

*12th*  
*Annual Report*  
*2004-2005*

Report  Junction.com



## **BOARD OF DIRECTORS**

R.P. Jain, *Chairman*

Mohit Jain, *Vice Chairman & Managing Director*

S.C. Nanda

Pradeep Dinodia

Mohit Satyanand

B.D. Sharma

## **AUDITORS**

A.K. Gangaher & Co.

## **BANKERS**

Punjab & Sind Bank

The Karnataka Bank Limited

HDFC Bank Limited

## **REGISTERED OFFICE**

8377, Roshanara Road,  
Delhi - 110 007.

## **FACTORY**

### **Flavour Foods Division**

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

## **REGISTRARS & TRANSFER AGENT**

MCS Ltd.

Shri Venkatesh Bhawan,  
W-40, Okhla Industrial Area, Phase-II,  
New Delhi - 110 020.



## NOTICE

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the Members of **DFM FOODS LIMITED** will be held on Thursday, the 28<sup>th</sup> day of July, 2005 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110010 to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2005, 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. Mohit Satyanand, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.C. Nanda, 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 A.K. Gangaher & Co., Chartered Accountants, the retiring Auditors being eligible, offers themselves for reappointment.

By order of the Board  
For DFM FOODS LIMITED

Report Junction.com

DELHI

DATED: 18<sup>th</sup> June , 2005

(N.K. ARORA)  
SECRETARY

### Registered Office:

8377, Roshanara Road, Delhi-110 007

### 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 Register of Members and Share Transfer books of the Company will remain closed from 16<sup>th</sup> July, 2005 to 28<sup>th</sup> July, 2005 both days inclusive.
3. Members/ Proxies should bring the Attendance slip duly filled in for attending the meeting.

4. Members are requested to intimate MCS Ltd., Shri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase – II, New Delhi-110020, Registrar and Transfer Agent of the Company, change of address, if any, alongwith Pin Code Numbers for updating the records.
5. The dividend, when sanctioned, will be paid on or after 28<sup>th</sup> July, 2005 to those shareholders, whose names will appear in the Register of Members of the Company on that date.
6. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund, constituted by the Central Govt.. Accordingly, the Company has transferred all amounts of unclaimed dividend for the financial year ended 31<sup>st</sup> March, 1997 to the Investor Education and Protection Fund.
7. The ECS facility is available at specified locations. Members holding shares in dematerialized mode are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company for details.
8. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, ECS, mandate, nomination, power of attorney, change of address, change in name etc. to their DPs. These changes will be automatically reflected in Company's record, which will help the Company to provide efficient and better service to the members.
9. The securities of the Company are listed on **The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.**

Further, the annual listing fee has been paid to the Mumbai Stock Exchange for the financial year 2005-06.

Based on the approval accorded by the shareholders, the Company has already applied for delisting from The Calcutta Stock Exchange Association Ltd., Kolkata since 19<sup>th</sup> August, 2004. The application of the Company is still pending for consideration with the said Stock Exchange. As such, the Company has not effected the Annual listing fee for the year 2005-06 to it.

#### 10. **Reappointment of Directors**

At the ensuing Annual General Meeting, Mr. Mohit Satyanand and Mr. S.C. Nanda retire by rotation and being eligible offer themselves for reappointment. The information or 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 Report on Corporate Governance published in this Annual Report.

The Directors seeking reappointment have furnished the declaration under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their report along with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2005.

### FINANCIAL RESULTS

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

	(Rs. in lacs)	
	Year ended 31.03.2005	Year ended 31.03.2004
Total Turnover	2576.80	7247.56
Profit before interest depreciation and extraordinary income	145.33	172.91
Interest	62.41	109.05
Depreciation	40.28	49.85
Profit before tax and extraordinary income	42.64	14.01
Extraordinary income	185.95	—
Profit before tax	228.59	14.01
Provision for depreciation of earlier years	8.78	—
Provision for tax including earlier years	17.96	1.10
Provision for deferred tax	(12.56)	2.75
Net profit for the year	214.41	10.16
Surplus brought forward	155.74	145.58
Available for appropriation	370.15	155.74
<b>Appropriations</b>		
Dividend	49.86	—
Tax on proposed dividend	6.99	—
Balance Carried forward	313.30	155.74

### DIVIDEND

Your Directors recommend the payment of dividend @ 5% on fully paid equity shares to those shareholders whose names would appear on the register of members as on 28<sup>th</sup> July, 2005.

### REVIEW OF BUSINESS

#### Flour Milling

As reported last year, the market conditions had led to a situation where it was no longer possible to run the flour-milling unit economically. Further, in the light of the changing Government policy, it shall be far more desirable to locate the flour mill in the wheat belt rather than in Delhi. In the context of this emerging scenario, your Directors were of the view that the existing flour-mill be closed and its assets disposed off. Accordingly your consent had been obtained through a postal ballot and action taken accordingly.

The production was stopped on 17<sup>th</sup> May, 2004 and steps taken to close the unit. All the workers were paid off and the unit was finally permanently closed on 12<sup>th</sup> September, 2004. An agreement to sell the land and building was entered into on 20<sup>th</sup> September, 2004 and the sale deed was executed on 30<sup>th</sup> December, 2004. The bulk of the plant, machinery and other assets were also disposed off. Some machinery is still held as inventory as on 31<sup>st</sup> March, 2005.

Further, investigative work with respect to the site location in the wheat belt was taken up. Likely locations have

been identified and discussions are being held with the respective State Governments before a final decision is taken in the matter. Further, your Company along with your promoter Company – The Delhi Flour Mills Co. Ltd. – have promoted a new Company under the name and style of DFM Agro Ltd., which would undertake the flour milling business. In the meanwhile, the funds realized from the sale of the assets have temporarily been deployed in bank deposits and Inter Corporate Deposits.

### **Wheat Storage Business**

Consequent to changes in the Government policy, opportunities have opened up in the wheat storage business. Accordingly, your Directors have started operations in this area and have purchased wheat for storage and subsequent sale during the harvest of 2005.

### **Snack Foods**

The efforts made earlier with respect to introduction of products at new price segments, rationalization of pack sizes and investments in the factory began to bear fruit during the year. The operating results improved considerably.

During the year, fresh investments were made in the factory in order to reduce costs and bring about a greater degree of mechanization / automation in the production processes. Further, marketing strategies to accelerate the sale of household packs were successfully deployed during the year.

Your Directors are hopeful that this business should continue to make good progress in the years to come.

### **FIXED DEPOSITS**

The total amount of deposits remaining due not having been claimed for repayment as on 31/03/2005 was Rs. 1,47,000/- in respect of 3 deposits. Out of the same, 2 deposits for Rs. 1,20,000/- 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.

### **CORPORATE GOVERNANCE**

The Company has complied with the provisions of Corporate Governance as prescribed in the Listing Agreement with the stock exchanges. A separate report on corporate governance is included as a part of the Annual Report alongwith the Auditors’ report on its compliance.

### **DE-LISTING OF SHARES**

In accordance with the approval granted by the shareholders, the Company has got its equity shares delisted from the Stock Exchange at Delhi and Ahmedabad. The Company’s application for delisting from the Stock Exchange at Kolkata is pending with them and is likely to be approved shortly.

The Company’s equity shares shall continue to be listed on the Stock Exchange, Mumbai (BSE), which has nation-wide trading terminals.



## 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 31.03.2005 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 Mohit Satyanand and Shri S. C. Nanda retire by rotation and being eligible offer themselves for reappointment.

## AUDITORS

The auditors M/s A.K. Gangaher & Co., who retire, offer themselves for reappointment.

## ACKNOWLEDGEMENT

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

Place : Delhi

Dated : 18<sup>th</sup> June, 2005

On behalf of the Board

R.P. JAIN  
CHAIRMAN

## 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) Two automatic fryers were added.
- ii) Bulk facility for diesel installed.

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

Using more efficient heating systems for the manufacture of namkeens.

(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:-

The investigation for developing export markets for namkeens has been initiated.

(g) Total foreign exchange used and earned :-

(Rs. in Lacs)

(i) CIF value of import	-
(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	SNACK FOODS		FLOUR MILLING	
	2004-05	2003-04	2004-05	2003-04
1. Electricity				
a) Purchased Unit	426936	434406	350411	2976326
Total Amount (Rs.)	2202030	2168275	2268350	13559933
Rate per Unit (Rs.)	5.16	4.99	6.47	4.56
b) Own Generation				
(i) Through Diesel Generator				
Unit	175235	237564	25584	318240
Unit per ltr. of Diesel Oil	3.33	3.32	4.31	2.34
Cost per Unit	7.02	5.58	5.08	9.36
(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.)	—	—	—	—

B. CONSUMPTION PER UNIT OF PRODUCTION	STANDARDS	SNACK FOODS		FLOUR MILLING	
		2004-05	2003-04	2004-05	2003-04
Production	MT	2467	2576	5222	65006
Electricity Units	KWH	244	261	72.00	50.68
Furnace Oil		—	—	—	—
Coal		—	—	—	—
Diesel (for namkeen)	Litres	170	208	—	—
LPG (for extruded snacks)	Kg.	25.37	23.82	—	—

## FORM 'B'

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

#### Research and Development (R&D)

##### 1. Specific areas in which R&D was carried out by the Company

- (i) Developing new product and product improvements.
- (ii) Optimizing process parameters to improve yield and quality.
- (iii) Standardization of raw material, production methods and finished goods quality.
- (iv) Mechanization of certain production system.
- (v) Use of Information technology in operations.

##### 2. Benefits derived as a result of the above R&D

- (i) Greater consistency in the quality of products.
- (ii) Reduction in cost of operations.

##### 3. Future plan of action

To continue R & D activity in the existing areas.

##### 4. Expenditure on R & D

As R & D is a part of the ongoing activity of quality control and manufacturing operations, the expenditure is not separately allocated and identified.

#### Technology absorption, adaptations and innovations

##### 1. Efforts made:-

The progress made by the information technology cell was as under:-  
 - Substantial progress in the computerization of various operations.

##### 2. Benefits:-

- (a) Better control over the operations
- (b) Better customer service
- (c) Improved control over the production operations

##### 3. Particulars of technology imported during the last 5 years:-

– NIL –