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4th

Annual Report *1996-97*

Report  junction.com







BOARD OF DIRECTORS

R.P.Jain, *Chairman*
Mohit Jain, *Managing Director*
L.C.Kapoor
S.C.Nanda
Pradeep Dinodia
Deepak Chowdhry

AUDITORS

R.Bhatia & Co.

REGISTERED OFFICE

8377, Roshanara Road,
Delhi - 110 007.

FACTORIES

Flour Milling Division
33-33A, Shivaji Marg Industrial Area,
New Delhi - 110 015.

Flavour Foods Division
C-40, Meerut Road Industrial Area,
Ghaziabad (U.P.)-201 003.

REGISTRARS & TRANSFER AGENT

ABC Computers Pvt.Ltd.
M-12, (Market),
Greater Kailash Part-II,
New Delhi - 110 048.



NOTICE

Notice is hereby given that the 4th Annual General Meeting of the Members of DFM FOODS LIMITED will be held on Wednesday the 24th day of September, 1997 at 10.00 A.M. at The Executive Club, Dolly Farms & Resorts Pvt. Ltd., 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Pradeep Dinodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Deepak Chowdhry, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

M/s R.Bhatia & Co., Chartered Accountants, the retiring Auditors being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the payment of remuneration to Shri Mohit Jain, Managing Director of the Company w.e.f. 1st April, 1997 for the remaining tenure of his appointment as set out in the draft supplemental agreement placed before the meeting and for the purpose of identification initialled by the Chairman of the meeting, which supplemental agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between Shri Mohit Jain and the Board of Directors of the Company.

RESOLVED FURTHER that in accordance with the provisions of Section 198(4) read with Schedule XIII and the notifications issued under that Schedule of the Companies Act, 1956, the remuneration and perquisites as set out in the draft supplemental agreement may be paid as the minimum remuneration to Shri Mohit Jain, Managing Director in the absence or inadequacy of profits in any financial year."

By order of the Board
for DFM FOODS LIMITED

DELHI
DATED: 13th August, 1997

(I.C. KAPOOR)
DIRECTOR

Registered Office:
8377, Roshanara Road, Delhi - 110007.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item No. 6 set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 10th Sept., 1997 to 24th Sept., 1997 both days inclusive.
4. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
5. Members are requested to intimate ABC Computers Pvt. Ltd., M-12 (Market), Greater Kailash Part-II, New Delhi - 110 048, Registrar and Transfer Agent of the Company, change of address, if any, alongwith Pin Code Numbers immediately for updating the records.
6. The dividend, when sanctioned, will be paid on or after 24th September, 1997 to those shareholders, whose names will appear in the Register of Members of the Company on that date.
7. Members who have so far not encashed their dividends for the financial year ended 31st March, 1996 may claim or approach the Company for payment of the same.
8. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Registrar and Share Transfer agent of the Company.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 6

Mr. Mohit Jain was appointed as the Managing Director of the Company with the approval of the shareholders for a period of 5 years w.e.f. 28th February, 1994.

In accordance with Schedule XIII to the Companies Act, 1956 as existing at the time of the appointment, it was agreed between the Company and the Managing Director vide Agreement dated 30th April, 1994 that he shall not be paid any remuneration or perquisites since he was already the Vice-Chairman and Jt. Managing Director of The Delhi Flour Mills Co. Ltd. and had opted to draw remuneration from that Company. However, with the recent amendment in Schedule XIII governing the conditions relating to appointment and remuneration of managerial personnel, he may draw remuneration from one or both the Companies provided that the total remuneration drawn from the Companies does not exceed the higher maximum limit admissible from any one of the Companies.

Keeping in view the aforesaid amended provisions of Schedule XIII, the Board of Directors in their meeting held on 13th May, 1997 have unanimously decided to remunerate Mr. Mohit Jain, Managing Director w.e.f. 1st April, 1997 for the remaining tenure of his appointment as follows:

I. REMUNERATION

1. Salary : Rs. 20,000 per month.
2. Commission : 3% (Three percent) of the net profits of the company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956, after the profits of the company are ascertained in each year.
3. Perquisites :

Category A

- a) Payment of expenditure incurred on gas, electricity, water, furnishing and servants at residence and office of the Managing Director.
- b) Reimbursement of medical expenses actually incurred in India or abroad (inclusive of air fare, boarding lodging for the patient and the attendant) for self and family.
- c) Furniture allowance as per rules of the Company.
- d) Leave travel allowance for self and family as per rules of the Company.



- e) Subscription fees of clubs subject to a maximum of two clubs excluding admission and life membership fees.
- f) Personal Accident Insurance as per rules of the Company.
- g) Helper and academic pursuit allowances as per rules of the Company.

Category B

- a) Company's contribution towards Provident Fund as per rules of the Company.
- b) Gratuity as per rules of the Company.
- c) Company's contribution towards superannuation fund or annuity fund as per rules of the Company.

Category C

- a) Free use of car and driver, both for official and personal purposes.
- b) Free telephone facility at residence. However long distance personal calls to be billed by the Company.
- c) Encashment of earned/privilege leave on full pay and allowance as per rules of the Company at the end of tenure.
- d) Reimbursement of entertainment and all other expenses actually and properly incurred for the purpose of the Company's business.
- e) The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Minimum remuneration

The Managing Director shall be paid the aforesaid remuneration and perquisites as minimum remuneration even in the event of absence or inadequacy of profits in any year during his tenure, subject however to the compliance of schedule XIII of the Companies Act, 1956 in this regard.

The total remuneration drawn from the Company including perquisites shall not exceed in aggregate 5 % of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956. For the purposes of this computation, the perquisites shall be valued on the basis laid down under the rules framed under the Income Tax Act.

Further, the remuneration drawn by Mr. Mohit Jain from the Company and from The Delhi Flour Mills Co. Ltd., of which he is the Jt. Managing Director, put together shall not exceed the higher of the maximum limit admissible from any one of the companies.

- II. In the event of termination of the appointment of the Managing Director by the Company he shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

In compliance with the provision of Section 198, 269, 309, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the payment of remuneration to the Managing Director as set out above are now being placed before the members for their approval.

The draft Supplemental Agreement, based on the terms as approved by the Board, between the Company and Mr. Mohit Jain is available for inspection by the members of the Company at its Registered Office between 11.00 A.M. to 1.00 P.M. on any working day of the Company.

Besides Mr. Mohit Jain, Mr. R.P. Jain, Chairman being father of Mr. Mohit Jain is concerned or interested in this resolution.

The contents of Item No. 6 of the notice and the relevant Explanatory Statement may be treated as an abstract of terms and the Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

By Order of the Board
for DFM FOODS LIMITED

(L.C. KAPOOR)
DIRECTOR

DELHI
DATED: 13th August, 1997

Registered Office:
8377, Roshanara Road, Delhi - 110007.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their report alongwith the audited accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

The financial results as compared to the previous year are as under :-

	(Rs. In lacs)	
	Year ended 31.3.97	Year ended 31.3.96
Company's Turnover	6154.13	1585.50
Add: Turnover as per the transitory operating agreement	—	3459.88
Total turnover	6154.13	5045.38
Profit before interest and depreciation	199.35	159.36
Interest	13.07	38.22
Profit before depreciation	186.28	121.14
Depreciation	29.98	29.78
Profit before Tax	156.30	91.36
Provision for Tax	18.40	—
Net profit for the year	137.91	91.36
Surplus brought forward	41.93	0.43
Available for appropriation	179.84	91.79
Appropriations		
Proposed Dividend	69.80	49.86
Dividend Tax	6.98	—
Transferred to General Reserve	50.00	—
Balance Carried forward	53.06	41.93

DIVIDEND

Your Directors recommend the payment of dividend @ 7 % on fully paid equity shares to those shareholders whose names would appear on the Register of Members as on 24th September, 1997.

REVIEW OF BUSINESS

Flour Milling

The year witnessed wheat displaying an extremely bullish tendency throughout consequent to lower production levels of wheat and its exports. This escalated into a grave shortage as the year progressed and resulted in the reimposition of controls on wheat through the Wheat Licensing and Control Order. FCI stocks of wheat too fell to an all time low and the government had to resort to emergency imports in an attempt to tide over the situation. Market availability was extremely poor and the FCI cut back on open market sales of wheat in order to conserve stocks.

Prices rose to unprecedented levels and fluctuated violently. Consequent to the wheat shortage, exports of products were restricted and ultimately suspended by the Central Government and domestic demand for products too fell sharply reaching an all time low in March, 1997.

As a result of all these disturbances the working was severely affected during the year. With the arrival of the new crop in April, 1997 availability of wheat has improved and it is hoped that demand will gradually pick up during the current year.



Your Directors continued to follow policies to strengthen the Company's position in a fiercely competitive and difficult market environment.

The upgrading of the cleaning section was completed during the year and the task of augmenting standby power generation was also completed in April, 1997.

Snack Foods

During the year efforts were made to strengthen the distribution system by extending sales to new markets, and improving coverage in existing ones. A smaller pack size was introduced for namkeens and a consumer promotion was organised in Delhi for Crax.

Sales of both extruded snacks and namkeens grew during the year and consequently additional capacity for manufacturing Namkeens was added.

CLAUSE 43 OF LISTING AGREEMENT

The actual figures of performance and utilisation of funds as compared to the projections are detailed in Annexure "A". The main reasons for variation have been the shortage of wheat, unprecedented volatile market conditions and the ban on export of wheat products.

SECURED LOANS

The secured loans of the Company have been repaid in full in accordance with the schedule of repayment.

FIXED DEPOSITS

The total amount of deposits remaining due not having been claimed for repayment as on 31.3.97 was Rs.1.38 lacs in respect of 5 deposits which have since been repaid / renewed.

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

The information pursuant to Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is enclosed in Annexure "B" of this report.

PARTICULARS OF EMPLOYEES

The details of remuneration paid to employees under Section 217(2A) of the Companies Act, 1956 are set out in Annexure "C" of this report.

DIRECTORS

Shri Pradeep Dinodia and Shri Deepak Chowdhry retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

The auditors M/s R. Bhatia & Co., who retire, offer themselves for re-appointment.

ACKNOWLEDGEMENT

The Directors place on record their appreciation for loyal and devoted services rendered by all categories of employees.

On behalf of the Board

Place : Delhi
Dated: 13th August, 1997

R. P. JAIN
CHAIRMAN