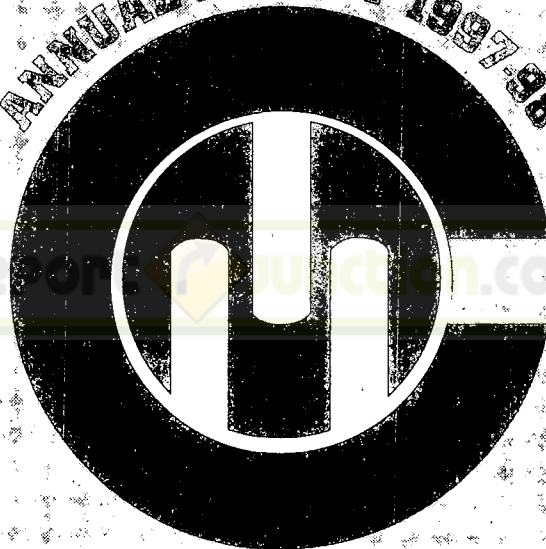


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YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

18th

ANNUAL REPORT 1997-98



**MUNAK CHEMICALS LIMITED**





## MUNAK CHEMICALS LIMITED

### BOARD OF DIRECTORS

#### Managing Director

V.K. Garg

#### Directors

V.P. Goyal

H.R. Garg

Ravinder Kumar

#### Whole-Time Director

P.D. Sharma

#### Company Secretary

Anil Jain

#### Auditors

#### Statutory Auditors

S.C. Dewan & Co.

#### Tax Auditors

Kalia Gupta & Associates

#### Bankers

State Bank of India

#### Registered Office and Works :

A-9 to A-15

Industrial Area, Focal Point

Dabwali Road

Bathinda 151 001 (Punjab)

#### Administrative Office :

SCO 1-2, (1st Floor)

Sector 26, Madhya Marg

Chandigarh 160 026

#### Regional Office

B-316 to B-319

Som Dutt Chambers-1

Bhikaji Cama Place

New Delhi-110 066

### CONTENTS

Notice .....	2
Director's Report .....	6
Auditors' Report .....	9
Balance Sheet .....	12
Profit & Loss Account .....	13
Schedules & Notes on Accounts .....	14

## MUNAK CHEMICALS LIMITED

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### NOTICE

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Shareholders of MUNAK CHEMICALS LIMITED will be held on Wednesday 30th September, 1998 at 11.30 A.M. at Dunes Club, Opp. Rajendra College, Mansa Road, Bathinda - 151 001 (Punjab) to transact the following business :-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statements of Accounts for the year ended 31st March, 1998 and reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ravinder Kumar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of 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 a **SPECIAL RESOLUTION** :

"RESOLVED THAT subject to the approval of Central Government pursuant to the provisions of section 198, 269, 309, 316(2) and other applicable provisions if any of the Companies Act, 1956, read with schedule XIII to the Companies Act, 1956, and subject to such sanction(s) as may be necessary, Shri Vijay Kumar Garg be and is hereby re-appointed as Managing Director of the Company for a further period of five years effective from 1st July, 1998, on the terms and conditions including remuneration to be paid to him by way of commission @ 5% on the net profits of the Company in any Financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take steps expedient or desirable to give effect to this resolution."

5. To consider and, if thought fit to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT Shri Prabhu Dutt Sharma be and is hereby appointed as Director of the Company."

6. To consider and, if thought fit to pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT subject to the approval of Central Government pursuant to the provisions of section 198, 269, 309, 314 and other applicable provisions if any of the Companies Act, 1956, read with schedule XIII to the Companies Act, 1956 and subject to such sanction(s) as may be necessary, Shri Prabhu Dutt Sharma be and is hereby appointed as Wholtime Director of the Company for a period of three years effective from 1st June, 1998 on the following terms & conditions :-

- i) Shri Prabhu Dutt Sharma to perform duties and exercise such powers as are entrusted to him by the Board/ Managing Director.



- ii) Shri Prabhu Dutt Sharma to work for the Company and discharge his duties to the best of his abilities.

#### **REMUNERATION :**

- a) **Salary** : Rs. 11,200/- per month with annual increment of Rs. 1200/-
- b) **Perquisites** : Shall be allowed in addition to salary and classified into three categories A, B, C as follows :-

#### **Category A :**

- i) **Housing** : He will be entitled to House Rent Allowance @ 40% of the Salary.
- ii) **Dearness Allowance** : He will be entitled to dearness allowance @ 7.5% of the salary.
- iii) **Medical Re-imbursement** : He will be entitled to Medical re-imbursement of one month salary in a year or three months salary in a block of three years as per rules of the Company.
- iv) **Leave Travel Concession** : Leave travel concession for self and family as per rules of the Company.
- v) Any other benefits/facilities/allowances as may be allowed under Company rules/schemes.

#### **Category B :**

- i) Contribution to Provident Fund, Superannuation fund and Annuity Fund will not be included in computation of ceiling on remuneration to the extent these are not taxable under Income Tax Act, 1961.
- ii) **Gratuity** : Gratuity payable shall be in accordance with rules of the Company.
- iii) **Earned Leave** : Earned Leave on full pay and allowances as per rules of the Company.
- iv) Encashment of leave as per rules of the Company.

#### **Category C :**

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance telephone calls and use of Car for private purpose will be billed to the Appointee.

During the Currency of tenure of the Whole-Time Director, if the Company has no profits or its profits are inadequate, it will pay above remuneration by way of salary and perquisites as minimum remuneration.

No Director of the Company except Shri Prabhu Dutt Sharma is concerned or interested in the resolution.

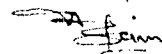
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution".

## MUNAK CHEMICALS LIMITED

### 7. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution :-

"RESOLVED THAT pursuant to section 81(1-A) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to issue and allot 2,48,600 (two lac forty eight thousand six hundred) equity shares of Rs. 10 each at par ranking pari-passu with the existing equity shares of the Company to the Financial Institutions viz. the Industrial Finance Corporation of India Ltd., Industrial Development Bank of India, the Industrial Credit & Investment Corporation of India Ltd. in order to settle part dues of said financial institutions."

By order of the Board  
for Munak Chemicals Limited



(ANIL JAIN)

Company Secretary

Place : New Delhi

Dated : 27th August, 1998

### NOTES

1. Explanatory Statement as required under section 173 of the Companies Act, 1956, in respect of item No. 4 to 7 is annexed hereto
2. A member entitled to attend and vote at meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member of the Company. The proxy in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
3. The register of members and share transfer books of the Company will remain closed for two days from 29th September, 1998 to 30th September, 1998 (Both days inclusive).
4. Members are requested to notify any change in their address.
5. Members are requested to bring their copy of Annual report at the meeting hall.

### EXPLANATORY STATEMENT

(Explanatory Statement pursuant to section 173(2) of the companies Act. 1956)

#### Item No. 4

Shri Vijay Kumar Garg was appointed as Managing Director of the Company for five years from 1st July, 1993 which was approved by the Central Government vide its letter No. 4/371/93-CL.IX dated 12th October, 1993 and shareholders in the thirteenth Annual General Meeting held on 30th March, 1994 without remuneration. The term of Shri Vijay Kumar Garg as Managing Director expired on 30th June, 1998.

The Board of Directors has, at its meeting held on 25th May, 1998, re-appointed Shri Vijay Kumar Garg as Managing Director of the Company without any remuneration for another period of five years effective from 1st July, 1998.

Since Shri Vijay Kumar Garg had been working as Managing Director of the Company for the last five years without any remuneration, therefore, the Board of Directors in its meeting held on 27th August, 1998 have decided to pay him a commission of 5% on the net profits of the Company which will be subject to approval of shareholders and the Central Government and after complying with other



applicable provisions of the Companies Act, 1956.

Directors commend that the proposed resolution be approved.

No Director of the Company except Shri H.R. Garg and Shri Vijay Kumar Garg himself are concerned or interested in the resolution.

#### Item No. 5

Shri Prabhu Dutt Sharma, who was appointed additional Director of the Company by the Board of Directors of the Company, holds office upto the date of this meeting. A notice in writing has been received from a member under section 257 of the Companies Act, 1956 signifying his intention to propose appointment of Shri Prabhu Dutt Sharma as Director of the Company.

Shri Prabhu Dutt Sharma is having vast experience in the field of factory management and operations. It is desirable that the Company should continue to avail of his services as a Director of the Company.

Directors commend that the proposed resolution be approved.

No Director of the Company except Shri Prabhu Dutt Sharma is concerned or interested in the resolution.

#### Item No. 6

Shri Prabhu Dutt Sharma is proposed to be appointed as a Director of the Company. As he is in Wholetime employment of the Company as its General Manager, the Board of Directors in its meeting held on 25th May, 1998 have appointed him as Wholetime Director of the Company, subject to the approval of shareholders and Central Government, for a period of three years effective from 1st June, 1998 on the terms and conditions stated in the proposed resolution.

Directors commend that the proposed resolution be approved.

No Director of the Company except Shri Prabhu Dutt Sharma is concerned or interested in the resolution.

#### Item No. 7

In terms of rehabilitation scheme sanctioned by the Appellate Authority of Industrial and Financial Reconstruction (AAIFR) New Delhi, Company has to allot 2,48,600 Equity shares of Rs. 10 each at par to the Financial Institutions viz. IFCI, IDBI and ICICI. As a part of scheme such shares shall be ranking pari-passu with the existing equity shares of the Company.

In terms of section 81 (1-A) of the Companies Act, 1956, the proposed resolution is recommended for being passed as a Special Resolution.

None of the Directors is interested in the proposed resolution.

Copy of the rehabilitation scheme will be available for inspection by the members between 11.30 hours to 13.30 hours on any working day at the Registered Office of the Company as well as at the meeting.

By order of the Board  
for Munak Chemicals Limited

(ANIL JAIN)  
Company Secretary

Place : New Delhi

Dated : 27th August, 1998

## MUNAK CHEMICALS LIMITED

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### DIRECTORS' REPORT

Your Directors take pleasure in presenting to you the Eighteenth Annual Report and Audited Statements of Accounts for the year ended 31st March, 1998.

### FINANCIAL RESULTS

The gross turnover during the year under report was Rs. 1384 lacs as compared to Rs. 1055 lacs, in the previous year. After providing for depreciation amounting to Rs. 48.53 lacs, the working results showed a surplus of Rs. 2.56 lacs.

### PRODUCTION

The production during the year under report was 39963 M.T. of Single Super Phosphate and 26208 M.T. of Sulphuric Acid as against 16553 M.T. and 17925 M.T. respectively in the previous year.

### SALES

During the year under report your company had sold 34995 M.T. of Single Super Phosphate and 11841 M.T. of Sulphuric Acid as against 21474 M.T. and 13159 M.T. respectively in the previous year.

### REHABILITATION SCHEME

As informed to you in the last Report, an appeal was filed with the Appellate Authority of Industrial and Financial Reconstruction, New Delhi (AAIFR)) against the order dated 30.05.1997 of BIFR.

In pursuance of the AAIFR's order, at the joint meeting of the FI's, Bank and Promoters, terms of one time settlement (OTS) were negotiated and accepted. The scheme has been finally sanctioned by the Appellate Authority of Industrial & Financial Reconstruction vide its order dated 29th July, 1998, for its implementation. Salient features of scheme is as under :-

The cost of rehabilitation scheme has been to the tune of Rs. 974 lacs out of which Rs. 804 lacs payable towards one time settlement (OTS) to FI's and Bank and Rs. 170 lacs required for working capital. The scheme will be financed in the form of Promoters contribution by way of unsecured loan/equity for Rs. 620 lacs, internal accruals Rs. 329 lacs and allotment of equity shares to financial institutions for Rs. 25 lacs. As per the scheme sanctioned, net worth of the company would turn positive in the year 2000-2001 and accumulated losses will be wiped out in the year 2005-2006. As a result of the above scheme, Company hopes to run its plant efficiently and profitably which would in turn enhance the shareholders wealth.





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## **FUTURE PROSPECTS**

In view of the Rehabilitation of the Company, your Directors are hopeful to achieve better results in the current financial year. Your Company is expected to generate a cash Profit of Rs. 125 lacs in the current financial year.

## **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the Public during the year.

## **DIRECTORS**

Shri Vijay Kumar Garg, Managing Director of the Company whose term of office expired on 30th June, 1998 has been re-appointed Managing Director of the Company by the Board of Directors of the Company in their meeting held on 25th May, 1998 for a further period of five years w.e.f. 1st July, 1998 subject to the approval of shareholders of the Company and the Central Government.

The Board of Directors in their meeting held on 25th May, 1998 have appointed Shri Prabhu Dutt Sharma as additional Director of the Company and will hold office upto the date of Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956, from a member of the Company signifying his intention to propose candidature of Shri Prabhu Dutt Sharma as Director of the Company. Considering Shri Prabhu Dutt Sharma's considerable experience in Chemicals Industry, your Directors have appointed him as wholtime Director of the Company for a period of three years from 1st June, 1998 subject to the approval of shareholders of the Company and the Central Government.

Shri Ravinder Kumar, Director of the Company retires by rotation under article 123 of the Articles of Association of the Company and being eligible offers himself for re-appointment.

## **AUDITORS**

M/s S.C. Dewan & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

## **PARTICULARS OF EMPLOYEES**

The particulars of employees pursuant to the provision of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, is not annexed since none of the employees is in receipt of remuneration higher than the limit fixed in the said Section.

## **MUNAK CHEMICALS LIMITED**

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### **ENERGY CONSERVATION**

The particulars with respect to conservation of energy etc. as required under section 217(1)(e) of Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules ;1988, are annexed and form part of this report.

### **ACKNOWLEDGEMENTS**

Your Directors wish to convey thanks to all concerned departments of Central, State Governments, Financial Institutions led by IFCI and State Bank of India for their continued co-operation.

Your Directors also express their appreciation of the dedication shown by each employee of the Company during the year.

For and on behalf of the Board of Directors



Place : New Delhi  
Date : 27th August, 1998

(Ravinder Kumar)  
Director

(V.K. Garg)  
Managing Director