



**FOODS AND INNS LIMITED**

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**29<sup>TH</sup>**  
**ANNUAL**  
**REPORT**  
**1999-2000**



# FOODS AND INNS LIMITED

## 29TH ANNUAL GENERAL MEETING

Date : 25th September, 2000  
 Day : Monday  
 Time : 10.30 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 NINTH ANNUAL GENERAL MEETING OF FOODS AND INNS LIMITED WILL BE HELD ON MONDAY, THE 25TH SEPTEMBER, 2000 AT 10.30 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, 2000 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 if any;
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.

### SPECIAL BUSINESS :

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT in accordance with the provisions of Section 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of the ordinary resolution passed at the Annual General Meeting of the Members of the Company held on 28th September, 1994, consent of the Company be and is hereby accorded, to the Board of Directors of the Company, for borrowing moneys for and on behalf of the Company, from time to time, for the purpose of the business of the Company, on such terms and conditions as the Board may deem fit, notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company

and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed shall not exceed Rupees Fifty Crores".

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

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded to the Board of Directors of the Company, to give any guarantee or guarantees and/or to provide any security in connection with any loans made to any person(s) or by any other person(s) to any body(ies) corporate upto an amount not exceeding Rs.20,00,00,000 (Rupees Twenty Crores Only) in the aggregate".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to determine the total amount upto which guarantee or guarantees can be given or securities provided within the aforesaid overall limit and to decide all or any other matter as may be required in this regard and to do all such acts, deeds and things as may be necessary to implement this resolution".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, 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, 12th August, 2000

### 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 Tuesday, 19th September, 2000 to Monday, the 25th September, 2000 (both days inclusive).
3. The dividend on shares as recommended by the Directors for the year ended 31st March, 2000 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 25th September, 2000.
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 19th September, 2000 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 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**

Mumbai, 12th August, 2000

**Registered Office :**

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

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

**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 consent of the members was taken at the meeting held on 28th September, 1994 conferring powers upon the Board of Directors to borrow money for Company's business upto an amount not exceeding Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) in terms of Section 293(1)(d) of the Companies Act, 1956.

The turnover of the Company since then has increased considerably and the Company in future may consider diversifying into additional areas of operations. Therefore the Directors recommend for passing of this resolution to increase the limit to Rs.50,00,00,000/- (Rupees Fifty Crores Only) as set out in item No.6 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

**Item No.7**

The Company from time to time enters into arrangement where it may become necessary sometimes to guarantee loans or provide security to banks and other institutions, in connection with loans and advances made to corporate bodies to secure better commercial advantage. The Company has also promoted new Companies in other areas of business. It becomes necessary to give guarantees to banks and other institutions or Companies in connection with loans and advances made to Companies.

As per the provisions under the Companies Act, 1956, giving of such guarantees, or securities needs to be authorized by the members.

Your Directors recommend for passing of the resolution as stated in item No.7.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

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

Mumbai, 12th August, 2000

**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 29th Annual Report of the Company together with audited accounts for the year ended 31st March, 2000.

#### 1. FINANCIAL RESULTS

	1999-2000 Rs.	1998-99 Rs.
Profit before tax	1,70,60,119	1,79,36,278
Less: Provision for Taxation	25,00,000	45,00,000
Profit after taxation	1,45,60,119	1,34,36,278
Add/(Less): Adjustment for Previous year Tax/ Others	(9,17,964)	(8,96,932)
	1,36,42,155	1,25,39,346
Profit & Loss Account Balance brought forward	20,84,454	20,61,068
Profit available for Appropriation	1,57,26,609	1,46,00,414
Less: Proposed Dividend	24,51,640	43,38,700
Tax on Dividend	5,39,360	4,77,260
	1,27,35,609	97,84,457
Less: Transfer to General Reserve	95,00,000	77,00,000
Profit & Loss Account Balance Carried Forward	32,35,609	20,84,454

During the year, the total income of the Company decreased by 12 % as compared to the previous year. The Profit before Tax has also decreased from Rs 179 lacs to Rs.171 lacs. However, the profit after tax increased to Rs.136 lacs as compared to the previous year Rs.125 lacs primarily due to the lower provision for tax.

#### 2. DIVIDEND :

Under the normal conditions, this would have prompted your directors to maintain the dividend, if not increase it. Unfortunately, the simultaneous rare failure of Alphonso and Totapuri Mango crop shortened the procurement season and more than

trebled the prices of mango, leading to a substantially increased working capital requirements. This has regrettably forced your directors to reduce the dividend distribution and conserve the resources to meet business needs. The directors have recommended a dividend of Rs.2/- per share subject to your approval for the year ended 31st March, 2000.

#### 3. FUTURE PROSPECTS :

The current year is going to be difficult on account of simultaneous failure of alphonso and totapuri crop as mentioned earlier. This has had an adverse impact on profitability on 1st quarter as already reported. We are however taking several measures to contain the adverse impact on the profitability and hope to recover some ground.

Your Company is fully aware of the potential that exists in the Food Processing Industry and the competition involved therein. The Company has taken steps to face the competition in the International Market. Adequate emphasis is being given for improvement of quality, thereby fulfilling its commitments to customers satisfaction in the International Market.

#### 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 success of the Company is modest, the long term prospects appear promising.

#### 5. MERGER OF CYCLIC CHEMICALS LIMITED (CCL) WITH FOODS AND INNS LIMITED (F & I)

As regards the remarks of the Auditors regarding Note No.8 under Schedule 'L' to the attached Balance Sheet and Profit & Loss Account, your Directors wish to state,

The Board of Directors has taken in principle decision to merge CCL with F&I.

While pursuing the merger scheme, certain legal issues arose which needed further clarifications.

The Board of Directors has obtained necessary clarifications/advice from the Company's Solicitors.

During the current year, the Company intends to go ahead with the scheme of merger, after obtaining statutory approvals.

**6. STATUS OF Y2K COMPLIANCE :**

Your Company had a smooth transition to Year 2000 without any disruption to its business activities.

**7. 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 31.3.2000 except those unclaimed Rs.12, 000/-.

**8. SUBSIDIARY COMPANIES :**

The Company's subsidiary Company Dravya Finance Limited, has made a Loss of Rs.3,037/- for the year ended 31st March, 2000. The other subsidiary Company Asim Exports International Limited has made a profit before tax Rs.7,185/- for the Year ended 31st March, 2000.

**9. 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.

**10. 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.

**11. 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.

**12. 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.

**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, 12th August, 2000  
Registered Office :  
Sion-Trombay Road,  
Deonar,  
Mumbai - 400 088.



## **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. 20, 21, 22 and 23 of Schedule 'L' of the notes forming part of Accounts on Page No.16 of the Annual Report.





**FORM -A**

Form for disclosure of particulars with respect to conservation of energy : 1999-2000

PARTICULARS	Year 1999-2000	Year 1998-99
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity :		
a. Purchased		
Units (Nos)	371888	530313
Total Amount	Rs. 20,62,952	Rs. 25,41,406
Rate/Unit	Rs. 5.55	Rs. 4.79
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)	306	4,30,936
Total Cost	Rs. 30,73,016	Rs. 29,74,949
Average rate	10,040	6903
4. Others/Internal Generation		
Qty. (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Products (with details) unit		
Electricity		
— Egg powder (unit/kg)	1.95	2.07
— Fruit powder (unit/kg)	1.95	2.07
— Pulp, paste & fruit juice (unit/kg)	0.01	0.02
Furnace Oil		
— Egg powder (unit/kg)	1.63	1.63
— Fruit powder (unit/kg)	1.63	1.63
— Pulp, paste & fruit juice (unit/kg)	0.01	0.02
Coal	Nil	Nil
Others	Nil	Nil

**FORM -B**

Form for disclosure of particulars with respect to Technology Absorption :

**1. RESEARCH & DEVELOPMENT (R & D)**

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**

	1999-2000 Rupees	1998-99 Rupees
a) Capital	—	—
b) Recurring	25,164	15,603
Total	25,164	15,603

Total R & D expenditure as percentage of total turnover 0.01% (Previous year 0.00%)

**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, 2000 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.5 of 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 subject to Note No. 6 of Schedule 'L' regarding change in method of valuation of inventories and its consequential impact on the profit for the year and also the balance of carried forward reserve, which have been understated to that extent 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, 2000 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 (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 audit, we further state on the matter specified in paragraphs 4 and 5 of the said order that:
  - i) Subject to Note No. 3 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 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 as per the revised mandatory Accounting Standard -2 "Valuation of Inventories" and not on the basis as in the preceding year. (Refer Note No.6 of Schedule 'L')
  - 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 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.8 of schedule L, are not prima facie prejudicial to the interest of the Company.
  - (ii) The Company has given unsecured interest bearing loans to a Company. In our opinion and based on the information and explanations given to us, the rate of interest charged and terms and conditions of this loan, are not prima facie prejudicial to the interest of the Company.