

6th
Annual Report
1998-99





BOARD OF DIRECTORS

R.P. Jain, *Chairman*

Mohit Jain, *Vice Chairman & Managing Director*

L.C. Kapoor

S.C. Nanda

Pradeep Dinodia

AUDITORS

R. Bhatia & Co.

BANKER

Vijaya Bank

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.

116, Sant Nagar,

East of Kailash,

New Delhi-110 065.



NOTICE

Notice is hereby given that the 6th Annual General Meeting of the Members of **DFM FOODS LIMITED** will be held on Friday, the 17th day of September, 1999 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110 010 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 1999, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. L. C. Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.C. Nanda, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. 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 reappointment of Mr. Mohit Jain as Managing Director of the Company, who has been reappointed by the Board of Directors for a further period of 5 years w.e.f. 28th February, 1999 upon the terms and conditions as set out in the draft agreement placed before the meeting and for the purpose of identification initialled by the Chairman of the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement in such manner as may be agreed to between Mr. 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 agreement may be paid as the minimum remuneration to Mr. 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: 28th July, 1999

(N.K. ARORA)
SECRETARY

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. 5 set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 6th Sept., 1999 to 17th Sept., 1999 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., 116, Sant Nagar, East of Kailash, New Delhi - 110065, Registrar and Transfer Agent of the Company, change of address, if any, alongwith Pin Code Numbers immediately for updating the records.
6. As a result of the amendments introduced through Section 205A to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the company to a fund called "Investor Education and Protection Fund" to be set up by the Central Government. Accordingly, the unpaid/unclaimed dividends for the years 1995-96 onwards will become transferable at the end of seven years respectively to the said Investor Education and Protection Fund and no claims shall lie against the fund or the company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 1995-96 onwards before the respective amounts become due for transfer to the above fund.
7. In terms of Section 109A of the Companies Act, 1956, the shareholder(s) of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholder(s) desirous to make nomination may submit the same in Form 2B.
8. The details of the Stock Exchanges, on which the securities of the Company are listed, are given separately in this annual report.
9. 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. 5

Mr. Mohit Jain was last appointed as the Managing Director for a period of 5 years with the approval of the shareholders of the Company which term expired on 27th February, 1999.

The Board of Directors have reappointed Mr. Mohit Jain, who is also the Vice Chairman and Jt. Managing Director of The Delhi Flour Mills Co. Ltd., as the Managing Director of the Company for a further period of 5 years w.e.f. 28th February, 1999 on the terms and conditions as set out below:-

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 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, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of the Managing Director and the terms and conditions as set out above governing the said re-appointment are now being placed before the members for their approval.

The draft agreement based on the terms 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. 5 of the notice and the relevant Explanatory Statement may be treated as an abstract of terms and conditions of the re-appointment of the Managing Director and the Memorandum of concern or interest under section 302 of the Companies Act, 1956.

By order of the Board
for DFM FOODS LIMITED

DELHI
DATED: 28th July, 1999

(N.K. ARORA)
SECRETARY

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, 1999.

FINANCIAL RESULTS

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

(Rs. In lacs)

	Year ended 31.3.99	Year ended 31.3.98
Total Turnover	7370.79	6317.70
Profit before interest and depreciation	102.38	75.33
Interest	54.05	30.43
Profit before depreciation	48.33	44.90
Depreciation	37.10	34.72
Profit before Tax	11.23	10.18
Provision for Tax	—	—
Net profit for the year	11.23	10.18
Surplus brought forward	46.63	53.06
Available for appropriation	57.86	63.24
Appropriations		
Proposed Dividend	—	—
Dividend Tax	—	—
Income Tax for Previous year	—	1.61
House Tax for Previous years	—	14.99
Transferred to General Reserve	—	—
Balance Carried forward	57.86	46.63

DIVIDEND

Your Directors are unable to recommend the payment of any dividend in view of the continuing difficult situation faced by the Company during the year.

REVIEW OF BUSINESS

Flour Milling

Despite adequate wheat availability throughout the year, the demand levels for the industry remained weak. The substantial unutilized capacity of the industry continued to exert tremendous pressure on the margins thereby affecting profitability adversely. Amidst this background several policy changes were effected by the government which are likely to have long term consequences. These are permitting free imports of wheat, conducting wheat sales to the industry at market determined prices only and reducing the gap between the central issue price of wheat for the PDS and the market. Your Directors feel that consistent following of these policies by the government would result in a substantially improved environment for the industry.

As cheap wheat imports in the deficit areas reduced inter zone trading, our sales were continuously shifted from upcountry markets to the Delhi region and accordingly further product mix changes were made. Policies directed towards improving quality of products and services for our customers and suppliers were continuously strengthened.



Snack Foods

As part of the budget proposals excise duty was levied on namkeens and increased on extruded snacks. After substantial representation the excise duty on namkeens was withdrawn with effect from 18th July, 98.

During the year, marketing efforts for promoting the sale of namkeens were undertaken and the products launched in Delhi market. One more pack variant and two new products were introduced during the year.

Sales of both namkeens and extruded snacks grew but the financial performance was under strain primarily due to higher marketing costs, higher prices for raw materials and sluggish trading conditions in the second half of the year.

FIXED DEPOSITS

The total amount of deposits remaining due not having been claimed for repayment as on 31.3.99 was Rs.1.68 lacs in respect of 6 deposits which have since been renewed / repaid.

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 "A" of this report.

PARTICULARS OF EMPLOYEES

There are no employees whose remuneration is required to be disclosed under Section 217 (2A) of the Companies Act, 1956.

STATUS OF Y2K PREPAREDNESS

The company is Y2K compliant.

DIRECTORS

The Directors inform with profound grief of the sad, sudden and untimely demise of Shri Deepak Chowdhry, a Director of the Company on 24th July, 1999. They place on record the valuable guidance and advice rendered by him during his tenure as a member of the Board

Shri L. C. Kapoor and Shri S. C. Nanda retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS

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

ACKNOWLEDGEMENT

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

On behalf of the Board

Place : Delhi
Dated : 28th July, 1999

R.P.JAIN
CHAIRMAN

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