

Mefcom *A* GRO INDUSTRIES LIMITED
Manufacturer & Exporters of Agro Based Food Products

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19th
Annual
Report
2002-2003



Mefcom Agro Industries Limited

19th Annual Report 2002-2003

BOARD OF DIRECTORS	:	Mr. Vijay Mehta (<i>Chairman</i>) Mr. H.K. Mehta Mr. R.L. Toshniwal Mr. R.K. Pandey Mr. Atul Singh Tyagi Mr. Deepak Sharma (<i>Whole Time Director</i>)
AUDITORS	:	Mehra Goel & Co. <i>Chartered Accountants</i> 505, Chiranjeev Tower Nehru Place New Delhi - 110 019
BANKER	:	Oriental Bank of Commerce
REGISTERED OFFICE	:	12/3, Asaf Ali Road New Delhi - 110 002
FACTORY	:	G-98-103, Shahjahanpur Industrial Area District Alwar - 301 706 (Rajasthan)
REGISTRAR & SHARE TRANSFER AGENTS	:	Intime Spectrum Registry Ltd. A-31, 3rd Floor, Naraina Industrial Area, Phase-I Near PVR Cinema New Delhi - 110 028



Mefcom Agro Industries Limited

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Company will be held at 10.30 A.M. at Mehta farms, Chhawla Village, Beyond BSF Camp, Rajokari-Nazafgarh Road, New Delhi-110071 on Tuesday, the 30th September, 2003 to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the audited balance sheet, profit and loss account for the year ended 31st March, 2003 alongwith the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Mr. R.L. Toshniwal who retires by rotation at the conclusion of this Annual General Meeting and being eligible for re-appointment.
3. To appoint a director in place of Mr. H.K. Mehta who retires by rotation at the conclusion of this Annual General Meeting and being eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s) the following resolution as **ORDINARY RESOLUTION**.

RESOLVED That Mr. R.K. Pandey, who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 28th March 2003 under section 260 of the Companies Act, 1956 and who holds office upto the conclusion of this Annual General Meeting, but who is eligible for re-appointment and in respect of whom, the Company has received a notice from a member, proposing his candidature for the office of a Director under the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by rotation.

6. To consider and if thought fit to pass with or without modification(s) the following resolution as **ORDINARY RESOLUTION**.

RESOLVED That Mr. Atul Singh Tyagi, who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 28th March 2003 under section 260 of the Companies Act, 1956 and who holds office upto the conclusion of this Annual General Meeting, but who is eligible for re-appointment and in respect of whom, the Company has received a notice from a member, proposing his candidature for the office of a Director under the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by rotation.

7. To consider and if thought fit to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION**.

RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, The Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities And Exchange Board of India (De-listing of Securities) Guidelines 2003, or any amendment or modification thereof and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company (the Board) or any Committee / person's authorised by the Board consent be and is hereby accorded to delist the shares of the Company from the Delhi Stock Exchange Association Limited.

RESOLVED FURTHER THAT the authority be and hereby accorded to the Board or any Committee / person's authorised by the board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds, and things as may be necessary, expedient and desirable, for the purpose of giving effect to this resolution.

8. To consider and if thought fit to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION**.



Mefcom Agro Industries Limited

"RESOLVED THAT in terms of Schedule X111 of the Companies Act, 1956 and pursuant to Section 198, 269, 310 and other applicable provision, if any, of the Companies Act, 1956 and subject to such other approval / sanction as may be necessary Mr. Deepak Sharma be and is hereby appointed as Whole Time Director of the Company for the period of Five Years with effect from 01.08.2003 on a remuneration and other terms and conditions set out hereinafter :-

a. **Salary :-**

Salary of Rs. 13280/- (Rupees thirteen thousand two hundred eighty only) P.M.

b. **Perquisites :-**

In addition to salary as stated above, Mr. Deepak Sharma will also be entitled to perquisites restricted to an amount equal to the annual salary or Rs. 2,00,000/- per annum, whichever is less. For this purpose, the perquisites are classified into three categories Part A, B & C as follows :-

PART A

1. **Housing :-**

- In case of unfurnished accommodation hired by the Company, on hiring of such accommodation shall not exceed 60% of the salary, over and above 10% payable by the Whole Time Director himself.
- In case of the accommodation provided is owned by the Company, 10% of the salary of the Whole Time Director shall be deducted by the Company.
- In case no accommodation is provided by the Company, the Whole Time Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (i) (a) above.

PART B

- Contribution made by the Company to the provident fund, Superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- Payment of gratuity at the rate of one half month's salary for each completed years of service.

PART C

- Leave with full pay and allowances in accordance with rules of the Company. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
- Mr. Deepak Sharma shall not be liable to retire by rotation.

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Deepak Sharma as Whole Time Director, the company has no profits or the profit are inadequate, the remuneration by way of salary and perquisites as above shall be payable to him as the minimum remuneration or as prescribed in Schedule XIII of the Companies Act, 1956 whichever is less.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to file necessary form with Registrar of Companies, Delhi & Haryana and other authorities, if any, and to do such other acts & deed as may be require to give effect to this resolution."

Regd. Office :
12/3 Asaf Ali Road
New Delhi - 110 002

By order of the Board
for Mefcom Agro Industries Ltd.

Place : New Delhi
Dated : September 04, 2003

(Vijay Mehta)
Director



Mefcom Agro Industries Limited

NOTES

- a. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
- b. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received at the Registered Office of the Company not less than forty eight hours before this Annual general Meeting.
- c. Register of Members and the share transfer books of the Company will remain closed from Monday the 29th September 2003 to 30th September 2003 (both days inclusive).
- d. M/s Intime Spectrum Registry Ltd. A-31, 3rd Floor, Naraina Industrial Area, Phase-1, Near PVR, Cinema, New Delhi - 110028 have been appointed Registrar and Share Transfer Agent of the Company for electronic mode and Transfer of Shares physically. Pursuant to the directions of Securities Exchange Board of India (SEBI), trading of the shares of the Company is in compulsory de-materialized form for all investors. The specific ISIN No., allotted to the Company is INE 188C01011.
- e. Members are requested to intimate to M/s Intime Spectrum Registry Ltd. A-31, 3rd Floor, Naraina Industrial Area, Phase-1, Near PVR, Cinema, New Delhi - 110028, change, if any their address for mailing purposes.
- f. Members Desiring information / clarification on the accounts are requested to write to the Company at its Registered Office at least seven days before the date of the Annual general Meeting so that the same may be responded well in advance.
- g. Members are requested to bring their copy of annual report at the meeting.

INFORMATION PURUSANT TO CLAUSE 49 VI A OF THE LISTING AGREEMENT

At the ensuing Annual General Meeting, Mr. R.L.Toshniwal & Mr. H.K.Mehta retire by rotation and being eligible, offer themselves for reappointment and Mr. R.K.Pandey, and Mr. Atul Singh Tyagi, are seeking appointment. The information/ details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

Mefcom Agro Industries Limited



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

Item No.5 and 6

Mr. R.K.Pandey and Mr. Atul Singh Tyagi were appointed Additional Directors of the Company w.e.f. 28.03.2003. They hold office up to the date of this Annual General Meeting. They being eligible for re-appointment and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member proposing their candidature for the office of Director. Mr.R.K.Pandey is a Consultant by occupation and Mr. Atul Singh Tyagi is a Businessman.

Mr. R.K.Pandey and Mr. Atul Singh Tyagi may be deemed to be concerned or interested in their respective appointments. Your Directors recommend their appointment as Directors of the Company.

Requisite approval of the Shareholders is now being sought for their appointment as Directors of the Company.

Item No.7

The Securities & Exchange Board Of India (SEBI) has issued the (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "delisting Guidelines") incorporating among other provision delisting securities of a Body Corporate voluntarily by a promoter or acquirer or any person other than the Stock exchanges.

The Equity Shares of the Company were listed on the following Stock Exchanges in India:

The Delhi Stock Exchange Association Limited

The Stock Exchange, Mumbai

With the extensive networking of The Stock Exchange, Mumbai (BSE) as also the extension of BSE terminals to other cities as well, investors have access to online dealings in equity shares of the Company across the Country. The bulk of the trading in the Company's equity shares takes place on the BSE and trading in the Company's equity shares on The Delhi Stock Exchange Ltd., was not significant. Keeping in view the above facts it is proposed to get the shares of the Company delisted from The Delhi Stock Exchange Association Limited.

This resolution as a part of its cost reduction measures would enable the Company for voluntary delisting of its equity shares from The Delhi Stock Exchange Association Limited.

The proposed delisting of the Company's equity shares from The Delhi Stock Exchange Association Limited, as and when it take place, will not affect the investors.

Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company may be deemed to be interested in the said resolution.

Item No.8

Mr. Deepak Sharma was appointed by the Board as Director of the Company on 28.03.2003 and appointed Whole Time Director with effect from 1st August, 2003 by the Board of Directors in its meeting held on 31st July, 2003. Mr. Deepak Sharma is Graduate from, Delhi University and MCBA from Rajasthan University, Jaipur and has over 21 years experience in the market in various capacities in the field of marketing of products and financial field. He has served in different companies of Mefcom Group in various capacities from the year 1991. He is thus well conversant with the philosophy of Mefcom Group. Your Directors therefore recommend for your approval his appointment as Whole Time Director and utilize his services in the capacity of Whole Time Director on a remuneration as mentioned in the body of the resolution which would be in the interest of the Company. It is proposed that he should be appointed as a Whole Time Director w.e.f. 1st August 2003, for a period of five years by special resolution.

Keeping in consideration of the interest of the Company, your Directors recommend this resolution for your approval.

Except Mr. Deepak Sharma, none of the Directors is concerned or interested in the resolution.

Regd. Office :

12/3 Asaf Ali Road, New Delhi - 110 002

Place : New Delhi

Dated : September 04, 2003

By order of the Board
for Mefcom Agro Industries Ltd.

(Vijay Mehta)
Director



Mefcom Agro Industries Limited

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts of the Company for the Year ended 31st March, 2003.

FINANCIAL RESULTS

	YEAR ENDED 31ST MARCH, 2003 (Rs. IN LACS)	YEAR ENDED 31ST MARCH, 2002 (Rs. IN LACS)
Gross Income	0.10	3.87
Profit / (Loss) before interest, depreciation and tax	(6.85)	(4.30)
Depreciation	6.23	6.39
Profit / (Loss)	(13.08)	(10.69)

OPERATIONS AND FUTURE OUTLOOK

Business operations continue to remain standstill and your company continues to suffer on this account. Efforts are continuing either to sell the manufacturing unit or to revive it with suitable business partner and the results of these efforts should hopefully be visible in the current year.

The project report which was prepared to convert this company into a larger manufacturing unit by infusion of fresh funds from the Promoters and Loan from Banks and Institutions is being acted upon. Government of India is giving top priority to the food processing industry and has also announced a subsidy of Rs.50 lacs for modernization and expansion of the existing units. Efforts have also been stepped up to avail of Loan from Banks and Institutions. In the event of success of the efforts being made during the year under review, Your Company should see restart of production during the current year.

In case the above mentioned plans of the management take proper shape, a rights issue may be proposed for which necessary resolutions will be moved at the appropriate time. However, such proposal will be implemented only if there are positive developments in terms of revival of the unit.

DIVIDEND

In view of loss, your Directors regret their inability to recommend any dividend.

DIRECTORS

Shri R.L. Toshniwal and Shri H.K. Mehta Directors of the Company are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Shri Prince Mohan Chugh, Director of the company, resigned w.e.f. 28th March, 2003.

Mr. R.K. Pandey and Mr. Atul Singh Tyagi were appointed Additional Directors of the Company w.e.f. 28.03.2003. They hold office up to the date of this Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956, proposing their appointments as Directors, subject to the retirement by rotation.

Shri Deepak Sharma has also been appointed as additional director w.e.f. 28th March, 2003 and appointed as Whole Time Director w.e.f. 1st August, 2003 by the Board of Directors in its meeting held on 31st July, 2003. Your directors recommend his appointment as Whole Time Director for a period of 5 years w.e.f. 01.08.2003.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with Section 217 (2AA) of the Companies Act, 1956, your Directors state that :

In the preparation of the Annual Accounts, the applicable accounting standards have 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 ended 31st March, 2003 and of the loss of the Company for that period.



Mefcom Agro Industries Limited

The Directors have 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.

That the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s. Mehra Goel & Company, Chartered Accountants who retire at the conclusion of this Annual General Meeting, being eligible for reappointment, have expressed their willingness to be reappointed, as statutory auditors of the Company. They have given certificate to the effect that the reappointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956. Your Directors recommend their reappointment.

PARTICULARS OF EMPLOYEES

Particulars of employee pursuant to section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of this Director Report are Nil.

PUBLIC DEPOSITS

The Company does not have any public deposits.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Particulars as required under section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors), Rules 1988, are annexed hereto as annexure 1 forming part of the report.

INSURANCE

The Company's property and assets have been adequately insured wherever needed.

LISTING WITH STOCK EXCHANGES

As per the requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the company hereby declares that the listing for its shares continued throughout the year with the following Exchanges :

1. The Delhi Stock Exchange Association Ltd. 3/1, Asaf Ali Road, New Delhi - 110 002
2. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

DISCLOSURE UNDER THE LISTING AGREEMENT

CLAUSE 32

Cash flow statement pursuant to clause 32 of the Listing agreement is annexed herewith as Annexure II forming part of this report.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance has been included in Annexure - 'B' and 'C' of the Annual Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the continued support from its Bankers, Government Authorities, Business Constituents, shareholders & employees.

Regd. Office :
12/3 Asaf Ali Road, New Delhi - 110 002

Place : New Delhi
Dated : September 04, 2003

By order of the Board
for Mefcom Agro Industries Ltd.

(Vijay Mehta)
Director



Mefcom Agro Industries Limited

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE - A

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors), Rules 1988.

A. Conservation of Energy

- a) The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there were no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.
- b) Total energy consumption and energy consumption per unit of production in prescribed Form 'A'.

FORM - A

	FINANCIAL YEAR 2002-03	FINANCIAL YEAR 2001-02
I) Power & Fuel Consumption		
a) Electricity		
b) Own Generation through Diesel Generator	NIL	Nil
Total diesel Consumed		
- Value	NIL	Nil
- Average Rate	NIL	Nil
II) Coal		
Total coal Consumption		
- Value	NIL	Nil
- Average Rate	NIL	Nil
B. Consumption per unit of production		
i) Diesel Quantity	NIL	Nil
ii) Coal Quantity	NIL	Nil

Technology Absorption

- (I) Efforts made in technology absorption in prescribed Form 'B': Research and Development (R & D).
- (II) During the year under review the Company has not done any research and development.
- (III) The expenditure on Research and Development is Nil during the year under review.

There is a continuous effort to upgrade the quality of products through quality control procedures.

Foreign Exchange Earning and Outgo

During the year under review there was 'Nil' Foreign Exchange earning and outgo.

Regd. Office :
12/3 Asaf Ali Road, New Delhi - 110 002

Place : New Delhi
Dated : September 04, 2003

By order of the Board
for Mefcom Agro Industries Ltd.

(Vijay Mehta)
Director



Mefcom Agro Industries Limited

CORPORATE GOVERNANCE REPORT

ANNEXURE- B

1.0 PHILOSOPHY

The Company believes in sound and transparent Corporate Governance practices. The Company has been committed to make adequate disclosures and to adopt consistent reporting system to its stakeholders. The Board of Directors of the Company comprises adequate number of independent Directors. The Board has already constituted several committees such as Audit Committee, Remuneration Committee, Share Transfer & Shareholders Grievances Committee as per Corporate Governance Code.

2.0 Board of Directors

2.1 Composition and Other Particulars

The Board of Directors comprises of 6 Directors. Shri Deepak Sharma, Shri Vijay Mehta and Shri H.K. Mehta are Non-Executive-Non-Independent Directors and Shri R.L. Toshniwal, Shri Atul Singh Tyagi, and Shri R.K. Pandey are Non-Executive-Independent Directors. The composition of the Board as on 31st March 2003 is in conformity with the Corporate Governance Code.

Details of Directorship in other Companies (excluding Private Limited Companies, Foreign Companies and section 25 Companies), Chairmanship and Committee membership held by the Directors as on 31st March, 2003, are given below:

Name of the Director	Category	Membership of the Board of other Companies	Chairmanship of the Board of other Companies	Committees Membership of Other Companies	Chairmanship of the Committees of other Companies
Shri Vijay Mehta	Non-Executive Non-Independent Director	4	3	—	—
Shri H.K. Mehta	Non-Executive Non-Independent Director	—	—	—	—
Shri R.L. Toshniwal	Non-Executive Independent Director	7	3	2	—
Shri R.K. Pandey	Non-Executive Independent Director	8	—	—	—
Shri Atul Singh Tyagi	Non-Executive Independent Director	—	—	—	—
Shri Deepak Sharma	Non-Executive Non-Independent Director as on 31st March 2003	—	—	—	—

Shri R.K. Pandey, Shri Atul Singh Tyagi and Shri Deepak Sharma were appointed as Additional Director on 28th March 2003, and Sh Deepak Sharma was appointed as Whole Time Director w.e.f. 1st August 2003. Shri Prince Mohan Chugh has resigned on 28th March, 2003.