

**ANNUAL REPORT OF**

**MUNAK CHEMICALS LIMITED**

**FOR THE YEAR**

**2012-2013**

## NOTICE

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Members of **MUNAK CHEMICALS LIMITED** will be held on Friday, the 6<sup>th</sup> September, 2013 at 11.30 A.M. at the Registered office of the Company at House No. 5458, Hazi Rattan Gate, Mini Secretariat, Bathinda-151 005 (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, 2013 and reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.D. Sharma, Director 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 next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and it thought fit, to pass with or without modifications, the following resolution as a Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 269, read with Schedule XIII and any other applicable provisions of the Act, 1956, Shri Vijay Kumar Garg be and is hereby re-appointed as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2013, without remuneration.

By order of the Board

Sd/-

PLACE: CHANDIGARH  
DATED 31st July, 2013

RITA GARG  
DIRECTOR

### 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 Seven days from Friday, 30th August, 2013 to Thursday, 5<sup>th</sup> September 2013 (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.
5. The Company's Shares are listed on the Stock Exchanges at Ludhiana, New Delhi and Mumbai. The listing fee for the financial years from 2001 to 2013 due to all the stock exchanges has not been paid due to paucity of funds.

6. EXPLANATORY STATEMENT

ITEM NO. 4.

Sh. Vijay Kumar Garg was appointed as Managing Director of the Company for five years from 1<sup>st</sup> July, 2008 which was approved by shareholders in the Twenty Eighth Annual General Meeting held on 30<sup>th</sup> August, 2008. The Term of Shri Vijay Kumar Garg as Managing Director is expired on 30.06.2013.

The Board of Directors has, at its meeting held on 01.07.2013, re-appointed Sh. Vijay Kumar Garg as Managing Director of the Company without remuneration for another period of five years effective from 1<sup>st</sup> July, 2013.

Sh. Vijay Kumar Garg (62 years) is a graduate in Civil Engineering from Punjab Engineering Collage, Chandigarh. He is a Director in Bronze Trading Ltd., Anubhav Industrial Resources Ltd., Keshoram Leasing Ltd., Munalk Holdings Ltd., Vijay Kumar Garg Cont. Pvt. Ltd. Munak Engineers Pvt. Ltd., Munak Credit & Investment Ltd., Haryana Leather Chemicals Limited and Alpha Antibiotics Ltd..

Directors commend that the proposed resolution be approved.

None of the Director other than Mrs. Rita Garg, Director and Sh. Vijay Kumar Garg, Managing Director are interested and concerned in this item.

By order of the Board

PLACE: CHANDIGARH  
DATED: 31st July, 2013

Sd/-  
RITA GARG  
DIRECTOR

## **MUNAK CHEMICALS LIMITED**

### **DIRECTORS' REPORT**

Your Directors take pleasure in presenting to you the Thirty Third Annual Report and Audited Statements of Accounts for the year ended 31st March, 2013.

### **FINANCIAL RESULTS AND OPERATIONS**

The Company has closed its operation and there was no Production and Sale during the year under review. The working results showed net loss of Rs. 11.38 lacs as against a loss of Rs. 14.94 lacs in the previous year.

### **FIXED DEPOSITS**

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

### **DIRECTORS**

Mr. P. D. Sharma, 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.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i. that in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the profit or loss of the company for the year under review ;
- iii. that the Directors had 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 fraud and other irregularities ;
- iv. that the Directors had prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

### **AUDITORS**

The present auditors M/s. S.C. Dewan & Co., Chartered Accountants, Panchkula, will retire at the forthcoming Annual General Meeting.

They have confirmed their eligibility for reappointment and the Board recommends their re-appointment at the forthcoming Annual General Meeting.

## **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) Rule, 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 Company has taken adequate measures with respect to conservation of energy etc. as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rule, 1988.

## **TECHNOLOGY ABSORPTION**

- 1) **Research and Development.**  
No Research and Development work has been carried out by the Company and therefore, there is no expenditure on this head or any other benefit accrued from it.
- 2) **Technology Absorption.**  
The Company has not imported any Technology.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has no exports activities during the year under review, therefore, there is no foreign exchange earnings & outgo during the financial year.

## **CORPORATE GOVERNANCE**

As required by provisions of the Listing Agreement with the Stock Exchanges, the Report on Management Discussion and Analysis, Corporate Governance as well as the Auditor's Certificate regarding compliance of Conditions of Corporate Governance are annexed to this Report.

## **ACKNOWLEDGEMENTS**

Your Directors wish to convey thanks to all concerned departments of Central, State Governments 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  
DATED: : 30th May, 2013

Sd/-  
P.D. SHARMA  
DIRECTOR

Sd/-  
RITA GARG  
DIRECTOR

## MUNAK CHEMICALS LIMITED

### CORPORATE GOVERNANCE REPORT

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2013 are given hereunder:-

#### I. COMPANY'S PHILOSOPHY

Yours Company believes in absolute professionalism of management and transparency in operations. It encourages wide participation from all stakeholders.

#### II. BOARD OF DIRECTORS

##### (a) Composition of Board

The Board of Directors comprises of three members. The Board members possess the experience and expertise to guide and manage the Company and the composition is as under :-

Name of Director	Category of Director	No. of other Director-Ships held	No. of other Board Committee (s) in which he/she is a member	No. of other Board Committee(s) of which he/she is Chairman
Mr. Vijay Kumar Garg Managing Director	Promoter-Executive	9	One	One
Mrs. Rita Garg Director	Non-executive	7	One	None
Mr. P. D. Sharma Director	Non-executive	None	One	One

##### (b) Number of Board Meetings

(i) Six Meetings of the Board of Directors were held during the period 1st April, 2012 to 31st March, 2013. These were held on :-

- |               |               |
|---------------|---------------|
| 1) 30.04.2012 | 4) 10.10.2012 |
| 2) 20.07.2012 | 5) 09.01.2013 |
| 3) 30.07.2012 | 6) 28.02.2013 |

(ii) The attendance record of each of the Directors at the Board Meeting during the period ended on 31st March, 2013 and at the last Annual General Meeting is as under.

Name of Director	No. of Board Meeting attended	Attendance at last A.G.M.
Mr. Vijay Kumar Garg	6	Yes
Mr. P. D. Sharma	6	Yes
Mrs. Rita Garg	6	Yes

#### III. Audit Committee

(a) The Audit Committee Comprises of two non-executive Director viz.

1) Mrs. Rita Garg

2) Mr. P. D. Sharma

Mr. P. D. Sharma is the Chairman of the Committee.

(b) The Audit Committee meetings were held on 30.04.2012, 20.07.2012, 30.07.2012, 10.10.2012 & 09.01.2013. The attendance of each committee member is as under:-

Name of Director	No. of Meetings attended
Mrs. Rita Garg	5
Sh. P. D. Sharma	5

(c) The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement as well as Section 292A of the Companies Act, 1956.

#### **IV. SHARE HOLDERS COMMITTEE**

The Company has constituted the Shareholders/Investors grievance committee comprising of Sh. Vijay Kumar Garg and Mrs. Rita Garg.

The committee has authorized Sh. Vijay Kumar Garg and Sh. Lok Nath Aggarwal severally to endorse the share transfers.

The Company has not received any complaints during the year. Outstanding complaints as on 31st March, 2013 were Nil.

#### **V. BOARD PROCEDURE**

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board Meeting and the same were dealt with appropriately.

All the Directors, who are on various committees, are within the permissible limits stipulated in the listing agreement. The Directors have intimated from time to time about their membership in the various committees in other companies.

#### **VI. COMPLIANCE CERTIFICATE**

Compliance Certificate for Corporate Governance from auditors of the company is annexed herewith.

#### **VII. GENERAL BODY MEETINGS**

(a) The Details of the previous three Annual General Meetings held are as under :-

A.G.M.	Financial years	Day/Date	Time	Venue
30th	01.04 2009 to 31.03.2010	Monday 06.09.2010	11.30 AM	H. No. 5458, Hazi Rattan Gate, Near Mini Secretariat, Bathinda-151005.
31st	01.04 2010 to 31.03.2011	Tuesday 06.09.2011	11.30 AM	H. No. 5458, Hazi Rattan Gate, Near Mini Secretariat, Bathinda-151005.
32nd	01.04 2011 to 31.03.2012	Thursday 30.08.2012	11.30 AM	H. No. 5458, Hazi Rattan Gate, Near Mini Secretariat, Bathinda-151005