF INDIA	2.06	0.00	-	2.06	2.36	0.75	3.11
CORPBANK	0.00	0.00	-	0.00	0.00	0.00	0.00
TOTAL	347.89	90.43	80.00	177.46	433.56	172.68	606.25

The balance funding for the expansion project of Rs. 551 crores were met by the promoters by contributing Rs. 180 crores (as against their commitment of Rs. 100 crores) and Rs. 110.89 crores by internal accruals & others (as against the commitment of Rs. 50.78 crores), as reflected in the table below. Your company has received last disbursement from banks / FIs in 1997-98 and since then, no financial support has been made available by any bank or FI.

Particulars	Commitment as per appraisal	Actual Disbursements / funding		Short disbursement (-) / Excess Funding (+)	
		Rs. in Crores	In %	In %	Rs. in Crores
Institutions / banks	400.31	177.46	37.89%	(-) 55.67 %	(-) 222.85
Promoters	100.00	180.00	38.43%	(+) 80.00%	(+) 80.00
Internal Accruals/ Short term loans / creditors.	50.78	110.89	23.68%	(+) 118.37%	(+) 60.11
Total	551.09	468.35	100.00%		(-) 82.74

- In spite of above short disbursement of Rs. 222.85 crores, the company could complete out of its 551 crores projects appraised by the lead institution ICICI, project like CCP (with world-class technology), Sulphuric Acid, CSA and CHNP, except Nitro Aeromatic plant. The investment made by your company in the Caustic Soda Project with a capacity of 343 tons per day, which represents a bulk of the investment made for the new projects, is comparable to the World Industry standards in terms of quality of asset and Capital Cost per ton of output. If the company would have received full disbursement as committed by ICICI and others, the sickness of the company could have been avoided and company would have completed its power plant of 72 MW, which has already been imported by the company and is lying in custom bonded warehouse. If institutions would have disbursed their committed amount, your company would have been able to utilise its extra amount invested in the project to the tune of over Rs. 140 crores to complete its power plant, and would have remained with sufficient fund to meet the working capital requirement and the present fate of the company would not have taken place.

FUTURE PLAN :

During the first week of the current month, addressing the CII (Confederation of Indian Industry) meet, the Hon. Finance Minister asked the Banks not to discriminate between borrowers. Keeping hope on the Finance Minister's specific advice to the Bank and Financial Institutions not to discriminate the borrowers, your company has already made a request to ICICI and others to consider your company's rehabilitation proposal. Proposal if accepted by the Institutions would enable the Company to complete captive power project and also revive other plants and to meet working capital requirements. The company can thus create a turnaround situation. Your company proposes to find out a joint venture partner for rehabilitation.

The proposal of the company is in line with Financial Restructuring by banks & financial institutions to other industries wherein large concessions are given in the form of rescheduling on of the loan installments: waiver of interest, penal interest and even the waiver of major portion of the principal amount. To some large industrial houses, where exposure of ICICI's and others' lending is several times, more than that of your company, restructuring and concessions are given several times, whereas your company has not been given restructuring even once, in spite of the known fact that your Company suffered losses not because of management failure but mainly because of firstly, closure of plants for 7 months in the year 1996-97 and thereafter hostile approach of Financial Institutions led by ICICI not to disburse committed amount of project. Your company has been repeatedly requesting the lead institution, ICICI Bank Ltd. to grant the restructuring of the loan with a view to revive the company. The first such request was made to Mr. K. V. Kamath, CEO & MD of the Lead institution, ICICI Ltd. on 10-11-1997, but unfortunately, ICICI Bank Ltd. the Lead Institution has prejudicially not granted any financial restructuring till date.

DIVIDEND :

In view of losses during the year under review, your Directors express their inability to recommend any dividend for the year 2002-2003.

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

The Appeal filed by the company before Appellate Authority for Industrial & Financial Reconstruction [AAIFR], against rejection of the reference filed by your company based on the accounts for the financial year 2000-01, has been accepted by the AAIFR. The AAIFR set aside the order with the following observation :

"Para 35 of the AAIFR order reads as under :-

Obviously, the BIFR has not considered the replies submitted by the Company in pursuance of its order dated 28.8.2001 and observation is not fair, proper and justified and shows lack of application of mind by the BIFR. BIFR has wrongly noticed in para 7 of its order dated 9.3.2001 had observed that the Company had not submitted its explanation on this issue. Obviously, that explanation was also not considered and ignored.

Para 54 of the AAIFR order reads as under:-

The appeal is accepted, the impugned order is set aside and the case is remanded to BIFR for re-decision in accordance with law keeping in view the observation made above.

Meanwhile, the company had filed a reference before BIFR based on its financial accounts for the year 2001-02. During the hearing held on 2.9.2002, the BIFR had asked the company to submit a Rehabilitation proposal, which your company has submitted in October, 2002. However, based on the intimation of ICICI, the reference of the company is abated by the BIFR vide its order dated 13.02.2003, as per the Schedule to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, which is under challenge before Hon. Supreme Court. The company has preferred an appeal before AAIFR against the abatement of the reference and the appeal is pending.

MARDIA CHEMICALS LIMITED

As per the provisions of the Sick Industrial Companies (special provisions) Act, it is obligatory on the part of a sick industrial unit to file a reference before the BIFR. The financial accounts of the company for the current financial year 2002-03 reflects that the net-worth of the company is eroded and the company is a sick unit. As per the statutory stipulation and the legal advice obtained by the company, the company will be filing the reference before the BIFR.

SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002

Under the Securitisation Act, firstly ICICI Bank Limited and then IDBI, Indus Ind Bank Ltd and L.I.C. had issued notices to your company. Your company has challenged the said notices as well as the Act and the petition filed by your company is pending before Honourable Supreme Court of India.

In the meanwhile ICICI Bank Limited, with the consent of the secured creditors has taken the possession of the movable assets situated at Vatva plant of the Company. The Vatva unit of the company is lying closed since February 1997.

COMPANYS' CLAIM AGAINST ICICI BANK LTD.

Your company had filed a civil suit before City Civil Court, Ahmedabad against ICICI Bank Ltd, Mr K V Kamath, its CEO & MD and Ms Lalita Gupte, its Jt. M.D. claiming damages of Rs. 5631.44 crores, for damages suffered by your company due to non-disbursements of the sanctioned loan amount and the prejudiced attitude of ICICI and its senior management. The City Civil court had ordered to transfer the case before Debt Recovery Tribunal, Mumbai. Your company had filed a petition before Hon. Gujarat High Court, challenging the City Civil Court's order. The Hon. High court directed that the suit be proceeded before City Civil Court, Ahmedabad against Mr K.V.Kamath, CEO & MD of ICICI and Ms Lalita Gupte, Jt M.D. of ICICI and the company may file a counter-claim before Debt Recovery Tribunal, Mumbai for claiming damages against ICICI Bank Ltd. Accordingly, your company has filed a counter-claim before Debt Recovery Tribunal, Mumbai and the said counter-claim is pending before Debt Recovery Tribunal at Mumbai. The suit against Mr K. V. Kamath, CEO & MD of ICICI and Ms Lalita Gupte, Joint MD, ICICI is pending before the City Civil Court, Ahmedabad. Your company has also filed a counter claim before Debt Recovery Tribunal, Ahmedabad against IDBI for Rs. 2195.55 crores.

DEPOSITS:

During the year the company has paid Rs. 20 lacs against total overdue deposits of Rs. 200 lacs and interest thereon.

DIRECTORS:

Bank of India had replaced the nominee director Shri Purshottam Devanga with effect from 31-7-2002, in place of Shri N.L. Ajwalia. Shri Satish P. Mardia, Director of the Company has resigned as a Director of the Company with effect from 28-11-2002.

The Board of Directors of the Company has appointed Shri R. S. Chaudhary as additional director of the Company with effect from 18-1-2003 who hold the office of Director upto the conclusion of the next Annual General Meeting. The Company has received notice from a member proposing his candidature for appointment as a Rotational Director in the forthcoming Annual General Meeting and he has given his consent to act as a director, if reappointed. Shri Rakesh S. Mardia retires by rotation in the forthcoming Annual General Meeting, being eligible and offer himself for reappointment.

AUDITORS:

Your Directors request you to appoint Auditors for the current financial year and fix their remuneration.

AUDITORS OBSERVATIONS:

The qualification made by the Auditors' of the Company at Serial No. 6 (i) & (ii) are clarified as under.

1. The company has not made the provision of interest, penal interest and liquidated damages amounting to Rs. 31091.46 lacs on secured and unsecured loans as these have become non performing assets in the books of the Lenders.
2. The company has not made the provision of Rs. 414.09 lacs in respect of debtors which are doubtful of recovery as the management has initiated the necessary steps for recovery.

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, is NIL.

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 is given in Annexure "A" to this report.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance and Management discussion and Analysis Report forms part of the Annual Report of the Company is annexed. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm that

- a. in the preparation of statement of accounts, the applicable accounting standards have been followed, unless otherwise stated.
- b. the Directors have selected such accounting policies and applied them and made judgments 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.
- c. 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.
- d. 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 (DPS) as per their own evaluation and convenience.

As per the direction of SEBI the Company has appointed Intime Spectrum Registry Private Limited as Share Transfer Agent for carrying out Share Registry work in Physical as well as in Demate mode.

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.

FOR AND ON BEHALF OF THE BOARD

PLACE : AHMEDABAD.
DATE : 22ND APRIL, 2003.
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(RASIKLAL S. MARDIA)
CHAIRMAN & MANAGING DIRECTOR

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Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :**a. Energy conservation measures taken.**

1. Steam generated while manufacturing Sulphuric Acid, is being utilised in power turbine chilling plant and CCP. This conserves substantial power fuel.
2. The company recovers hot water from the steam line for recycling in the boiler which helps to save the fuel.
3. Hydrogen which is a by-product in CCP is being utilized as fuel.
4. Various High Power Motors are changed with adequate required horse power motors.

b. Additional investments and proposals, if any, are being implemented for reduction of consumption of energy :

1. Improvement in utilisation of energy intensive equipments and machineries.
2. Introduction of new energy efficient technologies.
3. Implementation of suggestions made by technical agencies.

c. Impact of the measures (a) and (b) for the reduction of energy consumption and consequent impact on the cost of production of goods :

There has been a substantial saving in the energy consumption. But due to very high energy cost in our Caustic Chlorine Plant the impact on saving of the energy cost is negligible.

d. Total energy consumption and the energy consumption per unit of production :

	Current Year 2002-2003	Previous Year 2001-2002
i. Power and fuel Consumption		
1. ELECTRICITY :		
a. Purchased	169160976	157482168
Units (In KWH)	829024849	735597081
Total Amount Rs.	Rs.4.96/Kwh	Rs. 4.67/Kwh
Rate Per Unit KWH.		
b. Own Generator		
Through Diesel Generator Units in KWH	19204	4050
Units per litre of Diesel (in KWH)	2.61 Kwh/Ltr	1.858 Kwh/Ltr
Diesel Oil Cost/Unit	Rs.9.38/Kwh	10.62/Kwh
Through Steam turbine/Generator Units	NIL	NIL
Units per litre of Fuel/oil/Gas	NIL	NIL
Cost / Units	NIL	NIL
2. COAL(Specify Qty and where used)		
Quantity (In Kgs.)	NIL	NIL
Total Cost Rs	NIL	NIL
Average Rate Rs.	NIL	NIL
3. FURNACE OIL		
Quantity (In Litre)	376426	3285986
Total Cost Rs.	37911006	26672161
Average Rate Rs.	10.07	8.11
4. Others (LDO & Diesel)		
Quantity (In Litre)	459772	653300
Total Cost Rs.	5911660	8412445
Average Rate Rs.	12.85	12.88
ii. Consumption per unit produced		
Production (MT)	519898	472565
Electricity (Units) PMT	325.39	333.25
Furnace oil(Litres) PMT	7.24	6.95
Coal (Kgs)PMT	NIL	NIL