



FOODS AND INNS LIMITED

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28TH
ANNUAL
REPORT
1998-99



FOODS AND INNS LIMITED

28TH ANNUAL GENERAL MEETING

Date : 22nd September, 1999
 Day : Wednesday
 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*
 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.

CORPORATE OFFICE AND SHARE DEPARTMENT

Queen's Mansion,
 IIIrd Floor, A. K. Naik Marg,
 Fort, Mumbai 400 001.

ADVOCATES & SOLICITORS

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

BANKERS

Andhra Bank
 State Bank of India
 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 EIGHTH ANNUAL GENERAL MEETING OF FOODS AND INNS LIMITED WILL BE HELD ON WEDNESDAY, THE 22ND SEPTEMBER, 1999 AT 11.00 A.M. AT M.C. GHIA 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, 1999 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 Mr.D.B. Engineer, who retires by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. C.M. Maniar, 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.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 309 (4) and other applicable provisions, if any, of the Companies

Act, 1956, and Article 85 of the Articles of Association and subject to such further approvals, sanctions, permissions as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company, for payment of remuneration by way of Commission, to the Directors of the Company, other than Managing/Wholetime Director, if any, at the rate not exceeding 3% of the net profits of the Company, or such other percentage which may be recommended/approved by Central Government and any other appropriate authorities, if any, from time to time computed in the manner prescribed under Section 198 of the Companies Act, 1956 for a period of five years from 1st April, 1999 till 31st March 2004".

"RESOLVED FURTHER THAT such commission may be distributed among the Directors in such manner as the Board may from time to time in its discretion think fit".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such act, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution".

By Order of the Board
For **FOODS AND INNS LIMITED**

Mumbai, 20th August, 1999

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 Wednesday, the 15th September 1999 to Wednesday, the 22nd September, 1999 (both days inclusive).
3. The dividend on shares as recommended by the Directors for the year ended 31st March, 1999, 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 22nd September, 1999.
4. The Members are requested to notify change of address, if any, to Foods and Inns Limited, Queen's Mansion, 3rd Floor, A.K. Naik Marg, Fort, Mumbai – 400 001 on or before 15th September, 1999 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.
6. In accordance with the provisions of Section 205 A of the Companies Act 1956, the Company has transferred unclaimed dividends upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government. The Members are requested to submit their Claims, if any, in respect of outstanding dividends, for these years, to the Registrar of Companies, Maharashtra, Mumbai.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board
For **FOODS AND INNS LIMITED**

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

Mumbai, 20th August, 1999

Registered Office :

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

ANNEXURE TO NOTICE

(Explanatory Statement in respect of the Special Business required under Section 173(2) of the Companies Act, 1956)

Item No.6

The Members are aware that the Company is a Board managed Company and its business and operations are such that the Directors are required to devote considerable time and efforts in Company's business. The Board of Directors consists of eminent persons possessing multiple experience, which is contributed for the benefit of the Company.

In the Annual General Meeting held on 28th September, 1994, the Members of the Company accorded their approval for the payment of commission @ not exceeding 3% of the net profits of the Company as computed in the manner prescribed under Section 198 of the Companies Act, 1956 for a period of five years with effect from 1st April, 1994.

The above approval by the Members for 5 years period ended on 31st March, 1999. The Directors therefore recommend for passing of this Special Resolution as set out in Item No.6 of the Notice for payment of remuneration by way of Commission to the non-working Directors in accordance with Section 309(4) of the Companies Act, 1956 for a further period of 5 years i.e. from 1st April 1999 till 31st March, 2004.

All the Directors may be considered to be interested or concerned in passing of this resolution to the extent of such commission payable to them.

By Order of the Board
For **FOODS AND INNS LIMITED**

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

Mumbai, 20th August, 1999

Registered Office :

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



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the 28th Annual Report of the Company together with audited accounts for the year ended 31st March, 1999.

1.1 FINANCIAL RESULTS

	1998-99	1997-98
	Rs.	Rs.
Profit before tax	1,79,36,278	1,30,35,504
Less: Provision for taxation	45,00,000	30,00,000
Profit after taxation	1,34,36,278	1,00,35,504
Add/(Less): Adjustment for Previous year tax/Others	(8,96,932)	3,78,220
	1,25,39,346	1,04,13,724
Profit & Loss Account		
Balance brought forward	20,61,068	21,05,029
Profit available for Appropriation	1,46,00,414	1,25,18,753
Less: Proposed Dividend	43,38,700	42,00,000
Tax on Dividend	4,77,260	4,20,000
	97,84,454	78,98,753
Less: Transfer to General Reserve	77,00,000	58,37,685
Profit & Loss Account balance carried forward	20,84,454	20,61,068

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, 1999 which if approved by the Members will be paid within the stipulated period. The equity shares allotted on 19th January, 1999 pursuant to Section 81(1A) of the Companies Act 1956, will be entitled for dividend on a pro-rata basis.

2. OPERATIONS :

During the year, the total income of the Company increased by 25.52% as compared to the previous year. The Profit before Tax has also increased from Rs.130.35 lacs to Rs.179.36 lacs.

3. FUTURE PROSPECTS :

Your Company is fully aware of the potential that exists in the Food Processing Industry and the competition involved therein. The Company is in the process of updating its Plant and Machinery, so as to improve quality thereby fulfilling its commitment to customer satisfaction in the export markets. The above steps will give an edge to the Company's exports to face international competition and consolidate its position in the ensuing years.

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 fruit pulps. The Company has been successful in exporting frozen fruit pulp and vegetables and expects to improve its performance during the current year.

5. PREFERENTIAL ALLOTMENT OF SHARES

During the year, pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956, if any, the paid up share capital of the Company was increased from Rs.1,05,00,000 to Rs. 1,22,58,200 by issue of 1,75,820 Equity Shares of Rs.10/- each at a premium of Rs.50/- per share. These shares were issued and allotted to Mr. Ray Simkins, a non-resident Director of the Company.

6. FIXED DEPOSITS FROM THE PUBLIC :

The Company had decided not to accept deposits from the public under the Public Deposit Scheme as regulated by the Companies (Acceptance of Deposits) Rules 1975 as amended from time to time. There are no unpaid deposits as on 31.3.99, except those unclaimed Rs.22,000/-.

7. SUBSIDIARY COMPANIES :

The Company's subsidiary Company Dravya Finance Limited, has made a Loss of Rs.2455/- during the year ended 31st March, 1999. The other subsidiary Company Asim Exports International Limited has made a profit of Rs.8734/- before tax for the year ended 31st March, 1999.

8. DIRECTORS :

Mr. D.B. Engineer and Mr. C.M. Maniar, Directors of the Company, retire by rotation and being eligible, offer themselves for re-election.

9. 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.

10. PARTICULARS OF EMPLOYEES :

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

11. 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.

12. Y2K COMPLIANCE

Your Company has taken effective and appropriate steps to ensure that the hardware and software systems are Y2K compliant by November 1999.

13. ACKNOWLEDGEMENT :

The Company is grateful to its Bankers for timely financial help in all the Company's activities.

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.

For and on behalf of the Board

FIELD MARSHAL SAM MANEKSHAW M.C.

Chairman

Mumbai, 20th August, 1999

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 for 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 OUT GO

- (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, Canada, Saudi Arabia, Yeman, 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. 21, 22 and 23 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 : 1998-99

PARTICULARS	Year 1998-99	Year 1997-98
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A. POWER AND FUEL CONSUMPTION

1. Electricity :

a. Purchased

Units (Nos)	530313	508453
Total Amount	Rs. 25,41,406	Rs. 24,93,443
Rate/Unit	Rs. 4.79	Rs. 4.90

b. Own Generation

i. Through Diesel Generator

Unit	Nil	Nil
Unit per ltr. of 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. Cost

Qty. (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average rate	Nil	Nil

3. Furnace Oil (L.D.O.)

Qty. (Tonnes)	430936.00	417500
Total Cost	Rs. 2974949	Rs. 29,84,943
Average rate	6903.00	7150.00

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)	2.07	1.85
	— Fruit powder (unit/kg)	2.07	1.85
	— Pulp, paste & fruit juice (unit/kg)	0.02	0.05
Furnace Oil	— Egg powder (unit/kg)	1.63	0.94
	— Fruit powder (unit/kg)	1.63	0.94
	— Pulp, paste & fruit juice (unit/kg)	0.02	0.05
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

	1998-99 Rupees	1997-98 Rupees
a) Capital	—	35,341
b) Recurring	12,283	26,258
Total	12,283	61,599

Total R & D expenditure as percentage of total turnover 0.00% (Previous year 0.02%)

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, 1999 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 information 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 accounts 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 accounts.
 - 4) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub Section 3(c) of Section 211 of the Companies Act, 1956, as amended, by the Companies (Amendment) Act, 1999.
 - 5) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 1999 and
 - ii) in the case of the Profit and Loss Account of the profit of the company for the year ended on that date.
 - 6) As required by the Manufacturing and Other Companies (Auditors' 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 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 stocks 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 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 notwithstanding the inapplicability of Section 370 to the Company with effect from 31st October, 1998 vide Section 17 of the Companies (Amendment) Act, 1999.
 - viii) The company has granted interest free loan to a subsidiary company covered under section 370 of the companies Act, 1956 notwithstanding the inapplicability of Section 370 to the Company with effect from 31st October, 1998 vide Section 17 of the Companies (Amendment) Act, 1999.
- In our opinion and based on information and explanation given to us, the other terms and condition of such a 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) (i) The company has given unsecured interest free loans to:
 - (a) a company. In our opinion and based on the information and explanations given to us, the other terms and conditions of this loan, subject to Note No.9 of schedule L, are not prima facie prejudicial to the interest of the Company.
 - (b) companies, which have not paid principal amount as per stipulation. In our opinion and based on the information and explanations given to us read with Note No.12 of Schedule L, reasonable steps are