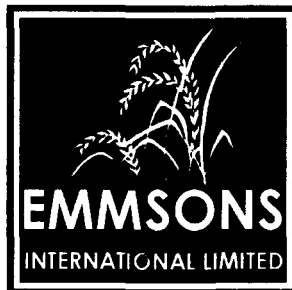


*13<sup>th</sup>*  
*Annual Report*  
*2005-2006*

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**EMMSONS INTERNATIONAL LIMITED**

**BOARD OF DIRECTORS**

|   |                     |
|---|---------------------|
| Anil Monga                                      | Managing Director   |
| Madan Lal Monga                                 | Director            |
| Rajesh Monga                                    | Whole Time Director |
| Mulraj J. Tanna                                 | Director            |
| Vijay Kumar Kakkar                              | Director            |
| Gp. Captain Barjinder Kumar<br>Dhir, VM (Retd.) | Director            |
| Bhupinder Singh                                 | 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 13th Annual General Meeting of M/s Emmsons International Limited will be held on Friday, the 11th August, 2006 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 2006 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. Malraj J.Tanna, who retires by rotation and being eligible offers himself for re-appointment.
3. 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:

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

'RESOLVED THAT Mr. Bhupinder Singh, who was appointed as Additional Director under section 260 of the Companies Act, 1956 by the Board of Directors in their meeting held on 12th Day of January, 2006 and who hold office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a director of the company liable to retirement by rotation.'

5. To consider and if, thought fit to pass with or without modification (s) the following resolution as Special Resolution.

'Resolved that pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956 and subject to the relevant rules, regulations or guidelines of the Securities and Exchange Board of India, listing agreement executed with concerned stock exchanges and/or any other appropriate authorities, if any, the Board of Directors (hereinafter referred to as 'the Board') be and is hereby authorised to re-issue, in one or more tranches, 7,89,100 Equity shares of Rs. 10/- each (fully called up), which have been forfeited by the company for non-payment of allotment money, to any person or persons who are ready to purchase those shares and whom the Board of Directors or any Committee thereof thinks in the interest of the Company at a price, not lower than the price worked out in accordance with the SEBI Guidelines for Preferential issue on a date to be determined by the Board, which shall not be earlier than 7 days before the date of Board/Committee meeting for re-issue of such shares and on such other terms and conditions as the Board may deem fit in its sole discretion and that the shares so re-issued shall rank pari passu in all respects with the existing equity shares of the Company.'

'Further Resolved that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take all steps as it may deem necessary, desirable and expedient and to all acts, deeds and things in connection therewith and incidental thereto, as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and the decisions of the Board shall be final and conclusive.'

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

Sd/-  
(ANIL MONGA)  
Managing Director

Dated : 20th June, 2006  
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 Friday, the 4th August, 2006 to Friday, the 11th August, 2006 (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. 4

Mr. Bhupinder Singh is an eminently experienced in well known public and Private sector organization in various capacities for about 43 years. He was also appointed consultant to the Ministry of Commerce. Various companies and business entities have benefited from valuable advice provided by Mr. Bhupinder Singh. He holds directorship in Amulet International Pvt. Limited, BAG Films Limited and Manjeera Hotels & Resorts Limited apart from your company. With his rich experience at various level, it is expected that the company will be benefited.

The Board of Directors at their meeting held on 12th January, 2006 appointed Mr. Bhupinder Singh as an Additional Director. Pursuant to the provisions of section 260 of the Companies Act, 1956, his term of office expires on the date of this Annual General Meeting. The company had received a notice under section 257 of the Companies Act, 1956 from a shareholder for his appointment as Director of the company.

Your Directors recommend appointment of Mr. Bhupinder Singh as Director of the company. Members are requested to pass the resolution no. 4 as an Ordinary Resolution.

Except Mr. Bhupinder Singh, no other Director is in any way concerned or interested in the proposed resolution.

#### Item No. 5

Shareholders of the Company are aware that the Board of Directors of the Company in their meeting held on 23rd August 2005 had forfeited 789100 Equity Shares for non-payment of allotment money and the Bombay Stock Exchange vide their letter dated September 19, 2005 has issued a Trade Notice No. 20050919-3 intimating all its members regarding the forfeiture of aforesaid shares.

The activities of the Company has been increased manifold and the Company can foresee good trading season this year and for all these activities there is an urgent requirement of funds. By issuing forfeited shares the Company can utilise the funds to meet out the business needs of the Company.

The Company has received a advise from Bombay Stock Exchange Ltd. vide their letter No. List/Sdm/rbg/re-issue/2006 dated January 13, 2006 for re-issuing of 789100 forfeited Equity shares to other than existing shareholders, with the prior approval of the shareholders in general meeting.

The Board recommends the resolution for approval of the Shareholders.

None of the Directors are interested or concerned in the proposed resolution.

## DIRECTORS' REPORT

Dear Members,

The Directors of your company have pleasure in presenting the 13th Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2006.

### 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) |          |
|---|----------------------|----------|
|   | 2005-06              | 2004-05  |
| Gross Sales and Income  | 14604.99             | 10999.87 |
| Profit/(Loss) before interest, Depreciation and taxation                        | 691.37               | (634.33) |
| Less : Interest and financial Charges   | 350.94               | 342.42   |
| Depreciation  | 21.14                | 19.03    |
| Profit/(Loss) before taxation   | 319.29               | (995.78) |
| Less : Provision for taxation   | 24.00                | Nil      |
| Provision for deferred taxation/ (tax effect of timing differences during year) | (7.86)               | (0.92)   |
| Profit/(Loss) after taxation  | 303.15               | (994.86) |
| Add : Balance brought forward from the previous year                            | (43.41)              | 942.95   |
| Disposable Profits/(Loss)   | 259.74               | (51.91)  |

### 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 2006.

### 3. MANAGEMENT ANALYSIS AND DISCUSSION

#### a) Company Snapshot

The company has been very aggressive in wake of the opening up of Sugar Trade with Pakistan as well as making inroads into the lucrative Container Business of Non-Basmati/Basmati Rice to the Bangladesh, Middle East and South Africa. A new addition last year, Acid Casein was exported in good volumes in Europe and North America. In addition, Imports of Pulses and Sulphur also ensured a strong presence for the company in the local market. The company has also started providing Travel Solutions under its brand 'Travsol' and has already started seeing the Revenue stream climb up in a short duration of time.

#### b) Future Direction

The company is sure to outperform itself in all aspects in the next financial year in wake of strong demand of Sugar from Pakistan, Bangladesh and Sri Lanka. In addition, the Company has revived its Nigerian Business and is expecting to export regular shipments in the near future. The container traffic for both Non-Basmati and Basmati rice is poised to experience substantial growth in addition to Importation of Wheat to cope up with the anticipated

shortage in the Indian crop. The company is also expanding its portfolio of Traded commodities by venturing into imports of Coal and Steel Products in addition to exports of Soya meal. The company would be aggressive in Importing Pulses and Sulphur also in the future. In regards to the Travel Business, The Company would be IATA accredited Travel Agent and would be in prime position to make full use of the opportunities that arise as a result of ever-growing Tourism Industry in India. In addition to increasing the clientele, the Company would be expanding into Tourism with a special focus on Inbound Tourism

#### c) Risk Management

The company has been hedging its Imports and Exports on the main Commodity exchanges wherever possible. Risk Management techniques have been added at every level to ensure that company is prepared to take the competition head on without making itself vulnerable to the occasional bumps in the market.

In event of unforeseen Risks, the company would rely on the experience and dedication of its Board to tackle any issues that may affect its performance. The Management structure as well as Staffing has also been shaken up to enhance the performance and make the board more accountable in the decision-making processes.

#### 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 2006 the turnover of your company increased up to Rs. 146.04 Crore. That is 36.05 Crore higher as compared to previous year. Company has also earned the profit after taxation Rs. 3.03 Crore as compared to loss of Rs. 9.94 Crore during the previous year.

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 Number 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 to the changing needs of business and prevailing economic/market conditions. The company has remained focused on strengthening human resources 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 48.

**4. INSURANCE**

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

**5. FIXED DEPOSITS**

The company had not accepted any deposit from public during the year ended 31st March 2006, pursuant to the provisions of section 58-A of the Companies Act, 1956.

**6. DIRECTORS**

Mr. Malraj J. Tanna, Director of the company will retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.

During the year under review, Mr. Bhupinder Singh was appointed as Additional Director of the Company w.e.f. 12th Day of January, 2006.

Your Directors recommend the reappointment of Mr. Malraj J. Tanna and appointment of Mr. Bhupinder Singh as Director of the company. The resolution in this regard is given in the notice of the 13th 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.

**7. AUDITOR'S REPORT**

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

**8. 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.

**9. 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.

**10. LISTING OF SECURITIES**

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 the aforesaid Stock Exchange for the financial Year 2006-2007.

**11. 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.

**12. STATEMENT OF PARTICULARS OF EMPLOYEES**

Information required as per section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) rules, 1975 and forming part of Director's Reports for the year ended 31st March, 2006 is given in the Annexure 'A'.

**13. DIRECTORS RESPONSIBILITY STATEMENT**

As required under section 217(2AA) of the Companies Act, 1956, it is hereby stated that:

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the Annual Accounts on a going concern basis.

**14. ACKNOWLEDGEMENT**

Your Directors wish to place on record their thanks and gratitude to various Central and State Government Authorities for their co-operation and providing different approvals, Bankers of the company for the financial facilities and support extended, Overseas traders, customers, retailers and other associated with the company as its trading partners for their continued support & trust and the shareholders of the company for their confidence in the company.

Your Directors also wish to place on record the appreciation of the officers and employees at all levels for their dedicated services and contribution to the growth of the company.

**For and on behalf of the Board of Directors**

Place : New Delhi  
Dated : 20th June, 2006

Sd/-  
(ANIL MONGA)  
MANAGING DIRECTOR

**Annexure 'A'**

Information required as per section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) rules, 1975 and forming part of Director's Reports for the year ended 31st March 2006.

- (A) Persons employed throughout the financial year, who were in receipt of remuneration for the year, which, in the aggregate, was not less than Rs. 24.00 Lacs.

Nil

- (B) Persons employed for a part of the financial year who were in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than Rs. 2.00 Lacs per month.

Nil

- (C) Persons employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent, of the equity shares of the company.

| Sl. No. | Name of Employee | Designation/<br>Nature of duties     | Remuneration<br>(in Rs.) | Qualification      | Age<br>(Yrs) | Experience | Date of<br>employment | Particulars of last<br>employment |
|---------|------------------|--------------------------------------|--------------------------|--------------------|--------------|------------|-----------------------|-----------------------------------|
| 1.      | Mr. B.B. Gandhi  | Chief Operating<br>Officer (Finance) | 1285238.00               | B.Com. (H),<br>ACA | 44           | 24         | 01.10.01              | Emmsons Infotech<br>Limited       |

**Notes :**

1. Remuneration includes Salary, House Rent Allowance, Bonus, Contribution to Provident Fund, Leave Travel Concession, Medical Assistance and other allowances paid in cash and taxable value of non cash perquisites.





## REPORT ON CORPORATE GOVERNANCE

### Philosophy on Corporate Governance

Your company's focus on sustained shareholder value creation is based on its core principles of integrity, transparency and accountability. Good Corporate Governance is therefore integral to the company's value system. This section besides being in compliance of the mandatory listing agreement gives an insight into the process of functioning of the company.

### Board of Directors

In compliance with the corporate governance norms, the Board of the company comprises of one Managing Director and one Whole Time Director and five other Non-Executive Directors including four independent Directors representing the optimum combination of professionalism, knowledge and experience. During the year under review, 9 meetings of the Board of Directors were held on 29.04.05, 29.07.05, 28.10.05, 18.11.05, 15.12.05, 12.01.06, 30.01.06, 10.03.06 and 27.03.06. The details of the attendance of the Directors at these meetings along with the other particulars are as under:

| Sl. No. | Name                                       | Category                              | Attendance at the Company's Meetings | Directorship of other Indian Companies | Membership of other Companies Committees | Attendance at the last AGM |
|---------|--|---------------------------------------|--------------------------------------|--|--|----------------------------|
| 1.      | Mr. Anil Monga                             | Promoter Director                     | 9                                    | 2                                      | Nil                                      | No                         |
| 2.      | Mr. Rajesh Monga                           | Promoter Director                     | 9                                    | 1                                      | Nil                                      | Yes                        |
| 3.      | Mr. Madan Lal Monga                        | Director                              | 7                                    | Nil                                    | Nil                                      | Yes                        |
| 4.      | Mr. Mulraj J. Tanna                        | Professional and Independent Director | Nil                                  | 9                                      | Nil                                      | No                         |
| 5.      | Mr. Vijay Kumar Kakkar                     | Professional and Independent Director | 6                                    | Nil                                    | Nil                                      | No                         |
| 6.      | Gp. Capt. Barjinder Kumar Dhir, VM (Retd.) | Professional and Independent Director | 7                                    | Nil                                    | Nil                                      | No                         |
| 7.      | Mr. Bhupinder Singh*                       | Professional and Independent Director | 3                                    | 3                                      | Nil                                      | NA                         |
| 8.      | Mr. Sudesh Pal Jain**                      | Professional and Independent Director | 5                                    | 1                                      | Nil                                      | Yes                        |
| 9.      | Mr. Sanjeev Monga**                        | Director                              | 3                                    | Nil                                    | Nil                                      | No                         |

\* Mr. Bhupinder Singh was appointed as Additional Director w.e.f. 12.01.2006

\*\* Resigned from the Company w.e.f. 12.01.2006

None of the Non-Executive Directors of the company have any pecuniary relationships with the company.

### Remuneration of Directors

The remuneration of Executive Directors is decided by the Board of Directors of the company with the approval of the shareholders of the company and is also approved by the Remuneration Committee of the company. The details of the remuneration paid to the Managing Director and Whole time Director during the financial year 2005-2006 is as under:

| Name             | Designation         | Tenure of appointment      | Salary (Amount in Rs.) | Commission | Provident Fund Contribution | Other Perquisite | Gross Remuneration |
|------------------|---------------------|----------------------------|------------------------|------------|-----------------------------|------------------|--------------------|
| Mr. Anil Monga   | Managing Director   | Five years w.e.f. 01.09.05 | 1565000/-              | Nil        | Nil                         | 112625/-         | 1677625/-          |
| Mr. Rajesh Monga | Whole Time Director | Five years w.e.f. 01.01.04 | 1165000/-              | Nil        | Nil                         | Nil              | 1165000/-          |

Non-Executive Directors have not been paid any remuneration during the year under review.

### Audit Committee

The Audit Committee of the company is constituted as per the provisions of clause 49 of the listing agreement and section 292 A of the Companies Act, 1956. The main terms of reference of the committee, inter alia, includes the following functions:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to the matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956, changes, if any, in accounting policies and practices and reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements relating to financial statements, disclosure of any related party transactions and qualifications in the draft audit report.