



20th ANNUAL REPORT 1999-2000



MUNAK CHEMICALS LIMITED



MUNAK CHEMICALS LIMITED
BOARD OF DIRECTORS
Managing Director

V.K. Garg

Directors

H.R. Garg

Ravinder Kumar

Whole-Time Director

P.D. Sharma

Company Secretary

Anil Jain

Auditors

S.C. Dewan & Co.

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

1004, Bhika Ji

Cama Bhawan

New Delhi - 160 066

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MUNAK CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Shareholders of **MUNAK CHEMICALS LIMITED** will be held on Friday 29th September, 2000 at 11.30 AM. at Dunes Club, Opp. Rajendra College, Mansa Road, Bathinda-151 001 (Punjab) to transact the following business:-

1. To receive, consider and adopt the Audited Statements of Accounts for the year ended 31st March, 2000 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 reappointment.
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.

By order of the Board
for MUNAK CHEMICALS LIMITED



PLACE: CHANDIGARH
DATED: 30th August, 2000

(ANIL JAIN)
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/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.
2. The Register of Members and Share Transfer Books of the Company will remain closed for three days from 27th September, 2000 to 29th September, 2000 (Both days inclusive).
3. Members are requested to bring their copy of Annual Report at the meeting.
4. Members are requested to notify any change in their address to the Company immediately.



DIRECTOR'S REPORT

Your Directors take pleasure in presenting to you the Twentieth Annual Report and Audited Statements of Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

The company has shown dismal performance during the year under report due to unfavourable policies of the Government of India towards fertilizer industry in general and Single Superphosphate Industry in particular coupled with glut situation created in DAP fertilizer in the market. This has adversely affected the market of Single Super Phosphate Industry and your company is one of the victims. Plants in the state of Punjab and other parts of the country have either been closed down or incurring huge losses. Despite all odds your Company is making efforts to achieve the better performance in the coming year.

Your company has made gross turnover of Rs.936.20 lacs as compared to Rs.1362.59 lacs in the previous year. After providing for depreciation amounting to Rs.50.84 lacs, the working results showed a marginal profit of Rs.1.34 lacs as against a profit of Rs.52.16 lacs in the previous year.

PRODUCTION

Production during the year under report was 17261 MT of Single Superphosphate and 18901 MT of Sulphuric Acid as against 27308 MT and 21165 MT respectively in the previous year.

SALES

During the year under report your Company had sold 18022 MT of Single Superphosphate and 13837 MT of Sulphuric Acid as against 32912 MT and 11858 MT respectively in the previous year.

REHABILITATION SCHEME

As per Rehabilitation Scheme, the company has received funds from the promoters and his associate companies and allotted them 15 lac equity shares of RS.10/- each at par amounting to Rs.150 lacs during the year under report. As on the date of the report, the Company has cleared all dues of the Financial Institutions and Bank as per the Rehabilitation Scheme approved.

FIXED DEPOSITS

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

DIRECTORS

Sh. Ravinder Kumar, Director of the company retire by rotation under article 123 of the Articles of Association of the company and being eligible offers himself for re-appointment.

MUNAK CHEMICALS LIMITED

AUDITORS

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

AUDITORS REPORT

Explanation to observations of the Auditors is as follows :-

NOTE NO. 8

Efforts are being made to reconcile the Debit/Credit balances. Confirmation from some of the customers and suppliers is awaited.

NOTE NO. 12

The land was allotted to the Company on 99 years lease hold basis by PSIEC. The dispute was in regard to the total price of the land allotted by PSIEC and as such write-off in respect of land will be provided after dispute is resolved.

NOTE NO. 14

No provision for doubtful debts has been made as efforts are being made to recover the debts. In the opinion of Management all debts appears to be good.

NOTE NO. 17

Shri Vijay Kumar Garg raised loan from State Bank of India and gave it to the Company. The SBI disputed the demand with Shri Vijay Kumar Garg. Shri Vijay Kumar Garg has offered a settlement proposal to the Bank and in terms of settlement reached with SBI, the necessary provision will be made in the Books of Accounts.

PARTICULARS OF EMPLOYEES

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 was in receipt of remuneration higher than the limit fixed in the said section.

ENERGY CONSERVATION

The particulars with respect to conservation of energy etc. as required under section 217(l)(e) of the 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.

TRANSITION TOY2K

The Company had smooth transition to the Year 2000. No major expenses were incurred on this account.



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 the employees of the Company during the year.

for and on behalf of the Board of Directors

PLACE : CHANDIGARH

(P.D. SHARMA)

(V.K. GARG)

DATE : 30ST AUGUST, 2000

WHOLE TIME DIRECTOR

MANAGING DIRECTOR

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MUNAK CHEMICALS LIMITED

AUDITORS' REPORT

To

The Shareholders,

Dear Sir,

We have audited the attached Balance Sheet of **M/S MUNAK CHEMICALS LIMITED** as at 31st March, 2000 and the Profit and Loss account for the year ended on that date and report that :

1. As required by the Manufacturing & other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in Annexure a Statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we state that :
 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 4. In our opinion, the Balance Sheet and the Profit and the Profit & Loss Account comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies, Act, 1956.
 5. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account subject to Note No. 8 regarding unconfirmed and unreconciled debit and credit balances of customers and suppliers, Note No. 12 regarding non-provision of write off in respect of leasehold land, Note No. 14 regarding non-provision of doubtful debts, Note No. 17 regarding non-provision of interest on loan obtained from Sh. V. K. Garg, Managing Director, raised from SBI in Schedule 'M' of Notes on Accounts and read together with the other Notes on Accounts and Significant Accounting Policies forming part thereof give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
 - (i) In so far as it relates to the Balance Sheet of the state of affairs of the company as at 31st March, 2000, and
 - (ii) In so far it relates to the Profit and Loss account of the profit of the company for the year ended on that date.

For S. C. Dewan & Co.,
Chartered Accountants

Place : PANCHKULA
Dated : 30th August, 2000

(S.C. Dewan)
Partner



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 1 of our report of even date:

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies have been noticed in such verification.
2. None of the fixed assets have been revalued during the year. However, the depreciation on the revalued assets, which were revalued as on 30th September, 1992, has been directly charged to Revaluation Reserve. As a result of this, the Revaluation Reserve stands at Rs. 1,27,95,646 as on 31st March, 2000.
3. The stocks of finished goods, spare parts and raw materials have been physically verified by the management during the year.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification between physical stocks and the book records by the management were not material and have been properly dealt with in the books of accounts.
6. On the basis of our examination of the stock records, we are of the opinion, that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is the same basis as in preceding year.
7. The Company has taken interest free loans during the year from companies, firms or other parties listed in the registers maintained under Section 301 and from the companies under the same management. In our opinion, as no payment of interest is involved, so the terms are not prejudicial to the interests of the members of the Company.
8. According to information and explanations given to us, no loans have been granted to the companies, firms or other parties listed in the register maintained under section 301 and from companies under the same management. The debit balances of these Companies are in the nature of Advances Recoverable and according to the explanations received, they are not, prima facie, prejudicial to the interest of the Company.

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9. The company has given interest free loan and advances in the nature of loans to its employees and the principal amounts are being repaid as stipulated.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company & nature of its business for purchases of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods, but the same needs to be strengthened.
11. In our opinion and according to the information and explanation given to us, transactions for purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party are at reasonable prices keeping in view the market rate.
12. As explained to us, the Company has a regular procedure for determination of un-servisable or damaged stores and raw materials and finished goods and they have been properly dealt with in the books of accounts.
13. The provisions of section 58-A of Companies (Acceptance of Deposits) Rules 1975, are not applicable to the Company.
14. The Company has maintained reasonable records for sale and disposal of realisable scrap. However, there are no by-products.
15. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
16. According to the records produced and the information given to us, we have seen that the cost records and accounts as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been maintained by the Company so far as it appears to us from our examination of the said records.
17. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31.03.2000 for a period of more than six months from the date they became payable.