

**ANNUAL REPORT OF**

**MUNAK CHEMICALS LIMITED**

**FOR THE YEAR**

**2014-2015**

## **MUNAK CHEMICALS LIMITED**

### **NOTICE**

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the Members of **MUNAK CHEMICALS LIMITED** will be held on Wednesday, the 30<sup>th</sup> September, 2015 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 Balance Sheet of the Company as at 31<sup>st</sup> March, 2015 and the Statements of Profit & Loss for the year ended on that date together with the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.D. Sharma, Director (DIN-00268536) who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, with or without modification (s), the following resolution as an ORDINARY RESOLUTION:-

“Resolved that pursuant to the provisions of Section 139 and other applicable provisions, if any, of Companies Act, 2013. M/s. S.C. Dewan & Co., Chartered Accountants, Panchkula, (FRN No. 000934N) the retiring auditors of the Company be and are hereby, reappointed as auditors of the company to hold office from the conclusions of this AGM until the conclusion of the AGM to be held for Financial year 2015-16 at a remuneration to be mutually agreed.

By order of the Board

PLACE: CHANDIGARH  
DATED 29<sup>th</sup> July, 2015

Sd/-  
RITA GARG  
DIRECTOR  
( DIN-00236464)

#### **NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself/herself and the proxy need not be a member of the Company. A blank form of proxy is enclosed and if intended to be used, it should be deposited duly completed at the Registered Office of the Company not less than 48 hours before the scheduled time of the meeting.
2. A person can act as a proxy on behalf of member not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. Members holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of Members and Share Transfer Books of the Company will remain closed for Seven days from Wednesday, 23rd September, 2015 to Tuesday, 29th September 2015 (Both days inclusive).
4. In terms of Section 56 of the Company Act, 2013 and the applicable provisions, the shareholders of the company may nominate a person in whole name the share held by him/them shall vest in the event of his/their death. Shareholders desired of availing this facility may submit the requisite nomination form.

5. Members are requested to bring their copies of Annual Report at the meeting.
6. The documents referred to in the proposed resolution are available for inspection at the Registered Office of the Company during normal business hours on any working day except Saturdays, upto the date of the meeting.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members who hold shares in multiple folios in identical names or joint holding in the same order of name are requested to send the share certificates for consolidation into a single folio.
10. The Company's Shares are listed on the Bombay Stock Exchanges. The listing fee due from the financial years from 2001 to 2015 has not been paid due to paucity of funds and accordingly trading has been suspended by the Stock Exchange.

By order of the Board

PLACE: CHANDIGARH  
DATED: 29th July, 2015

Sd/-  
RITA GARG  
DIRECTOR  
(DIN-00236464)

## MUNAK CHEMICALS LIMITED

### DIRECTOR REPORT

To the Members,

Your Directors take pleasure in presenting the 35<sup>th</sup> Annual Report of the Company together with the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year figures is given hereunder:

Particulars	For the year ended 31 <sup>ST</sup> March, 2015	For the year ended 31 <sup>ST</sup> March, 2014
Net Sales /Income from Business Operations	0.00	0.00
Other Income	11976463.00	0.00
Total Income	11976463.00	0.00
Less Interest	0.00	0.00
Other Expenses	1183130.00	1492334.00
Profit before Depreciation	10793333.00	(1492334.00)
Less Depreciation	0.00	0.00
Profit after depreciation and Interest	10793333.00	(1492334.00)
Less Current Income Tax	0.00	0.00
Less Previous year adjustment of Income Tax	0.00	0.00
Less Deferred Tax	0.00	0.00
Net Profit after Tax	10793333.00	(1492334.00)
Dividend (including Interim if any and final )	0.00	0.00

Net Profit after dividend and Tax	<b>10793333.00</b>	(1492334.00)
Amount transferred to General Reserve	<b>0.00</b>	0.00
Balance carried to Balance Sheet	<b>10793333.00</b>	(1492334.00)
Earning per share (Basic)	<b>1.00</b>	(0.14)
Earning per Share(Diluted)	<b>1.00</b>	(0.14)

## **DIVIDEND**

The Company has not declared any dividend for the year under review.

## **OPERATIONS**

The Company has closed its operation and there was no production and sale during the year under review. The most of the Fertilizer Plants in India are lying closed. The development of the Industry wholly depends upon the policies of Govt. of India.

## **FIXED DEPOSITS**

The company has not accepted any Fixed Deposits form the public during the year under review.

## **CHANGE IN THE NATURE OF BUSINESS**

There is no change in the nature of business.

## **SUBSIDIAREIS/JOINT VENTURE/ASSOCIATES COMPANIES**

Your company does not have any subsidiary/joint venture or associate company within the meaning of Companies Act, 2013.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Provision of Section 135 of the Company Act, 2013 are not applicable since the company does not fall under Category of Rule 9 of the Corporate Responsibility Rules 2014.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL.**

There are no significant and material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its operations in future.

## **DIRECTORS**

In accordance with the Provision of the Companies Act, 2013 and Articles of Association of the Company Mr. P. D. Sharma, Director (DIN-00268536) of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

## **NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW & ATTENDANCE OF EACH DIRECTOR IN THE MEETING**

During the year 6 (Six) board meetings were convened and held. The detail of the board meeting and the attendance of Directors are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## **DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 134(3) (c ) read with Section 134(5) of the Companies Act, 2013 and clause 49(3) (D) (4) (a) of the Listing Agreement, your Director state that:

- i. in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures ;
- ii. such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the company for the year ended on that date ;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv. the annual accounts have been prepared on a 'going concern' basis.
- v. the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- vi. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **COMPOSITION OF AUDIT COMMITTEE**

The Board has constituted the Audit Committee which comprises of Sh. P. D. Sharma independent director as the Chairman and Mrs. Rita Garg as a member. The details of the Audit Committee meetings, attendance of the members and terms of reference are provided in the corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## **AUDITORS & AUDITORS REPORT**

M/s. S.C. Dewan & Co., Chartered Accountants, Panchkula, (FRN No. 000934N) Statutory Auditors, hold office until the conclusion of the ensuing annual general meeting and being eligible, offer themselves for reappointment. The Company has received a Certificate from the Statutory Auditors to the effect that their reappointment, if made would be within the prescribed limit under section 139 (I) & they have confirmed their eligibility under Section 141 of the Companies Act, 2013 and Rules framed there under and willingness to accept the office of the Statutory Auditors, if reappointed.

## **MANAGEMENT REPLY ON THE OBSERVATION OF STATUTORY AUDITORS**

As required by AS 15 notified under Companies (Accounting Standards) Rules 2006 regarding "Accounting for Retirement Benefits" The Company has not complied with the various provision of AS 15, because now only a skeleton staff has been left with the company. However the company has made a provision of Rs. 40,097/- on account of Gratuity on estimated basis.

The Company has sold substantial part of its fixed assets after obtaining the approval of the shareholders in its Extra ordinary General Meeting held on 09th day of November, 2009. Due to the adverse policies of Govt of India withdrawing the subsidies, resulting into closure of the unit. The company does not foresee any opportunity to revive the company.

## **SHARE CAPITAL**

During the year under review, the Company has not issued any equity shares with differential rights, sweet equity share or employee stock option.

The Company has not made any Provision for purchase of its own shares.

There is no change in the share capital

There is no detail pertaining to the shares in 'Unclaimed suspense account' in terms of Clause 5(A)(I) (g) and 5(A)(II) (h) of the Equity Listing Agreement.

## **ENERGY CONSERVATION**

The Company is not in the process of production however adequate measures with respect to conservation of energy etc. as required under section 134(3) of the Companies Act. 2013 read with Rule 8 (3) of the Companies (Accounts) Rule, 2014 have been taken by the company.

## **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.

## **EXTRACT OF THE ANNUAL RETURN**

The extract of annual return in form No. MGT-9 is annexed and forms part of the Annual Report.

## **CORPORATE GOVERNANCE REPORT**

A Report of Corporate Governance pursuant to Clause 49 of the Listing Agreement with Stock Exchange is annexed and forms part of the Annual Report.

## **PARTICULARS OF EMPLOYEES**

The provisions of Rule 5(2) & (3) of the Companies (Appointment & remuneration of Managerial Personnel) Rules, 2014 requiring particulars of Employees in receipt of remuneration in excess of Rs. 60 lacs per year to be disclosed in the Report of Board of Director are not applicable to the company as none of the Employees was in receipt of remuneration in excess of Rs. 60 lacs during the financial year 2014-15.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.**

No loans, guarantees or investment under Section 186 of the Companies Act, 2013 have been given by the company.

## **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: 29<sup>th</sup> July, 2015

Sd/-  
P.D. SHARMA  
DIRECTOR  
(DIN-00268536)

Sd/-  
RITA GARG  
DIRECTOR  
(DIN-00236464)

## ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interest of all the stakeholders and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner and by being fair to all stakeholders and by ensuring that the Company's activities are managed by a professionally competent Board of Directors. The Company has over the years followed the best practices of Corporate Governance by adhering to the practices laid down by the Management. The Company has also followed the implementation schedule of Corporate Governance Code as mentioned in Clause 49 of the Listing Agreement. The Directors are pleased to report the same as under -

### BOARD OF DIRECTORS

The present strength of the Board is three. The Board Comprises of Executive and Non-Executive Directors. The Managing Director is Whole-time Directors There are Two Non-Executive Directors,

The composition of the Board, number of Directorships & Committee positions held by each of the Directors are given hereunder -

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	5	One	One
Mrs. Rita Garg Director	Non-executive	4	One	None
Mr. P. D. Sharma Director	Non-executive	None	One	One

### BOARD MEETINGS AND ATTENDANCE

During the year ended March 31, 2015, 6 Board Meetings were held on the following dates –

DATE OF MEETING	BOARD STRENGTH	NO. OF DIRECTORS PRESENT
30.04.2014	3	3
28.06.2014	3	3
30.07.2014	3	3
25.08.2014	3	3
30.10.2014	3	3
05.01.2015	3	3

The gap between two Board Meetings did not exceed four months. The agenda and other papers having adequate information for consideration of the Board are circulated well in advance. Further, the compliance report of statutory requirements is placed before the Board on quarterly basis.

### SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Mrs. Rita Garg, Directors holds 0.43% equity shares of the Company.

### BOARD COMMITTEES

The Board of Directors is the apex body constituted by Shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being saved. The Board has constituted two Committees, namely Audit Committee, shareholder committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on the business needs.

## TERMS OF REFERENCE AND OTHER DETAILS OF BOARD COMMITTEES

### AUDIT COMMITTEE

#### Composition of Committee

Mr. P. D. Sharma (Chairman of the Committee)	Non-Executive Independent Director
Mr. Rita Garg	Non-Executive Director

#### Powers of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### Role of Audit Committee, inter alia, includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment, remuneration and terms of appointment of statutory auditors including cost auditors of the company.
3. Approving payment to statutory auditors, including cost auditors, for any other services rendered by them.
4. Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - iii) Major accounting entries involving estimates based on the exercise of judgment by the management;
  - iv) Significant adjustments made in financial statements arising out of audit findings;
  - v) Compliance with listing and other legal requirements relating to financial statements;
  - vi) Disclosure of any related party transactions; and
  - vii) Qualifications in draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Monitoring and reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditors independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertaking or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems.
13. Formulating the scope, functioning, periodicity and methodology for conducting the internal audit.
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
15. Discussion with internal auditors of any significant findings and follow-up thereon.
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
18. To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
19. To review the functioning of the Vigil Mechanism and Whistle Blower mechanism.
20. Approval of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background, etc. of the candidate.
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
22. Reviewing the following information:
  - i) The Management Discussion and Analysis of financial condition and results of operations;