

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 6th 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 1st July, 2013, without remuneration.

By order of the Board

Sd/-

RITA GARG
DIRECTOR

PLACE: CHANDIGARH
DATED 31st July, 2013

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, 5th 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 1st July, 2008 which was approved by shareholders in the Twenty Eighth Annual General Meeting held on 30th 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 1st 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

Sd/-
RITA GARG
DIRECTOR

PLACE: CHANDIGARH
DATED: 31st July, 2013

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

- (b) Whether special resolutions were put through Postal ballot last years ? No.
(c) Are special resolutions proposed to be put through Postal ballot this years ? No.

VIII. DISCLOSURES

- (i) There are no materially significant transactions with related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest.
(ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

IX. MEANS OF COMMUNICATION

- (i) Quarterly and Half yearly results are communicated to Stock Exchanges, where the Company's shares are listed, immediately after the same are taken on record/approved by the Board.
(ii) Management discussion and analysis forms part of this Report.

X. GENERAL SHEREHOLDER INFORMATION

- (a) Annual General Meeting to be held :

Day	:	Friday
Date	:	6 th September, 2103
Time	:	11.30 AM
Venue	:	Regd. Office :- House No. 5458, Hazi Rattan Gate, Mini Secretariat, Bathinda-151 005, (Punjab).

- (b) Financial Calendar 2013-2014 :

First Quarterly Results	:	Before the end of July' 2013
Second Quarterly Results	:	Before the end of Oct' 2013
Third Quarterly Results	:	Before the end of Jan' 2014
Fourth Quarter Results	:	Before the end of Apr' 2014

- (c) Dates of Book Closure :

Friday, 30th August, 2013 to Thursday 5th, September, 2013 (both days inclusive).

Dividend detail :

The Company has not declared any dividend for the current financial year.

- (d) Listing on Stock Exchanges :

The Equity Shares of the Company are listed at the following stocks Exchanges:

- The Ludhiana Stock Exchange Association Ltd., Feroze Gandhi Market, Ludhiana - 141001.
- The Delhi stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi- 110 002.
- Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

- (e) Company/Stock Code :

Equity Shares

- | | |
|--|-------|
| - The Ludhiana Stock Exchange Association Ltd. | — |
| - The Delhi Stock Exchange Association Ltd. | 13178 |
| - The Stock Exchange Mumbai. | 6906 |

- (f) The Shares of the Company have not been traded on the floor of any of the Stock Exchanges during the financial year 2012-2013.

- (g) Registrar and Transfer Agents :

The Company has in house arrangement for transfer of shares. Due to the closure of the Operations of the Company, most of the staff has left and the Company could not got its shares dematerialized.

- (h) Share Transfer System :
Share transfers are registered and returned within a prescribed period from the date of receipt, if the documents are complete in all respects.
- (i) Distribution of share holding :
The Distribution of Shareholding of equity shares as on 31st March, 2013 is given below :

CATEGORY (SHARES)	HOLDERS	%OF TOTAL	SHARES	%OF TOTAL
Up to 500	16613	94.62	2067463	19.26
501-1000	640	3.65	507402	4.73
1001-2000	199	1.13	286120	2.67
2001-3000	45	0.26	115078	1.07
3001-4000	12	0.07	43400	0.40
4001-5000	11	0.06	47150	0.44
1001-10000	20	0.11	136260	1.27
10001 and above	17	0.10	7529399	70.16
TOTAL	17557	100	10732272	100

- (j) Shareholding pattern as on 31st March, 2013.

	% holding
Promoters & Group Companies	: 19.07
FI's/ Bank /Mutual Funds	: 4.86
General Public	: 76.08
Total	100.00

- (K) **ADDRESS FOR CORRESPONDENCE :**

- S.C.O. 2, 1ST FLOOR, SECTOR 26, MADHYA MARG, CHANDIGARH – 160026.

CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE

The Members,
Munak Chemicals Limited,

We have examined the compliance of conditions of corporate governance by Munak Chemicals Limited for the period ended March 31, 2013 as prescribed in Clause 49 of the Listing Agreement of your Company with various stock exchanges.

Compliance with the conditions of corporate governance laid down is the responsibility of the management and our examination was limited to procedures adopted and their implementation by the company to ensure that the conditions of Corporate Governance have been complied with. Our examination was neither an audit nor is this certificate an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions on Corporate Governance as stipulated in the above Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month against the company as per records maintained by the shareholders/investors grievance committee. We further state that such compliance is neither an assurance regarding the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For an on behalf of

S.C. DEWAN & CO.,
CHARTERED ACCOUNTANTS,

PLACE : PANCHKULA
DATED: : 30th May, 2013

SD/-
(S. C. DEWAN)
PARTNER.
M. NO. 015678

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW :-

The Fertilizer Industry has been adversely effected due to the adverse Policies of Govt. of India, as a result thereof, margins have been under pressure due to withdrawal of subsidy.

Business Segment

- a) Industry structure and development.

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.

- b) Opportunities and threats.

The opportunities are being explored to diversify in other areas as the SSP Fertilizer in India is facing threat from low demand on one side and withdrawal of subsidy by Govt. on the other side. As such other business opportunities are being looked into.

- c) Risks and concerns.

The Company has already closed the operation and there had been a Nil turnover of SSP, the mass product of the Company.

- d) Outlook.

So far as SSP Industry is concerned, the future is very bleak due to availability of Imported Fertilizer and other substitute at more economical prices and drastic reduction in demand due to various reasons.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal control in order to ensure that all transactions are authorized, recorded and reported correctly. Regular internal audit checks are carried out to ensure that adequate systems are in place. The management continuously reviews the internal control systems and procedures to ensure orderly and efficient conduct of business. The emphasis of internal control prevails across functions and processes covering the entire activities of the company.

COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

Other matters such as operational and financial performance have been discussed under the respective heads in the Directors' Reports.

HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS

Our employees continue to be the backbone of our organization. Our efforts are towards instilling a level of competency in the work force. The human resource has to be more dynamic and result oriented in the present day business environment.

On behalf of Board of Directors

PLACE : CHANDIGARH
DATED: 30th May, 2013

SD/-
P.D. SHARMA
DIRECTOR

SD/-
RITA GARG
DIRECTOR

INDEPENDENT AUDITORS' REPORT

To the Members of

Munak Chemicals Limited

We have audited the accompanying financial statements of Munak Chemicals Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Profit and Loss Account, of the losses for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we report that:

- a) 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;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.C. Dewan & Co.
Chartered Accountants
FRN: 000934N

Place: Chandigarh
Date: 30.05.2013

Sd/-
S.C. Dewan
Partner
Membership No.: 015678

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Munak Chemicals Limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. In respect of its fixed assets:

The company does not have any fixed assets as such, the provisions of this paragraph are not applicable.

2. In respect of its inventories:

As the company had already closed its operations and there are no stocks/Inventory as such, the provisions of this paragraph is not applicable

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted unsecured loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

4. As the company's operations are closed and turnover is NIL as such, the company does not have an internal audit system.
5. The companies has not entered into any transaction which needs to be entered in pursuance of section 301 of the Act as such the provisions of this paragraph is not applicable.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The company has been required to maintain cost records under Section 209(1) (d) of the Companies Act, 1956 but, as the company had closed its operations and there is no production/stock/sale as such, no cost records have been maintained.
9. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
10. The company has been registered for a period of more than five years, having existing share capital of **Rs.107221110/-**. Its accumulated losses at the end of the financial year amount to **Rs. 138070621/-** which is more than 100% of its net worth.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has raised term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For S.C. Dewan & Co.
Chartered Accountants
FRN: 000934N

Place: Chandigarh
Date: 30.05.2013

Sd/-
S.C. Dewan
Partner
Membership No. : 015678

MUNAK CHEMICALS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2013.**

PARTICULARS	NOTE NO.	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds	1		
(a) Share Capital		107221110	107221110
(b) Reserves and Surplus		-138070621	-136933013
(2) Non-current liabilities	2		
(a) Long-term borrowings		29278434	28879595
b) Long Term Provision		662881	623045
(3) Current liabilities	3		
a) Short Term Borrowings		700000	0
(b) Other current liabilities		472399	496849
TOTAL		264203	287586
II. ASSETS			
(1) Non Current Assets	4		
Long-term loans and advances		233388	233388
(2) Current assets	5		
(a) Cash and cash equivalents		30815	54198
TOTAL		264203	287586

Sd/-
P. D. SHARMA
DIRECTOR

Sd/-
LOK NATH AGGARWAL
GENERAL MANAGER (COM.)

Sd/-
RITA GARG
DIRECTOR

Auditors Report as per our Seperate Report of even date annexed
for S.C. DEWAN & CO.
CHARTERED ACCOUNTANTS

Place : Chandigarh
Date : 30th May, 2013

Sd/-
(S. C. DEWAN)
PARTNER
M.NO. 015678

MUNAK CHEMICALS LIMITED

NOTE NO. 1

(a) SHARE CAPITAL

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
AUTHORISED		
11000000 (Previous year 11000000) Equity Shares of Rs. 10/- each	110000000	110000000
ISSUED SUBSCRIBED, CALLED & PAID UP		
10732272 (Previous year 10732272) Equity Shares of Rs. 10/- each	107322720	107322720
LESS : CALLS-IN-ARREAR Other than Directors	101610	101610
TOTAL SHARE CAPITAL	107221110	107221110

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Equity Shares		Preference Shares	
	Number		Number	
Shares outstanding at the beginning of the year	10,732,272			
Shares Issued during the year	0			
Shares bought back during the year	0			
Shares outstanding at the end of the year	10,732,272	-	-	-

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Saurabh Patel	1063300	9.91%	1063300	9.91%
Tapsya Sheth	974900	9.08%	974900	9.08%
Meena Shah	1051000	9.79%	1051000	9.79%
Pulkit Shah	1096500	10.22%	1096500	10.22%
Jaydeep Suthar	1037400	9.67%	1037400	9.67%
Deepak Kapre	1000000	9.32%	1000000	9.32%

(b) RESERVES & SURPLUS

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
Previous Year Loss c/f	-136933013	-135439133
Less / Add : Profit / -Loss for the year	-1137608	-1493880
TOTAL RESERVES & SURPLUS	-138070621	-136933013

MUNAK CHEMICALS LIMITED

NOTE NO. 2

NON CURRENT LIABILITY

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
A) LONG TERM BORROWING		
LOAN AND ADVANCES		
Unsecured:		
Anubhav Industrial Resources Ltd.	8382459	8451459
Keshoram Leasing Limited	4119104	3596104
Vijay Kumar Garg Contractor Pvt. Ltd.	11637377	9495538
TOTAL	24138940	21543101
OTHER LOANS AND ADVANCES		
Unsecured:		
Loans from Directors	5139494	7336494
TOTAL	5139494	7336494
TOTAL LONG TERM BORROWING	29278434	28879595
B) LONG TERM PROVISIONS		
Gratuity Payable	662881	623045
TOTAL	662881	623045

NOTE NO. 3

CURRENT LIABILITIES

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
A) SHORT TERMS BORROWINGS		
Munak Engineers Pvt. Ltd.	700000	0
TOTAL SHORT TERMS BORROWINGS	700000	0
B) OTHER CURRENT LIABILITIES		
Expenses Payable	23423	23486
Rent Payable	120472	129217
P.F. Payable	9975	9516
E.S.I. Payable	1219	1166
T.D.S. Payable	5680	4464
Salary Payable	41567	39233
Audit Fee Payable	33371	32760
Amount Payable	236692	257007
Total Other Current Liabilities	472399	496849

MUNAK CHEMICALS LIMITED

NOTE NO. 4

NON CURRENT ASSETS

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
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Long Term Loans & Advances

Security Deposit	233388	233388
	<u>233388</u>	<u>233388</u>

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NOTE NO. 5

CURRENT ASSETS

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
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a) Cash & Cash Equivalents		
- Cash-in hand	20271	14995
- Balance with Scheduled Banks in CIA	10544	39203

TOTAL CASH & CASH EQUIVALENTS	<u>30815</u>	<u>54198</u>
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MUNAK CHEMICALS LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

PARTICULARS	NOTE NO.	AS AT 31ST MAR'2013 (Rs.)	AS AT 31ST MAR'2012 (Rs.)
Other Income	6	28050	240
Total Revenue		<u>28050</u>	<u>240</u>
Expenses			
Employee benefits expense	7	679519	649758
Financial Expenses	8	1648	2395
Other expenses	9	484491	841967
Total Expenses		<u>1165658</u>	<u>1494120</u>
Net Profit/-Loss for the year		-1137608	-1493880
Earning Per Share:			
(1) Basic		-0.11	-0.14
(2) Diluted		-0.11	-0.14

Sd/-
P. D. SHARMA
DIRECTOR

Sd/-
LOK NATH AGGARWAL
GENERAL MANAGER (COM.)

Sd/-
RITA GARG
DIRECTOR

Auditors Report as per our Seprate Report of even date annexed
for S.C. DEWAN & CO.
CHARTERED ACCOUNTANTS

Place : Chandigarh
Date : 30th May, 2013

Sd/-
(S. C. DEWAN)
PARTNER
M.NO. 015678

MUNAK CHEMICALS LIMITED**NOTE NO. 6****OTHER INCOME**

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
Misc. Income	28050	0
Interest on Income tax Refund	0	240
TOTAL Other Income	28050	240

NOTE NO. 7**EMPLOYEES BENEFIT EXPENSES**

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
Salary, Wages & Other Allowances Staff	576580	545145
Cont. to ESI	10770	10348
Cont. to PF	48893	46161
Gratuity	39836	36462
Welfare Expenses	3440	11642
TOTAL Employee benefits expenses	679519	649758

NOTE NO. 8**FINANCIAL EXPENSES**

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
Bank charges	1648	2395
TOTAL FINANCIAL EXPENSES	1648	2395

MUNAK CHEMICALS LIMITED

NOTE NO. 9

OTHER EXPENSES

PARTICULARS	AS AT 31ST MAR, 2013 (Rs.)	AS AT 31ST MAR, 2012 (Rs.)
Administration Expenses		
Travelling Expenses	5019	12119
Rent	78150	78150
Printing & Stationary Exp	95978	94989
Postage Expenses	92733	73636
Telephone & Mobile	65144	75271
Insurance Charages	0	509
Legal & Professional Charges	61700	19700
Audit Fee	37758	36400
Fee & Subscription	2373	2150
News Paper & Periodicals	725	1332
Electricity & Water Charges	44911	44334
Settlement Amount Paid	0	400000
Repair & Maintenance General	0	3375
Misc. Dr/Cr W/off	0	2
TOTAL OTHER EXPENSES	484491	841967

MUNAK CHEMICALS LIMITED

CASH FLOW STATEMENT	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
A Net Loss before tax adjustment for:	-1137608	-1493880
Operating Profit	<u>-1137608</u>	<u>-1493880</u>
Adjustement for:		
Trade Payable	-24450	38581
Trade Receivable	0	14571
NET CASH FROM OPERATING ACTIVITIES	<u>-1162058</u>	<u>-1440728</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Long Term Loan & Advances	0	-625
NET CASH USED IN INVESTING ACTIVITIES	<u>0</u>	<u>-625</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds long term borrowings	1138675	1432462
NET CASH USED IN FINANCIAL ACTIVITIES	<u>1138675</u>	<u>1432462</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	-23383	-8891
Cash & Cash Equivalents as at 01.04.2012 (Opening Balance)	54198	63089
Cash & Cash Equivalents as at 31.03.2013 (Closing Balance)	30815	54198

Sd/-
LOK NATH AGGARWAL
GENERAL MANAGER (COM.)

Sd/-
P.D. SHARMA
DIRECTOR

Sd/-
RITA GARG
DIRECTOR

PLACE: CHANDIGARH
DATED: 30th May, 2013

AUDITOR'S CERTIFICATES

We have verified the above statement with the books and records maintained by M/s MUNAK CHEMICALS LTD. And certified 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
DATED: 30th May, 2013

Sd/-
(S. C. DEWAN)
PARTNER
M. NO. 015678

MUNAK CHEMICALS LIMITED

NOTE NO. '10'

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The Company adopts accrual basis in the preparation of accounts.

ii) Recognition on Incomes/Expenses

Since the Company has discontinued its operations, as such there are no sale & Turnover. Income comprises only on account of Interest on Income Tax Refund and the same has been accounted for on accrual basis.

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

iii) Fixed Assets and Depreciation

Since the company had already closed its operations and there are no fixed asset and no Depreciation has been charged.

iv) Inventories

As the Company has discontinued its operation therefore there are no Inventories with the Company. The Stock of earlier years have already been written off. Thus the disclosure of method of valuation does not arise.

v) Bonus

The company has already closed its operation and paid off to all the worker and all of them left the services of the Company. Therefore no provision of Bonus for the year in respect of a few employees working at the Head office of the Company has been made in the books of accounts as the number of employee have reduced below the minimum number required as per the Bonus Act.

iv) RETIREMENT BENEFITS

The Retirement Benefits are provided by the company on estimate basis.

2. The previous year figures have been re-grouped and re-arranged to make them comparable with those of current year.
3. In the opinion of the Board, under the head "*Current Assets, Loans & Advances*", the Loans & Advances are approximately of the value stated, if realized in the ordinary course except otherwise stated. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
4. No provision for income tax liability has been made in the absence of assessable income under the Income Tax Act. 1961.

5. *Segment Reporting*: Since the company has discontinued its operations, as such the provisions of AS 17 issued by ICAI, New Delhi regarding Segment Reporting are not applicable.
6. The company has made a provision of Rs. 39,836/- on account of Gratuity on estimated basis. No provisions for Leave Encashment, as well as provision for Gratuity on actuarial valuation as required by AS 15 issued by ICAI, New Delhi because now only a skeleton staff left with the company. As such, the provision for retirement benefits of employees is not in conformity with the AS 15 issued by ICAI, New Delhi.
7. All figures have been rounded off to the nearest rupee.
8. Note No. '1' to '9' form an integral part of the Balance Sheet and Profit & Loss account and have been duly authenticated.
9. As per AS 22 regarding deferred Tax liabilities issued by ICAI, New Delhi, the Provision of AS 22 are not applicable, since the company has closed its operation and does not have fixed assets.

10.	Earning per share (EPS)	Current year	Previous year
	Basic/Diluted Earning per share	(Rs.)	(Rs.)
	Profit/(Loss) after tax as per Profit & loss account	(1137608)	(1493880)
	Less :- Dividend and Tax thereon in respect of preference shares	-	-
	Profit/(Loss) Available for the share-holder (A)	(1137608)	1493880
	No. of equity share (B)	10732272	10732272
	Earning per share (Rs.) (A/B) (Basic & Diluted)	(0.11)	(0.14)

MUNAK CHEMICALS LIMITED

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

AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
Qty.(MT)	Value(Rs.)	Qty.(MT)	Value(Rs.)

The Company has in earlier years stopped production and as such no Quantitive information is given

Auditors Report as per our Separate
Report of even date annexed.

for S.C.DEWAN & CO.
Chartered Accountants

Sd/-
S.C.DEWAN
Partner
M. NO. 015678

Sd/-
Lok Nath Aggarwal
General Manager (Com.)

Sd/-
P.D. SHARMA
Director

Sd/-
Rita Garg
Director

PLACE: CHANDIGARH
DATED: 30th May, 2013
