



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 TO Y2K

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

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.

MUNAK CHEMICALS LIMITED

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.



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19. According to the records of the Company and according to the information and explanations give to us, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities.
 20. The company is a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985, however the scheme for rehabilitation has been approved.

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

Place : PANCHKULA
Dated : 30th August, 2000

(S.C. Dewan)
Partner

MUNAK CHEMICALS LIMITED

BALANCE SHEET

PARTICULARS	SCHEDULE	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Share Capital	'A'	10,22,21,110	8,72,21,110
(b) Reserves & Surplus	'B'	1,71,35,816	1,80,73,637
		<u>11,93,56,926</u>	<u>10,52,94,747</u>
LOAN FUNDS	'C'		
(a) Secured Loans		56,00,000	1,75,75,847
(b) Short Term Borrowings		1,10,54,930	3,10,19,233
(c) Unsecured Loans		1,17,97,165	2,01,64,467
(d) Deferred payments		6,65,377	6,65,377
		<u>2,91,17,472</u>	<u>6,94,24,924</u>
TOTAL		<u>14,84,74,398</u>	<u>17,47,19,671</u>
APPLICATION OF FUNDS			
FIXED ASSETS	'D'		
(a) Gross Block		12,95,59,292	12,49,04,522
(b) Less : Depreciation		7,92,22,342	7,32,81,223
(c) Net Block		<u>5,03,36,950</u>	<u>5,16,23,299</u>
CURRENT ASSETS, LOANS & ADVANCES			
(A) CURRENT ASSETS	'E'		
(a) Inventories		45,99,155	1,08,26,186
(b) Sundry Debtors		2,58,80,668	5,23,28,737
(c) Cash & Bank Balances		28,67,875	26,38,743
(B) LOANS & ADVANCES		1,14,59,758	95,65,548
		<u>4,48,07,456</u>	<u>7,53,59,214</u>
LESS : CURRENT LIABILITIES & PROVISIONS	'F'	<u>3,77,05,541</u>	<u>4,35,83,791</u>
		<u>71,01,915</u>	<u>3,17,75,423</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off/adjusted)	'G'	9,10,35,533	9,13,20,949
TOTAL		<u>14,84,74,398</u>	<u>17,47,19,671</u>
NOTES ON ACCOUNT	'M'		

Auditors Report as per our Separate Report
of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

LOKNATH AGGARWAL
Manager (F&T)

ANIL JAIN
Company Secretary

Place : CHANDIGARH
Date : 30th August, 2000

P.D. Sharma
Whole Time Director

V.K. Garg
Managing Director



PROFIT & LOSS ACCOUNT

PARTICULARS	SCHEDULE	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
INCOME			
Sales		9,36,19,792	13,62,59,046
Miscellaneous Income		21,73,419	40,55,813
		<u>9,57,93,211</u>	<u>14,03,14,859</u>
EXPENDITURE			
Manufacturing & other Expenses	'H'	6,19,72,560	8,35,67,412
Employees Cost	'I'	72,19,477	63,29,481
Excise Duty		29,85,169	19,13,483
Administrative Expenses	'J'	48,71,580	68,78,439
Selling & Distribution Expenses	'K'	89,90,225	2,12,19,287
Financial Expenses	'L'	43,84,793	1,01,57,542
Preliminary and Capital Issue Expenses Written off		1,51,468	151,468
Depreciation		50,83,990	48,82,126
	TOTAL	<u>9,56,59,262</u>	<u>13,50,99,238</u>
PROFIT / (LOSS) FOR THE YEAR		<u>1,33,949</u>	<u>52,15,621</u>
Previous Yrs. Adjustment (Excess provision written back)		<u>—</u>	<u>34,99,500</u>
Net Profit / (Loss) Transferred to Balance Sheet		<u><u>1,33,949</u></u>	<u><u>87,15,121</u></u>

Auditors Report as per our Separate Report
of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

LOKNATH AGGARWAL
Manager (F&T)

ANIL JAIN
Company Secretary

Place : CHANDIGARH
Date : 30th August, 2000

P.D. Sharma
Whole Time Director

V.K. Garg
Managing Director

MUNAK CHEMICALS LIMITED

SCHEDULE 'A' SHARE CAPITAL

PARTICULARS	As at	
	31st March, 2000 Rs.	31st March, 1999 Rs.
AUTHORISED		
1,10,00,000 Equity Shares of Rs. 10/- each (previous year 90,00,000 Equity Shares of Rs. 10/- each)	11,00,00,000	9,00,00,000
ISSUED, SUBSCRIBED, CALLED & PAID UP		
1,02,32,272 Equity Shares of Rs. 10/- each (previous year 87,32,272 Equity Shares of Rs. 10/- each)	10,23,22,720	8,73,22,720
Less : Calls-in-arrear other than Directors	1,01,610	1,01,610
TOTAL	10,22,21,110	8,72,21,110

NOTE :

Of above shares, 3000 shares are allotted as fully paid-up pursuant to an agreement without payment being received in cash.

SCHEDULE 'B' RESERVES & SURPLUS

PARTICULARS	As at	
	31st March, 2000 Rs.	31st March, 1999 Rs.
CAPITAL RESERVES :		
Capital Revaluation Reserve	1,37,33,466	1,46,71,286
Less : Depreciation for the year	9,37,820	9,37,820
GENERAL RESERVES :		
Central Investment Subsidy	15,00,000	15,00,000
Investment Allowance Utilized Reserve	28,40,170	28,40,171
TOTAL	1,71,35,816	1,80,73,637



SCHEDULE 'C' LOAN FUNDS

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
SECURED LOANS		
TERM LOANS		
- Industrial Finance Corporation of India	—	22,89,230
- Industrial Development Bank of India	—	57,94,427
- Industrial Credit & Investment Corporation of India	—	38,92,190
- Interest Free Loan from Director of Industries, Punjab	56,00,000	56,00,000
	<u>56,00,000</u>	<u>1,75,75,847</u>
SHORT TERM BORROWINGS		
- State Bank of India	1,10,54,930	3,10,19,233
UNSECURED LOANS		
- V.K. Garg	7,64,667	39,50,000
- Inter Corporate Deposits	88,82,498	1,20,46,526
- Loan Sh. V.K. Garg, raised from SBI	21,50,000	21,50,000
- Interest accrued thereon	—	20,17,941
	<u>1,17,97,165</u>	<u>2,01,64,467</u>
DEFERRED PAYMENTS		
- Punjab Small Industries & Export Corporation Limited	6,65,377	6,65,377
TOTAL	<u>2,91,17,472</u>	<u>6,94,24,924</u>

NOTES:

1. The rupee term loan together with interest, liquidated damages, commitment charges and all other moneys from the INDUSTRIAL FINANCE CORPORATION OF INDIA LTD. (IFCI) under Project Financing Participation Certification Scheme (PFPCS) in participation with INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) and INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA (ICICI) secured by way of joint equitable mortgage by deposit of title deeds of all immovable assets and a first charge by way of hypothecation of all moveable assets save and except book debts, including moveable machinery, spares, tools and accessories, present and future both subject to prior charge created and/or to be created in favour of the Company's bankers and further secured by the personal irrevocable and unconditional guarantee of S/Shri R.K. Garg, Ravinder Kumar, Vinod Kumar Garg, and Vijay Kumar Garg for securing term loan of Rs. 440 lacs and thereafter of Shri Vijay Kumar Garg only for securing term loans of Rs. 273 lacs. The mortgage and charges created and/or to be created shall rank pari-passu inter-se between the financial institutions viz. IFCI, IDBI & ICICI. During the year the entire amount has been repaid but the charge on assets has not been got vacated.
2. The working capital loan is secured by way of first charge on the whole of the Company's stock of raw materials, stock in process, finished goods, consumables, packing materials and other stores and spares parts whether raw or in process of manufacture and all articles manufactured therefrom, the third charge on all immovable assets, present and future both of the Company and further secured by personal irrevocable and unconditional guarantee of S/Shri R.K. Garg, H.R. Garg and Vijay Kumar Garg. As on the date of signing of Balance Sheet, the entire amount has been repaid but the charge on the assets has not been got vacated.
3. The Interest-Free Loan is secured by way of second charge on all immovable assets, present and future both of the Company created and/or to be created in favour of the Governor of Punjab.

MUNAK CHEMICALS LIMITED**SCHEDULE 'D'
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			
	As at 1.4.99	Additions	Sales/ Adjustment	As at 31.3.2000
LAND (LEASE HOLD)	10,56,627	—	—	10,56,627
Site Development	5,68,270	—	—	5,68,270
BUILDING				
Factory	1,03,18,032	—	—	1,03,18,032
Non Factory	3,21,763	—	—	3,21,763
PLANT AND MACHINERY				
General	9,54,83,873	26,19,412	—	9,81,03,285
Electrical Installation	61,62,166	—	—	61,62,166
Water Pollution	57,31,497	—	—	57,31,497
Control System				
MISC. FIXED ASSETS				
Furniture & Fixtures	10,93,024	1,04,370	—	11,97,394
Office Equipment	18,33,527	66,290	—	18,99,817
Vehicles	15,09,041	18,99,313	1,06,153	33,02,201
Weighing Scale	3,25,700	—	—	3,25,700
Workshop Equipment	81,957	—	—	81,957
Laboratory Equipment	51,931	—	—	51,931
Construction Equipment	2,44,493	—	—	2,44,493
Computer	1,22,621	71,538	—	1,94,159
Total	12,49,04,522	47,60,923	1,06,153	12,95,59,292
Previous Year	12,44,95,969	5,18,465	1,9,912	12,49,04,522



DEPRECIATION			NET BLOCK		
Upto 31.3.99	Adjust ment	For the Year	Upto 31.3.2000	As at 31.3.2000	As at 31.3.1999
—	—	—	—	10,56,627	10,56,627
—	—	—	—	5,68,270	5,68,270
45,88,528	—	3,44,622	49,33,150	53,84,882	57,29,504
73,348	—	5,245	78,593	2,43,170	2,48,415
5,83,64,836	—	46,28,427	6,29,93,263	3,51,10,022	3,71,19,037
33,56,992	—	2,92,703	36,49,695	25,12,471	28,05,174
37,41,523	—	2,72,246	40,13,769	17,17,728	19,89,974
6,70,649	—	74,637	7,45,286	4,52,108	4,22,375
8,81,952	—	1,18,516	10,00,468	8,99,349	9,51,575
10,43,905	80,692	2,25,060	11,88,273	21,13,928	4,65,136
2,31,977	—	15,471	2,47,448	78,252	93,723
58,498	—	3,893	62,391	19,566	23,459
37,067	—	2,467	39,534	12,397	14,864
1,89,017	—	11,613	2,00,630	43,863	55,746
42,931	—	26,911	69,842	1,24,317	79,690
7,32,81,223	80,692	60,21,811	7,92,22,342	5,03,36,950	5,16,23,569
67,544,900	83,623	58,19,946	7,32,81,223	5,16,23,299	5,69,51,069

MUNAK CHEMICALS LIMITED

SCHEDULE 'E' CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
(A) CURRENT ASSETS		
Inventories (As taken, valued at cost and certified by the Management)		
- Raw Material	14,09,352	48,51,738
- Finished Goods	20,88,757	48,58,516
- Packing Material	1,77,450	1,40,045
- Stores & Spares	9,23,596	9,75,887
	<u>45,99,155</u>	<u>1,08,26,186</u>
SUNDRY DEBTORS (Unsecured but considered good)		
- Debtors for more than six months	1,43,70,530	3,20,02,015
- Others	1,15,10,138	2,03,26,722
	<u>2,58,80,668</u>	<u>5,23,28,737</u>
CASH & BANK BALANCES		
- Cash-in-hand	1,53,961	1,37,333
- Balance with Banks		
- in current account	15,48,821	14,27,283
- FDR with SBI thru VK Garg (No lien a/c)	11,65,093	10,54,797
- Interest accrued	-	19,330
	<u>28,67,875</u>	<u>26,38,743</u>
(B) LOANS & ADVANCES (Unsecured but considered good)		
- Advances recoverable in cash or in kind or for value to be received		
- For Raw Material	27,66,640	28,81,402
- For Others	60,83,333	6,55,042
	<u>88,49,973</u>	<u>35,36,444</u>
- Security Deposits	13,00,914	15,17,914
- Expenses Recoverable	9,14,234	41,99,331
- Pre-Paid Expenses	1,64,959	81,249
- Balance with Excise Deptt.	-	13,789
- Tax Deducted at Source	2,29,678	1,93,946
- Staff Imprest	-	22,875
TOTAL	<u>1,14,59,758</u>	<u>95,65,548</u>



SCHEDULE 'F'

CURRENT LIABILITIES & PROVISIONS

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
(A) CURRENT LIABILITIES		
Sundry Creditors :		
– For Raw Material	2,52,09,842	3,00,59,387
– For Others	24,72,325	47,80,276
	2,76,82,167	3,48,39,663
Securities & advances	1,55,000	1,67,000
Due to Customers	11,42,019	11,02,135
Other Liabilities	73,58,088	63,27,577
Bonus	4,41,975	4,59,461
Statutory Liabilities	8,09,170	2,51,974
(B) PROVISIONS		
For Expenses	1,17,122	4,35,981
	1,17,122	4,35,981
TOTAL	3,77,05,541	4,35,83,791

SCHEDULE 'G'

MISCELLANEOUS EXPENDITURE

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Capital Issue Expenses	3,78,669	5,30,136
PROFIT AND LOSS ACCOUNT		
Loss of previous year b/f	9,07,90,813	9,95,05,934
(Profit) / Loss for the year	(1,33,949)	(87,15,121)
	9,06,56,864	9,07,90,813
TOTAL	9,10,35,533	9,13,20,949

MUNAK CHEMICALS LIMITED

SCHEDULE 'H' MANUFACTURING & OTHER EXPENSES

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Raw Material	3,88,85,150	4,72,89,338
Labour & Wages	76,62,765	68,50,904
Handling Charges	27,71,015	41,39,998
Stores, Spares and Consumables	15,67,948	28,43,931
Power & Fuel	83,15,923	1,13,68,848
(Increase) / Decrease in Stock of Finished Goods	27,69,759	1,10,74,393
	<u>6,19,72,560</u>	<u>8,35,67,412</u>

SCHEDULE 'I' EMPLOYEES COST

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Salaries & Allowances	53,88,482	46,20,973
Contribution towards ESI & PF	14,71,070	12,93,901
Welfare Expenses	3,59,925	4,14,607
TOTAL	<u>72,19,477</u>	<u>63,29,481</u>



SCHEDULE 'J'

ADMINISTRATIVE EXPENSES

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Travelling & Conveyance		
– Directors (Incl. MD's Rs. 153815/-)	2,01,805	8,90,803
– Others	6,28,251	6,44,573
– Rent, Rates & Taxes	3,82,660	4,76,146
– Printing & Stationery	1,10,466	1,86,074
– Postage, Telephone & Telex	6,81,838	12,04,343
– Vehicle running & Maintenance Exp.	4,81,781	3,78,026
– Security Services	7,62,261	7,45,872
Repair & Maintenance		
– Building	44,100	52,402
– General	22,322	44,430
	66,422	96,832
Insurance Charges	1,19,028	1,08,179
Professional Charges	1,65,825	2,79,975
Auditors Remunerations	78,750	75,000
Fees, Subs., N-paper, periodicals	3,18,471	1,99,044
Electricity & Water Charges CHD	80,061	1,33,908
Office Upkeep expenses	50,645	68,646
Advertisement & Publicity	78,882	1,45,947
Meeting fee	–	2,000
Business Promotion	3,70,763	3,90,093
House Tax	72,000	6,08,843
General Charges	2,21,672	2,44,135
TOTAL	48,71,580	68,78,439

MUNAK CHEMICALS LIMITED**SCHEDULE 'K'
SELLING & DISTRIBUTION EXPENSES**

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
Freight Outward	40,35,746	71,10,796
Selling Expenses	48,400	64,400
Rebates & Discounts	49,06,079	1,40,44,091
TOTAL	89,90,225	2,12,19,287

**SCHEDULE 'L'
FINANCIAL EXPENSES**

PARTICULARS	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
INTEREST		
Interest on Term Loan	42,20,602	1,00,36,127
Bank Charges	1,40,099	1,21,415
Interest Others	24,092	—
TOTAL	43,84,793	1,01,57,542



SCHEDULE 'M'

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Accounting

The Company adopts accrual basis in the preparation of accounts.

(ii) Recognition of Incomes/Expenses

Sales of Sulphuric Acid and Fertilizers are accounted for on their despatch to customers. Income from interest and subsidy received are accounted for on accrual basis. Insurance claims are accounted for on cash basis.

The Company provides for all known expenses except medical reimbursement and leave encasement which are accounted on actual payment basis.

(iii) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition on construction is inclusive of all the related expenses. The Buildings and Plant & Machinery are stated at the value as determined in the Revaluation Report as at 30th September, 1992.

Depreciation on Fixed Assets has been provided on the Straight Line Method, on Single Shift Basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 as amended up to date.

Depreciation on the increased value of Buildings and Plant & Machinery due to revaluation done on 30th September, 1992 has been reduced from Revaluation Reserve.

(iv) Inventories

Raw Materials, Stores & Spares and Packing Materials are valued at cost & finished goods valued at net realisable value.

(v) Miscellaneous Expenditure.

Capital issue Expenses are written off equally over a period of ten years.

2 a. CONTINGENT LIABILITIES NOT PROVIDED FOR ON ACCOUNT OF

	Year ended 31st March, 2000 Rs.	Year ended 31st March, 1999 Rs.
- Letter of Credit (Net of Margin Money)	-	-
- Estimated Amount of Contracts remaining to be executed on capital accounts (Net of Advance)	-	-

- b. The Company purchased a commercial land measuring 359.29 sq. yds. from Chandigarh Administration. The total cost of the land was Rs.78.50 lacs. However due to paucity of funds the company transferred the same to another company namely Bronze Trading Ltd. after obtaining No Objection Certificate from the Chandigarh Administration. Subsequently

MUNAK CHEMICALS LIMITED

Chd. Adm. withdrew its No Objection Certificate and showed the land in the name of Munak Chemicals Ltd. in the record of Chd. Administration. Bronze Trading Ltd., to whom the land was transferred incurred a total amount of Rs.208.65 lacs towards the cost of land and construction thereon. The MCL filed an appeal in the Hon'able High Court of Punjab and Haryana against the withdrawal of NOC. However the electricity connection and other related matters in the record of Chd. Adm. are in the name of MCL. These transactions are not reflected in the books of account being the matter is sub-judice. In the event of final disposal of the case the necessary entries regarding assets and liabilities will be recorded in the books of account as per the direction of Hon'able High Court. This whole transactions will not have any effect on the Profit & Loss A/c of the company.

3. MANAGING DIRECTOR'S REMUNERATION

- Salary	3,00,000	75,000
- House Rent Allowance	120000	30,000
- Estimated Value of benefits in cash or in kind	32,871	6,597
- Actual reimbursement of conveyance (Included in Traveling & Conveyance)	-	918
	<u>4,52,871</u>	<u>1,12,515</u>

4. Professional charges include a sum of Rs.78,750 paid to Auditors as per detail below :-

AUDITORS REMUNERATION

Audit Fee	50,000	50,000
Certification Fee	12,500	12,500
Out of pocket expenses	12,500	12,500
Service Tax	3,750	-
	<u>78,750</u>	<u>75,000</u>

- The previous year figures have been regrouped and rearranged to make them comparable with those of current year.
- In the opinion of the Board, the current assets. Loans & Advances are approximately of the value stated, if realized in the ordinary course of business, except otherwise stated. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
- All purchases, consumption and closing stock of raw materials and other have been shown at a value which is inclusive of transit losses and also are net of rebates/special rebates etc. allowed by suppliers.
- Debit and Credit balances in the account of Suppliers, Customers and other are subject to confirmation and reconciliation. Any effect arising out of this will effect the profitability/loss of the Company to that extent.



9. No provision for income tax liability has been made in the absence of assessable income in view of the various incentives available to the Company under the Income Tax Act, 1961.
10. The Sales Tax liability has been provided for as per Sales Tax return filed with the Sales Tax authorities and any extra liability, if any, arising on assessment shall be provided on actual basis as and when assessed.
11. The Central Investment Subsidy of Rs.15 lacs has been shown as 'General Reserve. However, the charge on the fixed assets of the Company which was created in favour of IFCI, is still to be vacated, as the stipulated period of five years from the date of commencement of production is now over.
12. No write off in respect of land taken from Punjab Small Industries & Export Corporation Limited, on 99 years, leasehold basis, has been made; PSIEC has raised certain demands towards leasehold land and the same is under dispute. Accordingly, no provision has been made in the books of accounts as the amount is unascertainable.
13. A sum of Rs. 7,81,053/~ (Previous year Rs.8,00,825/-) has been provided for on account of gratuity liability, as required by the Companies (Amendment) Act, 1988.
14. No provision for doubtful debts has been made in the books of accounts, although the debtors include long outstanding balances. In the opinion of management all these debts are good and steps are being taken to realise the same. In case certain balances are not recovered they will have to be eventually written off, and accordingly this will increase the losses of the company to that extent.
15. All figures have been rounded off to the nearest rupee.
16. Schedule 'A' to 'M' form an integral part of the Balance Sheet and Profit & Loss account and have been duly authenticated.
17. No provision of interest on loan obtained from Sh. V K Garg, Managing Director, raised torn SBI amounting to Rs.21.50 lacs has been made in the books of accounts for the year under review. The loan was raised by Sh. V K Garg, Managing Director, against his personal security. The bank has filed a suit against Sh. V K Garg and the same is pending in the court of law, however Sh. V K Garg has submitted a proposal for the settlement of the loan account to the SBI. As per the direction of the SBI, a sum of Rs.10 lacs has been deposited in No-lien account with SBI to enable them to consider the proposal for settlement. The same has been deposited in the bank on behalf of Sh. V K Garg and accordingly shown in the schedule of Current Assets, Loan and Advances under the head of Cash and Bank Balances. The provision of interest amounting to RS.2017941/- related to earlier years shown under the head unsecured loan has been written back and shown in the miscellaneous income of the year under consideration. This has been done in view of the one time settlement proposal being undertaken with the State Bank of India. The whole amount is to be charged to profit & loss a/c as and when the amount is determined by the State Bank of India.
18. Short Term Borrowing represents the amount of WCTL due to State Bank Of India which is repayable in less than one year in terms of rehabilitation scheme approved by Appellate Authority of Industrial and Financial Reconstruction. The entire amount stands paid as on the date of signing of the Balance Sheet.
19. During the year certain long outstanding debit / credit balances have been written off / written back. In the opinion of the management these debit / credit are no longer required to be carried out

MUNAK CHEMICALS LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 IS AS FOLLOWS

		As at 31st March, 2000		As at 31st March, 1999	
		Qty.(MT)	Value(Rs.)	Qty.(MT)	Value(Rs.)
A)	QUANTITATIVE DATA				
i)	LICENCED CAPACITY				
—	Single Superphosphate	1,32,000	—	1,32,000	—
—	Sulphuric Acid	66,000	—	66,000	—
—	Oleum 20/65%	2,500	—	2,500	—
—	Sodium Silico Flouride	550	—	550	—
ii)	INSTALLED CAPACITY				
—	Single Superphosphate	1,32,000	—	1,32,000	—
—	Sulphuric Acid	56,100	—	56,100	—
—	Oleum 20/65%	—	—	—	—
—	Sodium Silico Flouride	—	—	—	—
iii)	PRODUCTION (*)				
—	Single Superphosphate	17,261	—	27,308	—
—	Sulphuric Acid	18,901	—	21,165	—
—	Oleum 20/65%	—	—	—	—
—	Sodium Silico Flouride	—	—	—	—
iv)	CLOSING STOCK				
—	Single Superphosphate	279	9,05,819	1,041	28,43,128
—	Sulphuric Acid	473	11,82,938	806	20,15,388
—	Oleum 20/65%	—	—	—	—
—	Sodium Silico Flouride	—	—	—	—
			<u>20,88,757</u>		<u>48,58,516</u>
v)	OPENING STOCK				
—	Single Superphosphate	1,041	28,43,128	6,645	1,50,03,412
—	Sulphuric Acid	806	20,15,398	581	9,29,496
—	Oleum 20/65%	—	—	—	—
—	Sodium Silico Flouride	—	—	—	—
			<u>48,58,516</u>		<u>1,59,32,908</u>



	As at 31st March, 2000		As at 31st March, 1999	
	Qty.(MT)	Value(Rs.)	Qty.(MT)	Value(Rs.)
vi) RAM MATERIAL CONSUMED				
— Sulphur(***)	6,615	2,26,60,603	7,408	2,11,20,822
— Sulphuric Acid	817	17,05,666	749	12,25,882
— Rockphosphate (**)	10,111	1,15,01,744	16,010	1,97,88,131
— Packing Material Nos.	3,65,391	30,17,137	6,63,343	51,54,503
		<u>3,88,85,150</u>		<u>4,72,89,338</u>
vii) SALES				
— Single Superphosphate	18,022	6,31,76,469	32,912	11,42,37,732
— Sulphuric Acid	13,837	3,04,43,323	11,858	2,20,21,314
— Oleum 20/65%	—	—	—	—
— Sodium Silico Flouride	—	—	—	—
		<u>9,36,19,792</u>		<u>13,62,59,046</u>
B) EXPENDITURE ON EMPLOYEES				
Break-up expenditure incurred on employees in receipt of remuneration aggregating to Rs. 6,00,000/- per annum or Rs. 50,000/- per month, or more				
i) Employed for full year				
— Number of employees		—		—
— Salaries & Allowances		—		—
ii) Employed for part of the year				
— Number of employees		—		—
— Salaries & Allowances		—		—
C) CIF VALUE OF IMPORTS				
— Raw Material (acquired from/through canalised agencies)		2,26,60,603		2,11,05,439
— Capital Goods		—		—
		<u>2,26,60,603</u>		<u>2,11,05,439</u>

MUNAK CHEMICALS LIMITED

	As at 31st March, 2000		As at 31st March, 1999	
	Qty.(MT)	Value(Rs.)	Qty.(MT)	Value(Rs.)
D) VALUE OF IMPORTED/INDIGENEOUS RAW MATERIALS, STORES AND COMPONENTS CONSUMED (***)				
a) Raw Material				
– Imported (Canalised)	58.72%	2,26,60,603	44.66%	2,11,20,822
– Indigeneous	41.28%	1,62,24,547	55.34%	2,61,68,515
	100.00%	3,88,85,150	100.00%	4,72,89,338
b) Stores, Spares & Components :				
– Imported	—	—	—	—
– Indigeneous	100.00%	15,67,948	100.00%	28,43,931
E) EXPENDITURE IN FOREIGN CURRENCY	—	—	—	—
F) EARNING IN FOREIGN EXCHANGE	—	—	—	—

NOTES:

* Certified by Management but could not be verified by the Auditors being a technical matter.

** Rockphosphate includes Gypsum for Rs. 90,875/- (Previous Yr. Rs. 49,450/- & Sulphur includes Oleum for Rs. NIL (Previous Year Rs. Nil)

*** Includes freight on imported as well as indigeneous raw materials.

Auditors Report as per our Separate Report of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

LOKNATH AGGARWAL
Manager (F&T)

ANIL JAIN
Company Secretary

Place : CHANDIGARH
Date : 30th August, 2000

P.D. Sharma
Whole Time Director

V.K. Garg
Managing Director



CASH FLOW STATEMENT

	For the year ended 31st March, 2000 (Rs. in lacs)	For the year ended 31st March, 1999 Rs. in lacs)
A CASH FLOW OPERATING ACTIVITIES		
Net Profit before tax	1.34	52.16
Adjustments for :		
Previous year adjustments	-	34.99
Preliminary & Capital issue expenses written off	1.51	1.51
Depreciation and write offs	50.84	48.82
Interest paid	43.85	101.57
Operating Profit before Working Capital charges	97.54	239.05
Adjustments for :		
Trade and other receivables	245.54	(255.18)
Inventories	62.27	94.79
Trade payable	(58.78)	(109.79)
	346.57	(31.13)
Interest Paid	(43.85)	(101.58)
NET CASH FROM OPERATING ACTIVITIES	302.72	(132.71)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(47.61)	(5.18)
Sale of Fixed Assets	0.25	0.26
NET CASH USED INVESTING ACTIVITIES	(47.36)	(4.92)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of issue of share capital	150.00	224.86
Proceeds long Term borrowings	(403.07)	(278.50)
NET CASH USED IN FINANCING ACTIVITIES	(253.07)	(53.64)
NET INCREASE CASH AND CASH EQUIVALENTS (A+B+C)	2.29	(191.27)
Cash & Cash Equivalent as at 01.04.1999 (Operating Balance)	26.39	217.66
Cash & Cash Equivalent as at 31.03.2000 (Closing Balance)	28.68	26.39

Notes :

1. Above statements have been prepared in indirect method.
2. Cash & Cash equivalent represent Cash and Bank balances only.
3. Proceeds from long term borrowings are shown net of repayments.

for and on behalf of the Board of Directors

Place : CHANDIGARH
Date : 30th August, 2000

V.K. Garg
Managing Director

Auditors Certificate

We have verified the above statement with the books and records maintained by M/s MUNAK CHEMICALS LIMITED and certify that in our opinion and according to the information and explanations given, the above statement is in accordance therewith.

for S.C. DEWAN & Co.
Chartered Accountants

Place : PANCHKULA
Date : 30th August, 2000

S.C. DEWAN
Partner

MUNAK CHEMICALS LIMITED

STATEMENT PURSUANT OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.	4147	State Code
Balance Sheet Date	31.03.2000	16

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	150.00

III POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amounts in Rs. Thousands)

Total Liabilities	Total Assets
148474	148474
Source of Funds	
Paid-up Capital	Reserve & Surplus
102221	17136
Secured Loans	Unsecured Loans
5600	11797
Short Term Borrowing	Deferred Payments
11055	665
Application of Funds	
Net Fixed Assets	Investments
50337	Nil
Net Current Assets	Misc. Expenditure
7102	378
Accumulated Losses	
90657	

IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	Total Expenditure
95793	95659
+ - Profit/Loss before Tax	+ - Profit/Loss after Tax
+ 134	+ 134
(Please Tick + for Profit - for Loss)	
Earning per Share (Rs.)	Dividend Rate @
Nil	Nil

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per monetary terms)

Item Code No. (ITC Code)	2807
Product Description	Single Super Phosphate
Item Code No. (ITC Code)	
Product Description	Sulphuric Acid



ANNEXURE TO THE DIRECTOR'S REPORT

INFORMATION AS PER SECTION 217(1)(e) OF COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

A) CONSERVATION OF ENERGY

The Company has reviewed all the electric motors and replaced the motors with a lower H.P. wherever possible. The company is also strictly following the procedure of switching off motors which are not affecting our production.

A) POWER AND FUEL CONSUMPTION

	Year ended 31st March, 2000	Year ended 31st March, 1999
1) ELECTRICITY		
a) Purchase (Units KWH)	20,36,637	28,26,187
Total amount (Rs.)	64,65,079	84,55,139
Rate/Unit (Rs.)	3.174	2.992
b) Own Generation		
i) Through Diesel Generator	30,130 KWH	37,170 KWH
Unit per Ltr. of Diesel Oil	4.04 KWH	4.48 KWH
Cost per Unit	2.80	2.08
ii) Through Steam Turbine/ Generator Units	NIL	NIL
Units per Ltr. of Fuel		
Oil/Gas	NIL	NIL
Cost/Unit	NIL	NIL
2) COAL	N.A.	N.A.
3) FURNACE OIL/DIESEL		
F.O. Qty. (KL)	139	316
Total Amount (Rs.)	11,02,861	20,59,053
Average Rate (Per K.L.)	7,934.00	6,516.00
DSL. Qty.. (KL)	64	81
Total Amount (Rs.)	7,23,982	7,53,238
Average Rate (Per K.L.)	11,312	9,299

MUNAK CHEMICALS LIMITED

4) OTHER/INTERNAL GENERATION

qty. (KL)	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Average Rate (Per K.L.)	NIL	NIL

A) CONSUMPTION PER UNIT OF PRODUCTION

unit (M.T.)	ASSP	ASSP
Electricity (KWH)	52	52
Furnace Oil (K.L.)	12.02	14.54
Coal	NIL	NIL
Other Diesel (K.L.)	5.54	2.97

B) TECHNOLOGY ABSORPTION

1) Research and Development

No Research & 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 and technology for its plant.

C) FOREIGN EXCHANGE EARNINGS AND OUT GO

The Company has not exported its products during the year under review, therefore, there is no foreign exchange earnings. There is no foreign exchange out going for importing raw materials and others as the same is being procured from private parties.