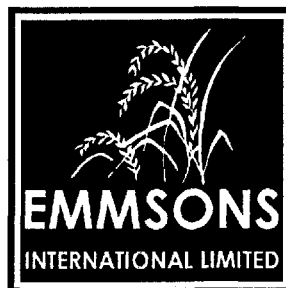


*12<sup>th</sup>*  
*Annual Report*  
*2004-2005*

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**EMMSONS INTERNATIONAL LIMITED**

**BOARD OF DIRECTORS**

Anil Monga	Managing Director
Madan Lal Monga	Director
Rajesh Monga	Whole Time Director
Sanjeev Monga	Director
Mulraj J. Tanna	Director
Sudesh Pal Jain	Director
Vijay Kumar Kakkar	Director
Gp. Captain Barjinder Kumar Dhir, VM (Retd.)	Director

**BANKERS****ORIENTAL BANK OF COMMERCE**

Overseas Branch, M-33, Greater Kailash-II,  
New Delhi - 110048

**INDIAN OVERSEAS BANK**

A-19/22, Moolchand Shopping Complex  
Defence Colony, New Delhi.

**AUDITORS****SURESH & ASSOCIATES**

3A, Bigjo's Tower, Netaji Subhash Place  
Pitampura, Delhi - 110034

**REGISTERED OFFICE**

2637, First Floor,  
Naya Bazar, Delhi - 110006

**ADMN. OFFICE**

101, South Delhi House,  
12, Zamrudpur Community Centre  
Kailash Colony, New Delhi-110048

**SHARE REGISTRAR****IN TIME Spectrum Registry Limited,**

A-31, 3rd Floor, Naraina Industrial Area,  
Phase-I, Near PVR Cinema,  
New Delhi - 110028

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## NOTICE

NOTICE is hereby given that 12th Annual General Meeting of M/s Emmsons International Limited will be held on Thursday, the 29th September, 2005 at 11.00 A.M. at Madhuban Holiday Inn, B-71, Greater Kailash-1, New Delhi 110 048 to transact the following business :-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended on that date together with Auditor's Report and Report of Directors.
2. To appoint a Director in place of Mr. Vijay Kumar Kakkar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sudesh Pal Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Suresh & Associates, Chartered Accountants, as Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the Provisions of Section 198, 309, 310 and Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any of the Companies Act, 1956 approval of the members of the company be and is hereby accorded for the re appointment of Mr. Anil Monga as the Managing Director of the Company for a further period of five years w.e.f. 1st September, 2005 at a remuneration and perquisite as detailed below :-

#### **A. SALARY:**

Rs. 1,35,000 (Rupees One lacs thirty five thousand Only) per month in the grade of 1,35,000 - 25,000-2,60,000.

#### **B. COMMISSION:**

Such percentage of net profits as may be decided by the Board of Directors in each financial year.

#### **C. PERQUISITES:**

In addition to Salary and Commission, he will be entitled to Perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement, leave travel concession, club fees including membership fee of two clubs, personal accident insurance etc. in accordance with the rules of the Company, such perquisites being restricted to Rs. 12,00,000/- (Rupees Twelve Lacs Only) per annum.

- i) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, otherwise, at actuals. Provisions for use of Company car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of Perquisites for the purpose of calculating the said ceiling.
- ii) Company's contribution to Provident Fund and Superannuation Fund not exceeding twenty five percent of the remuneration shall not be included in the computation of limits for Perquisites aforesaid.
- iii) The total remuneration payable to him including Commission, value of Perquisites and Company's contribution towards Provident Fund and Superannuation Fund shall not exceed Rs. 50,00,000/- (Rupees Fifty lacs Only) for any financial year.

### **D. OTHER TERMS**

- i) The total remuneration including Commission Perquisites and Company's contribution towards Provident Fund and Superannuation Fund payable to him shall not exceed five percent where there is only one Managing/ Whole time Director and ten percent where there are more than one Managing / Wholetime Director, of the profits calculated in accordance with Section 198 and 309 of the Companies Act, 1956.
- ii) The Managing Director shall be entitled to reimbursement of all actual expenses, including on entertainment and traveling, incurred in the course of the Company's business.
- iii) The Managing Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities such as hospitalization etc. as are granted to the Senior Executives of the Company, in accordance with the Company's practice, rules and regulations in force from time to time.
- iv) The Company or the Managing Director shall be entitled at any time to terminate this appointment by giving three months written notice or by any shorter notice as may be mutually agreed to, by both the parties.
- v) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid, subject to the compliance of Schedule XIII of the Companies Act, 1956 in this regard, remuneration by way of salary and perquisites as specified above.

- vi) The Managing Director, so long as he functions as Managing Director, shall not be paid any sitting fee for attending meeting of the Board of Directors or Committees thereof.

"RESOLVED FURTHER THAT the Managing Director will be authorized to exercise such powers of management, as may be delegated to him by the Company from time to time, subject however, to the overall superintendence, control and supervision of the Board of Directors of the Company."

"RESOLVED FURTHER THAT in the event(s) of any relaxation by the Central Government in the provisions of Schedule XIII of the Companies Act, 1956, the Board of Directors will be authorized to increase the remuneration and/or the term of appointment of the Managing Director, as the Board may decide from time to time subject to such provisions."

**By Order of the Board of Directors.  
For Emmsons International Limited**

Sd/-

(ANIL MONGA)

Managing Director

Dated : 29th July, 2005

Place : New Delhi

#### NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and proxy need not be a member of the company. The instrument of appointing proxy should, however, be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. An explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to Special Business to be transacted at Annual General Meeting is annexed herewith.
3. The Register of Members and the Share Transfer Books of the company shall remain closed from Thursday, the 22nd September, 2005 to Thursday, the 29th September, 2005 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for identification.

### **EXPLANATORY STATEMENT PURSUANT TO THE SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### Item No. 5

Mr. Anil Monga was appointed as a Managing Director of the company for a period of five years w.e.f. 1st September 2000 by the members by passing a resolution at their 7th Annual General Meeting held on 29th September, 2000.

This said term of appointment of Mr. Anil Monga expired on 31st August 2005. Considering his successful, result oriented track record and his experience in field and his active involvement in the affairs of the company, the Remuneration Committee of the Board of Directors at their meeting held on 19th July, 2005 approved the re appointment and recommended the same to the Board of Directors. The Board of Directors of the company at their meeting held on 29th July, 2005 confirmed the re- appointment of Mr. Anil Monga as Managing Director for another five years with effect from 1st September, 2005 subject to the approval of the members of the company.

Pursuant to the provisions of the section 269 read with schedule XIII of the Companies Act, 1956, approval of the members is required for the appointment/re appointment of the Managing Director of the company. Accordingly, yours' Directors recommend the passing of resolution no. 5 of this notice as an Ordinary Resolution.

Mr. Anil Monga is a graduate and is associated with the company since its incorporation. He has to his credit vast, rich and varied experience in the field of procurement and international trading of Agri Commodities. Due to the efforts of Mr. Anil Monga, the company made a good reputation in the national and international market.

The detailed terms and conditions stated in the resolution no.5 and in this explanatory notes may be considered as an abstract of terms and conditions as required by the provisions of section 302 of the Companies Act, 1956.

Members are requested to pass the resolution no. 5 of this notice as an Ordinary Resolution.

Mr. Anil Monga, Mr. Madan Lal Monga and Mr. Rajesh Monga may deemed to be interested in this resolution.



## DIRECTORS' REPORT

Dear Members,

The Directors of your company have pleasure in presenting the 12th Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2005.

### 1. FINANCIAL HIGHLIGHTS

A summarized position of the sales turnover, profits and taxation for the year under review as compared to the earlier year is given below:

Particulars	Amount (Rs. In Lacs)	
	2004-05	2003-04
Gross Sales and Income	10999.87	22251.35
Profit/(Loss) before interest, Depreciation and taxation	(634.33)	799.31
Less: Interest and financial Charges	342.42	644.06
Depreciation	19.03	17.87
Profit/(Loss) before taxation	(995.78)	137.38
Less: Provision for taxation	Nil	19.00
Provision for deferred taxation/ (tax effect of timing differences during year)	(0.92)	(7.12)
Profit/(Loss) after taxation	(994.86)	125.50
Add: Balance brought forward from the previous year	942.95	818.12
Disposable Profits/(Loss)	(51.91)	943.62

### 2. DIVIDEND

With a view to conserve the resources for the expansion and diversification plans of the company, your Directors have decided not to recommend any dividend for the year ended 31st March, 2005.

### 3. MANAGEMENT ANALYSIS AND DISCUSSION

#### a) Industry structure & Development

The agro commodity trade, all over the world, is heavily influenced by policies of the respective governments. In the post GATT era, the Government of India decided to suspend sale of subsidized rice/wheat to exporters in August 2003 with a promise to announce a new policy permitting the exporters to procure rice/wheat from the open market and reimbursing them with some WTO compatible subsidy. However, the policy has still been not announced till date and exports of rice and wheat from India during the period have declined sharply.

#### b) Outlook

In the absence of a clear Government policy the long term future of rice/wheat exports seems uncertain. However, the next crop may see bumper

harvest in view of healthy monsoon rains. Good demand is seen to re-emerge from Bangladesh and Nigerian markets. The prospects may further improve with possibility of opening of trade with Pakistan.

#### c) Risks, Threats and Opportunities

The continued uncertainty as regards to the Government policy of subsidy still remains the biggest threat. Further, since the availability of rice/wheat in private trade is restricted to the crop season, the exporters would be required to store the grain for a longer period and accordingly, there will be more blockages of funds in the storage, warehousing and handling charges.

Furthermore, since the production of Agri commodities in India is highly dependent on the position of monsoon, hence risk is integral to almost every aspect of the Agri related business.

However, inspite of the many points made above, the new export policy is expected to herald the beginning of a new era in Indian agriculture sector as the new Government has indicated firm steps to promote the agricultural sector. Further fast improving relations with our neighbouring countries like Pakistan and Bangladesh and opening of rail/road routes may prove to be excellent opportunity for the trade.

#### d) Segment wise Performance

As the company's business activity falls within single primary business segment viz. trading of commodities, hence reporting of segment wise performance is not applicable.

#### e) Internal Control system and their adequacy

The company's internal control systems are more than adequate and are routinely tested and certified by our statutory auditors. Moreover, the company continuously upgrades these systems in line with best prevailing practices.

Your company maintains adequate internal control system designed to provide reasonable assurance that assets are safeguarded. Transactions are executed in accordance with management's authorization and are properly recorded and accounting records are adequate for preparation of financial statements and financial information. Your company has well defined procedure to execute the financial transaction. Furthermore, the Audit Committee and the Board of Directors screen each financial transaction.

#### f) Financial and Operational Performance

The year ended 31st March, 2005, was simply one of the most difficult years for your company. The turnover your company fell to Rs 110 Crore (including export sales of Rs. 93 Crore as compared to a turnover of Rs. 223 crores with exports of Rs.

195 crores and domestic sales of Rs. 17 crores in the year 2003-2004). Further, for the first time, the company incurred a Loss (before taxation) of Rs 9.96 Crore for the year ended 31st March, 2005 as compared to a profit of Rs.1.37 Crore, in the previous year. The fall in sales volume is clearly attributable to uncertain government policies coupled with unfavourable market conditions.

The financial statements of the company for the year under review have been prepared in Compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of the company accepts the responsibility for the integrity and objectivity of these financial statements.

**g) Human Resources and No. of employees employed**

Employees' relations continued to be cordial and harmonious during the year. The employees have shown a high degree of maturity and responsibility in responding the changing needs of business and prevailing economic/market conditions. The company has remained focus on strengthening human capital through continuous training and development and by upgrading the skills of employees to meet the company's objectives. The total number of employees working with the company as on the end of the year under review was 36.

**4. JOINT VENTURE/ASSOCIATE COMPANIES**

M/s Emmons Infotech Limited, a joint venture between your company and Westone Investment limited, UK continues to perform poorly inspite of best efforts. The company has been facing the tough time due to slow down in the industry. Efforts are continuing to stabilize the operations of the company.

**5. INSURANCE**

All assets of the company including its plant and machinery and stocks have been adequately insured.

**6. FIXED DEPOSITS**

The company had not accepted any deposit from public during the year ended 31st March 2005, pursuant to the provisions of section 58-A of the Companies Act, 1956.

**7. DIRECTORS**

Mr. Vijay Kumar Kakkar and Mr. Sudesh Pal Jain, Directors of the company will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Your Directors recommend the reappointment of Mr. Vijay Kumar Kakkar and Mr. Sudesh Pal Jain as Directors of the company. The resolution in this regard is given in the notice of the 12th Annual General Meeting, which is separately sent to the members.

Further, pursuant to provisions of the clause 49 of the listing agreement, the brief resumes of the Directors,

who are to be reappointed in this Annual General Meeting, are provided in the corporate governance section, which is a part of the Annual Report of the company.

**8. AUDITOR'S REPORT**

The Auditors observations are self-explanatory and, therefore do not call for any further comments.

**9. AUDITORS**

M/s Suresh & Associates, Chartered Accountants, the Auditors of the company retire at the ensuing Annual General Meeting and have expressed their willingness to continue in the office, if re-appointed. Members are requested to re-appoint them and authorize the Board to fix their remuneration and pay out of pocket expenses.

**10. REPORT ON CORPORATE GOVERNANCE**

A detailed report on the procedures adopted by the company on the Corporate Governance along with the certificate of Auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with Stock Exchanges is enclosed and form part of this Annual Report.

**11. LISTING OF SECURITIES**

Previously equity shares of the company were listed in The Delhi Stock Exchange Association Limited, DSE House, 3/1, Asaf Ali Road, New Delhi- 110 002, The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana, Punjab and The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.

However, in view of the non-trading of company's share in Delhi and Ludhiana Stock Exchanges and on the authorization by the members in the Eleventh Annual General Meeting held on 24th September 2004, company requested the respective stock exchanges for de-listing the security and same was confirmed by Delhi stock exchange vide letter dated 19th January' 2005 w.e.f 20th January' 2005 and Ludhiana stock exchange vide letter dated 11th February' 2005 w.e.f. 8th February' 2005.

Now the equity shares of the company is listed in The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai only. The scrip code for The Stock Exchange, Mumbai is 532038.

The company had duly paid the listing fee to all the aforesaid Stock Exchange for the financial Year 2005-2006.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING**

As the company is not covered in schedule A of Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988, provisions of Section 217(1) (e) of the Companies Act, 1956 are not applicable.