

Emmsons International Limited



CREATING QUALITY,
WINNING TRUST

18th | **Annual Report**
2010 - 2011



www.emmsons.com

MANAGING DIRECTOR'S MESSAGE



Anil Monga, Managing Director

Dear Fellow Shareholders,

I have often, through my interactions with you in the past AGM's and my letters to you, stressed that growing Population, Prosperity and rising levels of Income will create a strong demand for Food and Energy. Both these Segments form the backbone of your company's present and future growth prospects and hence my firm belief that we are in an attractive, yet sustainable Industry with immensely strong growth prospects.

Our Businesses are diverse, yet connected and the creation of value for our shareholders leads our aspirations for the company we are and who we intend to be. Through this Report, I wish for you to realise and appreciate the hard work that the entire Emmsons Team has put in to achieve a strong set of Financial Results for the shareholders. While we are pleased with another good year, I am here to assure you that the team is mindful of what lies ahead and will continue to work harder than ever to achieve the goal of becoming a Global Trader of repute and expertise in the Food and Energy Business.

I also believe that the start of the decade put us at the beginning of a change in the world-order, which is as significant, if not more, as the Industrial revolution a couple of centuries ago. Also, in our Industry, Investments are for the long term and are large scale. The challenge for all of us at Emmsons is and will be to stay at the forefront of the changes in the business environment by focussing on the right products and regions and keep investing in our people, facilities and other supply chain solutions. Emmsons would continue to strive to work towards projects that, when fully integrated into our Business, helps us take advantage of the opportunities and challenges that this new world-order offers and maximise shareholder returns.

I would like to thank the Board for the imagination, the Employees for the inspiration and the shareholders for their support to help us stay focussed on building a company that keeps on delivering strong results year on year and in all its endeavours, stays Committed, Confident and keeps Creating Quality and Winning Trust.

Thanking you,

Sd/-
(Anil Monga)
Managing Director

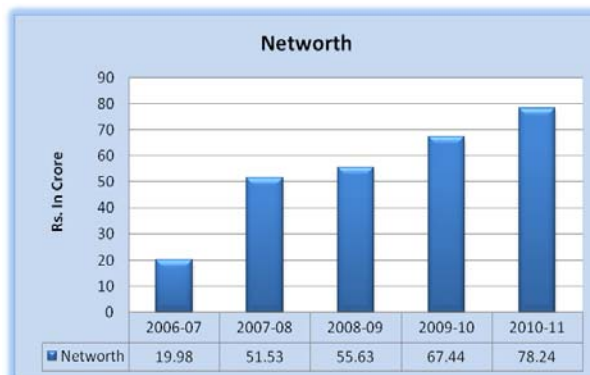
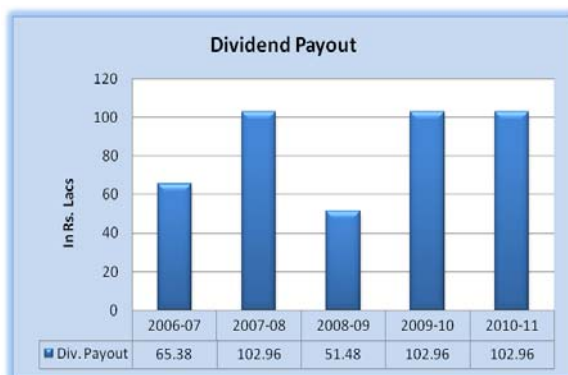
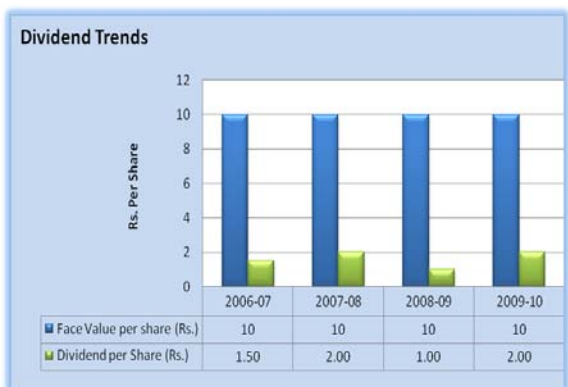
CONTENTS

1. Performance Highlights	(i)
2. Financial Highlights	1
3. Company Information	2
4. Notice	3
5. Director's Report	8
6. Report on Corporate Governance	13
7. Auditor's Certificate on Corporate Governance	22
8. CEO/CFO Certification	22
9. Auditor's Report	23
10. Balance Sheet	26
11. Profit & Loss Account	27
12. Cash Flow Statement	28
13. Schedules Forming part of Balance Sheet and P/L Account	29
14. Significant Accounting Policies and Notes on Accounts	34
15. Balance Sheet Abstract and Company's General Business Profile	40
16. Balance Sheet of Group Companies in US\$	41
17. Profit and Loss Account of Group Companies in US\$	42
18. Statement pursuant to Section 212 of the Companies Act, 1956	43
19. Financial information of subsidiaries companies	
– Emmsons SA	44
– Emmsons Gulf DMCC	48
20. Auditor's Report on Consolidated Financial Statements	63
21. Consolidated Balance Sheet	64
22. Consolidated Profit and Loss Account	65
23. Consolidated Cash Flow Statement	66
24. Schedules Forming part of Consolidated Balance Sheet and Profit and Loss Account	67
25. Significant Accounting Policies and Notes on Consolidated Accounts	72
26. Attendance Slip and Proxy Form	77

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send an email to emmsonsgogreen@linkintime.co.in giving details like Name and Folio No. to register the same at our Registrar and Transfer Agents.

PERFORMANCE HIGHLIGHTS



FINANCIAL HIGHLIGHTS

(Rs. in lacs)						
PARTICULARS		2010-11	2009-10	2008-09	2007-08	2006-07
1	Gross Turnover/Income	134246.68	69322.86	65530.05	58422.06	37565.57
2	Earnings Before Depreciation, Interest and Tax (EBDIT)	4305.65	4147.22	2410.87	2534.60	1453.03
3	Depreciation	58.94	49.97	46.18	33.46	26.36
4	Profit before Tax	1469.20	2013.15	1062.55	1517.98	724.27
5	Profit After Tax	973.21	1297.23	638.68	1008.09	638.88
6	Equity Dividend %	20.00	20.00	10.00	20.00	15.00
7	Dividend Payout	102.96	102.96	51.48	102.96	65.38
8	Equity Share Capital	514.80	514.80	514.80	514.80	435.89
9	Equity Share Warrants Allotment / Application Money	22.50	0.00	195.00	197.50	0.00
10	Reserve and Surplus	7286.86	6229.04	4852.70	4440.93	1561.64
11	Net Worth	7824.16	6743.85	5562.50	5153.24	1997.53
12	Gross Fixed Assets	1397.32	1085.52	882.68	511.02	411.70
13	Net Fixed Assets	1120.84	863.37	703.34	591.27	347.68
14	Total Assets	58303.02	38218.94	30374.21	15934.62	18260.17
15	Total Liabilities	50478.86	31475.09	24811.70	10781.39	16262.64
16	Market Capitalisation	4290.87	4728.46	2059.21	7904.78	2231.77

KEY INDICATORS

PARTICULARS	2010-11	2009-10	2008-09	2007-08	2006-07
1 Earning Per Share (Basic) - Rs.	18.90	25.20	12.41	23.12	14.66
2 Turnover Per Share - Rs.	2607.73	1346.59	1272.92	1134.85	861.81
3 Book Value Per Share - Rs.	151.55	131.00	104.26	96.26	45.83
4 Debt : Equity Ratio	2.44:1	2.47:1	2.45:1	1.47 :1	3.56 :1
5 EBDIT / Gross Turnover - %	3.21	5.98	3.68	4.34	3.87
6 Net Profit Margin - %	0.72	1.87	0.97	1.73	1.70

COMPANY INFORMATION

BOARD OF DIRECTORS

Anil Monga
Managing Director

Rajesh Monga
Whole Time Director

Shivaz Monga
Executive Director

Satish Chandra Gupta
Professional and
Independent Director

Vijay Kumar Kakkar
Professional and
Independent Director

Viresh Shankar Mathur
Professional and
Independent Director

GENERAL MANAGER (FINANCE) AND CFO

Hamant Paul

COMPANY SECRETARY & COMPLIANCE OFFICER

Suvindra Kumar

AUDITORS

SURESH & ASSOCIATES

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

BANKERS

ORIENTAL BANK OF COMMERCE

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

INDIAN OVERSEAS BANK

A-19/22, Moolchand Shopping Complex,
Defence Colony, New Delhi-I 110024

ALLAHABAD BANK

International Branch, 3rd Floor, I7,
Parliament Street, New Delhi - I 110001

BANK OF BARODA

Ist Floor, I6, Parliament Street,
New Delhi-I 110001

OFFICES

REGISTERED OFFICE

2637, First Floor, Naya Bazar, Delhi-I 110006

ADMN. OFFICE

101, South Delhi House, I2, Zamrudpur
Community Centre, Kailash Colony,
New Delhi-I 110048

EMMSONS SA.

Place du March 3, CP 156,
1860 Aigle, Switzerland.

EMMSONS GULF DMCC

3406, I- Lake Plaza Plot No.T2,
Jumeirah Lakes Towers, Dubai, U.A.E.

SHARE REGISTRAR

LINK INTIME INDIA PVT LTD

A-40, 2nd Floor, Naraina Industrial Area, Phase-II,
Near Batra Banquet Hall, New Delhi-I 110028

NOTICE

NOTICE is hereby given that 18th Annual General Meeting of M/s Emmons International Limited will be held on Wednesday, the 28th Day of September, 2011 at 11.00 A.M. at Niryat Bhawan, Rao Tula Ram Marg, Opp. Army Hospital Research & Referral, New Delhi -110057, to transact the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date together with Report of Board of Directors and Auditor's Report thereon.
2. To Declare a Dividend on Equity Shares for the financial year 2010-11.
3. To appoint a Director in place of Mr. Vijay Kumar Kakkar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Viresh Shankar Mathur, who retires by rotation and being eligible offers himself for re-appointment.
5. 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 :

6. **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to provisions of Section 198, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the said act and pursuant to authority conferred on the Board of Directors by resolution passed at Annual General Meeting held on 28.08.2009, approval be and are hereby accorded to the increase in remuneration payable to Mr. Rajesh Monga, Whole-time Director of the Company w.e.f. 01.04.2011. The details of the increased remuneration shall be as under :

A. SALARY :

Rs. 5,00,000 (Rupees Five Lacs Only) per month in the grade of Rs. 5,00,000 - Rs. 8,00,000.

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. 20,00,000/- (Rupees Twenty 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 actual. 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 the limits set out in Section 198, 309 and schedule- XIII of the Companies Act, 1956.

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/Whole-time Director, of the profits calculated in accordance with section 198 and 309 of the companies Act, 1956.
- ii) The Whole-time 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 Whole-time 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 Whole-time 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 Whole-time 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 Whole-time Director, so long as he functions as Whole-time Director, shall not be paid any sitting fee for attending meetings of the Board of Directors or Committees thereof."

"RESOLVED FURTHER THAT the Whole-Time 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 statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial person or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites etc. within such prescribed limits."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 198, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the said act and pursuant to authority conferred on the Board of Directors by resolution passed at Annual General Meeting held on 11.08.2008, approval be and are hereby accorded to the increase in remuneration payable to Mr. Shivaz Monga, Whole-time Director, designated as Executive Director of the Company w.e.f. 01.04.2011. The details of the increased remuneration shall be as under :

A. SALARY:

Rs. 5,00,000 (Rupees Five Lacs Only) per month in the grade of Rs. 5,00,000 - Rs. 8,00,000.

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. 20,00,000/- (Rupees Twenty 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 actual. 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 the limits set out in Section 198, 309 and schedule- XIII of the Companies Act, 1956.

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/Whole-time Director, of the profits calculated in accordance with section 198 and 309 of the companies Act, 1956.

- ii) The Executive 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 Executive 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 Executive 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 Executive 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 Executive Director, so long as he functions as Executive Director, shall not be paid any sitting fee for attending meetings of the Board of Directors or Committees thereof."

"RESOLVED FURTHER THAT the Executive 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 statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule-XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites etc. within such prescribed limits."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution."

For and on behalf of the Board

Date : 13.08.2011
Place : New Delhi

Sd/-
(ANIL MONGA)
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND SUCH 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. (Blank proxy form is enclosed).
2. Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register of Members and the Share Transfer Books of the company shall remain closed from Tuesday, the 20th Day of September, 2011 to Wednesday, the 28th Day of September, 2011 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved/declared.
4. The Dividend on equity shares, if declared at the meeting, will be payable to those share holder, whose names appear on the Companies Register of Members at the close of business hours on Monday the 19th Day of September, 2011. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the depositories as at the close of business hours on Monday the 19th Day of September, 2011.
5. Members are requested to notify immediately the changes in their address, if any.
6. Members holding shares in identical order of names in more than one folio are requested to write to the Company/ Share registrar, enclosing their share certificates, to enable the Company to consolidate their holding in one folio.
7. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for identification.
8. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at Annual General Meeting is annexed herewith.
9. **Members / Proxies 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.**

EXPLANATORY STATEMENT PURSUANT TO THE SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6**

Mr. Rajesh Monga was appointed as a Whole-time Director of the Company for a period of five years w.e.f. 1st January, 2009 by the members of the Company at 16th Annual General Meeting held on 28th August, 2009.

Mr. Rajesh Monga is a graduate and is associated with the company since its incorporation. He with his rich and varied experience in the field of procurement and trading of Agri Commodities in National & International Markets have benefited the Company, immensely. Due to his effort, the Company has recorded a remarkable progress and carried a good reputation in trading community at domestic as well as international level.

Considering his successful result oriented track, his dedication towards the work assigned, his rich and varied experience in the field of procurement and trading of Agri -Commodities and his active involvement in the affairs of the Company, the Remuneration Committee at their meeting held on 28th March, 2011 recommended the suitable and justified increment in his remuneration to the Board of Directors. The Board of Directors of the Company at their meeting held on 28th March, 2011, confirmed the revised remuneration of Mr. Rajesh Monga, to be paid with effect from 01.04.2011, subject to the approval of the members of the Company.

Pursuant to the relevant provisions of Section 198, 309 and 310 read with Schedule-XIII of the Companies Act, 1956, approval of the members is required for any kind of increase in the remuneration of Directors which exceeds the previous approved limits. Accordingly, Your Directors recommend the passing of resolution no.6 of this notice as a Special Resolution.

The detailed terms and conditions stated in the resolution no.6 and in this explanatory notes may be considered as an abstract of terms and conditions of this increment in remuneration.

Except Mr. Anil Monga, Managing Director and Mr. Shivaz Monga, Executive Director of the Company none of the other Directors are interested or concerned in the Resolution.

Item No.7

Mr. Shivaz Monga was appointed as Whole-time Director, designated as Executive Director of the Company for a period of five years w.e.f. 12th August, 2008 by the members of the Company at 15th Annual General Meeting held on 11th August, 2008.

Mr. Shivaz Monga is a bachelor in International business and human resources from Swineburne University of Melbourne, Australia and also holds master degree in professional accounting from Melbourne University, Melbourne Australia. Earlier he has worked with M/s. Emirates Trading Agency L.L.C, Dubai, U.A.E. there he was involved in trading of steel rebars and