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*9th
Annual Report
2001-2002*

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BOARD OF DIRECTORS

R.P. Jain, *Chairman*

Mohit Jain, *Vice Chairman & Managing Director*

S.C. Nanda

Pradeep Dinodia

Mohit Satyanand

B.D. Sharma

AUDITORS

R. Bhatia & Co.

BANKER

Punjab & Sind 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 & TRANSER AGENT

Computech International Ltd.

Shri Venkatesh Bhawan

212-A, Shahpur Jat,

New Delhi - 110 049.

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CONTENTS		
Sl. No.	Particulars	Page No.
1.	Notice	3
2.	Directors' Report	6
3.	Corporate Governance	11
4.	Auditors' Report	16
5.	Balance Sheet	18
6.	Profit & Loss Account	19
7.	Schedules to Balance Sheet and Profit & Loss Account	20
8.	Notes to the Accounts	25
9.	Balance Sheet Abstract	30
10.	Cash Flow Statement	31

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NOTICE

Notice is hereby given that the 9th Annual General Meeting of the Members of **DFM FOODS LIMITED** will be held on Thursday, the 25th day of July, 2002 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, 2002, 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. Pradeep Dinodia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mohit Satyanand, 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 have conveyed their unwillingness to be re-appointed. Special Notice U/S 225 of the Companies Act, 1956 has been received from a member of the Company indicating his intention to move a resolution for the appointment of M/s A.K. Gangaher & Co., Chartered Accountants, 401, Kundan Bhawan, Azadpur Commercial Complex, Delhi-110033 as Auditors of the Company with effect from the financial year beginning 1st April, 2002.

SPECIAL BUSINESS

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

“RESOLVED pursuant to Section 163(1) and other applicable provisions, if any, of the Companies Act, 1956 and applicable Articles of the Articles of Association of the Company and in supersession of the earlier Special resolution passed in the 5th Annual General Meeting of the members held on 24th September, 1998 that consent of the members of the Company be and is hereby accorded for keeping the Electronic & Physical Registers and the Indexes of members, Debenture holders, if any, and copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them at the office of the Registrar and Share Transfer Agent of the Company M/s Computech International Ltd., presently situated at Shri Venkatesh Bhawan, 212-A, Shahpur Jat, New Delhi-110049 or at such other place wheresoever its office will be situated within the National Capital Territory of Delhi.

RESOLVED FURTHER that the Registers, Indexes, returns, books, certificates, documents of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956, be kept open for such inspection, at the place where they are kept, by the persons entitled thereto, to the extent, in the manner and on payment of fees, if any, specified in the aforesaid Act during working hours on any working day except when the Registers and books are closed under the provisions of the Act or Articles of Association of the Company.”

By order of the Board
For DFM FOODS LIMITED

DELHI
DATED : 21st June, 2002

(N.K. ARORA)
SECRETARY

Registered Office:
8377, Roshanara Road, Delhi-110 007.

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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 16th July, 2002 to 25th July, 2002 both days inclusive.
4. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
5. Members are requested to intimate Computech International Ltd., Shri Venkatesh Bhawan, 212-A, Shahpur Jat, New Delhi-110049, Registrar and Transfer Agent of the Company, change of address, if any, alongwith Pin Code Numbers for updating the records.
6. Shareholders are requested to check up and send their claims in respect of unclaimed dividend, if any, for the relevant years from 1995-96 onwards before the respective amounts become due for transfer to the "Investor Education and Protection Fund."
7. The details of the Stock Exchanges, on which the securities of the Company are listed, are given elsewhere in this annual report.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

ITEM NO. 5

M/s ABC Computers had been our Registrar & Transfer Agent for physical as well as demat transactions. For the demat transactions, they act from their Calcutta office. It had been observed that this arrangement was resulting in delays for the shareholders in dematerialising their shares. Therefore in our endeavour to provide better service to our shareholders, we have changed our Registrar & Transfer Agent from M/s ABC Computers Pvt. Ltd. to M/s Computech International Ltd., Shri Venkatesh Bhawan, 212-A, Shahpur Jat, New Delhi-110049 w.e.f. 1st October, 2001. M/s Computech International Ltd., an ISO 9002 certified RTA, provides all the services from its Delhi office. So, it would be desirable that the Register of members and its Index, copies of annual returns, certificates and documents to be annexed thereto are kept with the new Registrar.

According to the provisions of Section 163 of the Companies Act, 1956, consent of the shareholders is required by way of Special Resolution for keeping the same at any other place other than the Registered office, but within the city in which the registered office is situated.

Accordingly, the consent of the members is sought by way of a Special Resolution.

The Board of Directors recommends the resolution for approval of members.

None of the Directors is concerned or interested in the resolution.

By order of the Board
For DFM FOODS LIMITED

DELHI
DATED : 21st June, 2002

(N.K. ARORA)
SECRETARY

Registered Office:
8377, Roshanara Road, Delhi-110 007.

SHAREHOLDER INFORMATION

Stock Exchanges on which the Company's Securities are listed

The Company's securities are listed at the following 4 Stock Exchanges in India:-

1. The Delhi Stock Exchange
Association Limited,
(Regional Stock Exchange)
DSE House,
3/1, Asaf Ali Road,
New Delhi-110 002.
2. The Stock Exchange Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001.
3. The Stock Exchange, Ahmedabad,
Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole,
Ahmedabad - 380 015.
4. The Calcutta Stock Exchange
Association Limited,
7, Lyons Range,
Calcutta - 700 001.

Note: The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2002-03.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their report along with the audited accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

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

	(Rs. In lacs)	
	Year ended <u>31.3.2002</u>	Year ended <u>31.3.2001</u>
Total Turnover	7953.39	7438.30
Profit before interest and depreciation	159.61	131.14
Interest	66.69	61.95
Profit before depreciation	92.92	69.19
Depreciation	48.03	43.71
Profit before Tax	44.89	25.48
Provision for Tax including earlier years	3.50	2.29
Provision for Deferred Tax	26.82	—
Net profit for the year	14.57	23.19
Surplus brought forward	108.98	85.79
Available for appropriation	123.55	108.98
Appropriations		
Balance carried forward	123.55	108.98

DIVIDEND

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

REVIEW OF BUSINESS

Flour Milling

The Government continued to fix unrealistically high procurement prices for wheat. This resulted in procurement of over 20 million tons in 2001 and about 19 million tons in 2002 and increased the FCI stocks to unmanageable levels. In order to increase offtake, the Government enhanced the entitlements under its welfare schemes and also revised prices downwards, both for the domestic and export markets. Certain steps - the abolition of licensing for foodgrains, removal of restrictions on agricultural export and easing the availability of rail transportation for the private sector - were taken in order to promote free trade in agricultural produce. Furthermore, a reform of the current open ended procurement policy for wheat and rice is also under consideration.

During the year, our objective of creating a proprietary market for high quality wheat products was continued to be pursued. Product differentiation was increased through consistent quality, packaging changes, better customer service, rationalization of sales policies and introduction of new products. The use of information technology is also being continuously expanded to provide decision support and obtain better control over operations. All these efforts have resulted in lowering of trade resistance, reduction in market malpractices and a higher share of the Delhi market, which has strengthened the brand further.

Suitable policies to further strengthen the market position of our products will continue to be followed.

Snack Foods

Efforts to expand sales through market segmentation continued. Despite weak trading conditions, sales improved but the gains were eroded by higher raw material costs.

A comprehensive revamping of the marketing strategy for both extruded snacks and namkeens has been undertaken for the current year. It is hoped that this would further improve sales and profitability.

FIXED DEPOSITS

The total amount of deposits remaining due not having been claimed for repayment as on 31/03/2002 was Rs. 36,000/- in respect of 3 deposits which have since been 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 "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.

CORPORATE GOVERNANCE

The code of corporate governance shall become applicable to your Company with effect from the financial year 2002-03. Your Directors have been implementing good corporate governance practices since long and the status of its implementation is included elsewhere in the annual report.

RESPONSIBILITY STATEMENT

The Directors state as under:-

- i) The applicable accounting standards have been followed.
- ii) The accounting policies have been followed consistently and wherever required judgments and estimates have been made in a reasonable manner so as to give a true and fair view of the state of affairs of the Company as at 31/03/2002 and of the profit for the year ending on the same date.
- iii) Adequate accounting record has been maintained for safeguarding the assets of the Company.
- iv) The accounts have been prepared on a going concern basis.

DIRECTORS

Shri Pradeep Dinodia and Shri Mohit Satyanand retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

The auditors M/s R. Bhatia & Co., who retire, have conveyed that they should not be considered for reappointment. The Directors recommend the appointment of M/s A.K. Gangaher & Co., Chartered Accountants for the office of auditors for whose appointment, a notice has also been received from a member of the Company.

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 : 21st June, 2002

R.P. JAIN
CHAIRMAN

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ANNEXURE 'A' TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. Conservation of Energy

(a) Energy conservation measures taken:-

- i) Adjusting process flow for optimal loading of motors.
- ii) Changing motors as per loading requirements for improving efficiency.
- iii) Changing inefficient motors.
- iv) Conducting energy audits.

(b) Additional investments and proposals for reduction of consumption of energy:-

Mechanisation of certain production processes.

(c) Impact of the above measures:-

Reduction in power / fuel consumption.

(d) Total energy consumption and energy consumption per unit of production:-

As per Form 'A' enclosed.

B. Technology absorption

(e) As per Form 'B' enclosed.

C. Foreign exchange earnings and outgo

(f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and exports plan:-

No progress could be made in this direction, as there was no commercial viability of exports.

(g) Total foreign exchange used and earned	(Rs. in Lacs)
(i) CIF value of import	1.71
(ii) Expenditure in foreign currency	—
(iii) Foreign exchange earned	—

FORM 'A'

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

1. Electricity

a) Purchased Unit

Total Amount (Rs.)

Rate per Unit (Rs.)

(b) Own Generation

(i) Through Diesel Generator

Unit

Unit per ltr.of Diesel Oil

Cost per Unit

(ii) Through Steam Turbine/Generator

Units

Units per ltr. of Fuel Oil/Gas

Cost per Unit

2. Coal

Qty. (Tonnes)

Total Cost

Average Rate

3. Furnace Oil

Qty.(K.Ltrs.)

Total Amount

Average Rate

4. Other/Internal Generation

Qty.(Kgs.)

Total Cost (Rs.)

Rate per Unit (Rs.)

	SNACK FOODS		FLOUR MILLING	
	2001-02	2000-01	2001-02	2000-01
375240	300120	3459079	3136044	
1788143	1565797	14305021	13916248	
4.76	5.22	4.14	4.44	
296609	356807	805862	963076	
2.71	2.76	2.49	2.55	
6.27	5.67	7.31	6.44	
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B. CONSUMPTION PER UNIT OF PRODUCTION

Production

Electricity Units

Furnace Oil

Coal

Diesel (for namkeens)

LPG (for extruded snacks)

STANDARDS	SNACK FOODS		FLOUR MILLING	
	2001-02	2000-01	2001-02	2000-01
MT	2396	2088	90175	87119
KWH	280	315	47.30	47.05
	—	—	—	—
	—	—	—	—
Litres	225	235	—	—
Kg.	20.88	22.21	—	—