



FOODS AND INNS LIMITED

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26TH ANNUAL REPORT 1996-97





FOODS AND INNS LIMITED

26TH ANNUAL GENERAL MEETING

Date : 19th September, 1997
 Day : Friday
 Time : 11.00 A.M.
 Venue : M.C. Ghia Hall
 Bhogilal Hargovindas Bldg.,
 18/20, K. Dubhash Marg,
 Mumbai 400 001.

BOARD OF DIRECTORS

Field Marshal Sam Manekshaw M.C. — Chairman
R.A. Chandavarkar (upto 31st July, 1997)
Utsav Dhupelia
D.B. Engineer
C.M. Maniar
R. Simkins
D.D. Trivedi

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

A. V. Gokhale

REGISTERED OFFICE

Sion-Trombay Road,
 Deonar,
 Mumbai - 400 088.

ADVOCATES & SOLICITORS

Crawford Bayley & Co.
 State Bank Building,
 N.G.N. Vaidya Marg,
 Mumbai - 400 023.

BANKERS

Andhra Bank

Bank of Maharashtra

AUDITORS

B.S. Mehta & Co.
 11/13, Botawala Building,
 2nd Floor, Horniman Circle,
 Fort, Mumbai - 400 001.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF FOODS AND INNS LIMITED WILL BE HELD ON FRIDAY, THE 19TH SEPTEMBER, 1997 AT 11.00 A.M. AT M.C.G.HIA HALL, BHOGILAL HARGOVINDAS BUILDING, 2ND FLOOR, 18/20 KAIKUSHRU DUBHASH MARG, (BEHIND PRINCE OF WALES MUSEUM) MUMBAI 400 001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Field Marshal Sam Manekshaw M.C., who retires by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Utsav Dhupelia who retires by rotation, but being eligible, offers himself for re-election.
5. To appoint M/s. B.S.Mehta & Co, Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board
For FOODS AND INNS LIMITED

Mumbai, 31st July, 1997

Registered Office:
Sion-Trombay Road,
Deonar,
Mumbai 400 088.

A.V. GOKHALE
Vice President (Legal)
& Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 12th September, 1997 to Friday the 19th September, 1997 (both days inclusive).
3. The dividend on shares as recommended by the Directors for the year ended 31st March, 1997, if declared at the meeting, will be paid to those members of the Company whose names appear on the Register of Members as on the 19th September, 1997.
4. The members are requested to notify change of address, if any, to the Company's Registrars, and Transfer Agents, Amalgamated Investments Ltd., 17-B, Dena Bank Bldg., Horniman Circle, Mumbai 400 023 on or before 11th September, 1997 failing which the dividend warrants will be posted to their address as registered with the Company.
5. The members are requested to bring their copy of the Annual Report at the time of the meeting.

By Order of the Board
For FOODS AND INNS LIMITED

Mumbai, 31st July, 1997

Registered Office:
Sion-Trombay Road,
Deonar,
Mumbai 400 088.

A.V. GOKHALE
Vice President (Legal)
& Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the 26th Annual Report of the Company together with audited accounts for the year ended 31st March, 1997.

1.1 FINANCIAL RESULTS:

	1996-97 Rs.	1995-96 Rs.
Profit before tax	1,07,70,674	88,87,015
Less: Provision for Taxation	15,00,000	13,00,000
Profit after taxation	92,70,674	75,87,015
Add: Adjustment for Previous year Tax/Others	4,34,656	(5,79,323)
	97,05,330	70,07,692
Profit & Loss Account balance brought forward	20,19,711	24,12,019
Profit available for appropriation	1,17,25,041	94,19,711
Less : a) Proposed Dividend	42,00,000	42,00,000
b) Tax on Dividend	4,20,000	—
	71,05,041	52,19,711
Less : Transfer to General Reserve	50,00,000	32,00,000
Profit & Loss Account balance Carried forward	21,05,041	20,19,711

1.2 DIVIDEND:

The Directors are pleased to recommend a dividend of 40% i.e. Rs.4/- per share for the year ended 31st March, 1997 which if approved by the members will be paid within the stipulated period.

2. OPERATIONS :

During the year, the total income of the Company increased by 21% as compared to the previous year. The Profit before Tax has also increased from Rs.88.87 lacs to Rs.107.71 lacs.

3. FUTURE PROSPECTS :

Your Company is fully aware of the considerable potential that exists in the food processing industry.

Adequate emphasis is being given on R & D activities for development of new fruit/vegetable powders and the results are encouraging.

4. INVESTMENT IN ASSOCIATE COMPANY :

As the members are aware, your Company has made an investment in FINNS FROZEN FOODS (INDIA) LIMITED, a 100 % Export Oriented Unit (EOU) set up for processing of frozen vegetables and fruits. Even though the initial success of the Company is modest, the long term prospects appear promising.

5. FIXED DEPOSITS FROM THE PUBLIC:

The Company has complied with the requirements of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975, as amended from time to time. There are no unpaid deposits as on 31.3.97, except those unclaimed Rs.1,14,000/-.

6. SUBSIDIARY COMPANIES:

The Company's subsidiary company, Dravya Finance Ltd. has made a Profit of Rs.2042/- before tax for the year ended 31st March, 1997. The other subsidiary company, Asim Exports International Ltd. has made a loss of Rs.2748/- during the year ended 31st March, 1997.

7. DIRECTORS :

Field Marshal Sam Manekshaw M.C. and Mr. Utsav Dhupelia, Directors of the Company, retire by rotation and being eligible, offer themselves for re-election.

Mr. R. A. Chandavarkar, a Director of the Company, has submitted his resignation to be effective from 31st July, 1997 from the Board of Directors due to other Professional Commitments. The Board of Directors accept the same and wish to place on record its appreciation of the services rendered and advice given by Mr. R. A. Chandavarkar during his tenure as a Director of the Company.

8. ENVIRONMENTAL & CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO:

The particulars prescribed by the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are furnished in the Annexure to this report.



9. PARTICULARS OF EMPLOYEES:

None of the employees of the Company is covered under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended.

The relations between the employees and the Management have remained cordial during the year, and the Directors wish to place on record their appreciation of the co-operation and support from employees at all levels.

10. AUDITORS :

The members are requested to appoint auditors for the current year and fix their remuneration. M/s. B.S. Mehta & Co., Chartered Accountants, the existing Auditors, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

For and on behalf of the Board

FIELD MARSHAL SAM MANEKSHAW M.C.
Chairman

11. ACKNOWLEDGEMENT :

The Company is grateful to its Bankers viz Andhra Bank and Bank of Maharashtra for timely financial help in all the Company's activities.

Mumbai, 31st July, 1997

Registered Office:
Sion-Trombay Road,
Deonar,
Mumbai 400 088.

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ANNEXURE TO THE DIRECTORS' REPORT**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY**

- (a) Your Company continues to give high priority to conservation of energy on an on-going basis and to ensure optimum power consumption, to the extent possible.
- (b) Total energy consumption and energy consumption per unit of production is as per FORM A annexed.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are as per FORM B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports: Initiatives taken to increase exports: development of new export markets for products and services and export plans:

The Company is at present exporting its products in industrial and consumer packs to U.K., Kuwait, Saudi Arabia, Yemen, Japan, Germany and West Asia. The Company is continuously exploring the possibilities of exporting more of its products to different markets.

- (b) **TOTAL FOREIGN EXCHANGE USED AND EARNED**

The information on foreign exchange used and earned is contained in Note Nos. 16, 17 and 18 of Schedule 'L' of the notes forming part of Accounts on Page No. 16 of the Annual Report.

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FORM - A

Form for disclosure of particulars with respect to conservation of energy : 1996-97

PARTICULARS	Year	
	1996-97	1995-96
A. POWER AND FUEL CONSUMPTION		
1. Electricity :		
a. Purchased		
Units (Nos)	5,09,463	509039
Total Amount	Rs. 23,90,807	Rs. 20,82,055
Rate/Unit	Rs. 4.69	Rs. 4.29
b. Own Generation		
i. Through Diesel Generator		
Unit	NIL	NIL
Unit per ltr. of	NIL	NIL
Diesel oil	NIL	NIL
Cost/Unit	NIL	NIL
ii. Through Steam		
Turbine/Generator		
Unit	NIL	NIL
Unit/Ltr. of Fuel/Gases	NIL	NIL
Cost/Unit	NIL	NIL
2. Coal		
Qty. (Tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL
3. Furnace Oil (L.D.O.)		
Qty (K. Ltrs.)	390.952	341.900
Total Amount	Rs. 28,74,638	Rs. 20,54,684
Average Rate (Per K. Ltrs.)	Rs. 7353	Rs. 6,010
4. Others/Internal Generation		
Qty. (Tonnes)	NIL	NIL
Total cost	NIL	NIL
Rate/Unit	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details) unit		
Electricity		
— Egg powder (unit/kg)	2.46	1.90
— Fruit powder (unit/kg)	2.46	1.90
— Pulp, paste & fruit juice (unit/kg)	15.71	0.11
Furnace Oil		
— Egg powder (unit/kg)	1.32	1.31
— Fruit powder (unit/kg)	1.32	1.31
— Pulp, paste & Fruit juice (unit/kg)	15.86	0.11
Coal	NIL	NIL
Others	NIL	NIL

FORM - B

Form for disclosure of particulars with respect to Technology Absorption :

1. RESEARCH & DEVELOPMENT

The Company has its own Laboratories where Research and Development activities are continuously carried out for up-gradation of the existing products and introduction of new products.

2. EXPENDITURE ON R & D

	1996-97 Rupees	1995-96 Rupees
a) Capital	—	1,92,061
b) Recurring	45,808	45,841
Total	<u>45,808</u>	<u>2,37,902</u>

Total R & D expenditure as percentage of total turnover 0.01% (Previous year 0.08%)

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

- 1) Efforts in brief made towards technology absorption and innovation.
Seminars and training programmes were held for Managerial Staff.
- 2) Benefits derived as a result of the above efforts eg. product improvement, cost reduction, product development, import substitution etc. Development of new range of fruit and vegetable products in consumer packs.
- 3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
 - a) Technology imported : Nil
 - b) Year of Import : NA
 - c) Has technology been fully absorbed : NA
 - d) If not fully absorbed, area where this has not taken place, reasons therefore & further plans of action : NA.



AUDITORS' REPORT TO THE MEMBERS OF FOODS AND INNS LIMITED

We have examined the books of account of **FOODS AND INNS LIMITED** and have audited the attached Balance Sheet as at 31st March, 1997 together with the Profit & Loss Account for the year ended on that date annexed thereto, subject to non provision of interest as specified in Note No. 6 Schedule 'L' together with its impact on accounts and the profit for the year detailed therein and report that:

1. We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of the books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, and read together with other Notes (as per Schedule 'L') give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1997 and
 - ii) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956 and on the basis of such checks of the books and records as were considered appropriate and on the basis of the information and explanations given to us during the course of the audit, we further state on the matter specified in paragraphs 4 and 5 of the said order that.
 - i) Subject to Note 2 in Schedule 'L', the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were noticed on such verification.
 - ii) The fixed assets of the Company have not been revalued during the year.

- iii) Physical verification of stocks of finished goods, stores, spare parts and raw materials have been conducted by the management during the year and in our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business. In case of materials lying with third parties, certificate confirming stocks have been received in respect of stocks held at the year end.
- iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- v) To the best of our knowledge no material discrepancies have been noticed on physical verification of stocks as compared to book records.
- vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has not obtained loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under Sub Section (1b) of Section 370 of the Companies Act, 1956.
- viii) The Company has granted interest free loan to a Subsidiary Company covered under section 370 of the Companies Act, 1956. In our opinion and based on information and explanation given to us, the other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company. The company has not granted loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- ix) The Company has given interest free loan to a company. In our opinion and based on the information and explanation given to us, the other terms and conditions of this loan subject to Note No.8 of Schedule 'L', are not prima facie prejudicial to the interest of the company. The company has also given loans and advances in the nature of loans to employees, who have generally repaid the principal amount as stipulated alongwith interest wherever applicable.