

Foods and Inns Limited



**37th Annual Report
2007-08**



We add Quality to Quality



FOODS AND INNS LIMITED - Gonde Factory (Nasik)



FOODS AND INNS LIMITED

37th Annual General Meeting

Date : 30th March, 2009
Day : Monday
Time : 11.00 A.M.
Venue : Jasmine, 1st Floor,
MVIRDC World Trade Centre,
Centre 1, Cuffe Parade,
Mumbai - 400 005.

BOARD OF DIRECTORS

Mr. B. C. Dalal - Chairman (Alternate to Mr. George Gonszor)
Mr. U. K. Dhupelia - Vice-Chairman
Mr. D. B. Engineer
Mr. C. M. Maniar
Mr. R. Simkins
Mr. D. D. Trivedi
Mr. Milan Dalal
Ms. Harsha Bangari (Nominee of Export-Import Bank of India)
Mr. George Gonszor

Content	Page
Notice	2
Directors' Report.....	9
Secretarial Compliance Certificate	14
Auditor's Report.....	17
Balance Sheet	20
Profit & Loss Account.....	21
Cash Flow Statement	22
Schedules to Balance Sheet and Profit & Loss Account.....	24
Notes to Accounts	33
Balance Sheet Abstract and Company's General Business Profile.....	40
Financial Highlights.....	43
Auditors Report on consolidated Financial Statement	44
Consolidated Balance Sheet	45
Consolidated Profit & Loss Account	46
Schedule forming part of consolidated Balance Sheet and Profit & Loss Account.....	47
Consolidated Cash Flow Statement.....	56
Subsidiary Companies	
Asim Exports International Limited	65
Dravya Finance Limited.....	75

REGISTERED OFFICE & SHARES DEPARTMENT

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
State Bank of India
Bank of Maharashtra
Export-Import Bank of India
Corporation Bank

AUDITORS

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



NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF FOODS AND INNS LIMITED WILL BE HELD ON MONDAY, 30TH MARCH, 2009 AT 11.00 A.M. AT "JASMINE", 1ST FLOOR, MVIRDC WORLD TRADE CENTRE, CENTRE 1, CUFFE PARADE, MUMBAI – 400 005 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th September, 2008 and the Profit & Loss Account for the year ended on that date along with the Report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. C.M. Maniar, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Milan Dalal, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint M/s.Sanjay Soman & Associates, Company Secretaries, for the purpose of obtaining compliances certificate for the year 2008-2009 as per provision of Section 383A of Companies Act, 1956.
6. 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:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. George Gonszor, who holds office upto this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company".
8. 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 163, 193 & 196 of the Companies Act 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company, for keeping the Register of Members, Indexes, Returns prepared U/S 159 & 160 of the Companies Act, 1956 and the Copies of Certificates and Documents required to be annexed thereto U/S 160 and 161 of the Companies Act, 1956, Minutes of the Proceedings of General Meetings, Board Meetings and Committee of the Directors Meeting at the Company's Corporate Office, situated at Dulwich Mansion, 3rd Floor, 224, Tardeo Road, Mumbai – 400 007 instead of being kept at the Registered Office of the Company situated at Foods and Inns Building, Sion-Trombay Road, Punjabwadi, Deonar, Mumbai – 400 088.
9. 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 31 and applicable provisions, if any, of the Companies Act, 1956 and such other statutes as may be applicable, the Articles of Association of the Company, be and are hereby altered in the following manner.
The following new Clause shall be inserted as Clause (iii) at the end of the existing Article 50 (ii)
"The Company, by passing Special Resolution in the General Meeting may issue the warrants convertible into Equity Shares on Preferential Basis or otherwise and with such conditions as specified along with the terms and conditions governing the said issue, subject to the applicable provisions of the Companies Act, and in accordance with the relevant rules and regulations issued in this regard.
10. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company, Listing Agreement entered into by the Company with the stock exchange(s) where the Company's shares are listed, the provisions of the Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines") as applicable for preferential issue of securities and other applicable regulations/guidelines of SEBI, if any, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India ("GOI"), the Reserve Bank of India ("RBI"), SEBI and any other competent or concerned authority and subject to such approvals, permissions, consents and sanctions, if any, as may be required to be obtained from SEBI, Stock Exchanges(s) and such other concerned authorities as may be required by law or as may be necessary and further subject to such conditions and modifications as may be imposed / prescribed by them while granting such approvals / permissions / consents and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall be deemed to include any committee of directors which the Board may have constituted or hereafter constitute, duly authorized to exercise the powers conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot for cash consideration on preferential basis upto 2,25,220 warrants convertible into equity shares of the company at such time or times, in one or more tranches, not later than 18 (eighteen) months from the date of allotment at a price of Rs. 10/- (Rupees Ten only) aggregating to Rs.22,52,200 (Rupees Twenty Two Lakhs Fifty Two Thousand Two Hundred only) to the following promoters convertible into 1 equity share of Rs. 10/- (Rupees Ten Only) each fully paid up at the price of Rs. 154/- (Rupees One Hundred and fifty four only) including premium of Rs. 144/- (Rupees One Hundred and forty four only) determined as per the SEBI Guidelines on preferential issue:

FOODS AND INNS LIMITED

Sr No	Name of the Allottees	No. of warrants to be allotted
1	M/s. Western Press Pvt Ltd., Todi Estate, Sun Mill Compound, Lower Parel, Mumbai – 400 013	72,610
2	Mrs. Rekha Bhupen Dalal 42, Chitrakoot, Altamount Road, Mumbai – 400 026	40,000
3	Mr. Utsav Dhupelia 100 Ocean View Annexe, 13, Bhulabhai Desai Road, Mumbai – 400 026.	1,12,610
	Total	2,25,220

RESOLVED FURTHER THAT the warrants convertible into equity shares shall be issued by the Company on following terms and conditions.

- the equity shares allotted on conversion of warrants shall rank pari passu in all respects with the existing equity shares of the Company including entitlement to dividend.
- the warrant holders shall have the option of subscribing for one equity share per warrant at a price of Rs.154/- (Rupees One Hundred Fifty Four only) being price determined in accordance with the SEBI Guidelines on preferential issue as in force on the date of this notice any time within 18 months from the date of allotment of the warrants.
- The warrant holder is entitled to exercise the conversion in one or more tranches.
- The warrants by itself shall not give to the holder thereof any rights of the equity shareholders of the Company. Further, these warrants shall be non-transferable, and shall not be listed on the Stock Exchange.
- The issue of equity shares in the manner aforesaid shall be governed by the respective provisions of Companies Act, 1956 if any, Memorandum of Association, Articles of Association, guidelines issued by the SEBI or any other authorities as the case may be, or any modifications thereof.

RESOLVED FURTHER THAT the Relevant Date for the preferential issue, in relation to the aforesaid Equity Shares, for the purpose of determining the issue price under the Guidelines is February 28, 2009 being 30 days prior to date of AGM.

RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to issue and allot such number of warrants as may be required to be issued;

RESOLVED FURTHER THAT the Board / any Committee thereof be authorized to determine, vary, modify or alter any of the terms and conditions of the issue and allotment of the Equity Shares, including reduction of the size of the issue, as it may deem expedient;

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient including in relation to the issue or allotment of aforesaid securities and listing thereof with the Stock Exchanges as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the said securities, sign all documents and undertakings as may be required and generally to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution; “

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers or authorities herein conferred to any committee of directors as may be formed by them for the said allotment.”

- To consider and if thought fit with or without modification(s) the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of section 16, 94 and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing Authorised Share Capital of the Company of Rs.3,00,00,000 (Rupees Three Crores Only) divided into 30,00,000 Equity Shares of Rs.10/- each be and is hereby increased to Rs.9,00,00,000/- (Rupees Nine Crores Only) comprising of 60,00,000 Equity Shares of Rs.10/- each and 3,00,000 Redeemable Preference shares of Rs.100/- each.

- To consider and if thought fit with or without modification(s) the following resolution as an Special Resolution.

“RESOLVED THAT Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following Clause V in the place of existing Clause V

Clause V

V. The Authorised Share Capital of the Company is Rs.9,00,00,000 (Rupees Nine Crores Only) comprising of 60,00,000 Equity Shares of Rs.10/- each and 3,00,000 Redeemable Preference shares of Rs.100/- each with the rights, privileges and conditions attached thereto as are provided in the Articles of Association of the Company and that such capital be increased or reduced in accordance with Company's Regulations and legislative provisions for the time being in force in that behalf and also with powers to increase and reduce the said capital and to divide the said shares in the capital for the time being into such classes and to attach thereto such privileges or conditions as may be determined by or in accordance with the legislative provisions for the time being in force and with the Articles of Association of the Company for the time being and to carry, modify or abrogate such rights, privileges, or conditions in such a manner as may be permitted by law or provided by the Articles of Association for the time being of the Company and to consolidate or subdivide the shares and issue the shares of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company.



"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate.

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

Mumbai, 2nd March, 2009

Registered Office:

Foods and Inns Building
Sion-Trombay Road,
Punjabwadi, Deonar,
Mumbai – 400 088.

UTSAV DHUPELIA
VICE CHAIRMAN

Registrar & Transfer Agents:

Link Intime India Pvt. Ltd.,
(Formerly Intime Spectrum Registry Ltd)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup – (W), Mumbai – 400 078.
Tel.No. (022) 25963838

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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. (a) The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting.
(b) Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th March, 2009 to 30th March, 2009 (both days inclusive).
5. Dividend on Shares as recommended by the Directors for the year ended 30th September, 2008, if declared, at the meeting will be paid to those members of the Company whose names appear on the Register of Members as on 30th March, 2009.
6. The Members are requested to notify change of address, if any, to Foods and Inns Limited, Dulwich Mansion, 224, Tardeo Road, Mumbai – 400 007 or to Link Intime India Pvt. Ltd., (Formerly Intime Spectrum Registry Ltd.,) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078, Registrar and Transfer Agents.
7. Members/Proxies are requested to bring their copy of the Annual Report and Attendance/Proxy Slip sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration and avoid being accompanied by non-members and children. Copies of Annual Report and Attendance slip will NOT be available for distribution at the venue of the Meeting.
8. The trading in the Company's Shares has been made compulsory in dematerialized form effective 22nd February, 2002 for all class of investors. In view of the numerous advantages offered by the Depository System, shareholders are requested to avail of the facility of dematerialization of the Company's Shares.
9. Members holding shares in dematerialized form should address all their correspondence including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc. to their Depository Participant.
10. Consequent upon the introduction of section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid/unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund to set up by the Govt. of India and no payment shall be made in respect of any such claims by the fund. Accordingly, the Company has transferred the unclaimed dividends up to the financial year ended 31st March, 2001 to Investor Education and Protection Fund.

FOODS AND INNS LIMITED**11. Details of Directors retiring by rotation and seeking reappointment and those seeking appointment as Directors at this Annual General Meeting.**

(Item Sr.Nos.3, 4 & 7 of the Notice)

Name	Mr. C.M. Maniar	Mr. Milan Dalal	Mr. George Gonszor
Date of Birth & Age	04.12.1935 (73)	09.02.1962 (46)	20.01.1949 (59)
Appointed on	17.07.1979	28.04.2006	* 30.04.2008
Qualifications	M.A., B.Com., L.L.B	B.Com	B.A., M.A
Expertise/experience	Corporate & Commercial Laws	Finance & General Management	Banking & Finance
Directorship in other public companies	Akzo Nobel Coatings India Private Limited Amsar Private Limited Chemtex Engineering of India Limited Godfrey Phillips India Limited Gujarat Ambuja Exports Limited HGC Foundation Private Limited Hindalco Industries Limited Indo-Euro Investments Company Limited Indian Card Clothing Company Limited Machine Tools (India) Limited Multi Commodity Exchange of India Ltd Pioneer Invest Corp Limited Sudal Industries Limited Twenty First Century Printers Limited Varun Shipping Company Limited Vadilal Industries Limited MCX Stock Exchange Limited	Anmol Chemicals (Gujarat) Private Limited Bombay Swadeshi Stores Limited Bombay Store Retail Company Limited CFL Securities Limited Cheshtha Holdings Private Limited Cifco Limited Cifco Properties Private Limited Cifco Travels Private Limited Muller & Phipps (India) Limited Nildeep Investments Company Private Limited Regent Publishers Private Limited Satyajyoti Holdings Private Limited Swarnadhara Holdings Private Limited The Amalgamated Electricity Company Limited Tropical Securities & Investments Private Limited Western Press Private Limited	NIL
Shareholding	300	14550	NIL

* Appointed as Additional Director

By Order of the Board
For **FOODS AND INNS LIMITED****UTSAV DHUPELIA**
VICE CHAIRMAN

Mumbai, 2nd March, 2009

Registered Office :Foods and Inns Building
Sion-Trombay Road,
Punjabwadi,
Deonar, Mumbai-400088
Mumbai 400 088.**ANNEXURE TO THE NOTICE**

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

Item No.7

Mr. George Gonszor was appointed as an additional Director of the Company in the Board Meeting held on 30th April, 2008 under Article 81 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies act, 1956, he holds office as Director till the date of the Company's forthcoming Annual General Meeting.

The Company has received Notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. George Gonszor, as a Director of the Company.

Mr. George Gonszor has an extensive experience in finance and his contribution will be immense use to the Company. The members are requested to approve the appointment.

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

**Item No.8**

The Company's Corporate Office is now situated at Dulwich Mansion, 3rd Floor, 224 Tardeo Road, Mumbai – 400 007. The business operations and main administrative work of the Company are being carried out from the said office under the control of the Directors who are looking after day to day affairs of the Company. In view of this, the Board of Directors of the Company felt it necessary to keep and maintain all the statutory registers including Register of Members, returns, documents and such other relevant papers at the Corporate Office of the Company.

Therefore, the Directors recommend for passing of this Resolution.

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

Item No.9

In order to give effect to issue the warrants convertible into Equity Shares, the provision of Articles of Association is required to be altered and such alteration requires the approval of the Company in the General Meeting through a Special Resolution. Hence, the approval of the Members is being sought in this regard.

None of the Directors of the Company is deemed to be interested in this resolution.

Item No.10**Preferential Issue of Warrants convertible into Equity Shares****(i) The objects of the issue through preferential offer:**

The Company's current equity capital stands at Rs.1,22,58,200 (Rupees One Crore twenty two lakhs fifty eight thousand two hundred only) and the turnover of the company for 30.09.2008 was Rs.164,78,51,018. It is necessary to augment the capital. The strengthening of the capital base would also enhance the Company's ability to participate in tendering and execution of future expansion of projects if any. The Promoters also desires to augment their stake in the company which is currently at 35.79% and post issuance of the warrants the promoters stake will stand at 45.76% Therefore, the Company now proposes to issue 2,25,220 (Two Lakhs Twenty Five Thousand Two Hundred and Twenty only) warrants convertible into equity shares at any time within a period of 18 (eighteen) months from the date of allotment, to the promoters on preferential basis at a price derived as per SEBI DIP Guidelines for Preferential Issue. The brief details of utilization of proceeds of Preferential Issue are as under:

(ii) Relevant date and pricing of the issue:

The relevant date for the purpose of the preferential issue of warrants shall be February 28, 2009.

As per SEBI DIP Guidelines, the price for equity shares to be issued on conversion of warrants has been determined as Rs. 154/- (Rupees One Hundred Fifty Four only) per warrant/share on the relevant date, based on the quotations at the Bombay Stock Exchange. The issue price of Rs.154/- (Rupees One Hundred Fifty Four only) per warrant/share is therefore not less than the price determined as per the said guidelines. A certificate to that effect has been obtained from the Auditors of the Company, which is available for inspection at the Registered Office of the Company and will also be placed before the shareholders at the Annual General Meeting.

(iii) Intention of promoters to subscribe to the offer

The persons listed hereinafter have confirmed their intention to subscribe to the preferential offer of warrants mentioned against each:

Sr. No.	Name	No. of warrants to be allotted
1	M/s. Western Press Pvt Ltd Todi Estate, Sun Mill Compound, Lower Parel, Mumbai. – 400 013.	72,610
2	Mrs. Rekha Bhupen Dalal 42 Chitrakoot, Altamount Road, Mumbai – 400 026	40,000
3	Mr. Utsav Dhupelia 100 Ocean View Annexe, 13, Bhulabhai Desai Road, Bombay – 400 026.	1,12,610

FOODS AND INNS LIMITED

(iv) Shareholding pattern before and after the offer

The shareholding pattern before and after the completion of the proposed preferential issue would be as under:

Category	Pre Issue Holding		Post Issue Holding	
	No of shares	% holding	No of shares	% holding
A Promoter's Holding				
i Promoters				
- Indian Promoters (Promoter & Promoter Group)	438775	35.79	663995	45.76
Sub total (A)	438775	35.79	663995	45.76
B Non Promoter Holding				
i FII	16500	1.35	16500	1.14
ii Institutional Investors	0	0	0	0
iii Mutual Funds and UTI	0	0	0	0
iv Companies (Central/State Government)	150	0.01	150	0.01
v Foreign Investors	0	0	0	0
Sub total (B)	16650	1.36	16650	1.15
C Others				
i Corporate Bodies	177256	14.46	177256	12.22
ii Indian Public	415125	33.86	415125	28.61
iii NRI/ OCB	1494	0.12	1494	0.10
iv Directors & Relative/ Clearing Members	176520	14.40	176520	12.17
Sub total (C)	770395	62.85	770395	53.09
Grand Total (A) + (B) + (C)	1225820	100.00	1451040	100.00

Note: Since the allotment is of warrants convertible into equity shares, the shareholding pattern has been prepared presuming that all the warrants are converted into equity shares. Each warrant is convertible into 1 (one) equity share. The warrant holders can exercise the option to convert their warrants into equity shares any time within a period of 18 (eighteen) months from the date of allotment.

(v) Proposed time within which the allotment shall be completed

The allotment of warrants shall be completed within 15 (fifteen) days from the date of passing this special resolution by the members, provided that where the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (fifteen) days from the date of such approval.

(vi) Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them

As stated earlier, the preferential allotment of warrants convertible into equity shares is proposed to be made to the proposed allottees. The percentage that may be held by the allottees in post-issue capital on conversion of warrants shall be as under:

S.No	Name & Address	No. of shares		%		Category (Promoter /Non Promoter)
		Pre	Post	Pre	Post	
1	M/s. Western Press Private Ltd Todi Estate, Sun Mill Compound, Lower Parel, Mumbai - 400 013.	39742	112,352*	3.22**	7.74	Promoter
2	Mrs. Rekha Bhupen Dalal 42, Chitrakoot, Altamount Road, Mumbai - 400 026	16,000	56,000*	1.31**	3.86	Promoter
3	Mr. Utsav Dhupelia 100 Ocean View Annexe, 13, Bhulabhai Desai Road, Mumbai - 400 026.	20,400	133,010*	1.66**	9.17	Promoter

*Post Issue equity shareholding is calculated assuming full conversion of Warrants.

**% has been calculated on the basis of fully expanded equity share capital assuming full conversion of Warrants.

(vii) Lock-in period

The warrants/equity shares issued on conversion of warrants shall be subject to lock-in as per the SEBI DIP Guidelines for preferential issue to allottees for the time being in force.

**(viii) Price of the issue:**

The shares are proposed to be allotted on preferential basis at a price of Rs.154/- per share including premium of Rs.144/- per share, which is higher than the price arrived at as per SEBI DIP Guidelines.

The Certificate issued by M/s. B.S. Mehta & Co., Chartered Accountants, Statutory Auditors of the Company as to the Pricing of the issue and that this preferential issue of securities is being made in accordance with the Guidelines on Preferential Allotment issued by SEBI is being placed before the Shareholders at the Meeting and also available for inspection at the Registered Office / Corporate Office of the Company during the business hours on any working days.

(ix) Change in the control or composition of the Board

There will be no change in the control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to the conversion of warrants, into equity shares, issued on preferential basis.

Section 81 of the Companies Act, 1956 and SEBI DIP Guidelines on Preferential Issue, inter alia, provides that further issue of shares to persons other than the equity shareholders would require approval of members by a special resolution. The consent of the members is therefore sought to authorize the Board of Directors to issue warrants convertible into equity shares as set out in the resolution at Item No. 10 of the Notice.

(x) Compliance with SEBI Regulations

On or before conversion of warrants into equity shares, the promoters and the Company would comply with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, and/or any other guidelines/regulations as may be applicable.

The Board recommends the resolution as set out at Item No.10 of the accompanying notice for approval of members.

None of the Directors of the Company, except Mr. Utsav Dhupelia, Mr. Milan Dalal (being also the Director of Western Press Private Limited and relative of Mrs. Rekha Bhupen Dalal) and Mr. Bhupen C. Dalal (being relative of Mrs. Rekha Bhupen Dalal) are deemed to be concerned or interested in the Special Resolution.

Item No.11.

It is proposed to increase the Authorised Share Capital of the Company from the existing of Rs.3,00,00,000/- to Rs.9,00,00,000/- divided into 60,00,000 Equity Shares of Rs.10/- each and 3,00,000 Redeemable Preference Shares of Rs.100/- each. This will enable the Directors to come out with the proposal to issue additional shares to increase the Capital of the Company at the appropriate time. Hence the resolution.

None of the Directors of the Company shall be deemed to be interested in this resolution, except to the extent of their shareholding.

Item No.12

As the Company's authorized share capital is being increased from Rs.3,00,00,000/- to Rs.9,00,00,000/-, the Capital clause in the Memorandum of Association of the Company is required to be altered and amended accordingly. Hence the resolution.

None of the Directors of the Company shall be deemed to be interested in this resolution, except to the extent of their shareholding.

By Order of the Board
For FOODS AND INNS LIMITED

Mumbai, 2nd March, 2009

Registered Office :

Foods and Inns Building
Sion-Trombay Road,
Punjabwadi,
Deonar,
Mumbai 400 088.

UTSAV DHUPELIA
VICE CHAIRMAN