

*15th*  
*Annual Report*  
*2007-2008*

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**BOARD OF DIRECTORS**

R.P. Jain, *Chairman*

Mohit Jain, *Vice Chairman & Managing Director*

S.C. Nanda

Pradeep Dinodia

Mohit Satyanand

**AUDITORS**

A.K. Gangaher & Co.

**BANKER**

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 15<sup>th</sup> Annual General Meeting of the Members of **DFM FOODS LIMITED** will be held on Thursday, the 31<sup>st</sup> day of July, 2008 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, 2008, 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. S.C. Nanda, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.P. Jain, 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

DELHI

DATED: 24<sup>th</sup> May, 2008

(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, 2008 to 31<sup>st</sup> July, 2008 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 31<sup>st</sup> July, 2008 to those shareholders, whose names will appear in the Register of Members of the Company on that date.
6. Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March, 2005, 31<sup>st</sup> March, 2006 and 31<sup>st</sup> March, 2007 may send their outdated dividend warrants for revalidation/ issue of demand draft in lieu thereof.



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 2008-09.

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 paid the Annual listing fee from 2005-06.

#### 10. Reappointment of Directors

At the ensuing Annual General Meeting, Mr. S. C. Nanda and Mr. R.P. Jain 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 Exchange 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.

#### Disclosure of relationship between directors:

Mr. R.P. Jain, whose reappointment is being considered, is the father of Mr. Mohit Jain, Managing Director of the Company.



## 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, 2008.

### FINANCIAL RESULTS

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

	(Rs. in lacs)	
	Year ended 31.03.2008	Year ended 31.03.2007
Total Turnover	4985.51	4138.82
Profit before interest and depreciation	376.70	248.07
Interest	203.21	93.97
Depreciation	33.89	34.92
Profit before tax	139.60	119.18
Provision for tax including earlier years	40.36	49.66
Provision for deferred tax	(1.76)	(5.07)
Fringe benefit tax	23.25	21.81
Net profit for the year	77.75	52.78
Surplus brought forward	280.55	286.10
Available for appropriation	358.30	338.88
<b>Appropriations .</b>		
Dividend	49.86	49.86
Tax on proposed dividend	8.47	8.47
Balance Carried forward	299.97	280.55

### 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 31<sup>st</sup> July, 2008.

### REVIEW OF BUSINESS

#### Wheat trading

Weak market conditions adversely affected the profitability of this business during the year.

#### Snack Foods

Sustained marketing efforts resulted in a substantial improvement of both sales and profitability during the year. Efforts to further increase business volume are being undertaken by strengthening the existing distribution system, expansion of markets and introduction of new products and variants. However, the continuous rise in the cost of raw materials is a matter of concern.

Based on expert legal advice, some of the products manufactured by the Company were reclassified under the Central Excise Tariff Act, such that with effect from 1<sup>st</sup> Decèmber, 2007, they attract nil rate of duty. Consequently no excise duty is being paid since then. The department has rejected the re-classification. An appeal has been filed which is pending adjudication.

Further, based on legal opinion, the company has stopped paying mandi fees on purchases of agricultural produce from outside Uttar Pradesh and used in the manufacture of our products. The payment was stopped with effect from January, 2007 and our representation in the matter is pending adjudication by the Mandi Samiti, Ghaziabad.



### Flour Milling

There has been no progress in the matter of re-establishing the flour milling business.

### FIXED DEPOSITS

The total amount of deposits remaining due not having been claimed for repayment as on 31/03/2008 was Rs.5,00,000/- in respect of 3 deposits and the same still remains unclaimed.

### 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 along with the Auditors' report on its compliance.

### DE-LISTING OF SHARES

The Company's application for delisting from the Stock Exchange at Kolkata is still pending with them.

### 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 31/03/2008 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 S.C. Nanda and Shri R.P. Jain 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.

On behalf of the Board

Place : Delhi

Dated : 24<sup>th</sup> May, 2008

**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:-

Installation of a gassifier.

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

These proposals are generated on an ongoing basis.

(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 the export of products

(g) Total foreign exchange used and earned :-

(Rs. in Lacs)

(i) CIF value of import	—
(ii) Expenditure in foreign currency	1.03
(iii) Foreign exchange earned	—

## FORM 'A'

## DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	SNACK FOODS	
	2007-08	2006-07
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased Unit		
Total Amount (Rs.)	728954	509718
Rate per Unit (Rs.)	3423998	2492034
b) Own Generation		
(i) Through Diesel Generator		
Unit	4.70	4.89
Unit per ltr. of Diesel Oil		
Cost per Unit	98638	95876
(ii) Through Steam Turbine / Generator		
Units	3.29	3.29
Units per ltr. of Fuel Oil / Gas	8.78	8.99
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**

	SNACK FOODS			
	UNITS	STANDARDS (if any)	2007-08	2006-07
Production	MT		2895	2413
Electricity	KWH	Not applicable	286	211
Furnace Oil			—	—
Coal			—	—
Diesel (for namkeen)	Litres	Not applicable	122	158
LPG (for extruded snacks)	Kg./mt.	Not applicable	21.81	24.16
Wood (for namkeen)	Kg./mt.	Not applicable	303	Nil





## 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
- (iii) Introduction of a new flavour variant and a new product for sale

##### 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:-

Trials are being conducted to increase the extrusion capacity of the existing plant

##### 2. Benefits:-

Higher output with the existing capital equipment

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

– NIL –

## REPORT ON CORPORATE GOVERNANCE

### A. MANDATORY REQUIREMENTS

#### 1. Company's philosophy on Code of Governance

The Company believes that corporate goals and sustained enhancement of shareholder value can be achieved through good corporate governance.

The Company's philosophy on corporate governance is aimed at enabling the top management of the company in conducting its business efficiently.

#### 2. Board of Directors

##### Composition

The present strength of the Board is five Directors. Except for one wholtime director (WTD) i.e. the Managing Director, all other Directors are non-executive Directors (NED).

The current composition of the Board is as follows:-

Name of Director	Category of Directorship
Mr. R.P. Jain	Chairman (NED)
Mr. Mohit Jain	Managing Director (WTD)
Mr. Pradeep Dinodia	NED
Mr. S.C. Nanda	NED
Mr. Mohit Satyanand	NED

##### Number of other Companies or Committees of which the Director is a Director / Chairman

Name of Director	Directorship in Companies	Membership in specified Committees
Mr. R.P. Jain	6	-
Mr. Mohit Jain	6	-
Mr. Pradeep Dinodia	14	7
Mr. S.C. Nanda	3	-
Mr. Mohit Satyanand	4	-

##### Number and dates of Board meetings held

4 Board meetings were held during the year 2007-08 on 4<sup>th</sup> May, 2007, 26<sup>th</sup> July, 2007, 27<sup>th</sup> October, 2007 and 30<sup>th</sup> January, 2008.

##### Attendance details of each Director at the Board meetings and the last A.G.M.

Name of Director	No. of Board meetings attended	Attendance at the last A.G.M.
Mr. R.P. Jain	4	Yes
Mr. Mohit Jain	4	Yes
Mr. Pradeep Dinodia	3	Yes
Mr. S.C. Nanda	4	Yes
Mr. Mohit Satyanand	4	Yes

##### Reappointment of Directors

In the forthcoming AGM on 31<sup>st</sup> July, 2008, Mr. S.C. Nanda and Mr. R.P. Jain are due to retire by rotation and offer themselves for reappointment.

Their brief resume and the details of the directorship and membership of Committees held by them are given below:-

#### Mr. S.C. Nanda

Mr. S.C. Nanda is a renowned Advocate with more than 27 years of legal experience. In 1977, he joined Khaitan & Co, a renowned Solicitors Firm in Delhi and during his tenure handled the litigation work in the various High Courts and the Supreme Court. Subsequently he started doing more of non-litigation work including Foreign Collaborations, International Business transaction, Conveyancing etc. He has vast experience in matters pertaining to real estate and development of hotels, resorts, colonies and commercial establishments. He has been involved in setting up of important colonies in Gurgaon, Haryana.

He has been on the Board of DFM Foods Ltd. since 8<sup>th</sup> March, 1994.

His other Directorship and membership of the Committees are as under:-

##### DIRECTORSHIP

Sl. No.	Name of the Company	Designation
1.	Samniti Corporate Consultants Pvt. Ltd.	Director
2.	vCustomer Services India Pvt. Ltd.	Director
3.	NewVCLabs India Pvt. Ltd.	Director

##### MEMBERSHIP OF THE COMMITTEES

- NIL -

##### DISCLOSURE OF RELATIONSHIP

Mr. S.C. Nanda is not related to any other Director(s) of the Company.

#### Mr. R.P. Jain

Mr. R. P. Jain is a promoter director of the Company and Chairman and Managing Director of the promoter company The Delhi Flour Mills Co. Ltd. He has been associated with the flour milling industry since the last five decades and is a known authority on the working of flour milling industry and snack food business. He has been the past President of the Roller Flour Millers Federation of India, Delhi Factory Owners Federation, Snack Food Association of India, Northern Flour Millers Confederation and Delhi Roller Flour Mills Association. He has been on the Board of DFM Foods Ltd. since 17<sup>th</sup> March, 1993.

His other Directorship and membership of the Committees are as under:-

##### DIRECTORSHIP

Sl. No.	Name of the Company	Designation
1.	The Delhi Flour Mills Co. Ltd	Chairman & Managing Director
2.	DFM Agro Ltd	Director
3.	Jain Farms & Industries Pvt. Ltd	Director
4.	Ravi Mohit Enterprises Pvt. Ltd	Director
5.	Genuine Stag Investment Pvt. Ltd.	Director
6.	Amzed Food Industries Pvt. Ltd.	Director