

*17th*  
*Annual Report*  
*2009-2010*



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**BOARD OF DIRECTORS**

R.P. Jain, *Chairman*

Mohit Jain, *Vice Chairman & Managing Director*

Rohan Jain, *Executive Director*

S.C. Nanda

Pradeep Dinodia

Mohit Satyanand

**AUDITORS**

A.K. Gangaher & Co.

**BANKER**

Punjab & Sind Bank

**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.

F-65, 1<sup>st</sup> Floor

Okhla Industrial Area, Phase-I,

New Delhi - 110 020

## NOTICE

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of **DFM FOODS LIMITED** will be held on Friday, the 30<sup>th</sup> day of July, 2010 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, 2010, 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: 15<sup>th</sup> May, 2010

(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, 2010 to 30<sup>th</sup> July, 2010 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., F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi-110020, Registrar and Transfer Agent of the Company, change of address, if any, along with Pin Code Numbers for updating the records.
5. The dividend, when sanctioned, will be paid on or after 30<sup>th</sup> July, 2010 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 or any subsequent dividend payment(s) 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 Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and the annual listing fee has been paid to it for the financial year 2010-11.

Further, the Company's application for delisting is pending with Calcutta Stock Exchange Association Ltd., Kolkata since 19th August, 2004. 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 and grand father of Mr. Mohit Jain, Managing Director and Mr. Rohan Jain, Executive Director of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

1. The core business of your Company is the manufacture and marketing of processed foods more particularly snack foods.

### 2.1 Industry structure and developments

The healthy growth of the economy is resulting in rising income levels of the population, increasing urbanization and a larger number of working couples. All these factors create the potential for the healthy growth and development of the processed food industry

The sales of our business have been increasing rapidly over the last few years and continued to grow strongly during 2009-10 as well.

The snack food sales increased from Rs. 53.33 crores in 2008-09 to Rs. 72.19 crores in 2009-10.

In order to sustain the growth and development of the business, substantial investments were made in organizational development.

Sales distribution systems, marketing inputs, product development initiatives, manufacturing capacity and organization structures were all strengthened and expanded during the year. The new extrusion plant was commissioned in August 2009 at a capital cost of Rs. 12.95 crores. Its production has since been stabilized and the plant is operating satisfactorily.

### 2.2 Opportunities & Threats

Opportunities for further developing and expanding the business exist in the areas of intensification of sales and distribution of the existing markets, expanding geographically to new markets, marketing innovation and new product developments.

Increasing competition will remain a constant threat.

### 2.3 Risks & Concerns

The rising cost of materials is creating pressure on the margins. The ability to maintain margins without sacrificing growth is a matter of concern.

### 2.4 Outlook

The organizational investments already made and ongoing efforts to capitalize on existing opportunities should result in positive developments for the business.

In light of encouraging growth trends a further expansion of capacity is under active consideration.

### 3. Internal controls and their adequacy

The Company has proper and adequate internal control systems to ensure that all the assets are safeguarded and that all transactions are authorized, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate. Management continuously reviews the internal control systems and procedures to ensure the efficient conduct of business. An Audit Committee of the Board oversees the internal controls within the organization

#### 4. Company's financial performance

	(Rs. in lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Total Turnover	7218.99	7650.98
Profit before depreciation, interest and financial charges	863.76	585.61
Interest & Financial expenses	132.32	227.01
Depreciation	96.66	49.89
Profit before tax	634.78	308.71
Provisions for tax	213.69	108.85
Net profit	421.09	199.86

The drop in turnover was primarily on account of the discontinuation of the wheat storage business which contributed Rs. 23.17 crores in turnover during 2008-09.

The turnover of the Snack Foods business grew 35% during the year. Further, costs incurred on business and organizational development and higher levels of interest and depreciation costs pursuant to capacity expansion were successfully absorbed.

Capital expenditure of Rs. 12.95 crores was incurred on commissioning the new plant and term loans of Rs. 9.00 crores were raised to finance it as at 31st March, 2010.

#### 5. Human Resource Development / Industrial Relations

Our employees form the backbone of our organization. A remuneration policy, which rewards achievement and is in line with the best industry practices, is consistently followed. Training to improve on the job skills is an integral part of our human resource policy and is practiced across all functions within the organization. Industrial relations have remained harmonious throughout the year.

There has been a substantial addition to the employee strength pursuant to the expansion of the sales and distribution system and the manufacturing capacity. The employee strength rose to 183 as on 31st March, 2010.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their report along with the audited accounts of the Company for the year ended 31st March, 2010.

### FINANCIAL RESULTS

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

	(Rs. in lacs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Total Turnover	7218.99	7650.98
Profit before interest, financial expenses and depreciation	863.76	585.61
Interest & financial expenses	132.32	227.01
Depreciation	96.66	49.89
Profit before tax	634.78	308.71
Provision for tax	213.69	108.85
Net profit for the year	421.09	199.86
Add Surplus brought forward	283.17	299.97
Available for appropriation	704.26	499.83
<b>Appropriations</b>		
Dividend	149.58	99.72
Tax on proposed dividend	24.84	16.94
Transfer to General Reserve	250.00	100.00
Balance Carried forward	279.84	283.17

### DIVIDEND

Your Directors recommend the payment of dividend @ 15 % on fully paid equity shares to those shareholders, whose names would appear on the register of members as on 30th July, 2010.

### OPERATIONAL REVIEW

The turnover for the year was lower as a result of the discontinuation of the wheat storage business.

The snack food business grew 35% during the year. The new extrusion plant was commissioned in August 2009 and pursuant to encouraging growth trends a further expansion of capacity is under active consideration.

The departmental appeal against the Company's reclassification of some products manufactured by it under nil rate of duty is still pending adjudication before the Tribunal.

A more detailed business review is included under the Management discussion and analysis which forms part of the Annual Report.

### SUBSIDIARY

Achilles Retail Ventures Pvt. Ltd. became a 100% owned subsidiary of your Company for part of the year. The shareholding in the said Company was divested completely on 30th March, 2010.

### SECURED LOAN

The repayments of the term loans are being made as per the terms of the loans.



**FIXED DEPOSITS**

The total amount of deposits remaining due not having been claimed for repayment as on 31/03/2010 was Rs.1.15 lacs in respect of 2 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**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is attached as an Annexure to this report.

**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.

**DIRECTORS' 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 31/03/2010 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**

Mr. S. C. Nanda and Mr. 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 sincere gratitude for the assistance received from the banks during the year. They also wish to 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 : 15<sup>th</sup> May, 2010

**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:-

Using an efficient electric heating system instead of LPG in the new plant.

- (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 and a smoother operation.

- (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. With the strengthening of the sales and marketing team, the investigation and development of the export markets is being undertaken.

- (g) Total foreign exchange used and earned :-

	<b>(Rs. in Lacs)</b>	
	<u>2009-10</u>	<u>2008-09</u>
(i) CIF value of import	<b>589.01</b>	35.53
(ii) Expenditure in foreign currency	<b>42.49</b>	18.25
(iii) Foreign exchange earned	<b>NIL</b>	NIL

**FORM 'A'**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

		<b>SNACK FOODS</b>	
		<b>2009-10</b>	2008-09
<b>A. POWER AND FUEL CONSUMPTION</b>			
1. Electricity			
a) Purchased Unit		<b>1033578</b>	823812
Total Amount (Rs.)		<b>5384133</b>	4262528
Rate per Unit (Rs.)		<b>5.21</b>	5.17
b) Own Generation			
(i) Through Diesel Generator			
Unit		<b>255473</b>	166854
Unit per ltr. of Diesel Oil		<b>3.25</b>	3.33
Cost per Unit		<b>9.35</b>	9.34
(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**

		<b>SNACK FOODS</b>	
UNITS	STANDARDS (if any)	<b>2009-10</b>	2008-09
Production	MT	<b>4567</b>	3605
Electricity Units/MT	KWH	<b>282</b>	275
Diesel (for namkeen) (Ltr./MT)	Litres	<b>162</b>	160
LPG (for extruded snacks)	Kg./MT.	<b>8.43</b>	17.08
Wood (for namkeen)	Kg./MT.	—	72

## **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 products and product improvements
- (ii) Optimizing process parameters to improve yield, quality and output
- (iii) Standardization of raw material, production methods and finished goods quality
- (iv) Mechanization of production systems
- (v) Use of Information technology in operations

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

- (i) Longer shelf life of certain products
- (ii) Greater consistency in the quality of products
- (iii) 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:-**

Development of certain machines to mechanize manual operations of gift insertion in the pack.

##### **2. Benefits:-**

Cost reduction and ensuring that all packs contain the gift. Customer satisfaction and reduction in manpower.

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

– NIL –

**Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>ST</sup> March, 2010**

Name	Designation/ Nature of Duties	Qualifications	Experience (in Yrs)	Remuneration (Rs.)	Date of Appointment	Age (in yrs)	Particulars of Last employment
1. Jain Rohan (*)	Executive Director	B.Sc. in Economics	5	33,74,415	01/06/2009	26	The Delhi Flour Mills Company Ltd.
2. Raina Rajiv	Vice President	MBA	26	26,29,555	07/10/1985	50	Madhaya Pradesh Consultancy Organisation Ltd

**Notes:-**

- Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medicals reimbursement, leave travel benefits, leave encashment, provident fund & gratuity under LIC scheme in terms of actual expenditure incurred by the Company and commission.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- Mr. Rohan Jain is related to Mr. R. P. Jain and Mr. Mohit Jain who are the Chairman and Managing Director respectively of the Company.
- (\*) Asterisk indicates that the employee was in service for part of the year.
- The nature of employment is on contractual basis except in the case of Directors whose terms have been approved by the shareholders.

## 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 six Directors. Except for two Whole Time Directors i.e. the Managing Director and Executive Director, all other Directors are Non Executive Directors.

The current composition of the Board is as follows:-

Name of Director	Category of Directorship	Directorship in other Companies	Membership in specified Committees
Mr. R.P. Jain	Chairman, Promoter, Non Executive	6	--
Mr. Mohit Jain	Managing Director, Promoter, Executive	6	--
Mr. Rohan Jain*	Whole Time Director, Promoter, Executive	--	--
Mr. Pradeep Dinodia	Independent, Non Executive	8	8
Mr. S.C. Nanda	Independent, Non Executive	4	--
Mr. Mohit Satyanand	Independent, Non Executive	5	1

\* Appointed w.e.f. 1<sup>st</sup> June, 2009

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

4 Board meetings were held during the year 2009-10 on 23<sup>rd</sup> May, 2009, 30<sup>th</sup> July, 2009, 28<sup>th</sup> October, 2009 and 29<sup>th</sup> January, 2010.

##### 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. Rohan Jain	2	Yes
Mr. Pradeep Dinodia	4	Yes
Mr. S.C. Nanda	4	Yes
Mr. Mohit Satyanand	4	Yes

##### Reappointment of Directors:-

In the forthcoming AGM on 30<sup>th</sup> July, 2010, 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

3 decades 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
4.	Achilles Retail Ventures 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

#### MEMBERSHIP OF THE COMMITTEES

- NIL -

#### DISCLOSURE OF RELATIONSHIP

Mr. R.P. Jain is the father of Mr. Mohit Jain, Managing Director and grandfather of Mr. Rohan Jain, Executive Director of the Company.

#### 3. Audit Committee

The Audit Committee comprises 3 Directors, all of whom are Non Executive Directors. The Managing Director, Auditors and the Chief Financial Officer are permanent invitees to the meetings of this Committee.

The terms of reference of this Committee cover the matters specified for it under the Listing Agreement with Stock Exchanges and Section 292 A of the Companies Act, 1956.

#### Composition

Name of Director	Designation
Mr.Pradeep Dinodia	Chairman
Mr.S.C.Nanda	Member
Mr. Mohit Satyanand	Member

#### Meetings and attendance during the year

4 meetings of the Audit Committee were held during the year 2009-10 on 23<sup>rd</sup> May, 2009, 30<sup>th</sup> July, 2009, 28<sup>th</sup> October, 2009 and 29<sup>th</sup> January, 2010.

#### Attendance details

Name of Director	No. of meetings attended
Mr.Pradeep Dinodia	4
Mr.S.C.Nanda	4
Mr. Mohit Satyanand	4

#### 4. Remuneration Committee

Your Company has not constituted a separate Remuneration Committee as the remuneration of Whole Time Directors as well as Non Executive Directors is being decided by the Board itself.

Non Executive Directors are being paid sitting fee only within the limits prescribed under the Companies Act 1956.

Details of remuneration paid to the Directors during the year 2009/10:-

	Salary, allowances & perquisites (Rs.)	Sitting fee for attending Board/ Committee meetings (Rs.)
<b>Whole Time Directors</b>		
Mr. Mohit Jain	19,16,529	-
Mr. Rohan Jain	33,74,415	-
<b>Non-Executive Directors</b>		
Mr. R.P. Jain	-	1,80,000
Mr. Pradeep Dinodia	-	1,20,000
Mr. S.C. Nanda	-	1,20,000
Mr. Mohit Satyanand	-	1,20,000

#### Note:

- The service contract with the Managing Director and Executive Director, who are the Whole Time Directors, are for a period of 5 years.
- The Company does not have any Stock option scheme.
- Shareholding of Non Executive Directors:

Non-Executive Directors	No. of Equity shares held as on 31/03/2010
Mr. R.P. Jain	11,20,500
Mr. Pradeep Dinodia	12,700
Mr. S.C. Nanda	2,700
Mr. Mohit Satyanand	40,115

#### 5. Shareholders & Investors Grievance Committee

The Shareholders & Investors Grievance Committee comprises of Mr. R.P. Jain, Mr. Mohit Jain and Mr. Arjun Sahu. The Committee functions under the Chairmanship of Mr. R.P. Jain, Chairman who is a non-executive

Director. Mr. Arjun Sahu, Asstt. Secretary has been nominated as Compliance Officer.

The terms of reference of this Committee includes redressal of the shareholders/ Investors complaints in respect of any matter.

The Committee also monitors the implementations and compliances of the Company's Code of Conduct for prevention of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

During the year 2009/10, the Company had received two complaints from investors, which were disposed off satisfactorily. No request for share transfers received during the year was pending beyond the normal service time of a fortnight from the date of receipt of duly completed documents required to effect the transfer.

#### 6. CEO / CFO Certification

The Managing Director and Chief Financial Officer have certified to the Board, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Clause 49(v) of the Listing Agreement for the year ended 31<sup>st</sup> March, 2010.

#### 7. A. General Body Meetings

The details of the last 3 AGMs are as under:-

Date of A.G.M.	Time	Place
26th July, 2007	10.00 A.M.	Airforce Auditorium, Subroto Park, New Delhi-110010
31st July, 2008	10.00 A.M.	-Do-
30th July, 2009	10.00 A.M.	-Do-

#### B. Special Resolutions

The details of the special resolutions passed in the last 3 AGMs are as under:-

Date of A.G.M.	Special Resolution
26 <sup>th</sup> July, 2007	- Payment of the existing remuneration to Mr. Mohit Jain, Managing Director for the remaining tenure of his appointment.
31 <sup>st</sup> July, 2008	NIL
30 <sup>th</sup> July, 2009	- Reappointment of Mr. Mohit Jain as Managing Director - Appointment of Mr. Rohan Jain as Executive Director - Keeping the Register / Index of Members and Annual Returns together with the copies of certificates and documents required to be annexed thereto at the office of the Registrar and Share Transfer Agent. - Investments in shares of any body or bodies corporate in excess of the prescribed limits.

#### C. Postal Ballot

During the year ended 31<sup>st</sup> March, 2010, no special resolution has been put through postal ballot.

Further, no special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

#### 8. Disclosure

- Disclosure on materially significant related party transactions that may have potential conflict with the interest of Company at large. None of the transactions with any of the related parties were in conflict with the interest of the Company.
- Details of non-compliance by the Company, Penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. None
- Affirmation to whistle blower policy. No personnel was denied access to the Audit Committee as per the general practice of the Company.



The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

Particulars	Clause of Listing agreement	Compliance Status
<b>I. Board of Directors</b>	49(I)	
(A) Composition of Board	49(IA)	Complied
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Complied
(C) Other provisions as to Board and Committees	49 (IC)	Complied
(D) Code of Conduct	49 (ID)	Complied
<b>II. Audit Committee</b>	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Complied
(B) Meeting of Audit Committee	49 (IIB)	Complied
(C) Powers of Audit Committee	49 (IIC)	Complied
(D) Role of Audit Committee	49 (IID)	Complied
(E) Review of Information by Audit Committee	49 (IIE)	Complied
<b>III. Subsidiary Companies</b>	49 (III)	Not Applicable
<b>IV. Disclosures</b>	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Complied
(B) Board Disclosures	49 (IV B)	Complied
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C)	Not applicable
(D) Remuneration of Directors	49 (IV D)	Complied
(E) Management	49 (IV E)	Complied
(F) Shareholders	49 (IV F)	Complied
<b>V. CEO/CFO Certification</b>	49 (V)	Complied
<b>VI. Report on Corporate Governance</b>	49 (VI)	Complied
<b>VII. Compliance</b>	49 (VII)	Complied

For the status of adoption of non-mandatory requirements of Clause 49 of the Listing Agreement, please refer B herein below.

### 9 Means of Communication

Quarterly results :

Newspapers in which Financial results are normally published - Financial Express (English) (Delhi, Mumbai & Kolkata editions)  
- Jansatta (Hindi)

Any website where displayed - As per SEBI requirement, all the data related to quarterly financial results, shareholding patterns etc. are provided to the special web-site [www.corpfiling.co.in](http://www.corpfiling.co.in) within the time frame prescribed in this regard.

Whether, it also displays official news releases No

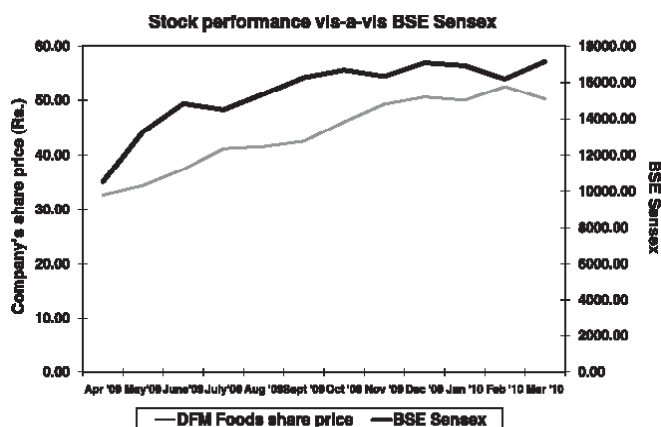
Presentation made to institutional Investors or to the analysts None

### 10. General shareholder Information

AGM, Date,	: 30 <sup>th</sup> July, 2010 at 10.00 A.M.
Time & Venue	at Air Force Auditorium, Subroto Park, New Delhi-110010
Financial year	: i) Financial year – 1 <sup>st</sup> April to 31 <sup>st</sup> March ii) First Quarter Results- Normally last week of July. iii) Second Quarter / Half yearly Results- Normally last week of October. iv) Third Quarter Results - Normally last week of January. v) Annual Audited Results- By 31 <sup>st</sup> May.
Date of Book closure	: 16 <sup>th</sup> July, 2010 to 30 <sup>th</sup> July, 2010 (both days inclusive)
Dividend payment date	: On or after 30 <sup>th</sup> July, 2010 (If declared at the A.G.M.)
Listing on Stock Exchange	: In accordance with the shareholders approval, delisting from the Calcutta Stock Exchange had been applied in August, 2004 and the same is pending with them. At present, the equity shares of the Company are listed on Mumbai stock Exchange (BSE) only. The annual listing fee for the financial year 2010-2011 has been paid to BSE.
Stock Code- Physical	: Mumbai Stock Exchange – 519588
ISIN Number for NSDL & CDSL	: INE 456C01012

### Market Price data and stock performance in the last financial year:-

BSE Monthly High and Lows		
Month	High (Rs.)	Low (Rs.)
April'09	35.60	29.70
May'09	37.85	31.00
June'09	40.45	34.25
July'09	46.25	36.00
August'09	45.10	38.00
September'09	46.40	38.60
October'09	52.00	40.10
November'09	58.50	40.00
December'09	57.50	43.65
January'10	57.00	43.05
February'10	61.05	44.00
March'10	58.40	42.10



Registrar and Transfer Agent : M/s MCS Ltd.,  
F-65, 1<sup>st</sup> Floor,  
Okhla Industrial Area, Phase-I,  
New Delhi-110020

Share transfer system : All the transfers and dematerialization received are processed and approved every fortnight.

**Distribution of shareholding as on 31<sup>st</sup> March, 2010**

Range (in shares)	No. of shareholder	No. of shares	%to total capital
From To			
0 500	8,253	7,56,682	7.59
501 1000	93	78,166	0.78
1001 2000	56	85,004	0.85
2001 3000	25	63,755	0.64
3001 4000	10	36,150	0.36
4001 5000	10	46,611	0.47
5001 10000	17	1,37,751	1.38
10001 and above	39	87,67,557	87.93
<b>Total</b>	<b>8,503</b>	<b>99,71,676</b>	<b>100.00</b>

**Shareholding pattern as on 31<sup>st</sup> March, 2010**

Category	No. of shares	%to total capital
Individuals	61,72,775	61.91
Mutual Funds	1,200	0.01
Bodies corporate	37,64,333	37.75
NRIs	33,368	0.33
<b>Total</b>	<b>99,71,676</b>	<b>100.00</b>

Dematerialisation of shares and liquidity : As on 31<sup>st</sup> March, 2010, 80.49% of the total paid-up equity shares of the Company have been dematerialized by the shareholders. The number of beneficiaries as on 31<sup>st</sup> March, 2010 is 2443.

Outstanding GDRs/ ADRs/ warrants or any convertible instruments, conversion date and likely impact on equity : None issued/ outstanding

Plant locations : The plant of the Company is located at Ghaziabad (U.P.)

Address for correspondence : Shareholders correspondence may be addressed to:-  
1. M/s MCS Ltd.,  
F-65, 1<sup>st</sup> Floor,  
Okhla Industrial Area,  
Phase- I, New Delhi-110020  
2. The Company Secretary,  
DFM Foods Ltd.,  
8377, Roshanara Road,  
Delhi-110007

**Transfer of unclaimed amounts to Investor and Education Protection Fund**

The investors are advised to claim the unencashed dividends lying in the unpaid dividend account of the company as indicated in the Notes to the Notice and the matured deposits before the same become due for crediting to the Investor Education and Protection Fund.

**B. NON-MANDATORY REQUIREMENTS**

**a) Chairman of the Board**

Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in the performance of his duties

**b) Remuneration Committee** Please refer A(4) above

**c) Shareholders Rights**

Half yearly declaration of financial performance including summary of the significant events in last 6 months should be sent to each household of shareholders

As the Company's Quarterly/ Half yearly results are published in a leading daily English newspaper and a local language newspaper and also provided to the special web-site [www.corpfiling.co.in](http://www.corpfiling.co.in), the same are not sent to the shareholders of the Company.

**d) Audit qualifications**

The financial statements have not been qualified.

**e) Training of Board members**

The Board members are well aware of the business model as well as the risk profile of the business parameters of the company and also their responsibilities as Directors.

**f) Mechanism for evaluating NEDs**

All the non-executive Board members are leading professionals in their respective fields and have been contributing their best in the performance of the company.

**g) Whistle Blower policy**

As per the policy of the Company, all the employees have a direct and secured access to the management as well as the Chairman of the Audit Committee to report about any unethical behaviour, fraud etc.

**DECLARATION BY THE MANAGING DIRECTOR**

It is hereby declared that all the Board members and senior management personnel have complied with the Code of conduct laid down by the Board under clause 49 of the Listing Agreement.

Further, they have affirmed compliance with the said code of conduct as on 31<sup>st</sup> March, 2010.

Place: New Delhi  
Dated: 15<sup>th</sup> May, 2010

(Mohit Jain)  
Managing Director

**CERTIFICATE BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER  
PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT**

We, Mohit Jain, Managing Director and Rajiv Bhambri, Chief financial Officer of the Company certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2010 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi  
Date : 15<sup>th</sup> May, 2010

(Rajiv Bhambri)  
Chief Financial Officer

(Mohit Jain)  
Managing Director

**AUDITORS' CERTIFICATE****TO THE MEMBERS OF DFM FOODS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **DFM Foods Limited** for the year ended 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement(s) of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the stock exchanges have been complied with in all material respect by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A.K. Gangaher & Co.  
Chartered Accountants

A.K. Gangaher  
Proprietor  
M. No.083674

Firm ICAI Regn. No.004588N

Place: Delhi  
Date: 15<sup>th</sup> May, 2010

**AUDITOR'S REPORT**

**To the Members of DFM FOODS LIMITED.**

1. We have audited the attached balance sheet of **DFM Foods Limited** as at 31<sup>st</sup> March, 2010, the profit and loss account and also the cash flow statement annexed thereto for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010.
    - (b) in the case of the profit and loss account, of the profit of the company for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For A.K.GANGAHER & CO.  
Chartered Accountants

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010

A.K.GANGAHER  
Proprietor  
M.No.083674  
Firm ICAI Regn No. 004588N

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed during the verification have been properly dealt with in the books of accounts.
  - c) In our opinion and according to the information and explanations given to us, the company has not disposed off a substantial part of its fixed assets during the year.
2. In respect of its inventories:
  - a) As explained to us the inventory has been physically verified at all its locations during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) On the basis of our examination we are of the opinion that the company is maintaining proper records of inventories. The discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of accounts.
3.
  - a) The company has granted unsecured loans to a company, listed in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 1180.00 lacs (Previous year Rs. 1620.00 lacs) and the year end balance of loan given to such party was Rs. 360.00 lacs. (Previous year Rs. 550.00 lacs.)
  - b) In our opinion the rate of interest and other terms and conditions of unsecured loans given are prima facie not prejudicial to the interests of the company.
  - c) The principal amounts and wherever applicable interest thereon in respect of Loans and or Advances in the nature of loans given by the Company to parties have been recovered regularly as stipulated.
  - d) There is no overdue amount of loan to be recovered by the company.
  - e) The company has not taken loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and also with regard to sale of goods and services. Further on the basis of our examination we have not observed any major weaknesses in internal control systems.
5. In our opinion and according to the explanations given to us, all the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered. Further in our opinion and according to the explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of each party during the year have been made at prices which are reasonable having regard to the prices at which transaction for similar goods, materials and services have been made with other parties.
6.
  - a) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 framed there under with regard to the deposits accepted from the Public.
  - b) An amount of Rs.1.15 Lac, (Previous year Rs.Nil ) is outstanding towards matured unclaimed deposits as on 31.03.2010.
  - c) No order has been passed against the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court/ Tribunal.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.



9. a) According to the information and explanations given to us and the records of the company examined by us, the company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, Income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed statutory dues in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears as on 31.03.2010 for a period of more than six months from the date they became payable.
- c) The details of disputed dues as at 31.3.2010 in respect of Excise Duty, Sales Tax and Income Tax which have not been deposited by the company are as follows :

Name of statute	Nature of dues	Amount (Rs.)#	Period to which the amount relates	Forum where dispute is pending
Sales tax	Entry Tax(Sales tax)	2,41,384	2004-05	High Court
Central Excise Laws	Excise duty*	1,23,92,053 2,86,33,279 1,18,61,341	2007-08 2008-09 2009-10	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act	Income Tax	70,550	2005-06	CIT (Appeals), New Delhi

# The amounts mentioned are as per demand orders including interest and penalty wherever indicated in the order.

\* The case of Excise duty has been decided in the favor of the company but department has preferred appeals at higher levels.

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanation given to us, the company is not a chit fund or a nidhi /mutual benefit fund /society.
14. In our opinion and according to the information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanation given to us, the company has not given guarantees for loans taken by others from banks or financial institutions .
16. In our opinion and according to information and explanations given to us the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has used funds raised on short-term basis for short-term investments only.
18. During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued any debentures during the year.
20. During the year the company has not raised any money through a public issue.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A.K.GANGAHER & CO.  
Chartered Accountants

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010

A.K.GANGAHER  
Proprietor  
M.No.083674  
Firm ICAI Regn No. 004588N

# Financial Statements

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

(Rs. 000's)

	SCHEDULE	31.03.2010	31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	9,97,17	9,97,17
Reserves & Surplus	2	6,44,30	3,97,63
		<u>16,41,47</u>	<u>13,94,80</u>
<b>Loans Funds</b>			
Secured	3	10,25,08	4,46,10
Unsecured	4	5,71,95	5,37,80
		<u>15,97,03</u>	<u>9,83,90</u>
Deferred Tax Liability		2,29,18	1,21,52
<b>TOTAL</b>		<u>34,67,68</u>	<u>25,00,22</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	25,85,29	11,16,51
Less: Depreciation		3,31,24	3,08,35
Net Block		22,54,05	8,08,16
Capital Work in Progress		—	1,59,69
		<u>22,54,05</u>	<u>9,67,85</u>
<b>Investments</b>	6	2,48	2,48
<b>Current Assets, Loans and Advances</b>			
Inventories	7	3,92,42	3,62,29
Sundry Debtors	8	3,73	3,71,42
Cash & Bank Balances	9	10,58,95	3,06,83
Loans & Advances	10	9,20,08	11,60,41
		<u>23,75,18</u>	<u>22,00,95</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	11	7,27,09	3,55,83
Provisions	12	4,36,94	3,15,23
		<u>11,64,03</u>	<u>6,71,06</u>
<b>Net Current Assets</b>	(A-B)	<u>12,11,15</u>	<u>15,29,89</u>
<b>TOTAL</b>		<u>34,67,68</u>	<u>25,00,22</u>
<b>Notes to the Accounts</b>	18		

The Schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

On behalf of the Board

**For A. K. GANGAHER & CO.**  
*Chartered Accountants*

**(MOHIT JAIN)**  
*Managing Director*

**(R.P. JAIN)**  
*Chairman*

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010

**(A.K. GANGAHER)**  
*Proprietor*  
M. No. 083674  
Firm ICAI Regn No. 004588N

**(N. K. ARORA)**  
*Secretary*

**(RAJIV BHAMBRI)**  
*Chief Financial Officer*



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2010

(Rs. 000's)

	SCHEDULE	31.03.2010	31.03.2009
<b>INCOME</b>			
Sales	13	72,18,99	76,50,98
		<u>72,18,99</u>	<u>76,50,98</u>
Other Income	14	1,28,15	1,91,30
Increase/ (Decrease) in stock		63,75	(8,89)
		<u>74,10,89</u>	<u>78,33,39</u>
<b>EXPENDITURE</b>			
Material Consumed & Purchase of Goods	15	44,41,23	56,82,46
Other Expenses	16	21,05,90	15,65,32
Interest and Financial expenses	17	1,32,32	2,27,01
		<u>66,79,45</u>	<u>74,74,79</u>
<b>Profit Before Depreciation &amp; Taxation</b>		<b>7,31,44</b>	<b>3,58,60</b>
Depreciation		96,66	49,89
<b>PROFIT BEFORE TAXATION</b>		<b>6,34,78</b>	<b>3,08,71</b>
<b>Income Tax Expenses</b>			
Current Taxes		1,07,00	1,05,00
Deferred Tax		1,07,66	—
Fringe Benefit Tax		—	5,44
Adjustment of Earlier Year Tax/ FBT		(97)	(1,59)
		<u>2,13,69</u>	<u>1,08,85</u>
<b>PROFIT AFTER TAX</b>		<b>4,21,09</b>	<b>1,99,86</b>
Balance brought forward		2,83,17	2,99,97
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>7,04,26</b>	<b>4,99,83</b>
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		2,50,00	1,00,00
Proposed Dividend		1,49,58	99,72
Corporate Dividend Tax		24,84	16,94
Balance surplus carried to the Balance Sheet		2,79,84	2,83,17
		<u>7,04,26</u>	<u>4,99,83</u>
Basic and Diluted Earning Per Share		4.22	2.00
<b>Notes to the Accounts</b>	18		

The Schedules referred to above form an integral part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

On behalf of the Board

**For A. K. GANGAHER & CO.**  
*Chartered Accountants*

**(MOHIT JAIN)**  
*Managing Director*

**(R.P. JAIN)**  
*Chairman*

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010

**(A.K. GANGAHER)**  
*Proprietor*

**(N. K. ARORA)**  
*Secretary*

**(RAJIV BHAMBRI)**  
*Chief Financial Officer*

M. No. 083674  
Firm ICAI Regn No. 004588N

## SCHEDULES TO THE ACCOUNTS

	(Rs. 000's)	
	31.03.2010	31.03.2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,30,00,000 Equity shares of Rs. 10/- each	13,00,00	13,00,00
20,00,000 10% Cumulative Convertible Preference Shares of Rs. 10/- each	2,00,00	2,00,00
	<u>15,00,00</u>	<u>15,00,00</u>
<b>Issued, Subscribed &amp; Paid up</b>		
99,71,676 Equity shares of Rs. 10/- each fully paid up (Previous year 99,71,676 Equity Shares)	9,97,17	9,97,17
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
As per last Balance Sheet	1,14,46	14,46
Add: Transferred from Profit & Loss Account	2,50,00	1,00,00
	<u>3,64,46</u>	<u>1,14,46</u>
<b>Surplus, being balance as per Profit &amp; Loss Account</b>	<u>2,79,84</u>	<u>2,83,17</u>
	<u>6,44,30</u>	<u>3,97,63</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
FROM BANKS		
a) Term Loan*	10,25,08	1,10,00
b) Working Capital Borrowings	—	3,36,10
	<u>10,25,08</u>	<u>4,46,10</u>
* Includes borrowing under Buyer's Credit Arrangements Refer Note 11 of Schedule 18		
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
A. FIXED DEPOSITS*	4,83,77	4,16,12
B. VEHICLE LOANS**	88,18	1,21,68
* [Out of above deposits Rs. 138.68 lacs are guaranteed by a Director (Previous Year Rs. 91.90 lacs)]		
** Vehicle Loans are Secured by hypothecation of Vehicle. Vehicle Loans repayable within one year Rs. 50.43 lacs (Previous year Rs. 41.86 lacs)		
	<u>5,71,95</u>	<u>5,37,80</u>

## SCHEDULE - 5 FIXED ASSETS

(Rs. 000's)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at 31.03.2009	Additions	Deletions	Cost As at 31.03.2010	As at 31.03.2009	For the year	Written Back	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Trade Marks	2,42,89	—	—	2,42,89	—	—	—	—	2,42,89	2,42,89
Land Lease Hold	20,14	—	—	20,14	—	—	—	—	20,14	20,14
Land Free Hold	—	1,17,66	—	1,17,66	—	—	—	—	1,17,66	—
Building	95,22	2,81,13	—	3,76,35	24,92	7,57	—	32,49	3,43,86	70,30
Plant & Machinery	4,42,36	10,13,99	7,59	14,48,76	1,57,06	48,28	2,59	2,02,75	12,46,01	2,85,30
Furniture & Fixtures	37,89	75,65	2,75	1,10,79	10,52	2,82	89	12,45	98,34	27,37
Office Equipments	12,84	46,73	2	59,55	10,32	1,20	2	11,50	48,05	2,52
Computers	36,19	6,40	2,94	39,65	27,40	3,62	2,82	28,20	11,45	8,79
Vehicles	2,28,98	11,52	71,00	1,69,50	78,13	33,17	67,45	43,85	1,25,65	1,50,85
<b>Total</b>	<b>11,16,51</b>	<b>15,53,08</b>	<b>84,30</b>	<b>25,85,29</b>	<b>3,08,35</b>	<b>96,66</b>	<b>73,77</b>	<b>3,31,24</b>	<b>22,54,05</b>	<b>8,08,16</b>
Previous year	9,21,32	2,17,72	22,53	11,16,51	2,66,63	49,89	8,17	3,08,35		
Add :- Capital work in progress									—	1,59,69
									<b>22,54,05</b>	<b>9,67,85</b>

(Rs. 000's)

	31.03.2010	31.03.2009
<b>SCHEDULE - 6 INVESTMENTS</b>		
<b>Long Term Investments</b>		
<b>Equity Shares (Unquoted)</b>		
24,750 Equity Shares of Rs. 10/- each of DFM Agro Ltd.	2,48	2,48
(Previous year 24,750 Equity Shares of Rs. 10/- each of DFM Agro Ltd.)		
	<u>2,48</u>	<u>2,48</u>
<b>SCHEDULE -7 INVENTORIES</b>		
(As valued and certified by the management)		
Stores & Spares	89,32	1,15,58
Raw Material	2,15,82	2,23,18
Stock in Trade	87,28	23,53
	<u>3,92,42</u>	<u>3,62,29</u>
<b>SCHEDULE - 8 SUNDRY DEBTORS (UNSECURED)</b>		
Debtors (Less than six months and considered good)	3,73	3,71,42
	<u>3,73</u>	<u>3,71,42</u>
<b>SCHEDULE - 9 CASH &amp; BANK BALANCES</b>		
Cash and Cheques on hand	2,10	2,43
With Scheduled Banks :		
— On Fixed Deposits*	1,11,35	1,99,46
— On Current Accounts	9,45,50	1,04,94
	<u>10,58,95</u>	<u>3,06,83</u>

\* This includes interest accrued thereon Rs. 5.24 lacs. (Pr. Yr. Rs. 4.06 Lacs)  
Out of above Rs. 56.11 Lacs is as margin money (Pr. Yr. Rs. 142.40 Lacs)

(Rs. 000's)

	31.03.2010	31.03.2009
<b>SCHEDULE -10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured but considered good )		
i) Advances recoverable in cash or in kind or for value to be received	37,40	2,93,00
ii) Short Term Deposits* (Unsecured )	5,60,00	5,50,00
iii) Advance Income Tax	2,42,94	1,82,93
iv) VAT Receivable	43,97	40,67
v ) Advance for Capital Goods	35,77	93,81
	<u>9,20,08</u>	<u>11,60,41</u>
* Includes deposits Rs. 360.00 Lacs (Previous Year Rs. 550.00 Lacs) in Company in which Directors are interested		
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
1. Sundry Creditors:		
-- Due to Micro and Small Enterprises*	1,41,07	71,65
-- Others	1,27,63	79,49
2. Advances from Customers	2,09,91	97,62
3. Creditors for Expenses and Other Liabilities	1,13,05	74,39
4. Interest accrued but not due on Loans	47,33	25,58
5. Investor Education and Protection Fund shall be credited by the following :-		
--Unclaimed Dividend**	9,93	7,10
--Unclaimed Matured Deposits**	1,15	—
6. Liability on account of Forward contracts	77,02	—
	<u>7,27,09</u>	<u>3,55,83</u>
* Refer to Note 10 to Schedule 18		
** There is no amount due and outstanding to be credited to Investor Education & Protection fund		
<b>SCHEDULE -12</b>		
<b>PROVISIONS</b>		
Taxation	2,51,00	1,89,60
Accrued Leave	11,52	8,97
Proposed Dividend	1,49,58	99,72
Corporate Dividend Tax	24,84	16,94
	<u>4,36,94</u>	<u>3,15,23</u>
<b>SCHEDULE -13</b>		
<b>SALES</b>		
Foods	72,18,99	53,33,89
Wheat	—	23,17,09
	<u>72,18,99</u>	<u>76,50,98</u>
<b>SCHEDULE -14</b>		
<b>OTHER INCOME</b>		
Profit on Sale of fixed assets	4,89	(12,20)
Assets Written off	—	(6)
Dr \ Cr Balance Written off	1,14	(1,59)
Other Miscellaneous Income	18,69	17,51
Interest received * :-		
- From Banks	9,44	7,94
- Others	93,99	1,79,70
	<u>1,28,15</u>	<u>1,91,30</u>

\*[Tax deducted at source of Rs. 21,51,971/- (Previous Year Rs. 42,36,809/-)]

(Rs. 000's)

	31.03.2010	31.03.2009
<b>SCHEDULE -15</b>		
<b>MATERIAL CONSUMED AND PURCHASE OF GOODS</b>		
<b>A. FOR MANUFACTURING</b>		
Opening Stock	2,23,18	1,66,78
Add:- Purchases	44,33,87	33,88,11
Less :- Closing Stock	2,15,82	2,23,18
Materials Consumed	A <u>44,41,23</u>	<u>33,31,71</u>
<b>B. FOR TRADING</b>		
Opening Stock	—	18,02,28
Add:- Purchases	—	5,48,47
Less :- Closing Stock	—	—
Cost of Materials Sold	B <u>—</u>	<u>23,50,75</u>
	A+B <u>44,41,23</u>	<u>56,82,46</u>
<b>SCHEDULE -16</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Salaries, Wages & Bonus etc.	5,01,45	3,14,67
Contribution to Provident & Other Funds	55,09	30,90
Workmen & Staff Welfare Expenses	30,24	18,80
Consumption of Stores & Spares	24,92	24,13
Delivery Expenses	3,20,55	3,13,82
Power & Fuel	1,74,85	1,60,52
Rent	1,73,67	1,17,15
Repair to Building	5,60	25
Repair to Machinery	10,08	5,79
Selling & Marketing Expenses	4,25,59	3,29,71
Rates & Taxes	1,95	1,74
Insurance	3,56	2,47
Miscellaneous Expenses	3,78,35	2,45,37
	<u>21,05,90</u>	<u>15,65,32</u>
<b>SCHEDULE -17</b>		
<b>INTEREST AND FINANCIAL EXPENSES</b>		
Interest on Term Loans	37,17	11,64
Interest on Secured Loans	6,20	1,58,98
Interest on Unsecured Loans	63,40	56,39
Foreign Exchange Fluctuation	25,55	—
	<u>1,32,32</u>	<u>2,27,01</u>

**SCHEDULES - 18****NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****A. ACCOUNTING CONVENTION**

The financial statement has been prepared under historical cost convention, on an accrual basis in accordance with the generally accepted accounting principles and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions referred of the Companies Act, 1956 and Companies (Accounting Standards) Rules, 2006.

**B. FIXED ASSETS & DEPRECIATION**

- 1) Fixed assets are stated at cost less accumulated depreciation.
- 2) Depreciation is provided on Straight line basis (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in the case of Office Equipment, Cars, Computers and Mobile Phones where depreciation on a Straight Line basis is provided at the rates of 19%, 19%, 23.75% and 31.67% respectively.
- 3) No depreciation is charged on Trade Marks.

**C. INVESTMENTS**

Investments are classified either as current or long-term investment. Current investments are carried at lower of cost or fair market value. Long-term investments are stated at cost of acquisition, net of diminution in value, if any, which is other than temporary.

**D. INVENTORIES**

Basis of Valuation is as under

- 1) Raw Material : Valuation is at material cost on FIFO basis.
- 2) Stock in Trade : Finished goods are valued at cost of Raw material and apportioned direct expenses.
- 3) Stores and Spares : Valuation is at Cost or Market Value , which ever is Lower.

**E. EMPLOYEE RETIREMENT BENEFITS**

- 1) Contribution to Provident Fund is charged to Profit & Loss Account.
- 2) Gratuity is provided in accordance with the group gratuity scheme with Met Life India Insurance Company Pvt. Ltd.
- 3) Provision for earned leave encashment is made on the basis of actuarial valuation conducted at year end by an independent actuary.

**F. TAXATION**

- i) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.
- ii) Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future.

**G. IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**H. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## I. FOREIGN EXCHANGE TRANSACTION

1. All transaction in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.
2. Loans in foreign currencies are reported using the closing exchange rate on balance sheet date.
3. In case of forward exchange contracts entered into to hedge foreign currency risks, the exchange rate difference arising between the contracted rate and the rate on settlement date or reporting date is recognised as income/ expenses for the period.

## J. BORROWING COST

Interest and other borrowing costs directly incurred in relation to capital assets acquired are capitalised till the date of commissioning of such asset.

### 2. Contingent Liabilities

Contingent liabilities not provided for in respect of:-

	Current Year (Rs. 000's)	Previous Year (Rs. 000's)
i) Claims against the Company not acknowledged as debts		
a) Sales Tax (Entry Tax)	2,41	2,41
b) Excise Duty	5,28,87	4,10,25
c) Income Tax	70	—
ii) Counter Guarantees given for Bank Guarantees issued by bank	17,45	—
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances) are	62,24	4,33,69

### 3. Payment to auditors includes :-

	Current Year (Rs. 000's)	Previous Year (Rs. 000's)
Statutory Audit Fees	55	55
Tax Audit Fees	22	17
Certification Fees	39	25
Reimbursement of out of pocket expenses	13	12
	<u>1,29</u>	<u>1,09</u>

### 4. Managerial Remuneration to Directors

	Current Year (Rs. 000's)	Previous Year (Rs. 000's)
(a) Salary, allowances and Gratuity Paid	29,50	6,00
(b) Contribution to Provident & other Funds	3,54	72
(c) Commission	12,00	Nil
(d) Approximate money value of perquisites and benefits	7,87	5,98
	<u>52,91</u>	<u>12,70</u>

### 5. Statement showing the computation of Net Profit in accordance with Section 198(1) of the Companies Act, 1956.

	Current Year (Rs. 000's)	Previous Year (Rs. 000's)
Profit before Tax – per Profit & Loss Account	6,34,78	—
Add :- Managerial remuneration paid / provided	52,91	—
Less :- Profit on sale of Fixed Assets ( net)	4,89	—
Net Profit in accordance with Section 198(1) / 349	6,82,80	—
Maximum commission payable to Directors	12,65 *	—
Actual commission	12,00	—

\*Restricted upto overall limits of 10% of profits computed under Section 349 of the Companies Act, 1956.

## 6. SEGMENT REPORTING

With effect from 1<sup>st</sup> April, 2009, Company has only one business segment i.e. FOODS as such no figures have been given for Wheat trading business in the current year.

	(Rs. 000's)		
	Wheat Trading	Foods	TOTAL
<b>a) REVENUE</b>			
SALES (Net)	NIL (23,17,09)	72,18,99 (53,33,89)	72,18,99 (76,50,98)
<b>b) RESULTS</b>			
Profit Before Tax	NIL {(-) 3,08,82}	6,34,78 (6,17,53)	6,34,78 (3,08,71)
<b>c) OTHER INFORMATION</b>			
Segment Assets	NIL (40,67)	46,31,71 (31,30,61)	46,31,71 (31,71,28)
Segment Liabilities	-- (--)	29,90,24 (17,76,49)	29,90,24 (17,76,49)
Capital Employed	NIL (40,67)	16,41,47 (13,54,12)	16,41,47 (13,94,79)

**Note:** Previous year's figures have been given in brackets and have been regrouped, wherever necessary to make them comparable.

7. In pursuance with Accounting Standard 26 on Intangible Assets, the company is of the view that the Trade Marks held by the Company are not less than the value at which they are stated in the Balance Sheet. The Company on the basis of working and the calculations of future economic benefits, is of the opinion that the value of these trade marks should not be amortised, as the value has appreciated since their purchase by the Company. Therefore Company has not charged any depreciation on these assets.
8. During the year, the Excise Department has raised demand against the company amounting to Rs.118.61 lacs (Pr. Year Rs. 286.33 lacs), on account of excise duty payable on the products of the company. The total demand outstanding as on 31.03.2010 is Rs. 528.87 Lacs (Pr. year Rs. 410.25 Lacs). As per reclassification of the products filed by the company, nil excise duty is leviable on its products from 01.12.2007. The excise department had contested the reclassification filed by the company. Commissioner of Excise Duty (Appeals) had upheld the reclassification in favour of the company. The excise department has raised the abovementioned demand and filed an appeal with Custom, Excise and Service Tax Appellate Tribunal. The company has not created any provision in its accounts and has treated these amounts as contingent liability. Accordingly CENVAT credit for the period/year amounting to Rs. 98.72 lacs (Pr. year Rs. 109.82 lacs) has also not been claimed as a credit by the Company but have been charged as part of purchase cost for the year. The balance unavailed CENVAT credit as on 31.03.2010 is Rs. 243.43 lacs (Pr. year Rs. 144.71 lacs).

## 9. RELATED PARTY DISCLOSURE

### (1) Relationships

- |  |   |  |
|--|---|--|
| (a) Where Control Exists                                     | : | The Delhi Flour Mills Co. Ltd.   |
| (b) Key Management Personnel                                 | : | (i) Shri R.P. Jain, Chairman<br>(ii) Shri Mohit Jain (Whole-time Director)<br>(iii) Shri Rohan Jain (Executive Director) |
| (c) Fully Owned Subsidiary Company<br>(For part of the year) | : | Achilles Retail Ventures Pvt. Ltd.   |



(2) Volume of transactions with Related Parties during the year (Rs. 000's)

NATURE OF TRANSACTIONS	REFERRED IN 1 (a) above	REFERRED IN 1(b) (i) above	REFERRED IN 1 (b) (ii) above	REFERRED IN 1 (b) (iii) above	REFERRED IN 1 (c) above
<b>PURCHASES :</b>					
Goods and Materials	32,07 (2,08)	—	—	—	—
Land & Building	—	—	—	—	1,17,66 (NIL)
<b>SALES :</b>					
Goods and Materials	5 (23,81,43)	—	—	—	—
Sale of Fixed Assets	29 (2,52)	—	—	—	—
<b>EXPENSES:</b>					
Remuneration	—	—	19,17 (12,70)	33,74 (Nil)	—
Sitting Fees	—	1,80 (1,80)	—	—	—
<b>Rent Paid</b>	1,65,45 (27,57)	—	—	—	—
<b>Reimbursement of Expenses</b>	64,88 (83,29)	—	—	—	—
<b>INCOME:</b>					
Interest Received	86,70 (1,68,12)	—	—	—	—
<b>FINANCE &amp; INVESTMENT:</b>					
Shares	—	—	—	—	1,00 (NIL)
(Part of the year)	—	—	—	—	—
Inter Corporate Deposit given	15,00,00 (3,90,00)	—	—	—	—
Inter Corporate Deposit repaid	16,90,00 (11,70,00)	—	—	—	—
Dividend Paid	37,12 (18,56)	—	—	—	—
<b>OUTSTANDINGS :</b>					
a) Interest Accrued but not due	8,16 (12,92)	—	—	—	—
b) Inter Corporate Deposit	3,60,00 (5,50,00)	—	—	—	—
c) Creditor of Raw Material	82 (Nil)	—	—	—	—
d) Debtors for Sale of Goods	— (3,69,82)	—	—	—	—
e) Against sale of Land	—	—	—	—	34 (NIL)

Note: Previous year's figures have been given in brackets.

10. On the basis of confirmation obtained from suppliers who have registered themselves under the Micro Small Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the balance due to Micro & Small Enterprises as defined under the MSMED Act, 2006 is Rs.1,41,06,816 /- (Previous Year Rs. 71,65,135). Further, no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006.

## 11. SECURED LOANS

- During the year, a term loan was sanctioned by HDFC Bank for purchase of Land & Building at Roshanara Road, Delhi and it is secured by first and exclusive charge on the land and building acquired by the company. The above was also guaranteed by the Managing Director of the company.
  - Term loan of Punjab & Sind Bank, are secured by first and exclusive charge on the fixed assets acquired through the said term loan and it is also guaranteed by Managing Director of the company.
  - No guarantee commission or any other benefits have been paid to the Managing Director for personal guarantee given by him.
  - Out of the total amount of term loan sanctioned by Punjab & Sind Bank, the Bank has issued Letter of Comfort amounting to Rs. 5.77 Crores ( Previous year – Nil) to Standard Chartered Bank-Singapore for the foreign exchange paid/payable by it in respect of Letter of Credits opened for purchase of Plant & Machinery under buyer credit scheme.
12. During the year Company sold 10,000 equity shares of Rs.10/- each of Achilles Retail Ventures Pvt. Ltd. at par. These were purchased by the Company on 31<sup>st</sup> August, 2009. Achilles Retail Ventures Pvt. Ltd. was a subsidiary company for a part of year. There was no profit / loss on purchase / sale of this investment.
13. The Company has hedged its foreign exchange liability payable with respect to the acquisition of the Capital goods. The exchange rate variation as on 31.03.2010 (Previous year Rs. Nil) has been adjusted to the Profit & Loss Account. Exchange loss for the year worked out to Rs. 25.55 lacs ( Previous year Nil) which has been debited to Profit & Loss Account.
14. The foreign currency exposure of the company as on 31<sup>st</sup> March, 2010 is as under :

	Current Year		Previous Year
	Currency	Amount	
Forward Contracts against import of machinery	JPY	6,82,80,000	NIL
	EURO	4,14,861	NIL

15. Major components of deferred tax arising on account of timing differences are:

				(Rs. 000's)
		Opening as at 01.04.2009	Charge/(Credit) Movements during the year	Closing as at 31.03.2010
<b>Liabilities</b>	A			
Depreciation		1,26,51	1,06,58	2,33,09
		(1,26,95)	(-44)	(1,26,51)
<b>Assets</b>	B			
Provision for Accrued Leave		4,99	-1,08	3,91
		(5,43)	(-44)	(4,99)
Net Deferred Tax Liabilities	A-B	1,21,52	1,07,66	2,29,18
		(1,21,52)	(—)	(1,21,52)

16. The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006 are given below:-

### Provident Fund

Contribution to Defined Contribution Plan, recognized and charged off for the year are as under:

	2009-10 (Rs.)	2008-09 (Rs.)
Employer's Contribution to Provident Fund	27,93,066	18,90,442

The Company as per the provisions of Employee's Provident Fund and Miscellaneous Provisions Act, 1952 as an employer makes good the deficiency, if any, in its Provident Fund Trust on a year to year basis.

### Gratuity

The employees' gratuity fund scheme is managed by a trust through Metlife Insurance Company Limited. The valuation is undertaken by the insurance company and the shortfall of liability is paid as premium for the year and is written off as an expense in the profit and loss account for the year.

## Leave encashment

The present value of obligation of leave encashment is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation for leave encashment. Short term liability is ascertained in respect of the following year and based on respective emoluments and encashment

	<b>Leave Encashment (Unfunded)</b>	
	<b>31.03.2010 (Rs.)</b>	<b>31.03.2009 (Rs.)</b>
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	7,51,233	5,77,342
Current Service Cost	6,24,503	4,81,633
Interest Cost	39,058	35,104
Actuarial (gain)/loss	83,369	(1,24,265)
Benefits Paid	(5,26,027)	(2,18,581)
Defined Benefit obligation at year end	9,72,136	7,51,233
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair values of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial Gain/(loss)	-	-
Employer contribution	-	-
Benefits Paid	(5,26,027)	(2,18,581)
Fair value of plan assets at year end	-	-
Actual return on plan assets	-	-
<b>c. Reconciliation of fair value of Assets and obligations</b>		
Fair value of plan assets as at 31st March, 2010	9,72,136	7,51,233
Present value of obligation as at 31st March, 2010	(9,72,136)	(7,51,233)
Amount recognized in Balance Sheet (Long term liability of deferred leave)	9,72,136	7,51,233
Expected short term liability	1,79,411	1,45,327
<b>d. Expenses recognized during the year</b>		
Current Service Cost	6,24,503	4,81,633
Interest Cost	39,058	35,104
Expected return on plan assets	-	-
Actuarial (gain)/loss	83,369	(1,24,265)
Net Cost	7,46,930	3,92,472
<b>e. Actuarial assumptions</b>		
Mortality Table (L.I.C)	<b>1994-96 (Ultimate)</b>	<b>1994-96 (Ultimate)</b>
Attrition rate p.a	<b>5.00 %</b>	<b>5.00 %</b>
Imputed Rate of interest p.a	<b>8.00%</b>	<b>7.50 %</b>
Expected rate of return on plan assets(per annum)	-	-
Rate of escalation in salary (per annum)	<b>5.00 %</b>	<b>5.00 %</b>
Remaining Working life	<b>21.33 Years</b>	<b>20.06 Years</b>

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

## 17. EARNING PER SHARE

	<u>Current Year</u>	<u>Previous Year</u>
a) Net profit after tax available for Equity Share holders (Rs. 000's)	4,21,09	1,99,86
b) Weighted average number of Equity Shares of Rs. 10/- each outstanding during the year (No. of shares)	99,71,676	99,71,676
c) Basic / Diluted Earning per share (Rs.) (a/b)	4.22	2.00

## 18. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE - VI TO THE COMPANIES ACT, 1956

### a) Details of Products manufactured & Material Purchased for Sales

Products	<u>Opening Stock</u>		<u>Production</u>		<u>Purchase</u>		<u>Turnover</u>		<u>Closing Stock</u>	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	M.T.	Rs. 000's	M.T.	Rs. 000's	M.T.	Rs. 000's	M.T.	Rs. 000's	M.T.	Rs. 000's
Food Products	33	2353	4567				4504	721899	96	8728
	(39)	(3241)	(3605)				(3611)	(533389)	(33)	(2353)
Wheat	—	—	—	—	—	—	—	—	—	—
	(15571)	(180228)	(-)	(-)	(4905)*	(54847)	(20735)	(231709)	(-)	(-)

Notes :

- Previous year's figures have been given in brackets.
- Information on Licence / Approved capacity has not been given since licensing has been abolished.
- \*Quantity represents quantity of Wheat only.

### b) Raw Material Consumed

	<u>Quantity (M.T.)</u>		<u>Value (Rs. 000's)</u>	
	<u>Current Year</u>	Previous Year	<u>Current Year</u>	Previous Year
<b>Food Materials</b>				
- Items measured in qty. (M.T.)	6061	4894	32,03,79	24,51,86
- Items measured other than in qty.	—	—	12,37,44	8,79,85
			44,41,23	33,31,71

### c) Expenditure and Earnings in Foreign Exchange

	<u>Current year</u> <u>(Rs. 000's)</u>	<u>Previous Year</u> <u>(Rs. 000's)</u>
i. Expenditure in Foreign Currency (Accrual basis)		
- On account of Travelling	42,49	18,25
ii. CIF Value of Imports :		
- Raw Materials	Nil	Nil
- Store & Spares	8,28	Nil
- For Capital Goods	5,80,73	35,53
iii. Earnings in Foreign Exchange	Nil	Nil

### d) Value of Materials Consumed and Percentage thereof

	<u>Consumption (Rs. 000's)</u>					
	<u>Total Value of Consumption</u>		<u>Imported</u>		<u>Indigenous</u>	
	<u>2009-10</u>	2008-09	<u>2009-10</u>	2008-09	<u>2009-10</u>	2008-09
Raw Materials*	44,41,23	33,31,71	—	—	44,41,23	33,31,71
Stores, Spare parts	24,92	24,13	49	3	24,43	24,10
	44,66,15	33,55,84	49	3	44,65,66	33,55,81
<b>Percentage to total consumption</b>						
Raw Material			—	—	100%	100%
Store & Spare parts			1.97%	0.12%	98.03%	99.88%

\*Represent materials used in production only

19. Previous year figures have been regrouped & reclassified, wherever necessary.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS:

Registration No.         State Code

Balance Sheet Date

### II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. 000's):

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Shares <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. 000's):

Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/>
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#### SOURCES OF FUNDS

Paid-up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="7"/>	Reserves and Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="8"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/>
Deferred Tax Liability (Net) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/>	

#### APPLICATION OF FUNDS

Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="5"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/>
Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/>	Miscellaneous Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

### IV. PERFORMANCE OF COMPANY (Amount in Rs. 000's):

Turnover (Gross Revenue) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="9"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/>
+ / - Profit/Loss Before Tax + <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="8"/>	+ / - Profit/Loss After Tax + <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/>
Earnings Per Share in Rs. <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="2"/>	Dividend Rate % <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/>

### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY : (As per Monetary Terms)

Item Code No. (ITC Code) <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Product Description S N A C K F O O D
---	--

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010

For A. K. GANGAHER & CO.  
*Chartered Accountants*  
**(A.K. GANGAHER)**  
*Proprietor*  
M. No. 083674  
Firm ICAI Regn No. 004588N

On behalf of the Board <b>(MOHIT JAIN)</b> <i>Managing Director</i>	<b>(R.P. JAIN)</b> <i>Chairman</i>	<b>(RAJIV BHAMBRI)</b> <i>Chief Financial Officer</i>
<b>(N. K. ARORA)</b> <i>Secretary</i>		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2010**

	<b>Year Ended 31.3.2010 (Rs. 000's)</b>	<b>Year Ended 31.3.2009 (Rs. 000's)</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :-</b>		
Net Profit before tax	6,34,78	3,08,71
Adjustment for :-		
Depreciation	96,66	49,89
Profit on sale of Assets	(4,89)	12,26
Dr / Cr Balance written back	(1,14)	1,59
Interest Paid	1,32,32	2,27,01
Interest Received	(1,03,43)	(1,87,64)
	<u>1,19,52</u>	<u>1,03,11</u>
Operating Profit before working Capital Change	( a ) <u>7,54,30</u>	<u>4,11,82</u>
Adjustment for :-		
Add/ (Less): (Increase) / Decrease in Current Assets:-		
Inventories	(30,13)	17,22,86
Debtors	3,67,69	(3,70,10)
Loans & Advances	2,54,54	(9,16)
	( b ) <u>5,92,10</u>	<u>13,43,60</u>
(Add) / Less: Increase / (Decrease) in Current Liabilities and Provisions	( c ) <u>3,53,19</u>	<u>(1,74,32)</u>
Cash generated from Operations	(a+b+c) <u>16,99,59</u>	<u>15,81,10</u>
Direct Taxes Paid	(1,04,64)	(1,09,73)
Net cash from Operating Activities	‘A’ <u>15,94,95</u>	<u>14,71,37</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(12,99,57)	(3,44,99)
Advance For Capital Goods	(35,77)	(93,82)
Proceeds from sale of Fixed Assets	15,42	2,09
Interest Received	1,01,19	1,97,64
Net Cash from Investing Activities	‘B’ <u>(12,18,73)</u>	<u>(2,39,08)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid including Tax thereon	(1,16,66)	(58,33)
Interest Paid	(1,10,57)	(2,26,52)
Fixed deposit Paid / Received	67,65	(15,57)
Short term deposits given	(10,00)	8,80,00
Net proceeds from Short Term Borrowing	(3,36,10)	(18,17,91)
Net proceeds from Long Term Borrowing	8,81,58	2,08,43
Net Cash from Financing Activities	‘C’ <u>3,75,90</u>	<u>(10,29,90)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENT CASH AND CASH EQUIVALENTS</b>	(A+B+C) <u>7,52,12</u>	<u>2,02,39</u>
-- Cash and bank Balance at the beginning of the year	<u>3,06,83</u>	<u>1,04,44</u>
-- Cash and bank Balance at the end of the year	<u>10,58,95</u>	<u>3,06,83</u>
	<u>7,52,12</u>	<u>2,02,39</u>

For **A. K. GANGAHER & CO.**  
Chartered Accountants

(**A.K. GANGAHER**)  
Proprietor  
M. No. 083674  
Firm ICAI Regn No. 004588N

On behalf of the Board  
(**MOHIT JAIN**)  
Managing Director

(**N. K. ARORA**)  
Secretary

(**R.P. JAIN**)  
Chairman

(**RAJIV BHAMBRI**)  
Chief Financial Officer

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010

**AUDITORS' CERTIFICATE**

To,  
The Board of Directors  
DFM Foods Ltd.,  
Roshanara Road, Delhi

We have examined the attached Cash Flow Statement of DFM Foods Ltd. for the year ended 31<sup>st</sup> March, 2010. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of listing agreement with the Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 15<sup>th</sup> May, 2010 to the members of the Company.

For **A.K.Gangaher & CO.**  
Chartered Accountants

**A.K. Gangaher**  
Proprietor

M.No. 083674

Firm ICAI Regn No. 004588N

Place : Delhi  
Dated : 15<sup>th</sup> May, 2010



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

**ATTENDANCE SLIP**

**17<sup>th</sup> ANNUAL GENERAL MEETING - 30<sup>th</sup> JULY, 2010 AT 10.00 A.M.**

Reg. Folio No.....

Client ID No.....

DP ID No.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 17<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Air Force Auditorium, Subroto Park, New Delhi - 110 010 on Friday, 30<sup>th</sup> July, 2010.

.....  
Member's/ Proxy's name in BLOCK Letters

.....  
Member's/Proxy's Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE HALL.



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

**FORM OF PROXY**

I/We.....

of..... in the district of.....

being a member/members of the above named company hereby appoint.....

..... of.....

in the district of.....

or failing him..... of..... in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the 17<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on 30<sup>th</sup> July, 2010 and at any adjournment thereof.

Signed this ..... day of ..... 2010

Signature .....

Reg. Folio No./Client ID No. & DP ID No. ....

Affix a  
Re.1/-  
Revenue  
Stamp

**NOTE :**

This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for the meeting.

BOOK-POST

If undelivered, please return to :



8377, Roshanara Road,  
Delhi - 110 007