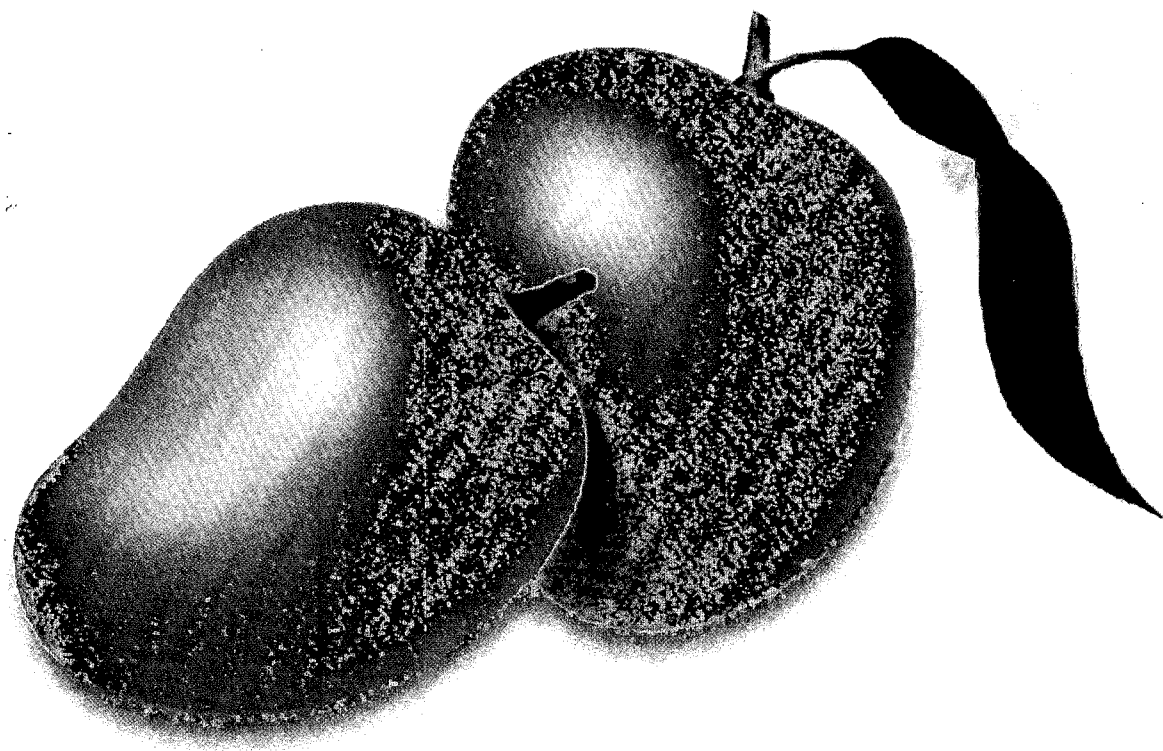


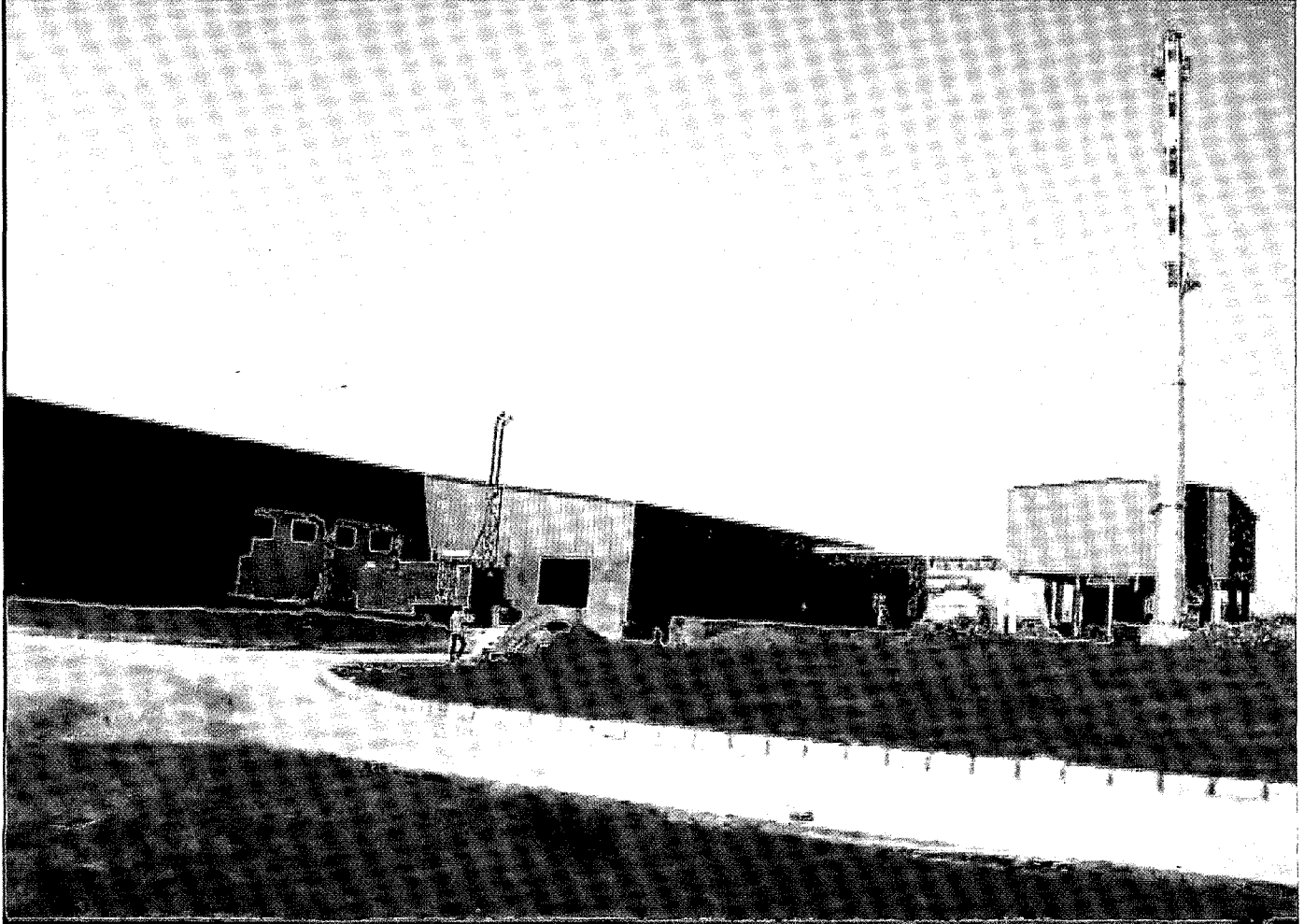
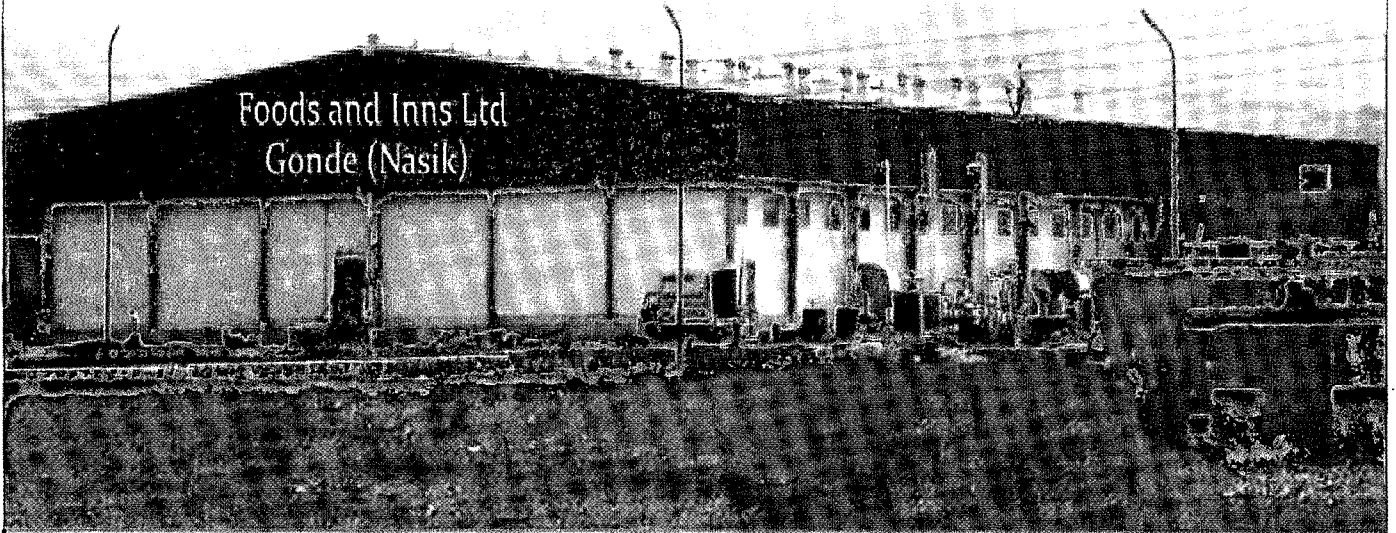
Foods and Inns Limited



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:

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.

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 & 7of 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

(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

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the 37th Annual Report of the Company together with audited accounts for the year ended 30th September, 2008.

1.1 FINANCIAL RESULTS

	2007-2008 Rupees	2006-2007 Rupees
Profit/(Loss) before tax	4,95,24,747	5,51,29,375
Provision for Taxation	60,32,741	1,77,08,100
Deferred Tax	2,14,05,171	66,21,146
Fringe Benefit Tax	7,32,669	16,91,120
Profit after tax	2,13,54,166	2,91,09,009
Add: Prior Year Income/(Expenses) Net	—	18,31,433
	<u>2,13,54,166</u>	<u>3,09,40,442</u>
Balance Brought Forward	5,21,92,163	2,44,72,698
Profits Available for Appropriation	7,35,46,329	5,54,13,140
Appropriations		
Proposed Dividend	18,38,730	14,70,984
Tax on Dividend	3,12,492	2,49,994
General Reserve	5,00,00,000	15,00,000
Balance Carried to Balance Sheet	<u>2,13,95,107</u>	<u>5,21,92,162</u>

2. OPERATIONS:

During the year, the turnover of the Company was Rs.164.81 crores as compared to Rs.141.41 crores for the year ended 30th September, 2007 recording an increase of 16.55% over earlier year. The profit before tax has been slightly lower at Rs.4.98 crores from Rs.5.51 crores.

3. DIVIDEND:

Directors recommend a dividend of 15% on equity shares for the year ended on 30th September, 2008. The payment of dividend will be subject to the approval of the Shareholders at the ensuing Annual General Meeting.

4. FUTURE PROSPECTS:

The Company is expanding concentration capacity in Chittoor Factory, to meet the increasing demand in domestic market and also setting up its new Spray Drying Unit at Gonde, Simnar.

5. AUDITOR'S REMARKS:

- (i) In respect of the remark of the Auditors relating to appropriation of loans, advances and diminution in the value of Investments from Revaluation Reserves in the earlier period, the note no.4(a) of Schedule 'M' is self explanatory.
- (ii) The independent firms of Chartered Accountants have been appointed to carry out internal audit of business operations at the manufacturing units located at different places and for Corporate Office. The scope of audit is being widened to commensurate with the size of the Company and the nature of its business operations.

6. FIXED DEPOSITS FROM THE PUBLIC:

The Company accepts fixed deposits from Public under the Public Deposit Scheme as regulated by the Companies (Acceptance of Deposits) Rules 1975 as amended from time to time. There have been no defaults in repayment of fixed deposits during the year.

7. CORPORATE GOVERNANCE:

Clause 49 of the listing agreement relating to Corporate Governance is applicable to all listed Companies w.e.f. 1st January, 2006. However, your Company is exempted since paid up share capital of your Company is less than Rs.3 crores or net worth is less than Rs.25 crores at any time in the history of the Company.

8. SUBSIDIARY COMPANIES:

The Company's subsidiary Company Dravya Finance Limited, has made a loss of Rs.35,687/- during the year ended 31st March, 2008. The other subsidiary Company Asim Exports International Limited has made a loss of Rs.41,836/- for the Year ended 31st March, 2008.

9. DIRECTORS:

Our Chairman, Emeritus Field Marshal Sam Manekshaw passed away on 27-06-2008. The Board places on record its deepest appreciation of the valuable services rendered by him for 15 years.

During the year Mr. George Gonszor was appointed as Additional Director, who retires at the ensuing Annual General Meeting. Also Mr. C.M. Maniar and Mr. Milan Dalal, retire by rotation in accordance with the provisions of Companies Act and the Articles of Association of the Company and being eligible offer themselves for re-appointment.



10. PREFERENTIAL ISSUE OF WARRANTS

The Company in order to meet its growth objectives and to strengthen its financial position, is required to generate long term resources having regard to the continuing increase in its business, activities and operations. It is therefore, deemed appropriate to issue the warrants convertible into equity shares to the Promoters on Preferential basis.

11. DIRECTORS RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that;

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year ended on 30th September, 2008 and of the profit and loss of the Company for that year.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the annual accounts on a going concern basis.

12. 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.

13. PARTICULARS OF EMPLOYEES:

The information as is required to be provided in terms of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 as amended is as under;

- a) Employment throughout the year and in receipt of remuneration in aggregate of not less than Rs.24,00,000 per annum

Name	Age	Total remuneration (Rs. in Lacs)	Designation	Educational Qualifications	Experience in Years	Previous Employment
Madan Mohan K	44 Years	39.59	Vice President Operations (South)	B.Tech (Industrial Production), P.G. Diploma in Food Technology from CFTRI	19 Years	Amara Raja Batteries Ltd. (Tirupati)

- b) Employed for part of the year and were in receipt of remuneration at the rate not less than Rs.2,00,000 per month

Name	Age	Total remuneration (Rs. in Lacs)	Designation	Educational Qualifications	Experience in Years	Previous Employment
Ganesh Kumar Rangunathan	54 Years	30.42	President (Marketing and Business Development)	B.Sc. ICWAI, Post Graduate in International Marketing, Master in Financial Management	27 Years	Foods Speciality Limited, Dubai

Notes :

1. Remuneration as shown above includes salary, house rent allowance, company's contribution to provident fund, bonus, leave travel and medical allowance, leave encashment and other allowances and facilities.
2. The employees mentioned above are not relatives of any Director of the Company.
3. The employees mentioned above are not holding more than 2% of the paid up equity capital of the Company.

14. COMPLIANCE CERTIFICATE U/S 383A OF COMPANIES ACT, 1956:

The Company has obtained the Compliance Certificate from M/s. Sanjay Soman & Associates, Company Secretaries, as per the provisions of Section 383A of Companies Act, 1956 applicable as per amendment made on 13th December, 2000.

15. 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.

16. 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, co-operation and support from employees at all levels.

Mumbai, 2nd March, 2009
Registered Office:

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

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

UTSAV DHUPELIA
VICE CHAIRMAN

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 ensures 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, 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.26, 27 & 28 of Schedule 'M' of the notes forming part of Accounts of the Annual Report.

FORM -A

Form for disclosure of particulars with respect to conservation of energy:

PARTICULARS	2007-2008	2006-2007
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a. Purchased		
Units (Nos)	15,02,235	10,95,468
Total Amount	Rs.75,87,443	Rs.62,56,330
Rate/Unit	Rs.5.05	Rs. 5.71
b. Own Generation		
i. Through Diesel Generator		
Unit/Ltr	2,84,798	2,19,129
Total Amount	Rs.1,07,54,775	Rs.74,27,967
Unit per ltr. of Diesel oil	37.76	33.90
ii. Through Steam Turbine/Generator		
Unit	NIL	NIL
Unit/Ltr. of Fuel Gases	NIL	NIL
Cost/Unit	NIL	NIL
2. Coal		
Quantity (Tonnes)	NIL	NIL
Total Cost	NIL	NIL
Rate/Unit	NIL	NIL
3. Furnace Oil (L.D.O.)		
Quantity (LTR)	7,19,243	6,37,941
Total Cost	Rs. 2,42,73,675	Rs.1,52,57,842
Rate/Ltr	33.75	Rs.23.92
4. Others/Internal Generation		
Qty. (Kgs)	30,73,165	25,80,267
Total Cost Rs.	91,01,275	Rs.63,61,310
Rate/Kg	Rs.2.96	Rs.2.47
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details) Unit		
Electricity - Fruit Powder (Unit/kg)		
	0.92	0.82
Pulp, Paste & Fruit Juice (Unit/Kg)		
	0.012	0.011
Furnace Oil - Fruit powder(Unit/kg)		
	1.09	1.03
Pulp, Paste & Fruit Juice (Unit/Kg)		
	0.010	0.008
Coal -		
	NIL	NIL
Others - Fruit Powder(Unit/kg)		
	5.67	7.53
Pulp, Paste & Fruit Juice (Unit/Kg)		
	0.18	0.13

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 upgradation of the existing products and introduction of new products.

2. EXPENDITURE ON R & D

	2007-2008 (Rupees)	2006-2007 (Rupees)
a) Capital	—	—
b) Recurring	—	—
	—————	—————
	—	—
	=====	=====

TECHNOLOGY ABSORPTION ADAPTATION & INNOVATION:

1. Efforts in brief made towards technology absorption and innovation:
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 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



Secretarial Compliance Certificate

To,
The Members,
Foods & Inns Limited,

We have examined the registers, records, books and papers of Foods & Inns Limited, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 30th September 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. the company has kept and maintained registers as stated under the Companies Act 1956, as per the provisions and the rules made thereunder and recorded the entries therein . The list is attached as Annx A to this report.
2. the company has duly filed the forms and returns as stated below , with the Registrar of Companies, Regional Director, Central Government. Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder. As per Annx B. attached to this report.
3. the company is listed public limited company.
4. the Board of Directors duly met 5 times on 26.10.07, 24.12.07, 30.0.1.08, 30.4.08, and 30.7.08 in the financial year 2007-08 and on, 27.10.08, till date of this report in respect of which meetings; proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the company closed its Register of Members, and/or Debenture holders from 05.03. 2008 till 08.03.2008 and necessary compliance of section 154 of the Act has been made.
6. the annual general meeting for the financial year ended on 30thSep 2007 was held on 8.03.08 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary meeting was held during the financial year and hence, giving due notice to the members of the company and the recording of resolutions passed thereat in the Minutes Book maintained for the purpose, is not applicable
8. the company has not advanced loans to its directors but other transactions in/ with the persons or firms or companies referred in the section 295 of the Act have been booked.
-the company has kept record of the transactions in the computerized register.
9. the company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
-the disclosure wherever necessary has been taken and noted by the Board.
10. the company has made necessary entries in the register maintained under section 301 of the Act.
-relevant records have been updated and been taken in the electronic form and noted by the Board. The company is advised to keep the Quarterly updates of this Register.
11. the company has obtained necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act wherever applicable.
-not applicable
12. the Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
-Approval has been taken by signatures from time to time on the statements and electronic register sent in by Share transfer agents. Company is advised to inform the stock exchange simultaneously in case of Duplicate issue of share certificates, acquisitions attracting the SASR guidelines of SEBI, etc.
13. the Company, through its Registrar, has:
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) Company deposited the amount of dividend declared for the year 2006-07 in a separate Bank Account as required , within five days from the date of declaration of such dividend in the AGM on 8th March 2008.
(Axis Bank Ltd- Rs 1471000/- total dividend) and
paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company . (Axis Bank Ltd A/c Unpaid Dividend Rs 4,76,048.40 dt 30/06/08).
 - (iii) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (iv) duly complied with the requirements of section 217 of the Act.
14. the Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.(please refer to annex B)

15. the appointment of Managing Director/ Whole-time Director/Manager has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act and approval of the Central Government has been obtained in respect of appointment of _____ not being in terms of Schedule XIII.
-Not applicable for the period under review
16. there is no appointment of sole-selling agent made in compliance of the provisions of the Act.
17. the company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
-the disclosures have been received from the Directors u/s 274 and 299 of the Companies Act 1956, recorded in the electronic form and noted by the Board.
19. the company has not issued shares/debentures/other securities during the financial year.
20. the company has not bought back shares during the financial year.
21. the company has not redeemed any preference shares/debentures during the year after complying with the provisions of the Act.
22. the company does not have any transactions / cases where it is necessary to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. the company has complied with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/ the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits accepted including unsecured loans taken by the company during the year and the company has filed the copy of Advertisement/Statement in lieu of Advertisement/ necessary particulars as required with the Registrar of Companies, Maharashtra SLA on 7.05.08
24. the amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 30.9.2008 is/are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual/extraordinary general meeting.
25. the company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and
--the company has taken the necessary entries on the record and maintained electronic register for the said purpose.
26. the company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.
27. the company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act.
28. the company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act.
29. the company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
30. the company has not altered its articles of association in the general meeting during the period under review.
31. There were no prosecution initiated against and no show cause notices were received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company in such cases is attached.
32. the company has not received any amount of security money from its employees during the year under certification and the same has been deposited as per provisions of section 417(1) of the Act.
33. the company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Note: The Qualification, reservation or adverse remarks, if any, have been stated at the relevant places in Italics.

Place: Mumbai

For Sanjay Soman & Associates,

Date : 11th FEB 2009.

Sanjay M Soman (C. P. No. : 817)

Encl: Annx A and B



Annx A

Register of Members	* u/s 150
Alpha Index	* u/s 151
Register of Transfers and Transmission	* u/s 108
Register of Charges	u/s 143
Register of Contracts	u/s 301
Register of Deposits	u/s 58 A
Register of General Interest	u/s 299
Register of Investments & loans	u/s 372A
Register of Directors and their share holdings	* u/s 303
Minutes Book and Attendance Book	u/s 193

for Board and General Meetings of members.

*These registers for material and dematerialized format of share capital are maintained by the Registrar and transfer agents of the company in the electronic form.

The company has confirmed that certain registers are kept in the electronics form and printouts were made available for the reference duly authenticated by the Director. However, company is advised to keep all the registers up-to-date and advised to maintain the fixed asset register.

Annx B

Forms and Returns as filed by the Company with ROC office: for Year ending on 30 Sept 2008.

FORM No	SRN No.	Date of Filing	PURPOSE	Amount (Rs.)
17	A46504726	08/10/08	Release of Charge	110000000
32	A37139045	08/05/08	Appointment of Mr. George Gonszor as Director	
62	A37062932	07/05/08	SLA for 30/09/07	
20B	P18769174	07/05/08	AR for 30/09/07	
62	A52345923	19/12/08	Return of Deposits (58A)	
23	A34796482	02/04/08	Special Resolution Postal Ballot	
23AC/23ACA	P18022988	26/03/08	B/S & P & L for 30/09/07	
66	P17700568	12/03/08	CC for 30/09/07	
8	A45660016	26/09/08	Creation of Charge	50000000
8	A32727083	27/02/08	Creation of Charge	20000000
8	A44064756	30/08/08	Modification of Charge	1003150000
8	A42262790	29/07/08	Creation of Charge	370000000
8	A42262352	29/07/08	Creation of Charge	30000000
8	A45172988	19/09/08	Creation of Charge	50000000
8	A51569291	11/11/08	Creation of Charge	18300000
8	A40790131	19/03/08	Creation of Charge	50000000
8	A40289704	02/07/08	Creation of Charge	60000000
8	A39514443	22/04/08	Creation of Charge	20000000
8	A37555257	14/05/08	Creation of Charge	139000000

AUDITORS' REPORT TO THE MEMBERS OF FOODS AND INNS LIMITED

1. We have audited the attached Balance Sheet of **FOODS AND INNS LIMITED**, as at September 30, 2008 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 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 misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraph 4 of the said Order.
4. **Further to our comments in the Annexure referred to in paragraph 3 above :**
 - a. 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.
 - b. 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 such books.
 - c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
 - d. In our opinion, the attached Profit and Loss Account and Balance Sheet and Cash Flow Statement comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of the 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 September 30, 2008 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - f. Without qualifying our opinion, we draw attention to Note 22 of Schedule 'M', Notes to Accounts regarding Forward Contract entered into by the Company to hedge foreign currency risks. As per the policy consistently followed by the Company in the past, such forward contracts are accounted only on settlement without considering mark to market loss thereon at the year end.
 - g. **Subject to:**
 - i) **Note no. 4(a) of Schedule 'M' relating to appropriation of loans, advances and diminution in value of Investment from Revaluation Reserve in the earlier period and its consequential effect on the carried forward General Reserve as on October 1, 2007 (affecting the Balance Sheet as on September 30, 2008),**
and;
in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - a) In the case of the Balance Sheet of the state of affairs of the Company as at September 30, 2008;
 - b) In the case of the Profit and Loss Account of the Profit for the year ended on that date, and;
 - c) In the case of Cash Flow Statement of the cash flows for the year ended on that date.

For **B. S. MEHTA & CO.**
Chartered Accountants

ARVIND R. DESAI
Partner
Membership No. F 8204

Place : Mumbai
Date : 16th February, 2009

Annexure referred to in paragraph 3 of the Auditor's Report of even date on the accounts of the Foods And Inns Limited for the year ended September 30, 2008.

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets upto September 30, 2008.
- (b) No physical verification of fixed assets has been conducted by the management during the year. Hence, we are unable to comment on any material discrepancies, if any.
- (c) There has been no disposal of substantial part of the fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during or at the year end. 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 not been received for majority of the parties, in respect of stocks held at the end of the year.
- (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) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification between the physical stocks and the book records.
- (iii) (a) As per the information furnished, the Company has not granted unsecured loans to any Company covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956 as stated below:

Name of the Party	Relationship with the Company	Balance as on 1.10.07 (Rupees)	Amount Received/ (paid)/Adjusted During the Year (Rupees)	Balance as on 30.09.08 (Rupees)	Maximum amount Involved During the Year (Rupees)
Mr. Utsav Dhupelia	Director	1,18,56,400	20,42,485	1,38,98,885	1,38,98,885
Mrs. Pallavi Dhupelia	Relative of Key Management Personnel	68,00,000	44,87,673	1,12,87,673	1,12,87,673
Mr Ray Simkins	Director	1,98,70,000	*36,00,000	2,34,70,000	2,34,70,000
Mr Milan B. Dalal	Director	Nil	25,50,000	25,50,000	25,50,000

* Adjustment due to Foreign Exchange Fluctuation.

- (c) The rate of interest and other terms and conditions, wherever applicable, on unsecured loans taken by the Company are not, prima facie, prejudicial to the interest of the Company.
- (d) As the terms of repayment of above loans (except in case of one director and a shareholder, where the terms of repayment are stipulated) are not stipulated, we are unable to comment on regularity of repayments.
- (e) There is no overdue amount of loans taken from companies or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956.
- (iv) 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 through personal supervision of management of the Company with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in Internal Control.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the Register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of each party during the year have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time, wherever applicable.
- (vi) The Company has accepted deposits from the public, to which provisions of Section 58A, 58AA or any other relevant provisions of the Act apply. In our opinion and to the best of our knowledge, and on the basis of the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) During the year, Internal Audit has been carried out only for Bulsar manufacturing unit and not for its other two manufacturing units and for Corporate Office, to that extent the same is not commensurate with the size of the Company and the nature of its business operations.

(viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured by the Company.

(ix) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Sales tax, Custom duty, Excise duty, cess and other statutory dues with the appropriate authorities. The amount of statutory dues outstanding as on September 30, 2008 for a period of six months from the date they became payable is as follows:

Statutory dues/ Cess	Amount Outstanding as on September 30, 2008 (Rupees)	Amount Paid (Rupees)	Payment date
Provident Fund	Nil	Nil	Nil
Employees State Insurance	Nil	Nil	Nil
Agricultural Marketing Cess Dues	8,42,199	4,00,000	20/12/08
Entry Tax	Nil	Nil	Nil
Tax deducted at sources (Rent)	Nil	Nil	Nil
Service Tax	Nil	Nil	Nil
Maharashtra Labour Welfare Fund	Nil	Nil	Nil
Total	8,42,199	4,00,000	

(b) According to the information and explanation given to us, there were no disputed dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess which have not been deposited on account of any dispute.

(x) There are no accumulated losses of the Company as on September 30, 2008 and the Company has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.

(xi) As per the information and explanations given to us, the Company has not defaulted in the payment of dues to financial institution or bank or debenture holders.

(xii) Based on our examination of records and information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore provisions of clause (xii) of paragraph 4 of the order are not applicable to the Company.

(xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund /society. Therefore provisions of clause (xiii) of paragraph 4 of the order are not applicable to the Company.

(xiv) (a) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(b) According to the information and explanations given to us, Investments by way of shares are held by the Company in its own name except the shares seized by the income tax department, which we are unable to verify.

(xv) As explained to us, the Company has given guarantee for loan taken by one Company from banks or financial institutions and the terms and conditions of such guarantee are not, prima facie, prejudicial to the interest of the Company.

(xvi) As explained to us, the Company has applied for the term loans obtained during the year for the purpose for which it was obtained.

(xvii) According to the information and explanation given to us, and on the examination of the financial statements of the Company, we are of the opinion that, prima facie as at the close of the year short term funds amounting to Rs. 4,22,76,518/- stand utilized for long term purposes.

(xviii) The Company has not made any preferential allotment of shares during the year. Therefore provisions of clause (xviii) of paragraph 4 of the order are not applicable to the Company.

(xix) The Company has not issued any debentures. Therefore provisions of clause (xix) of paragraph 4 of the order are not applicable to the Company.

(xx) The Company has not raised money from the public during the year. Therefore provisions of clause (xx) of paragraph 4 of the order are not applicable to the Company.

(xxi) Based upon the audit procedures performed and information and explanation given to us we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B. S. MEHTA & CO.**
Chartered Accountants

ARVIND R. DESAI
Partner
Membership No. F 8204

Place : Mumbai
Date : 16th February, 2009



BALANCE SHEET AS AT 30th SEPTEMBER, 2008

Schedules	As at 30.09.2008		As at 30.09.2007
	Rupees	Rupees	Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
Share Capital	' A '	1,22,58,200	1,22,58,200
Reserves & Surplus	' B '	25,68,51,501	23,85,38,960
		26,91,09,701	25,07,97,160
DEFERRED TAX LIABILITY (NET) (Refer Note No.21 of Schedule 'M')		4,12,79,108	1,98,73,937
LOAN FUNDS :			
Secured Loans	' C '	113,62,86,987	58,96,14,243
Unsecured Loans	' D '	11,41,78,311	3,86,52,944
		125,04,65,298	62,82,67,187
TOTAL		<u>156,08,54,107</u>	<u>89,89,38,284</u>
APPLICATION OF FUNDS			
FIXED ASSETS (Refer note no.4(b) of Schedule 'M')			
Gross Block (as Revalued)	' E '	63,12,17,840	43,32,66,232
Less : Depreciation		10,00,64,513	7,67,37,454
Net Block		53,11,53,327	35,65,28,778
Capital Work in Progress		11,29,08,783	2,58,34,650
		64,40,62,110	38,23,63,428
INVESTMENTS	' F '	2,16,70,885	2,17,12,685
CURRENT ASSETS, LOANS & ADVANCES			
a) CURRENT ASSETS :			
Inventories		64,96,31,553	43,90,48,580
Sundry Debtors		40,62,35,603	23,03,15,355
Cash & Bank Balances		6,17,08,188	2,57,10,514
		111,75,75,344	69,50,74,449
b) LOANS & ADVANCES :			
		18,60,40,836	12,17,23,265
		130,36,16,180	81,67,97,714
Less :			
CURRENT LIABILITIES & PROVISIONS			
a) Current Liabilities	' H '	39,97,53,414	30,59,49,898
b) Provisions		87,41,654	1,59,85,645
		40,84,95,068	32,19,35,543
NET CURRENT ASSETS	(G - H)	89,51,21,112	49,48,62,171
TOTAL		<u>156,08,54,107</u>	<u>89,89,38,284</u>
See Notes on Accounts annexed	' M '		
Balance Sheet Abstract	' N '		

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2008

Schedules	Rupees	Rupees	2007-2008 Rupees	2006-2007 Rupees
INCOME				
Gross Sales (Net of Returns)	164,81,39,738			141,41,27,435
Less : Excise Duty	2,88,720			3,26,592
Net Sales		164,78,51,018		141,38,00,843
Other Income				
a) Income from Operations	9,45,51,357			6,41,38,343
b) Non-Operating Income	56,14,852			2,18,57,794
		10,01,66,209		8,59,96,137
Accretion/(Decretion) of Stock		20,17,37,057		7,83,63,550
			194,97,54,284	157,81,60,530
EXPENDITURE				
Manufacturing and Other Expenses		180,30,17,500		145,62,99,844
Financial Charges		7,47,64,147		5,06,77,825
Depreciation (Refer Note.No. 4(b) of Schedule 'M')	2,33,38,294			1,69,43,889
Less : Depreciation on Revaluation Reserves	8,90,404			8,90,404
		2,24,47,890		1,60,53,485
			190,02,29,537	152,30,31,154
PROFIT BEFORE TAXATION			4,95,24,747	5,51,29,376
Provision for taxation				
Current Tax				
For Income Tax			60,00,000	1,77,00,000
For Wealth Tax			32,741	8,100
Deferred Tax (Refer Note No.21 of Schedule 'M')				
For the Current Year			2,14,05,171	66,21,146
Fringe Benefit Tax			7,32,669	16,91,120
PROFIT AFTER TAXATION			2,13,54,166	2,91,09,010
Add: Prior Year Income / (Expenses) Net			0	18,31,433
			2,13,54,166	3,09,40,443
Balance Brought Forward			5,21,92,163	2,44,72,698
PROFIT AVAILABLE FOR APPROPRIATION			7,35,46,329	5,54,13,141
Transferred to General reserve		5,00,00,000		15,00,000
Proposed Dividend		18,38,730		14,70,984
Tax on Proposed Dividend		3,12,492		2,49,994
			5,21,51,222	32,20,978
Balance Carried to Balance Sheet			2,13,95,107	5,21,92,163
Earning Per Share (Basic and Diluted)			17.42	25.24
See Notes on Accounts annexed	' M '			
Balance Sheet Abstract	' N '			

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants**A.R.DESAI**
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2008

	30-09-08 (Rupees)	30-09-07 (Rupees)
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax and Extraordinary items	4,95,24,747	5,51,29,375
Add Back :		
1. Depreciation	2,24,47,890	1,60,53,485
2. Interest and Finance charges	7,93,52,749	5,09,77,388
3. Loss on Sale of Assets	20,565	6,61,578
4. Reversal of Gain	9,30,995	-
5. Provision for gratuity	1,93,124	10,10,525
6. Foreign Currency reinstatement Loss	3,69,01,000	
7. Provision for Leave Encashment	(4,66,112)	22,74,667
8. Amounts written off	3,09,814	1,10,759
	13,96,90,025	7,10,88,402
	18,92,14,772	12,62,17,777
Deduct :		
1. Dividend Income	60,988	61,930
2. Interest Received	52,94,968	9,23,817
3. Provision Written Back	2,23,063	-
4. Prior year (Income) / Expenses (Net)		(18,31,433)
5. Provision for doubtful debts written back	4,00,000	-
	59,79,019	(8,45,686)
Operating Profit Before Working Capital Changes	18,32,35,754	12,70,63,463
Deduct :		
1. Increase/(Decrease) in Other receivables	6,57,89,100	76,74,233
2. Increase/(Decrease) in Trade receivables	17,55,20,248	75,57,363
3. Increase/(Decrease) in Inventories	21,05,82,973	9,76,79,587
	45,18,92,321	11,29,11,183
	(26,86,56,567)	1,41,52,280
Add :		
1. Increase/(Decrease) in Trade Payables	3,65,74,822	5,28,47,994
2. Increase/(Decrease) in Other Payables	4,50,96,433	2,36,83,776
	8,16,71,255	7,65,31,770
	(18,69,85,312)	9,06,84,050
Deduct :		
1. Direct Taxes Paid - Income Tax	1,21,42,161	2,52,11,957
2. Direct Taxes Paid - Fringe Benefit Tax	11,70,453	18,41,027
3. Dividend Paid (Including Dividend Tax)	17,20,978	16,77,290
	1,50,33,591	2,87,30,274
Cash Flow Before Extraordinary Items	(20,20,18,903)	6,19,53,776
Net Cash From Operating Activities A:	(20,20,18,903)	6,19,53,776

	30-09-08 (Rupees)		30-09-07 (Rupees)
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Outflow :			
1. Purchase of Fixed Assets	19,79,98,408		4,61,84,928
2. Purchase of CWIP	8,70,74,133		2,20,56,596
3. Purchase of Investments	-		10,00,000
		28,50,72,541	6,92,41,524
Deduct :			
Inflow			
1. Sale of Fixed Assets	15,000		7,92,101
2. Sale of Investments	41,800		-
3. Dividend & Interest Received	53,55,956		9,85,747
		54,12,756	17,77,848
Net cash used in Investing Activities B:		(27,96,59,785)	(6,74,63,676)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Inflow :			
1. Increase/ (Decrease) in Secured Loans	52,15,03,744		4,74,50,447
2. Increase/ (Decrease) in Loan from Directors	81,92,485		(4,10,000)
3. Increase in Fixed Deposits from public	44,87,673		33,25,000
4. Intercompany Deposit Received	6,29,61,722		-
5. Increase/ (Decrease) in Interest accrued & due	(1,16,514)		(1,08,390)
		59,70,29,111	5,02,57,057
Deduct :			
Outflow			
Interest paid		7,93,52,749	5,09,77,386
Net Cash used in Financing Activities C:		51,76,76,362	(7,20,329)
D. NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS: D:(A + B + C)		3,59,97,674	(62,30,229)
Cash and Cash Equivalents (Opening Balance)		2,57,10,514	3,19,40,743
Cash and Cash Equivalents (Closing Balance)		6,17,08,188	2,57,10,514
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		3,59,97,674	(62,30,229)

- 1) The cash flow statement has been prepared under the "Indirect Method" as set out in Accounting standard - 3 on Cashflow Statements issued by the Institute of Chartered Accountants of India.
- 2) The previous year's figures have been regrouped wherever necessary in order to confirm to this year's presentation.

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai
Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai
Date : 11th February, 2009



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'A'				
SHARE CAPITAL				
AUTHORISED:				
30,00,000 Equity shares of Rs. 10/- each (30,00,000 Equity Shares of Rs. 10/- each)			<u>3,00,00,000</u>	<u>3,00,00,000</u>
ISSUED & SUBSCRIBED:				
12,25,820 (12,25,820) Equity Share of Rs.10/- Each Fully paid, (Includes 7,00,000 Equity Shares issued as fully paid Bonus Shares by Capitalisation of General Reserve).			<u>1,22,58,200</u>	<u>1,22,58,200</u>
TOTAL			<u>1,22,58,200</u>	<u>1,22,58,200</u>
SCHEDULE 'B'				
RESERVES & SURPLUS				
CAPITAL RESERVE				
Per last Balance Sheet		3,13,246		3,13,246
REVALUATION RESERVES				
Per last Balance Sheet	7,73,21,585			7,82,11,989
Less : Depreciation on Revalued Assets (Refer Note.No.4(b) of Schedule 'M')	<u>8,90,404</u>			<u>8,90,404</u>
		<u>7,64,31,181</u>		<u>7,73,21,585</u>
			7,67,44,427	7,76,34,831
SHARE PREMIUM				
Per last Balance Sheet			87,91,000	87,91,000
GENERAL RESERVE				
Per last Balance Sheet		9,99,20,967		9,84,20,967
Add : Transferred from Profit and Loss Account		<u>5,00,00,000</u>		<u>15,00,000</u>
			14,99,20,967	9,99,20,967
PROFIT AND LOSS ACCOUNT				
Balance as per Profit and Loss Account Annexed			<u>2,13,95,107</u>	<u>5,21,92,162</u>
TOTAL			<u>25,68,51,501</u>	<u>23,85,38,960</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE ' C '		
SECURED LOANS :		
From Banks:		
a. Packing Credit / Foreign Bills Purchased (Secured by hypothecation of stocks of Raw materials, Stock in Process, Finished Goods, Cans etc meant for export, lodgement of confirmed contract and irrevocable letters of credit and ECGC Packing Credit Guarantee cover.)	93,38,05,704	50,06,28,843
b. Open Cash Credit	1,22,49,365	1,12,18,361
c. Working Capital Term Loan (b & c are secured against Hypothecation of stocks of raw materials, Stock in Process, Finished Goods & Packing Materials) (All the above Loans including from the Banks are also secured by a personal Guarantee of one Director, a Shareholder and a individual (by one consortium Bank) and charge on all the Fixed Assets and Current Assets including book debts of the Company, both present & future)	8,00,000	8,12,348
d. Term Loan (secured against Hypothecation of specific Assets purchased and further second residual charge on Current Assets and personal Guarantee of one Director and one Shareholder) (Amounts due within one year Rs.237/- Lacs, Previous Year Rs.343/- Lacs)	18,50,17,482	7,29,38,194
e. Vehicle Loan (Secured against specific assets.) (Amounts due within one year is Rs.24,26,983/- (Previous year Rs.14,40,020/-)	44,14,436	40,16,497
TOTAL	113,62,86,987	58,96,14,243
SCHEDULE ' D '		
UNSECURED LOANS :		
Fixed Deposits		
From Public (Shareholder)	1,12,87,673	68,00,000
Loan from Directors	3,99,18,885	3,17,26,400
Intercorporate Deposit Received	6,29,61,722	0
Interest Accrued & Due	10,031	1,26,544
TOTAL	11,41,78,311	3,86,52,944

SCHEDULE : 'E' FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		Cost as on 1-Oct-07	Addition/ Revaluation (Refer note 6)	Deduction/ Sale	Cost as on 30.09.2008	Upto 1.10.2007	Adjustment /Deduction	For the Year	Upto 30.09.2008	As on 30.09.2008	As on 30.09.2007
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1	LAND	8,45,93,201	76,45,377	0	9,22,38,578	0	0	0	0	9,22,38,578	8,45,93,201
2	FACTORY BUILDING *	6,73,01,801	6,93,64,013	0	13,66,65,814	80,62,734	0	31,26,062	1,11,88,796	12,54,77,018	5,92,39,067
3	ADMN. BUILDING	3,04,08,981	36,64,062	0	3,40,73,043	40,95,684	0	7,72,452	48,68,136	2,92,04,907	2,63,13,297
4	PLANT & MACHINERY	22,27,37,996	10,67,90,159	46,800	32,94,81,355	5,40,62,766	11,235	1,72,93,847	7,13,45,378	25,81,35,977	16,86,75,232
5	FURNITURE & OFFICE EQUIPMENTS	1,23,52,997	16,38,891	0	1,39,91,888	72,89,507	0	7,71,586	80,61,093	59,30,795	50,63,491
6	VEHICLES	89,87,488	35,19,316	0	1,25,06,804	19,60,634	0	9,65,813	29,26,447	95,80,357	70,26,851
7	PATENTS & TRADE MARK	2,62,500	0	0	2,62,500	2,62,500	0	0	2,62,500	0	0
8	GENERATOR	23,64,038	34,12,329	0	57,76,367	4,07,664	0	1,74,617	5,82,281	51,94,086	19,56,374
9	FORKLIFT & ACCESSORIES	42,57,230	19,64,261	0	62,21,491	5,95,965	0	2,33,917	8,29,882	53,91,609	36,61,265
	TOTAL	43,32,66,232	19,79,98,408	46,800	63,12,17,840	7,67,37,454	11,235	2,33,38,294	10,00,64,513	53,11,53,327	35,65,28,778
	AS AT 30.09.2007	38,89,74,106	4,61,84,930	18,92,804	43,32,66,232	6,02,32,688	0	1,65,04,767	7,67,37,455	35,65,28,777	32,87,41,418
	Capital Work in Progress (Refer note 7)	2,58,34,650	8,70,74,133	0	11,29,08,783	0	0	0	0	11,29,08,783	0
	AS AT 30.09.2007	37,78,054	2,20,56,596	0	2,58,34,650	0	0	0	0	2,58,34,650	0

Note :

- 1 Refer note no.3 in Schedule 'M'
- 2 Cost of Land includes Rs.8,00,20,550/- on account of Revaluation of Land at Deonar, Mumbai.
- 3 Cost of Factory Building includes Rs.1,57,27,907/- on account of Revaluation of Factory Building at Deonar, Mumbai.
- 4 Cost of Admn.Bldg includes Rs. 1,09,30,926/- on account of Revaluation of Admn. Building. at Deonar, Mumbai.
- 5 Additions to Assets are net off Grant/Subsidy received/ receivable, related to specific assets.
- 6 Additions to fixed assets includes :-
 - a) Borrowing cost of Rs.11,44,000/-
 - b) Preoperative and other expenses of Rs.1,56,28,466/-
 - c) Exchange gain/loss till the date of fixed assets put to use of Rs.24,90,473/-
- 7 Capital Work In Progress includes :-
 - a) Borrowing cost of Rs.8,35,608/-
 - b) Preoperative and other expenses of Rs.34,38,231/-
 - c) Exchange gain/loss till the date of assets put to use of Rs.34,23,272/-
 - d) Capital advance of Rs.3,20,23,018/-.
- 8 * Refer Note No.9 of Schedule 'M'

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'F'				
INVESTMENTS - LONG TERM (AT COST)				
NON-TRADE :				
QUOTED :				
1. 660 (66) Equity Shares of Hindustan Lever Ltd, of Rs.1/- each, (market value Rs.14,791/-, Previous Year Rs.14,560/-)		3,425		3,425
2. 1,00,000(1,00,000) Equity Shares of CIFCO Finance Ltd. of Rs.10/- each, (market value Rs. Nil, Previous Year Rs. Nil)*		10,79,533		10,79,533
3. 100(100) Equity Shares of Western Food Ltd of Rs.10/- each, (market value Rs. Nil, Previous Year Rs. Nil)*		1,000		1,000
4. 10,000(10,000) Equity Shares of FDC Ltd of Rs.1/- each, (Previous year Rs.1/- each) (market value Rs.2,83,000/-, Previous Year Rs. 3,35,000/-)		10,000		10,000
5. 2,821 Bonds (3,239) of Unit Trust of India @ 6.75% US64 Taxfree Bonds of Rs.100/- each (Refer Note No.5 of Schedule 'M')		2,82,100		3,23,900
6. 9,400 (9,400) Equity shares of Bank of Maharashtra of Rs.10/- each, (market value Rs.2,82,000/-, Previous Year Rs.5,79,510/-)		2,16,200		2,16,200
7. 5,098 (5,098) Equity shares of Andhra Bank of Rs.90/- each (market value Rs.2,80,900/-, Previous year Rs.5,34,780/-)		4,58,820		4,58,820
8. 1,00,000 (1,00,000) Units in SBI Mutual Fund of Rs.10/- each (market value Rs.11,91,000/-, Previous year Rs.Nil)		10,00,000		10,00,000
			30,51,078	30,92,878
UNQUOTED				
I. SHARES IN SUBSIDIARY COMPANIES :				
1. 49,994 (49,994) Equity Shares of Asim Exports International Ltd. of Rs. 10/- each fully paid up.		4,99,940		4,99,940
II. SHARES IN GROUP COMPANIES:				
24,00,000 (24,00,000) Equity Shares of Finns Frozen Foods (I) Ltd. * of Rs. 10/- each fully paid up (Refer Note No.7 of Schedule 'M')		2,40,00,000		2,40,00,000
		2,44,99,940		2,44,99,940
III. OTHERS :				
1. (1) National Savings Certificate (VIII Issue)		200		200
2. (1) Indira Vikas Patra (Face value Rs.200/-)		200		200
			2,45,00,340	2,45,00,340
			2,75,51,418	2,75,93,218
Less : Provisions for Diminution in the value of Investments adjusted against Revaluation Reserve *			58,80,533	58,80,533
TOTAL			2,16,70,885	2,17,12,685



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'G'				
CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS:				
INVENTORIES				
(As valued and certified by the Management and Internal Auditor)				
Packing materials		5,22,60,130		4,59,33,829
Raw materials		74,36,073		49,16,457
Finished Goods		<u>58,99,35,351</u>		<u>38,81,98,294</u>
TOTAL			<u>64,96,31,553</u>	<u>43,90,48,580</u>
SUNDRY DEBTORS:				
(Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good		4,72,637		4,72,637
Considered doubtful		<u>91,56,566</u>		<u>95,56,566</u>
		<u>96,29,203</u>		<u>1,00,29,203</u>
Other Debts : Considered good		<u>40,57,62,966</u>		<u>22,98,42,718</u>
		41,53,92,169		23,98,71,921
Less: Provision for Doubtful Debts		<u>91,56,566</u>		<u>95,56,566</u>
TOTAL			<u>40,62,35,603</u>	<u>23,03,15,355</u>
CASH & BANK BALANCES:				
Cash on Hand		2,46,602		2,44,050
Balance with Scheduled Banks:				
In Current Accounts		62,31,420		1,58,91,449
In Fixed Deposits		1,44,10,000		0
In Margin Accounts		<u>4,08,20,167</u>		<u>95,75,015</u>
		6,14,61,586		2,54,66,464
TOTAL			<u>6,17,08,188</u>	<u>2,57,10,514</u>
B. LOANS AND ADVANCES:				
(Unsecured: Considered Good unless otherwise Stated)				
Loan to Staff		8,08,851		5,00,609
Advances Recoverable in Cash or Kind or for values to be received (Refer Note No.10 & 11 of Schedule 'M')				
Considered Good		18,52,31,985		12,12,22,656
Considered doubtful		<u>99,73,822</u>		<u>99,75,122</u>
		<u>19,52,05,807</u>		<u>13,11,97,778</u>
Less: Provision for Doubtful Advance/Dues		<u>99,73,822</u>		<u>99,75,122</u>
		18,52,31,985		12,12,22,656
TOTAL			<u>18,60,40,836</u>	<u>12,17,23,265</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'H'				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES:				
Sundry Creditors (Refer Note 13 to Schedule 'M')				
Dues of Micro Enterprises and Small Enterprises	2,66,57,511			1,63,36,263
Dues of Others	25,23,30,268			22,11,14,694
	<u>27,89,87,779</u>			<u>23,74,50,957</u>
Advance from Customers	11,03,99,978			5,63,22,348
Unclaimed Dividends	1,27,174			63,018
Other Liabilities	1,02,38,483			1,21,13,575
		39,97,53,414		<u>30,59,49,898</u>
B. PROVISIONS:				
For Gratuity (Refer Note No.12 of Schedule 'M')	63,07,390			61,14,266
Less : Payment to approved Gratuity fund	28,50,040			20,28,738
	<u>34,57,350</u>			<u>40,85,528</u>
For Leave encashment (Refer Note No.12 of Schedule 'M')	35,29,928			39,96,040
For Income tax	4,30,55,000			3,70,55,000
Less : Advance Income Tax Paid	4,39,81,759			3,18,39,598
	<u>(9,26,759)</u>			<u>52,15,402</u>
For Fringe Benefit Tax	44,38,872			37,06,203
Less : Advance Fringe Benefit Tax Paid	39,17,059			27,46,606
	<u>5,21,813</u>			<u>9,59,597</u>
For Wealth tax	8,100			8,100
For Proposed dividend	18,38,730			14,70,984
For Corporate dividend tax	3,12,492			2,49,994
		87,41,654		<u>1,59,85,645</u>
			<u>40,84,95,068</u>	<u>32,19,35,543</u>



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

	Rupees	Rupees	2007-2008 Rupees	2006-2007 Rupees
SCHEDULE ' I '				
OTHER INCOME				
a) Income from Operations				
i) Export Benefits		8,17,69,792		5,97,12,467
ii) Processing Charges (Tax deducted at source Rs.3,10,615/- Previous Year Rs.78,728/-)		1,27,81,565		44,25,876
TOTAL			9,45,51,357	6,41,38,343
b) Income from Non-Operations				
i) Interest on Security Deposit (Tax deducted at Source Rs.10,629/- Previous Year Rs.12,190/-)		66,918		90,295
ii) Interest on Intercompany Deposit (Tax deducted at source Rs.16,424/- Previous Year Rs.65,817/-)		6,39,448		5,33,959
iii) Dividend		60,988		61,930
iv) Difference in Rate of Exchange (Net)		0		1,74,00,009
v) Miscellaneous Income		29,87,917		28,52,389
vi) Guarantee Commission Received (Tax deducted at source Rs.32,188/- Previous Year Rs.Nil)		6,25,000		6,25,000
vii) Balances / Provisions written back		2,23,063		2,94,212
viii) Insurance Claim received		6,11,519		0
ix) Provision for doubtful Debts written back		4,00,000		0
TOTAL			56,14,852	2,18,57,794

SCHEDULE ' J '				
ACCRETION/(DECRETION) TO STOCK OF FINISHED GOODS:				
Closing Stock		58,99,35,351		38,81,98,294
Less: Opening Stock		38,81,98,294		30,98,34,744
TOTAL			20,17,37,057	7,83,63,550

SCHEDULE ' K '				
MANUFACTURING AND OTHER EXPENSES:				
1. COST OF MATERIAL CONSUMED :				
a. Fruits & Vegetables :				
Opening Stock		2,63,167		50,108
Add :Fruits & Vegetables Purchased		73,42,64,188		52,20,79,848
Closing Stock		11,98,298		2,63,167
Fruits & Vegetables Consumed		73,33,29,057		52,18,66,789
b. Other Raw Materials Consumed				
Opening Stock		37,23,203		34,32,700
Add : Other Purchases		5,46,38,288		4,51,70,088
Closing Stock		48,43,624		37,23,203
Other Raw Materials Consumed		5,35,17,866		4,48,79,585
			78,68,46,923	56,67,46,374
2. COST OF TRADED GOODS :				
a) Fruit Pulps		22,83,02,513		30,01,14,637
b) Other Purchases		11,74,97,155		8,55,37,956
			34,57,99,668	38,56,52,593
			113,26,46,591	95,23,98,967

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

3. PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Wages and Salaries including Bonus	4,72,42,047	3,49,01,275
Company's contribution to Provident Fund & Other Funds	38,24,683	27,58,147
Gratuity	9,95,258	10,20,044
Welfare Expenses	72,51,609	79,00,919
	5,93,13,597	4,65,80,385
4. OPERATION AND OTHER EXPENSES		
(i) Operating Expenses		
Stores	53,82,165	34,08,388
Packing Materials Consumed		
Opening Stock	4,59,33,829	2,72,02,800
Add : Purchases	19,77,24,972	18,52,98,195
Less : Closing Stock	5,22,60,130	4,59,33,829
	19,13,98,670	16,65,67,166
Processing Charges	1,52,12,319	1,88,68,400
Fuel and Power Consumed		
Opening Stock - (Fuel)	9,30,088	8,48,640
Add : Purchases	4,25,29,480	2,98,59,036
Less : Closing Stock - (Fuel)	13,94,151	9,30,088
	4,20,65,417	2,97,77,588
Add : Electricity Charges	75,87,443	59,03,132
	4,96,52,860	3,56,80,720
Water Charges	2,26,614	2,40,599
Rates and Taxes	22,77,564	35,19,279
Insurance	57,48,600	65,96,293
Excise Duty on Uncleared Finished Goods	63,114	20,190
Repairs to :		
Building	23,26,654	34,45,681
Machinery	62,62,132	1,23,92,411
Others	48,50,627	27,82,206
	1,34,39,413	1,86,20,298
Freight & Forwarding (Net)	10,32,45,049	10,06,07,081
Travelling Expenses	70,85,444	49,87,469
Legal and Professional Charges	62,24,746	65,73,230
Guarantee Commission	1,57,84,500	1,90,00,000
Rent	1,04,35,659	69,72,564
Commission on Sales	1,48,98,317	1,15,87,767
Directors' Fees	2,30,000	95,000
Directors' Remuneration	15,39,436	0
Auditor's Remuneration for		
Audit Fees	5,57,875	5,61,740
Audit under Income Tax	2,24,720	1,68,360
Others	56,180	11,236
	8,38,775	7,41,336
Fruit Ripening Charges	2,97,08,476	2,01,97,376
Overseas Warehousing Charges (Refer Note No.14 of Schedule 'M')	1,28,14,243	48,88,521
Amounts Written off	3,09,814	1,10,759
Hiring charges	37,87,903	37,12,703
	49,03,03,680	43,29,95,139



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

(ii) Other Expenses		
Conveyance	6,97,828	8,24,572
Licence Fees	1,16,316	1,18,577
Legalisation, Application, Registration & Documentation Charges	71,20,660	31,02,532
Miscellaneous Expenses	20,51,293	14,54,122
Postage & Telegram	8,79,028	9,42,619
Printing & Stationery	12,50,089	11,74,818
Security Charges	25,81,750	20,27,459
Telephone, Telex & Fax	16,72,408	15,06,552
Motor Car & Other Expenses	28,94,662	23,73,557
Difference in Rate of Exchange	9,43,69,612	0
Office Electricity Charges	4,63,074	3,77,973
Claims, Rebates etc	10,88,688	45,52,266
Brokerage	2,95,499	45,000
Loss on Sale of Fixed Assets	20,565	6,61,578
Reversal of Gain (Refer Note No.9 of Schedule 'M')	9,30,995	0
	11,64,32,467	1,91,61,625
(iii) Marketing & Sales Promotion Expenses		
Advertisement	1,53,474	2,17,505
Membership & Subscription	5,56,800	12,95,548
Sales Promotion	36,10,891	36,50,675
	43,21,165	51,63,728
	61,10,57,313	45,73,20,492
	1,80,30,17,501	1,45,62,99,844

SCHEDULE ' L '

FINANCIAL CHARGES

Interest on Open Cash Credit	40,55,921	12,08,833
Interest on Loan from Directors	8,18,356	8,43,381
Interest on Fixed Deposit from Public(Shareholder)	3,71,277	1,65,363
Interest on Intercorporate Deposit	5,11,230	0
Interest on Packing Credit /		
Packing Credit in Foreign Currency	3,28,37,109	2,40,63,633
Interest on Others	6,05,690	3,56,304
Interest on Term Loan	1,61,05,123	66,78,081
Interest on Transit Period	1,22,06,370	96,59,101
Bank Charges	1,18,41,673	80,02,692
	7,93,52,749	5,09,77,388
Less : Interest Received (Tax deducted at source	45,88,602	2,99,563
Rs.9,01,715- Previous Year Rs.56,966/-)	7,47,64,147	5,06,77,825

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 2008

SCHEDULE 'M'

1) SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention on an accrual basis except for medical reimbursements and leave travel allowances, and are in accordance with the requirements of the Companies Act, 1956 and mandatory Accounting Standards.

B. FIXED ASSETS:

- a) Land (Freehold) :At Cost except at Deonar, Mumbai, which is shown at revalued amount.
- b) Building: At cost less depreciation and grants related to specific assets except buildings at Deonar, Mumbai, which are shown at revalued amount less depreciation.
- c) Other Fixed Assets: At Cost less depreciation. 'Cost' for the aforesaid purpose comprises of its purchase price and any attributable costs of bringing the asset to its working condition for its intended use, net of duties recoverable and grants related to specific assets, if any.

C. DEPRECIATION:

- a) In respect of items of Fixed Assets acquired/purchased upto 31st January, 1988 on straight line basis in terms of section 205(2)(b) of the Companies Act, 1956 prior to the amendment enacted vide the Companies (Amendment) Act, 1988. Accordingly, in respect of all the assets acquired prior to 31st January, 1988 the depreciation is provided for the year as per equivalent straight line rates based on the depreciation rates prescribed under the Income Tax Rule Prevalent at the relevant time.
- b) In respect of Fixed Assets acquired/purchased on or after 1st February, 1988 but before 16th December 1993 on straight line basis as per the then prevailing rates prescribed under schedule XIV of the Companies Act, 1956.
- c) In respect of Fixed Assets acquired/purchased on or after 16th December 1993 on straight line method at the rates and on the basis specified under Schedule XIV to the Company's Act, 1956 as revised by Notification No.G.S.R. 756E dated 16th December 1993 and further revised by notification No.101E of the Department of Company Affairs, and for Assets costing below Rs.5,000/- purchased on or after 16th December, 1993 the entire cost has been written off fully in the year of acquisition.
- d) The excess depreciation provided on the revalued assets as reduced by that on the original cost of the assets is transferred from Revaluation Reserve (to the extent the Reserve is available) and credited to Profit and Loss Account.

D. INVESTMENTS:

Long term investments are stated at cost. Provision is made for permanent diminution in the value if any, of such Investments.

E. INVENTORIES:

- a) Raw Materials and Packing Materials are valued at a cost or net realisable value whichever is less, on FIFO basis. Cost for this purpose includes basic cost (net of Cenvat / Sales tax set off if any) and all direct expenses.
- b) Finished Goods are valued at cost or net realisable value whichever is less. Cost consists of direct cost other related factory overheads. Excise duty is provided on closing stock of finished goods, wherever applicable, meant for local sales.
- c) General Stores, Laboratory Chemicals etc. are written off in the year of purchase.

F. TREATMENT OF CONTINGENT LIABILITIES:

Contingent Liabilities are disclosed separately in notes to the accounts and / or provided for depending upon the Management perception as to whether the said Liability is likely to materialise or not.

G. SALES:

Manufactured Goods:

- a) Sale of goods in respect of export sales are recognised as and when the shipment of goods takes place.
- b) Sale of goods in respect of export sales from overseas warehouse are recognized as and when the release order for goods is sent to the warehouse.
- c) Sale of goods in respect of domestic sales are recognised on despatch of goods to the customer.
Sales are net of return.

H. FOREIGN CURRENCY TRANSACTION:

- a) Export sales / Import purchases are accounted at the rate prevailing on bill of lading date.
Further the difference, between the rate prevailing on bill of lading date and the realisation rate, is accounted as gain / (loss) on exchange fluctuation:
 - i) Credited / Debited to Profit and Loss account in case of revenue items.
 - ii) Adjusted to asset account till the date the Asset / Project is completed and put to use, in case of capital items.
- b) i) In case of forward contract, the premium received / paid on forward contract transaction is recognised as income or expense over the period of the contract.
- ii) Gain or losses on forward contracts are accounted in the period in which the forward contracts are settled.

I. REVENUE RECOGNITION:

- a) Excise Duty Refund, Octroi Duty Refund and Sales Tax Set off, if any, is taken on accrual basis. Grants are recognised as accrued on the basis of sanction letter received from the concerned authorities.
- b) Export Incentives are accounted for on export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claims are fulfilled.

J. PRIOR PERIOD ITEMS:

Income and Expenditure pertaining to prior period, wherever material, are disclosed separately.

K. RETIREMENT BENEFITS:

- a) Company's contribution to recognised provident fund and family pension fund is charged to Profit and Loss Account on accrual basis.
- b) Provision for gratuity and leave encashment, are based on actuarial valuations as on the Balance Sheet date.
- c) The superannuation fund benefits are administered by a trust formed for this purpose through the group scheme of Life Insurance Corporation of India.

L. RESEARCH AND DEVELOPMENT:

Revenue Expenditure on Research and Development is charged against Profit and Loss Account of the year in which it is incurred.

Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.

M. TAXATION:

Income tax expense is accrued in accordance with Accounting Standard 22 – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, which includes current and deferred taxes. Deferred Income Taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are measured using the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized for all deductible timings differences, carry forward of unused tax assets and unused tax losses subject to consideration of prudence.

The carrying amount of deferred tax assets is reviewed at each balance sheet date on the same consideration.

Provision for Fringe Benefit Tax is made in accordance with the provisions of Income-tax Act, 1961.

N. LEASES:

Assets taken on leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

O. GRANTS:

- (i) Grants related to specific fixed assets is shown as deduction from the gross value of the assets
- (ii) Revenue grants are deducted from the related expense.

2. Contingent liabilities not provided for

- a. Guarantee to Bank against Credit Facility extended to third party Rs.4,25,00,000/- (Previous year Rs.6,25,00,000/-), subject to modification.
- b. Workmen related matters: Amount not ascertainable.
- c. Claims/Demands against the Company disputed/not acknowledged as debts: Amount not ascertainable.
- d. Estimated amount of contracts on capital account (Net of Advances) remaining to be executed Rs.9,79,98,422/- (Previous year Rs.8,08,44,711/-)
- e. Export obligation against purchase of Machinery and Packing material under Export Promotion Capital Goods Scheme Rs.4,24,50,802/- (Previous year Rs.2,68,12,984/-)

3. The Fixed Assets register maintained by the Company based on the report dated 16th November, 1989 of the Cost Accountant shows the particulars in respect of cost, addition/deduction, depreciation for the period and WDV individually in case of all assets except those acquired prior to 31.01.1988, in which case, it shows these particulars after making appropriate assumption on the basis of categories of assets and not for individual item of such assets.

4. a) Pursuant to the decision of the Board of Directors in its meeting held on 23rd August, 2002 the Company had revalued its Land and Building at Deonar, Mumbai, on the basis of Valuation as on 26th September 2002 and Valuation Report dated 27th September, 2002. Consequently, Rs.10,66,79,383/- had been credited to the Revaluation Reserve Account in the earlier year. Further the Company had adjusted Loans, Advances and Diminution in the value of Investments amounting to Rs.2,49,05,778/- against this Revaluation Reserve. As a result, the Revaluation Reserve in the earlier year was lower by Rs.2,49,05,778/- and consequently, the General Reserve was higher by Rs.2,49,05,778/- (affecting the Balance Sheet as on 30th September, 2008).
- b) During the year, the excess depreciation provided on the revalued assets as reduced by that on the original cost of the assets over the life of the assets, amounting to Rs.8,90,404/- (Previous year Rs.8,90,404/-) is transferred from Revaluation Reserve and credited to Profit and Loss Account.
5. The Income Tax Authorities had carried out a search in premises of the Company under section 132 of the Income Tax Act, 1961 on 16-10-92 and seized the share certificates in respect of the investments of the Company. The time to hold share certificates under seizure by the Income Tax Department is over and hereby informed the Company for releasing of Shares but company could not take any step in this respect without taking approval of custodian. Subsequently the company has made an application on 12-Jun-2007 to special court for giving specific directions in this regard.
6. An amount of Rs.7,14,372/- which was payable to a person notified under the Trial of Offences (Relating to Transactions in securities) Act, 1992 has been paid on 09-05-95 having regard to the direction issued as directed by the custodian appointed under the said Act, vide his letter dated 30th January, 1995. As the aforesaid sum was not paid within the time limit set out in the public notice issued by the Custodian in this regard, the Company may be liable to pay interest on account of the delayed payment, in terms of the aforesaid letter. However, no provision for interest has been made for the period up to the date of payment thereof, in the accounts under review as no specific demand for interest has been made by the custodian till date.
7. The Investment include Rs.2,40,00,000/- (Previous year Rs.2,40,00,000/-) invested by the Company in Finns Frozen Foods (I) Ltd. The Company has given a deposit of Rs.3,00,00,000/- (Previous year Rs.3,00,00,000/-) to Finns Frozen Foods (I) Limited, for getting exclusive export rights of Frozen Fruit Pulp etc. The Company has given advances from time to time for purchase of Frozen Fruit Pulp etc. for exports. The amount recoverable from Finns Frozen Foods (I) Ltd. is Rs.5,03,77,626/- (Previous year Rs.4,70,65,306/-). During the year the Company has purchased material worth Rs.7,76,59,401/- (Previous year Rs.8,21,57,848/-) From Finns Frozen Foods (I) Ltd.. The net worth of Finns Frozen Foods (I) Ltd. is eroded. The Board of Directors of the Company in its meeting dated 23rd August, 2002 discussed the restructuring proposal received from Finns Frozen Foods (I) Ltd., the expected improvements in the working of Finns Frozen Foods (I) Ltd and the future orders in hand with Finns Frozen Foods (I) Ltd. Consequently, having regard to the restructuring proposal, strategic nature of the investment and expected improvements in the future operations of Finns Frozen Foods (I) Ltd., the Board of Directors of the Company perceived the diminution in the value of investments as temporary in nature. But out of abundant caution, the Board of Directors of the Company, had decided to provide 20% of the investment in Finns Frozen Foods (I) Ltd as diminution in the value of investments. Further, the Board reviewed the working of Finns Frozen Foods (I) Ltd. orders it had in its Board meeting dated 30th April, 2007 and 25th October, 2008 and decided that the current provision for diminution in value shares is sufficient and no further provision is needed as on 30th September, 2008.
8. The Company had written off Rs.1,03,07,365.42 and Rs.87,17,879.62 amounts outstanding from Cyclic Chemicals Limited and Dravya Finance Limited and adjusted the same against Revaluation Reserve in the earlier year. However, the Company has received assurances from the Board of Directors of Cyclic Chemicals Limited and Dravya Finance Limited to the effect that the proceeds of sale of assets, as and when realised by such Companies, would be given to the Company to the extent of the aforesaid amounts written off. The Company has also entered into an Memorandum of Understanding dated 24th January, 2003 With Cyclic Chemicals Limited and Dravya Finance Limited to such intent and effect.
9. In terms of the Agreement of Sale of premises entered into by the Company, it had recorded the sale and the profits thereon in an earlier year. However, a sum of Rs 11,50,000/- was recoverable from the party on this account, the Company had not executed the transfer documents under the Co-operative Societies Act in respect of the above flat, in favour of the transferee nor the possession was handed over. During the year, the Company has reversed the sale then recorded and accordingly brought the cost of that asset after considering accumulated depreciation thereon of Rs.1,08,597/- has brought the same to the books and the gain thereon also is reversed.
10. Certain balances in Advances recoverable in cash or kind, are subject to confirmations and subsequent reconciliation / adjustments, if any.
11. Advances includes Rs.47.68 Lacs as advance paid to a party for obtaining leased premises.

12. Employee Benefits:

Consequent to adoption of Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Gratuity (Funded)	Leave encashment (Unfunded)
	Rupees	Rupees
Obligation at period beginning (October 1, 2007)	61,14,266	39,96,040
Current Service cost	2,49,714	7,33,134
Interest cost	4,99,229	NIL
Actuarial (gain) / loss	(6,81,922)	NIL
Benefits paid	1,26,103	(11,99,246)
Obligations at the year end (September 30, 2008)	63,07,390	35,29,928
Change in plan assets		
Plan assets at period beginning, at fair value	27,46,754	NIL
Expected return on plan assets	2,19,740	NIL
Actuarial gain / (loss)	(1,16,454)	NIL
Contributions	NIL	11,99,246
Benefits paid	NIL	(11,99,246)
Plan assets at the year end, at fair value	28,50,040	NIL
Reconciliations of present value for the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the year	28,50,040	NIL
Present value of the defined benefit obligations at the end of the year	63,07,390	35,29,928
Liability/(Asset) recognized in the Balance Sheet	34,57,350	35,29,928
Cost for the year		
Current service cost	2,49,714	7,33,134
Interest cost	4,99,229	NIL
Expected return on plan assets	(2,19,740)	NIL
Actuarial (gain) / loss	(5,65,468)	NIL
Net Cost recognized in the Profit and Loss Account	(36,265)	(7,33,134)
Assumptions used to determine the benefit obligations :		
Interest rate	8.00%	8.5%
Estimated rate of return on plan assets	8.00%	NIL
Expected rate of increase in salary	10.00%	NIL
Actual return on plan assets	(1,16,454)	NIL

Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets.

The following table provides disclosure in accordance with AS 29.

Particulars	Balance as at October 1, 2007 (Rupees)	Additions during the year (Rupees)	Amount used/paid during the year (Rupees)	Balances as at September 30, 2008 (Rupees)
Provision for Leave Encashment	39,96,040	7,33,134	11,99,246	35,29,928
Provision for Gratuity	61,14,266	24,15,900	22,22,776	63,07,390
Agricultural Marketing Cess	15,32,558	10,44,381	7,86,106	17,90,833

13. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at September 30, 2008 (Rupees)
a) Principal amount remaining unpaid and interest due thereon	2,54,04,482/-
b) Interest paid in term of Section 16	NIL
c) Interest due and payable for the period of delay in payment	NIL
d) Interest accrued and remaining unpaid	NIL
e) Interest due and payable even in succeeding years	NIL

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

14. Overseas warehousing charges, paid as per agreement with the foreign party, includes contractual charges, miscellaneous charges, rent, insurance and statutory charges etc. paid for storage of goods abroad.
15. The Company is entitled to Export Benefits, under Vishesh Krishi Upaj Yojana vide Notification no.15/2004-09 dated 4/1/2005, in respect of export of Fruit Pulp, paste, slice, Canned Vegetables and others. Accordingly, the Company has recognised such benefits amounting to Rs.8,17,69,792/- (Previous year Rs.5,97,12,467/-) based on applications filed and acknowledged by the concerned authority during the year, at the estimated realisable value of such entitlements.
16. Items related to previous year accounted during the year includes Income / (Expenses) (net) of Rs.Nil [Previous year (Rs.18,31,433/)].
17. **Segment Reporting:**
The Company is engaged in one line of Business activity i.e. "Food products" and hence has no reportable segment.
18. Information on related party transactions as required by Accounting Standard -18

List of Related Parties

a) **Associate:**

- i. Muller & Phipps (India) Limited. ii. Finns Frozen Foods (India) Limited.
iii. Cyclic Chemicals Limited iv. Western Press Pvt Ltd.

b) **Subsidiary:**

- i. Dravya Finance Limited ii. Asim Exports International Limited

c) **Key Management Personnel:** i) Mr.Utsav K.Dhupelia ii) Mr.Ray Simkins iii) Mr.Milan B.Dalal

d) **Relative of Key Management Personnel:** Mrs.Pallavi Dhupelia

Summary of Related Party transactions during the year in the ordinary course of Business as identified and certified by the Management

(Rs.In Lacs)

Nature of Transaction	Associate Company	Subsidiary Company	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods	776.59			
Director Fees	0.00		0.40	
Guarantee Commission (Received)	6.25			
Guarantee Commission (Paid)	0.00		106.72	106.72
Received against Inter Corporate Deposit	24.50			
Loan from Shareholder	0.00			95.13
Loan from Director	0.00		156.37	
On behalf payment made to their suppliers for Purchase/Expenses	796.57	10.01		
Receipt against sales	1261.19			
Rent Paid	0.00	8.80		
Received Processing Charges	32.99			
Interest Received.	4.81			
Repayment of Loan from Director	0.00		75.60	
Repayment of Inter Corporate Deposit	24.50			
Repayment of Loan from Shareholder	0.00			50.25
Interest paid on Loan from director	0.00		8.19	
Interest paid on loan from Shareholder	0.00			3.71
Sales (Net of Sales return)	1320.40			
Expenses Paid	3.11			
Expenses Recovered	37.18			
Outstanding as on 30.09.2008				
Other Deposit (Receivable)	300.00			
Other Receivable	886.11			
Other Payable	0.00	0.21	0.19	
Loan from Directors	0.00		399.19	
Loan from Shareholder	0.00			112.88

19. Disclosure on Leases as per Accounting Standard 19 on "Accounting for Leases":

The company has entered into operating Lease Agreements for office premises, factory premise at Bulsar and Chittoor, renewable on a periodic basis and cancellable at company's option. Rental Expenses for operating leases recognised in the profit and loss account for the year is Rs.1,04,35,659/- (Previous Year Rs.69,72,564/-)

Minimum Lease Rents Payable	Rupees
Within 1 Year	98,76,244
After 1 year but before 5 years	2,73,24,790
After 5 Years	Nil
Total	3,72,01,034

20. Earnings per Share:

Particulars	2007-2008 Rupees	2006-2007 Rupees
a) Net Profit/(Loss) after tax available for equity shareholders	2,13,54,166	3,09,40,442
b) No. of Equity Shares of Rs.10/- each outstanding during the period	12,25,820	12,25,820
c) Basic/Diluted Earnings per Share(a/b)	17.42	25.24

21. As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Taxes have been recognized in respect of the following items at the prevailing Income Tax rates as on Balance Sheet date.

Items of timing Difference	Accumulated Deferred Tax (Debits) / Credits as at October 1, 2007 Rupees	Charge /(Credit) during the year Rupees	Accumulated Deferred Tax (Debits)/ Credits as at September 30, 2008 Rupees
Depreciation	3,03,61,825	2,02,67,338	5,06,29,163
Expenses allowable for Tax purpose when paid	(38,49,509)	10,01,872	(28,47,637)
Provision for Doubtful Debts / Advances	(66,38,379)	1,35,961	(65,02,418)
Total	1,98,73,937	2,14,05,171	4,12,79,108
Total amount of Deferred Tax Liability as on September, 30, 2008			4,12,79,108

Provision for Current Tax, Deferred Tax, Fringe Benefit Tax and Wealth Tax is as certified by the Company's Tax consultant.

22. a. Forward contracts to the tune of US\$ 75,65,743.88 is outstanding as at September 30, 2008 which were entered into to hedge the risk of changes in foreign currency exchange rates on the future export sales against firm commitments highly probable and forecasted transactions. The notional mark to market loss on these unexpired contracts as at September 30, 2008 amounting to Rs.1,30,58,569/- has not been considered in the financial statements.

Out of the above outstanding forward contracts of US\$ 75,65,743.88 as at September 30, 2008, the contracts amounting to US\$ 44,15,743.38 (maturing upto January 31, 2009) have been settled upto January 31, 2009, on realization of export sales.

b. Foreign currency exposures as on September 30, 2008 which are not hedged, but have been reinstated in the financial statements are as under:

Particulars	US\$	EURO	GBP	Australian Dollar	INR
Term Loan in foreign currency		2,08,897			1,41,61,127
Packing Credit in foreign currency	16,00,305				7,51,18,307
Customer Advances in foreign currency	13,55,233			12,18,769	11,02,56,945
Export Commission in foreign currency	56,497		18,872		42,67,676
Overseas Warehousing Charges		38,378	4,160		26,01,613
Loan from Directors in foreign currency	5,00,000				2,34,70,000
Import of Machinery Parts	2,30,000				1,07,96,200
Total	37,42,035	2,47,275	23,032	12,18,769	24,06,71,868

23. The particulars of capacities, production, opening and closing stock of Finished Goods and sales are as per annexure A to the Notes on Account as per part II of Schedule VI Companies Act, 1956.

24. Details of consumption of Raw Materials

Particulars	Unit	Quantity	Value Rupees
1 Fruits and Vegetables	Kgs	5,66,35,743 (5,69,89,164)	73,33,29,057 (53,80,36,651)
2 Other Materials		-- (--)	5,35,17,866 (2,87,09,724)
TOTAL			78,68,46,923 (56,67,46,375)

Note: Quantity and value of Fruit Pulp and Puree does not include consumption out of transfer from Company's Canning Division.

25. Consumption of

Particulars		Rupees	%
1	Raw Materials		
	Indigenous	78,09,85,521 (56,18,67,949)	99.26 99.14
	Imported	58,61,402 (48,78,426)	0.74 0.86
2	Components and Spare Parts		
	Indigenous	27,35,895 (39,20,996)	86.62 87.51
	Imported	4,22,714 (5,59,694)	13.38 12.49

26. C.I.F. value of Imports:

Particulars		September 30, 2008	September 30, 2007
		Rupees	Rupees
1	Packing Materials	1,34,50,841	5,62,86,414
2	Raw Materials	0	48,78,426
3	Machinery	2,40,56,550	2,11,74,014

27. Expenditure in Foreign Currency:

Particulars		September 30, 2008	September 30, 2007
		Rupees	Rupees
1	Travelling Expenses	29,26,642	10,95,799
2	Commission on Export Sales	80,48,170	75,75,161
3	Membership and Subscription	2,09,897	10,23,518
4	Overseas Warehousing Charges	1,28,14,243	61,75,969
5	Sales Promotion Expenses	13,97,134	24,21,770
6	Interest on Packing Credit in Foreign Currency	1,08,53,862	1,22,80,676
7	Interest on Term Loan	17,02,218	42,57,956
8	Interest on Transit Period	7,92,266	27,80,117
9	Dividend	2,10,984	2,13,791

28. Earnings in Foreign Currency:

Particulars		September 30, 2008	September 30, 2007
		Rupees	Rupees
FOB value of Exports		114,30,31,629	109,75,42,297

29. Since Company has not paid / provided commission to Directors during the period, computation of Managerial remuneration payable to Directors under Section 198 of Companies Act, 1956, is not presented.

30. Dividend to Non - Resident Shareholders.

Particulars		September 30, 2008	September 30, 2007
		Rupees	Rupees
Number of Non - Resident Shareholders		10	10
Number of Shares held by them		1,77,147	1,78,124
Amount Remitted on account of Dividend (Net of Income Tax) In Foreign Currency		2,10,984	2,13,791

31. Previous year figures are given in brackets wherever applicable and have been regrouped / rearranged wherever necessary.

Signatures to Schedules A to M

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009



SCHEDULE ' N '

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

a. REGISTRATION DETAILS		STATE CODE 011
REGISTRATION NO.	13837	
BALANCE SHEET DATE	30.09.2008	
b. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN '000)		
	PUBLIC ISSUE	RIGHT ISSUE
	NIL	NIL
	BONUS ISSUE	PRIVATE PLACEMENT
	NIL	NIL
PREFERENTIAL ALLOTMENT OF EQUITY SHARE PURSUAL TO SECTION 81(1A) OF THE COMPANIES ACT, 1956		
c. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS.IN '000)		
	TOTAL LIABILITIES	TOTAL ASSETS
	1560854	1560854
SOURCES OF FUNDS	PAID UP CAPITAL	RESERVES & SURPLUS
	12258	256852
	DEFERRED TAX LIABILITY	SECURED LOANS
	41279	1136287
	UNSECURED LOANS	
	114178	
APPLICATION OF FUNDS	NET FIXED ASSETS	INVESTMENTS
	644062	21671
	NET CURRENT ASSETS	MISCELLANEOUS EXPENDITURE
	895121	0
ACCUMULATED LOSSES	NIL	
d. PERFORMANCE OF THE COMPANY (AMOUNT RS. IN '000)		
	TURNOVER	TOTAL EXPENDITURE
	1949754	1900230
	PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) AFTER TAX
	49525	21354
	EARNING PER SHARE IN RS.	DIVIDEND %
	17.42	15.00
e. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)		
	ITEM CODE NO. (ITC CODE)	PRODUCT DESCRIPTION
	081290.02	MANGO PULP
	ITEM CODE NO. (ITC CODE)	PRODUCT DESCRIPTION
	071190.02	CANNED VEGETABLE
	ITEM CODE NO. (ITC CODE)	PRODUCT DESCRIPTION
	040811.00	EGG POWDER

As per our report of even date attached
FOR B.S. MEHTA & CO.
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai
Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai
Date : 11th February, 2009

ANNEXURE 'A' REFERRED TO IN NOTE NO.22 OF SCHEDULE "M " CAPACITIES, PRODUCTION, STOCKS AND SALES											
Class of Goods	Quantitative denomination	Annual Installed Capacity Note (a)	Opening Stock		Production	Purchase		Sales		Closing Stock	
			Qty.	Value Rs.	Qty.	Qty.	Value Rs.	Qty. Note(b&c)	Value Rs.	Qty.	Value Rs.
Fruit Powder	Kgs.	3,00,000 (3,00,000)	17,467 (23,880)	29,92,293 (31,01,551)	2,56,134 (2,00,713)	0 (110)	0 (0)	2,61,531 (2,05,611)	4,55,40,870 (3,54,87,585)	20,270 (17,467)	31,46,909 (29,92,293)
Fruit Pulp Paste, Slices & Frozen Pulp	Kgs.	5,50,00,000 (4,00,00,000)	1,24,36,323 (1,08,02,532)	37,58,57,690 (30,30,72,093)	2,73,68,955 (2,71,57,907)	38,85,133 (73,13,087)	18,68,99,573 (24,85,14,281)	2,79,92,433 (2,87,23,735)	141,32,47,960 (120,96,03,716)	1,35,81,023 (1,24,36,323)	58,07,54,911 (37,58,57,690)
Canned Veg, Pickles, Mango Chutney & Frozen Veg.	Kgs.	25,00,000 (25,00,000)	1,27,560 (149,766)	75,44,123 (30,15,700)	6,29,589 (7,78,188)	24,23,356 (21,93,137)	4,14,02,940 (5,16,00,356)	29,04,831 (27,98,159)	5,83,55,365 (7,45,46,505)	1,56,985 (1,27,560)	37,78,400 (75,44,123)
Other Powder	Kgs.	3,00,000 (3,00,000)	10,975 (5,849)	18,04,188 (6,45,401)	62,848 (44,633)	0 (3)	0 (0)	59,032 (38,935)	1,08,32,831 (71,85,125)	14,639 (10,975)	2,255,131 (18,04,188)
Others			0 (0)	0 (0)	0 (0)	22,52,676 (5,24,232)	11,74,97,155 (8,55,37,956)	22,52,676 (5,24,119)	11,98,73,992 (8,69,77,912)	0 (0)	0 (0)
TOTAL			1,25,92,325 (1,09,82,027)	38,81,98,294 (30,98,34,745)	2,83,17,525 (2,81,81,441)	85,61,165 (1,00,30,569)	34,57,99,668 (38,56,52,593)	3,34,70,504 (3,22,90,559)	164,78,51,018 (141,38,00,843)	1,37,72,916 (1,25,92,325)	58,99,35,351 (38,81,98,294)

Notes :

- The installed capacity being a technical matter and figures of production and consumption are taken as Certified by Directors and is not verified by the Auditors.
- The figures of Sales do not include Self consumption, losses, samples & issues for research and development.
- The figures of Sales do not included internal transfer of fruit pulp Rs.3,44,100/-
- The installed capacity of Fruits and other powder is 3,00,000 Kg. per annum.
- Others include trading sales / purchases

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES

	SUBSIDIARY COMPANIES	
	DRAVYA FINANCE LIMITED	ASIM EXPORTS INTL. LTD.
1 FINANCIAL YEAR OF THE SUBSIDIARY COMPANY ENDED ON	31.03.2008	31.03.2008
2 HOLDING COMPANY'S INTEREST ON THE ABOVE DATES	2,00,000 EQUITY SHARES OF RS. 10/- EACH	49,994 EQUITY SHARES OF RS. 10/- EACH
3 EXTENT OF HOLDING	100%	99.99%
4 SUBSIDIARY COMPANY'S PROFIT/(LOSSES)		
1. THE NET AGGREGATE AMOUNT OF SUBSIDIARY COMPANIES PROFIT/LOSS SO FAR AS IT IS CONCERNS THE MEMBERS OF THE HOLDING COMPANY AND NOT DEALT WITHIN THE HOLDING COMPANY'S ACCOUNTS ;		
A. PROFIT/(LOSS) FOR FINANCIAL YEAR ENDED 31st MARCH 2008	(Rs.35,687/-)	(Rs.41,836)
B. CARRY FORWARD LOSSES FOR THE PREVIOUS FINANCIAL YEARS SINCE IT BECAME COMPANY'S SUBSIDIARY	(Rs.4,263/-)	(Rs.20,564/-)
2. THE NET AGGREGATE AMOUNT FOR SUBSIDIARY COMPANIES PROFIT/LOSS SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY AND DEALT WITHIN THE HOLDING COMPANY'S ACCOUNTS;		
A. FOR THE FINANCIAL YEAR ENDED 31st MARCH , 2008		
B. FOR THE PREVIOUS FINANCIAL YEARS SINCE IT BECAME COMPANY'S SUBSIDIARY		

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009

FINANCIAL HIGHLIGHTS

(Rupees in Lacs)

Particulars	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002 (18 Months)	2000-2001	1999-2000	1998-1999
SALES	16478.51	14138.01	10811.16	9004.25	6808.18	6236.86	7609.65	4842.33	3980.40	4997.55
STOCKS AND OTHER INCOME	3019.03	1643.60	893.84	596.16	1135.46	(404.33)	1138.90	410.08	531.32	141.53
MFG. & OTHER EXP.	18030.18	14563.00	10619.47	8893.76	7508.92	5375.39	8217.21	5271.74	4198.86	4821.11
GROSS PROFIT/(LOSS)	1467.37	1218.61	1085.53	706.66	434.72	457.14	531.34	(19.33)	312.86	317.97
INTEREST	747.64	506.78	434.32	369.93	289.09	258.32	410.21	242.32	126.68	124.52
DEPRECIATION	224.48	160.53	131.7	103.28	76.05	51.32	41.55	18.62	15.58	14.09
PROFIT/(LOSS) BEFORE TAX	495.25	551.29	519.51	233.45	69.58	147.49	79.58	(280.27)	170.60	179.36
TAXATION	60.33	177.08	150.00	22.54	1.40	27.10	0.00	0.00	25.00	45.00
DEFERRED TAX	214.05	66.21	52.41	48.63	29.28	61.40	31.68	0.00	0.00	0.00
FRINGE BENEFIT TAX	7.33	16.91	15.55	4.60	0.00	0.00	0.00	0.00	0.00	0.00
PROFIT/(LOSS) AFTER TAX	213.54	291.09	301.55	157.69	38.90	58.99	47.90	(280.27)	145.60	134.36
BALANCE IN P & L	521.92	244.73	0.00	(61.97)	(108.49)	(175.23)	(227.16)	32.35	20.84	20.61
OTHER ADJUSTMENTS	0.00	18.31	(25.04)	0.61	7.63	7.75	4.03	20.76	(9.17)	(8.97)
PROFIT FOR APPROPRIATION	735.46	554.13	276.50	96.33	(61.96)	(108.49)	(175.23)	(227.16)	157.27	146.00
WHAT THE COMPANY OWNED FIXED ASSETS *										
GROSS BLOCK	7441.27	4591.01	3927.52	3206.43	3026.28	2361.93	2060.18	421.80	402.98	388.47
DEPRECIATION	1000.65	767.37	602.33	463.96	358.19	279.74	225.07	186.31	177.80	162.23
NET BLOCK	6440.62	3823.63	3325.19	2742.47	2668.09	2082.20	1835.11	235.49	225.18	226.24
INVESTMENTS	216.71	217.13	207.13	202.54	202.54	195.40	218.72	286.72	267.48	266.43
CURRENT ASSETS, LOAN & ADV.	13036.16	6622.77	5628.71	5443.91	4603.02	3184.60	3590.62	2359.03	1670.32	1555.05
DEFERRED TAX	0.00	0.00	0.00	0.00	0.00	0.00	59.20	0.00	0.00	0.00
MISC. EXPENDITURE	0.00	0.00	0.00	0.57	4.82	9.09	13.34	9.83	0.00	0.00
* includes Capital work in progress										
	19693.49	10663.53	9161.03	8389.49	7478.47	5471.28	5716.99	2891.07	2162.98	2047.72
WHAT THE COMPANY OWED										
LONG TERM FUNDS	11362.87	4350.93	3876.43	3634.35	0.00	0.00	0.00	0.00	0.00	0.00
SHORT TERM FUNDS	1141.78	386.53	358.46	408.27	3608.54	2342.05	2365.41	1620.10	813.26	685.26
CURRENT LIAB. & PROVISION	4084.95	3219.36	2568.93	2292.90	2013.98	1340.18	1622.57	502.50	321.74	440.99
DEFERRED TAX	412.79	198.74	132.53	80.12	31.48	2.20	0.00	0.00	0.00	0.00
	17002.39	8155.56	6936.35	6415.63	5654.00	3684.43	3987.98	2122.60	1135.00	1126.25
NET WORTH OF THE COMPANY										
EQUITY SHARE CAPITAL	122.58	122.58	122.58	122.58	122.58	122.58	122.58	122.58	122.58	122.58
RESERVES AND SURPLUS	2568.52	2385.39	2102.1	1851.28	1701.89	1664.27	1606.43	645.89	905.40	798.89
	2691.10	2507.97	2224.68	1973.86	1824.47	1786.85	1729.01	768.47	1027.98	921.47



CONSOLIDATED AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FOODS AND INNS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FOODS AND INNS LIMITED, ITS SUBSIDIARIES AND ITS ASSOCIATE.

1. We have examined the attached Consolidated Balance Sheet of **FOODS AND INNS LIMITED** ("the Company"), its subsidiaries as at 30th September, 2008 and the Consolidated Profit and Loss Account and the consolidated Cash flow statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements include investments in associate accounted for using the Equity method in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements. 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 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 misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a. We report that we did not audit the Financial Statement of the Subsidiaries Dravya Finance Limited and Asim Exports International Limited whose financial statements reflect total Assets of Rs.1,20,33,414/- and Rs.8,61,938/- as at 30th September, 2008 and total revenue of Rs.14,210 and Rs.1,896/- for the year then ended. The financial statements are unaudited but have been approved by the Board of Directors of the respective Subsidiaries and taken on record by the Board of Directors of the Company.
 - b. We report that we did not audit the Financial Statement of the Associate Company Finns Frozen Foods (I) Ltd. whose financial statements reflect total Assets of Rs.9,85,75,476/- as at 30th September, 2008 and total revenue of Rs.6,21,11,923/- for the year then ended. The financial statements are unaudited but have been approved by the Board of Directors of the respective Subsidiaries and taken on record by the Board of Directors of the Company.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements and Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited Financial Statements of Foods And Inns Limited and unaudited Financial Statements of its subsidiaries for the above period included in the Consolidated Financial Statements.
5. **Subject to:**
 - i) Note no. 4(a) of Schedule M relating to appropriation of loans, advances and diminution in value of Investment from Revaluation Reserve in the earlier year and its consequential effect on the carried forward General Reserve as on October 1, 2007(affecting the Balance Sheet as on September 30, 2008).
 - ii) Non receipt of confirmation from few Debtors, Creditors and few parties from whom advances are recoverable in cash or in kind, and its consequential impact on Profit and Loss account for the year, on account of subsequent reconciliation / adjustment, if any.
 - iii) Note No.10 of Schedule 'M' regarding the advances of subsidiary company not written off by it amounting to Rs. 54,14,935/- (including interest amounting to Rs. 9,87,383/-).

We further report that without considering items mentioned at (i) above, had the observations made by us in (iii) above been considered, Profit before tax would have been lower by Rs. 54,14,935/- and the net current assets would have been lower by Rs. 54,14,935/- and General Reserve would have been lower by Rs.54,14,935/-.

However the impact of aforesaid provision as per f(ii) on the Profit for the year and the General Reserve in the Balance Sheet can not be quantified for the reason given in the said paragraph.
6. In our opinion and to the best of our information and according to the explanations given to us, and on consideration of separate audit reports on audited Financial Statements of the Company and unaudited Financial Statements of its subsidiaries the said Consolidated Financial Statements, read together with other notes thereon, give a true and fair view in conformity with the accounting principle generally accepted in India:
 - i) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 30th September, 2008; and
 - ii) In the case of the Consolidated Profit & Loss Account, of the Consolidated results of operations of the Company and its Subsidiaries for the year ended on that date; and
 - iii) In the case of the Consolidated Cash flow Statement, of the Consolidated cash flow of the company and its subsidiary for the year ended on that date.

For **B.S.MEHTA & CO.**
CHARTERED ACCOUNTANTS,

A.R.DESAI
PARTNER
Membership No. F 8204

Place: Mumbai

Date: 16th February, 2009

CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Schedules	As at		
		Rupees	Rupees	Rupees
				As at 30.09.2007 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS :				
Share Capital	' A '		1,22,58,260	1,22,58,260
Reserves & Surplus	' B '		24,59,99,245	22,77,41,639
			25,82,57,505	23,99,99,899
DEFERRED TAX LIABILITY (NET) (Refer Note No.23 of Schedule 'M')			4,12,79,108	1,98,73,936
LOAN FUNDS :				
Secured Loans	' C '		113,62,86,987	58,96,14,243
Unsecured Loans	' D '		11,79,13,909	4,23,88,542
			125,42,00,896	63,20,02,785
TOTAL			155,37,37,509	89,18,76,620
APPLICATION OF FUNDS				
FIXED ASSETS (Refer note no.4(b) of Schedule 'M')				
Gross Block (as Revalued)	' E '	63,12,17,840		43,32,66,232
Less : Depreciation		10,00,64,513		7,67,37,454
Net Block			53,11,53,327	35,65,28,778
Capital Work in Progress			11,29,08,783	2,58,34,650
			64,40,62,110	38,23,63,428
INVESTMENTS	' F '		19,70,945	20,12,745
CURRENT ASSETS, LOANS & ADVANCES				
a) CURRENT ASSETS :				
Inventories		64,96,31,553		43,90,48,580
Stock in Trade (Shares)		17,88,980		17,88,980
Sundry Debtors		40,62,35,602		23,03,15,354
Cash & Bank Balances		6,18,61,495		2,59,06,867
		111,95,17,630		69,70,59,781
b) LOANS & ADVANCES :				
		19,68,27,499		13,25,25,330
			131,63,45,128	82,95,85,111
Less :				
CURRENT LIABILITIES & PROVISIONS				
a) Current Liabilities	' H '	39,98,61,320		30,60,61,319
b) Provisions		87,79,354		1,60,23,345
			40,86,40,674	32,20,84,664
NET CURRENT ASSETS	(G - H)		90,77,04,454	50,75,00,447
TOTAL			155,37,37,509	89,18,76,620
See Notes on Accounts annexed	' M '			

As per our report of even date attached

For B.S.MEHTA & CO
Chartered AccountantsA.R.DESAI
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2008

	Schedules	Rupees	Rupees	2007-2008 Rupees	2006-2007 Rupees
INCOME					
Gross Sales (Net of Returns)		164,81,39,738			141,41,27,435
Less : Excise Duty		2,88,720			3,26,592
Net Sales			164,78,51,018		141,38,00,843
Other Income					
a) Income from Operations	' I '	9,45,51,357			6,41,38,343
b) Non-Operating Income		56,30,958			2,18,77,906
			10,01,82,315		8,60,16,249
Accretion/(Decretion) of Stock	' J '		20,17,37,057		7,83,63,550
				194,97,70,390	157,81,80,642
EXPENDITURE					
Manufacturing and Other Expenses	' K '		1,80,30,87,539		1,45,63,39,976
Financial Charges	' L '		7,47,65,149		5,06,78,501
Depreciation (Refer Note.No. 4(b) of Schedule 'M')		2,33,38,294			1,69,43,889
Less : Depreciation on Revaluation Reserves		8,90,404			8,90,404
			2,24,47,890		1,60,53,485
				1,90,03,00,577	1,52,30,71,962
PROFIT BEFORE TAXATION				4,94,69,813	5,51,08,680
Provision for taxation					
Current Tax					
For Income Tax				60,00,000	1,77,00,000
For Wealth Tax				32,741	8,100
Deferred Tax (Refer Note No.23 of Schedule 'M')					
For the Current Year				2,14,05,171	66,21,146
Fringe Benefit Tax				7,32,669	16,91,120
PROFIT AFTER TAXATION				2,12,99,232	2,90,88,314
Add: Prior Year Income/(Expenses) Net				0	18,31,433
				2,12,99,232	3,09,19,747
Balance Brought Forward				5,20,38,793	2,43,40,024
PROFIT AVAILABLE FOR APPROPRIATION				7,33,38,025	5,52,59,771
Transferred to General reserve			5,00,00,000		15,00,000
Proposed Dividend			18,38,730		14,70,984
Tax on Proposed Dividend			3,12,492		2,49,994
				5,21,51,222	32,20,978
Balance Carried to Balance Sheet				2,11,86,803	5,20,38,793
Earning Per Share (Basic and Diluted)				17.38	25.22
	' M '				
	' N '				

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'A'				
SHARE CAPITAL				
AUTHORISED:				
30,00,000 Equity shares of Rs. 10/- each (30,00,000 Equity Shares of Rs. 10/- each)			<u>3,00,00,000</u>	<u>3,00,00,000</u>
ISSUED & SUBSCRIBED:				
12,25,820 (12,25,820) Equity Share of Rs.10/- Each Fully paid, (Includes 7,00,000 Equity Shares issued as fully paid Bonus Shares by Capitalisation of General Reserve.)			<u>1,22,58,200</u>	<u>1,22,58,200</u>
50,000(50,000) Equity Shares of Rs.10/- Each		<u>5,00,000</u>		<u>5,00,000</u>
Less : Adjusted against Investments of Holding Company		<u>4,99,940</u>		<u>4,99,940</u>
			<u>60</u>	<u>60</u>
2,00,000 (2,00,000) Equity Shares of Rs.10/- Each of Dravya Finance Ltd.		<u>20,00,000</u>		<u>20,00,000</u>
Less : Adjusted against Capital Reserve of Holding Company		<u>20,00,000</u>		<u>20,00,000</u>
			<u>0</u>	<u>0</u>
TOTAL			<u><u>1,22,58,260</u></u>	<u><u>1,22,58,260</u></u>
SCHEDULE 'B'				
RESERVES & SURPLUS				
CAPITAL RESERVE (Refer Note No.10 of Schedule'M')				
Per last Balance Sheet		<u>23,13,246</u>		<u>23,13,246</u>
REVALUATION RESERVES (Refer Note No.4 & 9 of Schedule 'M')				
Per last Balance Sheet	<u>7,73,21,585</u>			<u>7,82,11,989</u>
Less : Depreciation on Revalued Assets (Refer Note.No.4(b) of Schedule 'M')	<u>8,90,404</u>			<u>8,90,404</u>
		<u>7,64,31,181</u>		<u>7,73,21,585</u>
			<u>7,87,44,427</u>	<u>7,96,34,831</u>
SHARE PREMIUM				
Per last Balance Sheet			<u>87,91,000</u>	<u>87,91,000</u>
GENERAL RESERVE (Refer Note No.8 & 10 of Schedule'M')				
Per last Balance Sheet		<u>8,72,77,015</u>		<u>8,57,77,015</u>
Add : Transferred from Profit and Loss Account		<u>5,00,00,000</u>		<u>15,00,000</u>
			<u>13,72,77,015</u>	<u>8,72,77,015</u>
PROFIT AND LOSS ACCOUNT				
Balance as per Profit and Loss Account Annexed			<u>2,11,86,803</u>	<u>5,20,38,793</u>
TOTAL			<u><u>24,59,99,245</u></u>	<u><u>22,77,41,639</u></u>



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'C'				
SECURED LOANS :				
From Banks :				
a. Packing Credit / Foreign Bills Purchased (Secured by hypothecation of stocks of Raw materials, Stock in Process, Finished Goods, Cans etc meant for export, lodgement of confirmed contract and irrevocable letters of credit and ECGC Packing Credit Guarantee cover.)			93,38,05,704	50,06,28,843
b. Open Cash Credit			1,22,49,365	1,12,18,361
c. Working Capital Term Loan (b & c are secured against Hypothecation of stocks of raw materials, Stock in Process, Finished Goods & Packing Materials) (All the above Loans including from the Banks are also secured by a personal Guarantee of one Director, a Shareholder and a individual (by one consortium Bank) and charge on all the Fixed Assets and Current Assets including book debts of the Company, both present & future)			8,00,000	8,12,348
d. Term Loan (secured against Hypothecation of specific Assets purchased and further second residual charge on Current Assets and personal Guarantee of one Director and one Shareholder) (Amounts due within one year Rs.237/- Lacs, Previous Year Rs.343/- Lacs)			18,50,17,482	7,29,38,194
e. Vehicle Loan (Secured against specific assets.) (Amounts due within one year is Rs.24,26,983/- (Previous year Rs.14,40,020/-))			44,14,436	40,16,497
TOTAL			113,62,86,987	58,96,14,243
SCHEDULE 'D'				
UNSECURED LOANS :				
Fixed Deposits				
From Public (Shareholder)			1,12,87,673	68,00,000
Loan from Company			25,00,000	25,00,000
Loan from Others			42,200	42,200
Loan from Directors			3,99,18,885	3,17,26,400
Intercorporate Deposit Received			6,29,61,722	0
Interest Accrued & Due			12,03,429	13,19,942
TOTAL			11,79,13,909	4,23,88,542

SCHEDULE : 'E' FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		Cost as on 1-Oct-07	Addition/ Revaluation (Refer note 6)	Deduction/ Sale	Cost as on 30.09.2008	Upto 1.10.2007	Adjustment /Deduction	For the Year	Upto 30.09.2008	As on 30.09.2008	As on 30.09.2007
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1	LAND	8,45,93,201	76,45,377	0	9,22,38,578	0	0	0	0	9,22,38,578	8,45,93,201
2	FACTORY BUILDING *	6,73,01,801	6,93,64,013	0	13,66,65,814	80,62,734	0	31,26,062	1,11,88,796	12,54,77,018	5,92,39,067
3	ADMN. BUILDING	3,04,08,981	36,64,062	0	3,40,73,043	40,95,684	0	7,72,452	48,68,136	2,92,04,907	2,63,13,297
4	PLANT & MACHINERY	22,27,37,996	10,67,90,159	46,800	32,94,81,355	5,40,62,766	11,235	1,72,93,847	7,13,45,378	25,81,35,977	16,86,75,232
5	FURNITURE & OFFICE EQUIPMENTS	1,23,52,997	16,38,891	0	1,39,91,888	72,89,507	0	7,71,586	80,61,093	59,30,795	50,63,491
6	VEHICLES	89,87,488	35,19,316	0	1,25,06,804	19,60,634	0	9,65,813	29,26,447	95,80,357	70,26,851
7	PATENTS & TRADE MARK	2,62,500	0	0	2,62,500	2,62,500	0	0	2,62,500	0	0
8	GENERATOR	23,64,038	34,12,329	0	57,76,367	4,07,664	0	1,74,617	5,82,281	51,94,086	19,56,374
9	FORKLIFT & ACCESSORIES	42,57,230	19,64,261	0	62,21,491	5,95,965	0	2,33,917	8,29,882	53,91,609	36,61,265
	TOTAL	43,32,66,232	19,79,98,408	46,800	63,12,17,840	7,67,37,454	11,235	2,33,38,294	10,00,64,513	53,11,53,327	35,65,28,778
	AS AT 30.09.2007	38,89,74,106	4,61,84,930	18,92,804	43,32,66,232	6,02,32,688	0	1,65,04,767	7,67,37,455	35,65,28,777	32,87,41,418
	Capital Work in Progress (Refer note 7)	2,58,34,650	8,70,74,133	0	11,29,08,783	0	0	0	0	11,29,08,783	0
	AS AT 30.09.2007	37,78,054	2,20,56,596	0	2,58,34,650	0	0	0	0	2,58,34,650	0

Note :

- 1 Refer note no.3 in Schedule 'M'
- 2 Cost of Land includes Rs.8,00,20,550/- on account of Revaluation of Land at Deonar, Mumbai.
- 3 Cost of Factory Building includes Rs.1,57,27,907/- on account of Revaluation of Factory Building at Deonar, Mumbai.
- 4 Cost of Admn.Bldg includes Rs. 1,09,30,926/- on account of Revaluation of Admn. Building. at Deonar, Mumbai.
- 5 Additions to Assets are net off Grant/Subsidy received/ receivable, related to specific assets.
- 6 **Additions to fixed assets includes :-**
 - a) Borrowing cost of Rs.11,44,000/-
 - b) Preoperative and other expenses of Rs.1,56,28,466/-
 - c) Exchange gain/loss till the date of fixed assets put to use of Rs.24,90,473/-
- 7 **Capital Work In Progress includes :-**
 - a) Borrowing cost of Rs.8,35,608/-
 - b) Preoperative and other expenses of Rs.34,38,231/-
 - c) Exchange gain/loss till the date of assets put to use of Rs.34,23,272/-.
 - d) Capital advance of Rs.3,20,23,018/-
- 8 * Refer Note No.9 of Schedule 'M'



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE ' F '				
INVESTMENTS - LONG TERM (AT COST)				
NON-TRADE :				
QUOTED				
1. 660 (66) Equity Shares of Hindustan Lever Ltd, of Rs. 10/- each, (market value Rs.14,791/-, Previous Year Rs.14,560/-)		3,425		3,425
2. 1,00,000(1,00,000) Equity Shares of CIFCO Finance Ltd of Rs.10/- each, (market value Rs. Nil, Previous Year Rs. Nil)*		10,79,533		10,79,533
3. 100(100) Equity Shares of Western Food Ltd of Rs.10/- each, (market value Rs. Nil, Previous Year Rs. Nil)*		1,000		1,000
4. 10,000(10,000) Equity Shares of FDC Ltd of Rs.1/- each (Previous year Rs.1/- each) (market value Rs.2,83,000/-, Previous Year Rs. 3,35,000/-)		10,000		10,000
5. 2,821 Bonds (3,239) of Unit Trust of India @ 6.75% US64 Taxfree Bonds of Rs.100/- each (Refer Note No.5 of Schedule 'M')		2,82,100		3,23,900
6. 9,400 (9,400) Equity shares of Bank of Maharashtra of Rs.10/- each, (market value Rs.2,82,000/-, Previous Year Rs.5,79,510/-)		2,16,200		2,16,200
7. 5,098 (5,098) Equity shares of Andhra Bank of Rs.90/- each (market value Rs.2,80,900/-, Previous year Rs.5,34,780/)		4,58,820		4,58,820
8. 1,00,000 (1,00,000) Units in SBI Mutual Fund of Rs.10/- each market value Rs.11,91,000/-, Previous year Rs.Nil)		10,00,000		10,00,000
			30,51,078	30,92,878
UNQUOTED				
I. SHARES IN SUBSIDIARY COMPANIES :				
1. 49,994 (49,994) Equity Shares of Asim Exports International Ltd. of Rs. 10/- each fully paid up. Less : Share Capital of Subsidiary Company		4,99,940		4,99,940
		4,99,940		4,99,940
			0	0
II. SHARES IN GROUP COMPANIES:				
24,00,000(24,00,000) Equity Shares of Finns Frozen Foods (I) Ltd. of Rs. 10/- each fully paid up * (Refer Note No.7 of Schedule 'M')		2,40,00,000		2,40,00,000
III. OTHERS :				
1. (1) National Savings Certificate (VIII Issue)		200		200
2. (1) Indira Vikas Patra (Face value Rs.200/-)		200		200
		400		400
			2,40,00,400	2,40,00,400
			2,70,51,478	2,70,93,278
Less : Provisions for Diminution in the value of Investments adjusted against Revaluation Reserve *			58,80,533	58,80,533
Less : Diminution in the value of Investments adjusted against General Reserve (Refer Note No.7 of Schedule 'M')			1,92,00,000	1,92,00,000
TOTAL			19,70,945	20,12,745

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'G'				
CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS:				
INVENTORIES (As valued and certified by the Management and Internal Auditor)				
Packing materials		5,22,60,130		4,59,33,829
Raw materials		74,36,073		49,16,457
Finished Goods		58,99,35,351		38,81,98,294
			64,96,31,553	43,90,48,580
Stock in Trade			17,88,980	17,88,980
			<u>65,14,20,533</u>	<u>44,08,37,560</u>
SUNDRY DEBTORS: (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	4,72,637			4,72,637
Considered doubtful	91,56,566			95,56,566
	96,29,203			1,00,29,203
Other Debts : Considered good	40,57,62,965			22,98,42,717
		41,53,92,168		23,98,71,920
Less: Provision for Doubtful Debts		91,56,566		95,56,566
TOTAL			<u>40,62,35,602</u>	<u>23,03,15,354</u>
CASH & BANK BALANCES:				
Cash on Hand		2,47,446		2,44,894
Balance with Scheduled Banks:				
In Current Accounts	63,83,883			1,60,86,958
In Fixed Deposits	1,44,10,000			0
In Margin Accounts	4,08,20,167			95,75,015
		6,16,14,049		2,56,61,973
TOTAL			<u>6,18,61,495</u>	<u>2,59,06,867</u>
B. LOANS AND ADVANCES: (Unsecured: Considered Good unless otherwise Stated)				
Loan to Staff		8,08,851		5,00,609
Advances Recoverable in Cash or Kind or for values to be received (Refer Note No.13 & 14 of Schedule 'M')				
Considered Good	19,60,18,648			13,20,24,721
Considered doubtful	99,73,822			99,75,122
	20,59,92,470			14,19,99,843
Less: Provision for Doubtful Advance/Dues	99,73,822			99,75,122
		19,60,18,648		13,20,24,721
TOTAL			<u>19,68,27,499</u>	<u>13,25,25,330</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2008

	Rupees	Rupees	As at 30.09.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE 'H'				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES:				
Sundry Creditors (Refer Note 13 to Schedule 'M')				
Dues of Micro Enterprises and Small Enterprises	2,66,57,511			1,63,36,263
Dues of Others	25,24,26,875			22,12,08,815
	27,90,84,386			23,75,45,078
Advance from Customers	11,03,99,978			5,63,22,348
Overdrawn Bank Balances	0			0
Unclaimed Dividends	1,27,174			63,018
Other Liabilities	1,02,49,783			1,21,30,875
		39,98,61,320		30,60,61,319
B. PROVISIONS:				
For Gratuity (Refer Note No.12 of Schedule 'M')	63,07,390			61,14,266
Less : Payment to approved Gratuity fund	28,50,040			20,28,738
	34,57,350			40,85,528
For Leave Encashment (Refer Note No.12 of Schedule 'M')	35,29,928			39,96,040
For Income Tax	4,30,92,700			3,70,92,700
Less : Advance Income Tax Paid	4,39,81,759			318,39,598
	(8,89,059)			52,53,102
For Fringe Benefit Tax	44,38,872			37,06,203
Less : Advance Fringe Benefit Tax Paid	39,17,059			27,46,606
	5,21,813			9,59,597
For Wealth tax	8,100			8,100
For Proposed dividend	18,38,730			14,70,984
For Corporate dividend tax	3,12,492			2,49,994
		87,79,354		1,60,23,345
			40,86,40,675	32,20,84,664

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

	Rupees	Rupees	2007-2008 Rupees	2006-2007 Rupees
SCHEDULE 'I'				
OTHER INCOME				
a) Income from Operations				
i) Export Benefits		8,17,69,792		5,97,12,467
ii) Processing Charges (Tax deducted at source Rs.3,10,615/- Previous Year Rs.78,728/-)		1,27,81,565		44,25,876
TOTAL			9,45,51,357	6,41,38,343
b) Income from Non-Operations				
i) Interest on Security Deposit (Tax deducted at Source Rs.10,629/- Previous Year Rs.12,190/-)		66,918		90,295
ii) Interest on Intercompany Deposit (Tax deducted at source Rs.16,424/- Previous Year Rs.65,817/-)		6,39,448		5,33,959
iii) Dividend		75,198		82,042
iv) Difference in Rate of Exchange (Net)		0		1,74,00,009
v) Miscellaneous Income		29,87,917		28,52,389
vi) Guarantee Commission Received (Tax deducted at source Rs.32,188/- Previous Year Rs.Nil)		6,25,000		6,25,000
vii) Balance/Provisions written back		2,24,959		2,94,212
viii) Insurance Claim Received		6,11,519		0
ix) Provision for Doubtful Debts written back		4,00,000		0
TOTAL			56,30,958	2,18,77,906
SCHEDULE 'J'				
ACCRETION/(DECRETION) TO STOCK OF FINISHED GOODS:				
Closing Stock		58,99,35,351		38,81,98,294
Less: Opening Stock		38,81,98,294		30,98,34,744
			20,17,37,057	7,83,63,550
SCHEDULE 'K'				
MANUFACTURING AND OTHER EXPENSES:				
1. COST OF MATERIAL CONSUMED :				
a. Fruits & Vegetables				
Opening Stock		2,63,167		50,108
Add : Fruits & Vegetables Purchased		73,42,64,188		52,20,79,848
Closing Stock		11,98,298		2,63,167
Fruits & Vegetables Consumed		73,33,29,057		52,18,66,789
b. Other Raw Materials Consumed				
Opening Stock		37,23,203		34,32,700
Add : Other Purchases		5,46,38,288		4,51,70,088
Closing Stock		48,43,624		37,23,203
Other Raw Materials Consumed		5,35,17,866		4,48,79,585
			78,68,46,923	56,67,46,374
2. COST OF TRADED GOODS :				
a) Fruit Pulps		22,83,02,513		30,01,14,637
b) Other Purchases		11,74,97,155		8,55,37,956
			34,57,99,668	38,56,52,593
			113,26,46,591	95,23,98,967



**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
30TH SEPTEMBER, 2008**

	Rupees	Rupees	2007-2008 Rupees	2006-2007 Rupees
3. PAYMENTS TO AND PROVISION FOR EMPLOYEES:				
Wages and Salaries including Bonus		4,72,54,047		3,49,06,275
Company's contribution to Provident Fund & Other Funds		38,24,683		27,58,147
Gratuity		9,95,258		10,20,044
Welfare Expenses		72,51,609		79,00,919
			5,93,25,597	4,65,85,385
4. OPERATION AND OTHER EXPENSES:				
(i) Operating Expenses				
Stores		53,82,165		34,08,388
Packing Materials Consumed				
Opening Stock	4,59,33,829			2,72,02,800
Add : Purchases	19,77,24,972			18,52,98,195
Less : Closing Stock	5,22,60,130			4,59,33,829
		19,13,98,670		16,65,67,166
Processing Charges		1,52,12,319		1,88,68,400
Fuel and Power Consumed				
Opening Stock - (Fuel)	9,30,088			8,48,640
Add : Purchases	4,25,29,480			2,98,59,036
Less : Closing Stock - (Fuel)	13,94,151			9,30,088
		4,20,65,417		2,97,77,588
Add : Electricity Charges		75,87,443		59,03,132
		4,96,52,860		3,56,80,720
Water Charges		2,26,614		2,40,599
Rates and Taxes		22,78,998		35,19,279
Insurance		57,48,600		65,96,293
Excise Duty on Uncleared Finished Goods		63,114		20,190
Repairs to :				
Building	23,26,654			34,45,681
Machinery	62,62,132			1,23,92,411
Others	48,50,627			27,82,206
		1,34,39,413		1,86,20,298
Freight & Forwarding		10,32,45,049		10,06,07,081
Travelling Expenses		70,85,444		49,87,469
Legal and Professional Charges		62,37,982		65,83,880
Guarantee Commission		1,57,84,500		1,90,00,000
Rent		1,04,35,659		69,72,564
Commission on Sales		1,48,98,317		1,15,87,767
Directors' Fees		2,30,000		95,000
Directors' Remuneration		15,39,436		0
Auditor's Remuneration for				
Audit Fees	5,73,605			5,75,221
Audit under Income Tax	2,24,720			1,68,360
Others	56,180			11,236
		8,54,505		7,54,817
Fruit Ripening Charges		2,97,08,476		2,01,97,376
Overseas Warehousing Charges (Refer Note No.16 of Schedule 'M')		1,28,14,243		48,88,521
Amounts Written off		3,23,386		1,10,759
Hiring charges		37,87,903		37,12,703
			49,03,47,652	43,30,19,270

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

	Rupees	Rupees	2007-2008 Rupees	2006-2007 Rupees
(ii) Other Expenses				
Conveyance		7,02,894		8,28,072
Licence Fees		1,16,316		1,18,577
Legalisation, Application, Registration & Documentation Charges		71,20,660		31,02,532
Miscellaneous Expenses		20,60,293		14,61,622
Postage & Telegram		8,79,028		9,42,619
Printing & Stationery		12,50,089		11,74,818
Security Charges		25,81,750		20,27,459
Telephone, Telex & Fax		16,72,408		15,06,552
Motor Car & Other Expenses		28,94,663		23,73,557
Difference in Rate of Exchange		9,43,69,612		0
Office Electricity Charges		4,63,074		3,77,973
Brokerage		2,95,499		45,000
Claims, Rebates etc		10,88,688		45,52,266
Loss on Sale of Fixed Assets		20,565		6,61,578
Reversal of Gains (Refer Note No.11 of Schedule 'M')		9,30,995		0
			11,64,46,534	1,91,72,625
(iii) Marketing & Sales Promotion Expenses				
Advertisement		1,53,474		2,17,505
Membership & Subscription		5,56,800		12,95,548
Sales Promotion		36,10,891		36,50,676
			43,21,165	51,63,729
			61,11,15,351	45,73,55,624
			1,80,30,87,539	1,45,63,39,976
SCHEDULE ' L '				
FINANCIAL CHARGES				
Interest on Open Cash Credit	40,55,921			12,08,833
Interest on Loan from Directors	8,18,356			8,43,381
Interest on Fixed Deposit from Public	3,71,277			1,65,363
Interest on Intercorporate Deposit	5,11,230			0
Interest on Packing Credit / Packing Credit in Foreign Currency	3,28,37,109			2,40,63,633
Interest on Others	6,05,690			3,56,304
Interest on Term Loan	1,61,05,123			66,78,081
Interest on Transit Period	1,22,06,370			96,59,101
Bank Charges	1,18,42,675			80,03,368
		7,93,53,751		5,09,78,064
Less : Interest Received from Banks (Tax deducted at source Rs.9,01,715/- Previous Year Rs.56,966/-)		45,88,602		2,99,563
			7,47,65,149	5,06,78,501



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2008

	30-Sep-08 (Rupees)	30-Sep-07 (Rupees)
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax and Extraordinary items	4,94,69,813	5,51,08,680
Add Back:		
1. Depreciation	2,24,47,890	1,60,53,485
2. Interest and Finance charges	7,93,53,751	5,09,78,064
3. Loss on Sale of Assets	20,565	6,61,578
4. Reversal of Gain	9,30,995	-
5. Provision for gratuity	1,93,124	10,10,525
6. Foreign Currency reinstatement Loss	3,69,01,000	0
7. Provision for Leave Encashment	(4,66,112)	22,74,667
8. Amounts written off	3,09,814	1,10,759
	13,96,91,027	7,10,89,078
	18,91,60,839	12,61,97,758
Deduct :		
1. Dividend Income	75,198	82,042
2. Interest Received	52,94,968	6,24,254
3. Provisions Written Back	2,24,959	-
4. Prior year (Income) / Expenses (Net)	-	(18,31,433)
5. Provision for doubtful debts (Reversed)	4,00,000	2,94,212
	59,95,125	(8,30,925)
Operating Profit Before Working Capital Changes	18,31,65,715	12,70,28,683
Deduct :		
1. Increase/(Decrease) in Other receivables	6,57,73,698	72,73,835
2. Increase/(Decrease) in Trade receivables	17,55,20,248	75,57,363
3. Increase/(Decrease) in Inventories	21,05,82,973	9,76,79,588
	45,18,76,919	11,25,10,786
	(26,87,11,204)	1,45,17,897
Add:		
1. Increase/(Decrease) in Trade Payables	3,65,77,308	5,27,81,969
2. Increase/(Decrease) in Other Payables	4,50,92,329	2,37,01,076
	8,16,69,637	7,64,83,045
	(18,70,41,566)	9,10,00,942
Deduct :		
1. Direct Taxes Paid.-Income Tax	1,21,42,161	2,52,11,957
2. Direct Taxes Paid.-Fringe Benefit Tax	11,70,453	18,41,027
3. Dividend Paid (Including Dividend Tax)	17,20,978	16,77,290
	1,50,33,591	2,87,30,274
Cash Flow Before Extraordinary Items	(20,20,75,158)	6,22,70,669
Net Cash From Operating Activities A:	(20,20,75,158)	6,22,70,669
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Outflow :		
1. Purchase of Fixed Assets	19,79,98,408	4,61,84,928
2. Purchase of CWIP	8,70,74,133	2,20,56,596
3. Purchase of Investments	-	10,00,000
	28,50,72,541	6,92,41,524
Deduct :		
Inflow		
1. Sale of Fixed Assets	15,000	7,92,101
2. Sale of Investments	41,800	-
3. Dividend & Interest Received	53,70,166	7,06,296
	54,26,966	14,98,397
Net cash used in Investing Activities B:	(27,96,45,575)	(6,77,43,126)

FOODS AND INNS LIMITED

	30-Sep-08 (Rupees)	30-Sep-07 (Rupees)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow :		
1. Increase/ (Decrease) in Secured Loans	52,15,03,744	4,74,50,447
2. Increase/ (Decrease) in Loan from Directors	81,92,485	(4,10,000)
3. Increase in Fixed Deposits from public	44,87,673	33,25,000
4. Intercorporate Deposit Received	6,29,61,722	-
5. Increase/ (Decrease) in Interest accrued & due	(1,16,514)	(1,08,390)
	59,70,29,111	5,02,57,058
Deduct :		
Outflow		
Interest paid	7,93,53,751	5,09,78,064
Net Cash used in Financing Activities C:	51,76,75,360	(7,21,005)
D. NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS: D:(A + B + C)	3,59,54,628	(61,93,463)
Cash and Cash Equivalents (Opening Balance)	2,59,06,867	3,21,00,330
Cash and Cash Equivalents (Closing Balance)	6,18,61,495	2,59,06,867
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	3,59,54,628	(61,93,463)

- 1) The cash flow statement has been prepared under the "Indirect Method" as set out in Accounting standard - 3 on Cashflow Statements issued by the Institute of Chartered Accountants of India.
- 2) The previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009



NOTES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
SCHEDULE 'M' - NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2008.

1. SIGNIFICANT ACCOUNTING POLICIES

A) Cost Convention

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted Accounting Principles, the Accounting Standards issued by The Institute of Chartered Accountants of India and the accrual system of accounting as required under section 209 (3)(b) and the other provisions of the Company's Act, 1956 unless stated otherwise.

B) Principles of Consolidation

The Consolidated financial statements relate to Foods & Inns Ltd. ("the Company") and its wholly owned Subsidiary namely Asim Exports International Ltd., Dravya Finance Ltd. and its associate Company namely Finns Frozen Foods (I) Ltd. The Consolidated financial statements have been prepared on the following basis :

- 1) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions and the unrealized profits/losses as per Accounting Standard-21 issued by the Institute of Chartered Accountants of India.
- 2) The Investment in Associate Company is accounted for in the Consolidated financial statements in accordance with the provisions, using Equity Method of accounting, as contained in Accounting Standard-23 issued by the Institute of Chartered Accountants of India.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the Company's separate financial statements.

The following Companies are considered for the Consolidated Financial Statements

Name of the Company		Country of Incorporation	% of Holding
Asim Exports International Ltd.	Subsidiary	India	100
Dravya Finance Ltd.	Subsidiary	India	100
Finns Frozen Foods (I) Ltd.	Associate	India	48

C) Other Significant Accounting Policies

These are set out in the notes to financial statements under 'Significant Accounting Policies' of the financial statements of the Company, Asim Exports International Limited and Dravya Finance Ltd.

D) Fixed Assets:

- i) Land (Freehold): At Cost except at Deonar, Mumbai, which is shown at revalued amount.
- ii) Building: At cost less depreciation and grants related to specific assets except buildings at Deonar, Mumbai, which are shown at revalued amount less depreciation.
- iii) Other Fixed Assets: At Cost less depreciation. 'Cost' for the aforesaid purpose comprises of its purchase price and any attributable costs of bringing the asset to its working condition for its intended use, net of duties recoverable and grants related to specific assets, if any.

E) Depreciation:

- a) In respect of items of Fixed Assets acquired/purchased upto 31st January, 1988 on straight line basis in terms of section 205(2)(b) of the Companies Act, 1956 prior to the amendment enacted vide the Companies (Amendment) Act, 1988. Accordingly, in respect of all the assets acquired prior to 31st January, 1988 the depreciation is provided for the year as per equivalent straight line rates based on the depreciation rates prescribed under the Income Tax Rule Prevalent at the relevant time.
- b) In respect of Fixed Assets acquired/purchased on or after 1st February, 1988 but before 16th December 1993 on straight line basis as per the then prevailing rates prescribed under schedule XIV of the Companies Act, 1956.
- c) In respect of Fixed Assets acquired/purchased on or after 16th December 1993 on straight line method at the rates and on the basis specified under Schedule XIV to the Company's Act, 1956 as revised by Notification No.G.S.R.756E dated 16th December 1993 and further revised by notification No.101E of the Department of Company Affairs, and for Assets costing below Rs.5,000/- purchased on or after 16th December, 1993 the entire cost has been written off fully in the year of acquisition.
- d) The excess depreciation provided on the revalued assets as reduced by that on the original cost of the assets is transferred from Revaluation Reserve (to the extent the Reserve is available) and credited to Profit and Loss Account.

F) INVESTMENTS:

Long term investments are stated at cost. Provision is made for permanent diminution in the value if any, of such Investments.

G) INVENTORIES:

In case of the Company –

- a. Raw Materials and Packing Materials are valued at a cost or net realisable value whichever is less, on FIFO basis .Cost for this purpose includes basic cost (net of Cenvat / Sales tax set off if any) and all direct expenses.
- b. Finished Goods are valued at cost or net realisable value whichever is less. Cost consists of direct cost and other related factory overheads. Excise duty is provided on closing stock of finished goods, meant for local sales.
- c. General Stores, Laboratory Chemicals etc. are written off in the year of purchase.

In the case of a Subsidiary -

Shares are valued at cost

H) TREATMENT OF CONTINGENT LIABILITIES:

Contingent Liabilities are disclosed separately in Notes to Accounts and / or provided for depending upon the Management perception as to whether the said Liability is likely to materialise or not.

I) SALES:

Manufactured Goods:

- a) Sale of goods in respect of export sales are recognised as and when the shipment of goods takes place and includes exchange differences arising on sales transactions.
- b) Sale of goods in respect of export sales from overseas warehouse are recognized as and when the release order for goods is sent to the warehouse.
- c) Sale of goods in respect of domestic sales are recognised on despatch of goods to the customer.

Sales are net of return.

J) FOREIGN CURRENCY TRANSACTION:

- a) Export sales / Import purchases are accounted at the rate prevailing on bill of lading date.

Further the difference, between the rate prevailing on bill of lading date and the realisation rate, is accounted as gain / (loss) on exchange fluctuation:

- i) Credited / Debited to Profit and Loss account in case of revenue items
- ii) Adjusted to asset account till the date the Asset / Project is completed and put to use, in case of capital items.
- b) i) In case of forward contract, the premium received / paid on forward contract transaction is recognised as income or expense over the period of the contract.
- ii) Gain or losses on forward contracts are accounted in the period in which the forward contracts are settled.

K) REVENUE RECOGNITION:

- a) Excise Duty Refund, Octroi Duty Refund & Sales Tax Set off, if any, is taken on accrual basis. Grants are recognised as accrued on the basis of sanction letter received from the concerned authorities.
- b) Export Incentives are accounted for on export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claims are fulfilled.

L) PRIOR PERIOD ITEMS :

Income and Expenditure pertaining to prior period, wherever material, are disclosed separately.

M) RETIREMENT BENEFITS :

- a) Company's contribution to recognised provident fund and family pension fund is charged to Profit & Loss Account on accrual basis.
- b) Provision for gratuity and leave encashment, are based on actuarial valuations as on the Balance Sheet date.
- c) The superannuation fund benefits are administrated by a trust formed for this purpose through the group scheme of Life Insurance Corporation of India.

N) RESEARCH & DEVELOPMENT:

Revenue Expenditure on Research & Development is charged against Profit & Loss Account of the year in which it is incurred.

Capital Expenditure on Research & Development is shown as an addition to Fixed Assets.

O) TAXATION:

Income tax expense is accrued in accordance with Accounting Standard 22 – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, which includes current and deferred taxes. Deferred Income Taxes reflect the impact of current year timing differences between taxable income & accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are measured using the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized for all deductible timings differences, carry forward of unused tax assets and unused tax losses subject to consideration of prudence.

The carrying amount of deferred tax assets is reviewed at each balance sheet date on the same consideration.

Provision for Fringe Benefit Tax is made in accordance with the provisions of Income-tax Act, 1961.

P) LEASES:

Assets taken on leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

Q) GRANTS:

(i) Grants related to specific fixed assets is shown as deduction from the gross value of the assets.

(ii) Revenue grants are deducted from the related expense.

2. Contingent liabilities not provided for

- a. Guarantee to Bank against Credit Facility extended to third party Rs.4,25,00,000 /-(Previous year Rs. 6,25,00,000/-), subject to modification.
 - b. Workmen related matters: Amount not ascertainable.
 - c. Claims/Demands against the Company disputed/not acknowledged as debts: Amount not ascertainable.
 - d. Estimated amount of contracts on capital account (Net of Advances) remaining to be executed Rs.9,79,98,422/- (Previous year Rs.8,08,44,711/-)
 - e. Export obligation against purchase of Machinery and Packing material under Export Promotion Capital Goods Scheme Rs.4,24,50,802/- (Previous year Rs.2,68,12,684/-)
3. The Fixed Assets register maintained by the Company based on the report dated 16th November, 1989 of the Cost Accountant shows the particulars in respect of cost, addition/deduction, depreciation for the period and WDV individually in case of all assets except those acquired prior to 31.01.88, in which case, it shows these particulars after making appropriate assumption on the basis of categories of assets and not for individual item of such assets.
- a) Pursuant to the decision of the Board of Directors in its meeting held on 23rd August,2002 the Company had revalued its Land & Building at Deonar, Mumbai, on the basis of Valuation as on 26th September 2002 and Valuation Report dated 27th September,2002. Consequently, Rs.10,66,79,383/- had been credited to the Revaluation Reserve Account in the earlier year. Further the Company had adjusted Loans, Advances and Diminution in the value of Investments amounting to Rs.2,49,05,778/- against this Revaluation Reserve. As a result, the Revaluation Reserve in the earlier year was lower by Rs.2,49,05,778/- and consequently, the General Reserve was higher by Rs.2,49,05,778/-(affecting the Balance Sheet as on 30th September, 2008).
 - b) During the year, the excess depreciation provided on the revalued assets as reduced by that on the original cost of the assets over the life of the assets, amounting to Rs.8,90,404/- (Previous year Rs.8,90,404/-) is transferred from Revaluation Reserve and credited to Profit and Loss Account.
5. The Income Tax Authorities had carried out a search in premises of the Company under section 132 of the Income Tax Act, 1961 on 16-10-92 and seized the share certificates in respect of the investments of the Company. The time to hold share certificates under seizure by the Income Tax Department is over and hereby informed the company for releasing of Shares but company could not take any step in this respect without taking approval of custodian. Subsequently the company has made an application on 12-Jun-2007 to special court for giving specific directions in this regard.
6. An amount of Rs.7,14,372/- which was payable to a person notified under the Trial of Offences (Relating to Transactions in securities) Act, 1992 has been paid on 09-05-95 having regard to the direction issued as directed by the custodian appointed under the said Act, vide his letter dated 30th January, 1995. As the aforesaid sum was not paid within the time limit set out in the public notice issued by the Custodian in this regard, the Company may be liable to pay interest on account of the delayed payment, in terms of the aforesaid letter. However, no provision for interest has been made for the period up to the date of payment thereof, in the accounts under review as no specific demand for interest has been made by the custodian till date.
7. The Investment include Rs.2,40,00,000/- (Previous year Rs.2,40,00,000/-) invested by the Company in Finns Frozen Foods (I) Ltd.. The Company has given a deposit of Rs.3,00,00,000/- (Previous year Rs.3,00,00,000/-) to Finns Frozen Foods (I) Limited, for getting exclusive export rights of Frozen Fruit Pulp etc.

The Company has given advances from time to time for purchase of Frozen Fruit Pulp etc. for exports. The amount recoverable from Finns Frozen Foods (I) Ltd. is Rs.5,03,77,626/- (Previous year Rs.4,70,65,306/-). During the year the Company has purchased material worth Rs.7,76,59,401/- Previous year Rs.8,21,57,848/- From Finns Frozen Foods (i) Ltd..

The net worth of Finns Frozen Foods (I) Ltd. is eroded. The Board of Directors of the Company in its meeting dated 23rd August, 2002 discussed the restructuring proposal received from Finns Frozen Foods (I) Ltd., the expected improvements in the working of Finns Frozen Foods (I) Ltd and the future orders in hand with Finns Frozen Foods (I) Ltd.

Consequently, having regard to the restructuring proposal, strategic nature of the investment and expected improvements in the future operations of Finns Frozen Foods (I) Ltd., the Board of Directors of the Company perceived the diminution in the value of investments as temporary in nature. But out of abundant caution, the Board of Directors of the Company, had decided to provide 20% of the investment in Finns Frozen Foods (I) Ltd as diminution in the value of investments. Further, the Board reviewed the working of Finns Frozen Foods (I) Ltd. Orders in had in its Board meeting dated 30th April,2007 and 25th October,2008 and decided that the current provision for diminution in value shares is sufficient and no further provision is needed as on 30th September,2008. However, in the Consolidated Financial Statements the value of investments in associate Company is valued at Rs.Nil as per the provisions, using Equity Methods of accounting, as contained in Accounting Standard-23 issued by the Institute of Chartered Accountants of India. As a result, the balance provision for diminution in the value of Investments amounting to Rs.1,92,00,000/- is reduced from the General Reserve of the Consolidated Financial Statement.

8. The Company had written off Rs.1,03,07,365.42 and Rs.87,17,879.62 amounts outstanding from Cyclic Chemicals Limited and Dravya Finance Limited and adjusted the same against Revaluation Reserve in the earlier year. However, the Company has received assurances from the Board of Directors of Cyclic Chemicals Limited and Dravya Finance Limited to the effect that the proceeds of sale of assets, as and when realised by such Companies, would be given to the Company to the extent of the aforesaid amounts written off. The Company has also entered into an Memorandum of Understanding dated 24th January,2003 With Cyclic Chemicals Limited and Dravya Finance Limited to such intent and effect.
9. During the earlier period, Holding Company had written off Investments & Loans (including interest thereon till F.Y.1992-93) in/to Subsidiary Company and adjusted the same against the Revaluation Reserve created by the Company. These amounts have not been written back by the Subsidiary Company in its accounts. As a result, in the Consolidated Financial Statement, Investments in the Subsidiary Company Written off by Holding Company is, added to the Capital Reserve Account and Loans to Subsidiary Company Written off by Holding Company is, added to General Reserve Account.
10. During the earlier period, Holding Company had written off amounts due from Cyclic Chemicals Limited. The subsidiary company, Dravya Finance Limited, has also given Loans & Advances amounting to Rs.54,14,935/- (including interest amounting to Rs.9,87,383/-) to Cyclic Chemicals Limited. These amounts have not been written off in the books of Dravya Finance Limited as on 30.09.08. Had these amounts been written off in the books of Dravya Finance Limited, the profit of the subsidiary company would have been lower by Rs.54,14,935/- and consequently, the profit of consolidated Profit and Loss account would have been lower by Rs.54,14,935/ and further, the carried forward balance of Profit and Loss account in consolidated Balance Sheet would have been lower by Rs.54,14,935/-.
11. In terms of the Agreement of Sale of premises entered into by the Company, it had recorded the sale and the profits thereon in an earlier year. However, a sum of Rs 11,50,000/- was recoverable from the party on this account, the Company had not executed the transfer documents under the Co-operative Societies Act in respect of the above flat, in favour of the transferee nor the possession was handed over. During the year, the Company has reversed the sale then recorded and accordingly brought the cost of that asset after considering accumulated depreciation thereon of Rs.1,08,597/- has brought the same to the books and the gain thereon also is reversed.

12. Employee Benefits:

Consequent to adoption of Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Gratuity (Funded)	Leave encashment (Unfunded)
	Rupees	Rupees
Obligation at period beginning (October 1, 2007)	61,14,266	39,96,040
Current Service cost	2,49,714	7,33,134
Interest cost	4,99,229	NIL
Actuarial (gain) / loss	(6,81,922)	NIL
Benefits paid	1,26,103	(11,99,246)
Obligations at the year end (September 30, 2008)	63,07,390	35,29,928
Change in plan assets		
Plan assets at period beginning, at fair value	27,46,754	NIL
Expected return on plan assets	2,19,740	NIL
Actuarial gain / (loss)	(1,16,454)	NIL
Contributions	NIL	11,99,246
Benefits paid	NIL	(11,99,246)
Plan assets at the year end, at fair value	28,50,040	NIL
Reconciliations of present value for the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the year	28,50,040	NIL
Present value of the defined benefit obligations at the end of the year	63,07,390	35,29,928
Liability/(Asset) recognized in the Balance Sheet	34,57,350	35,29,928
Cost for the year		
Current service cost	2,49,714	7,33,134
Interest cost	4,99,229	NIL
Expected return on plan assets	(2,19,740)	NIL
Actuarial (gain) / loss	(5,65,468)	NIL
Net Cost recognized in the Profit and Loss Account	(36,265)	(7,33,134)
Assumptions used to determine the benefit obligations :		
Interest rate	8.00%	8.50%
Estimated rate of return on plan assets	8.00%	NIL
Expected rate of increase in salary	10.00%	NIL
Actual return on plan assets	(1,16,454)	NIL

Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets.

The following table provides disclosure in accordance with AS 29.

Particulars	Balance as on October 1, 2007 (Rupees)	Additions during the year (Rupees)	Amount used/paid during the year (Rupees)	Balances as at September 30, 2008 (Rupees)
Provision for Leave Encashment	39,96,040	7,33,134	11,99,246	35,29,928
Provision for Gratuity	61,14,266	24,15,900	22,22,776	63,07,390
Agricultural Marketing Cess	15,32,558	10,44,381	7,86,106	17,90,833

13. Certain balances in Advances recoverable in cash or kind, are subject to confirmations & subsequent reconciliation / adjustments, if any.

14. Advances includes Rs.47.68 Lacs as advance paid to a party for obtaining leased premises.

15. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at September 30, 2008 (Rupees)
a) Principal amount remaining unpaid and interest due thereon	2,54,04,482/-
b) Interest paid in term of Section 16	NIL
c) Interest due and payable for the period of delay in payment	NIL
d) Interest accrued and remaining unpaid	NIL
e) Interest due and payable even in succeeding years	NIL

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 16 Overseas warehousing charges, paid as per agreement with the foreign party, includes contractual charges, miscellaneous charges, rent, insurance and statutory charges etc. paid for storage of goods abroad.
17. The Company is entitled to Export Benefits, under Vishesh Krishi Upaj Yojana vide Notification no.15/2004-09 dated 4/1/2005, in respect of export of Fruit Pulp, paste, slice, Canned Vegetables and others. Accordingly, the Company has recognised such benefits amounting to Rs.8,17,69,792/- (Previous year Rs.5,97,12,467/-) based on applications filed and acknowledged by the concerned authority during the year, at the estimated realisable value of such entitlements.
18. Items related to previous year accounted during the year includes Income / (Expenses) (net) of Rs.Nil [Previous year (Rs.18,31,433/)].
19. **Segment Reporting:**
The Company is engaged in one line of Business activity i.e. "Food products" and hence has no reportable segment.
20. Information on related party transactions as required by Accounting Standard -18

List of Related Parties

- a) **Associate:** i. Muller & Phipps (India) Limited. ii. Finns Frozen Foods (India) Limited.
iii. Cyclic Chemicals Limited iv. Western Press Pvt. Ltd.
- b) **Subsidiary:** i. Dravya Finance Limited ii. Asim Exports International Limited
- c) **Key Management Personnel :** Mr.Utsav K.Dhupelia ,Mr.Ray Simkins & Mr.Milan B.Dalal
- d) **Relative of Key Management Personnel :** Mrs.Pallavi Dhupelia

Summary of Related Party transaction during the year in the ordinary course of Business as identified and certified by the management (Rs.In Lacs)

Nature of Transaction	Associate Company	Subsidiary Company	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods	776.59			
Director Fees	0.00		0.40	
Guarantee Commission (Received)	6.25			
Guarantee Commission (Paid)	0.00		106.72	106.72
Loan from Shareholder	0.00			95.13
Received against Inter Corporate Deposit	24.50			
Loan from Director	0.00		156.37	
On behalf payment made to their suppliers for Purchase/Expenses	796.57	10.01		
Receipt against the sales	1261.19			
Rent Paid	0.00	8.80		
Received Processing Charges	32.99			
Interest Received.	4.81			
Repayment of Loan from Director	0.00		75.60	
Repayment of Loan from Shareholder	0.00			50.25
Interest paid on Loan from director	0.00		8.19	
Interest paid on loan from Shareholder	0.00			3.71
Repayment of Inter Corporate Deposit	24.50			
Sales (Net of Sales return)	1320.40			
Expenses Paid	3.11			
Expenses Recovered	37.18			
Outstanding as on 30.09.2008				
Other Deposit (Receivable)	300.00			
Other Receivable	886.11			
Other Payable	0.00	0.21	0.19	
Loan from Directors	0.00		399.19	
Loan from Shareholder	0.00			112.88

21. Disclosure on Leases as per Accounting Standard 19 on "Accounting for Leases":

The company has entered into operating Lease Agreements for office premises, factory premise at Bulsar and Chittoor, renewable on a periodic basis and cancellable at company's option. Rental Expenses for operating leases recognised in the profit and loss account for the year is 1,04,35,659/- (Previous Year Rs.69,72,564/-)

Minimum Lease Rents Payable	Rupees
Within 1 Year	98,76,244
After 1 year but before 5 years	2,73,24,790
After 5 Years	Nil
Total	3,72,01,034

22. Earnings per Share:

Particulars	2007-2008 Rupees	2006-2007 Rupees
a) Net Profit/(Loss) after tax available for equity shareholders	2,12,99,232	3,09,19,747
b) No. of Equity Shares of Rs.10/- each outstanding during the period	12,25,820	12,25,820
c) Basic/Diluted Earnings per Share(a/b)	17.38	25.22

23. As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Taxes have been recognized in respect of the following items.

Items of timing Difference	Accumulated Deferred Tax (Debits) / Credits as at October 1, 2007 Rupees	Charge /(Credit) during the year Rupees	Accumulated Deferred Tax (Debits)/ Credits as at September 30, 2008 Rupees
Depreciation	3,03,61,825	2,02,67,338	5,06,29,163
Expenses allowable for Tax purpose when paid	(38,49,509)	10,01,872	(28,47,637)
Provision for Doubtful Debts / Advances	(66,38,379)	1,35,961	(65,02,418)
Total	1,98,73,937	2,14,05,171	4,12,79,108
Total amount of Deferred Tax Liability as on September, 30, 2008			4,12,79,108

Provision for Current Tax, Deferred Tax, Fringe Benefit Tax and Wealth Tax is as certified by the Company's Tax consultant.

There are no material Deferred Tax Assets/Liability in the Subsidiary Companies as on 30th September, 2008, as certified by the respective Subsidiary Company's tax consultant.

24. a. Forward contracts to the tune of US\$ 75,65,743.88 is outstanding as at September 30, 2008 which were entered into to hedge the risk of changes in foreign currency exchange rates on the future export sales against firm commitments highly probable and forecasted transactions. The notional mark to market loss on these unexpired contracts as at September 30, 2008 amounting to Rs.1,30,58,569/- has not been considered in the financial statements.

Out of the above outstanding forward contracts of US\$ 75,65,743.88 as at September 30, 2008, the contracts amounting to US\$ 44,15,743.38 (maturing upto January 31, 2009) have been settled upto January 31, 2009, on realization of export sales.

b. Foreign currency exposures as on September 30, 2008 which are not hedged, but have been reinstated in the financial statements are as under:

Particulars	US\$	EURO	GBP	Australian Dollar	INR
Term Loan in foreign currency		2,08,897			1,41,61,127
Packing Credit in foreign currency	16,00,305				7,51,18,307
Customer Advances in foreign currency	13,55,233			12,18,769	11,02,56,945
Export Commission in foreign currency	56,497		18,872		42,67,676
Overseas Warehousing Charges		38,378	4,160		26,01,613
Loan from Directors in foreign currency	5,00,000				2,34,70,000
Import of Machinery Parts	2,30,000				1,07,96,200
Total	37,42,035	2,47,275	23,032	12,18,769	24,06,71,868

25. Previous year figure are given in brackets wherever applicable and have been regrouped/ rearranged wherever necessary.

Signatures to Schedules A to M

As per our report of even date attached

For **B.S.MEHTA & CO**
Chartered Accountants

A.R.DESAI
PARTNER

Place : Mumbai

Date : 16th February, 2009

FOR AND ON BEHALF OF THE BOARD

UTSAV DHUPELIA - Vice Chairman

C.M.MANIAR - Director

Place : Mumbai

Date : 11th February, 2009

ASIM EXPORTS INTERNATIONAL LIMITED

BOARD OF DIRECTORS

D.D.TRIVEDI - Chairman

R.T.SHAH

B.K.DHAKAN

PRINCIPAL BANKERS

ANDHRA BANK

REGISTERED OFFICE

SION-TROMBAY ROAD
DEONAR,
MUMBAI 400 088.

AUDITORS

B.S.MEHTA & CO.

REPORT OF THE DIRECTORS TO THE MEMBERS

1. Your Directors have pleasure in presenting herewith their report and the audited accounts of the Company for the year ended 31st March, 2008.

2. FINANCIAL RESULTS

	For the year ended 31.03.08 Rupees	For the year ended 31.03.07 Rupees
Profit(Loss) before Taxation	(41,836)	(20,564)
Provision for Taxation	-	-
Profit(Loss) after taxation	(41,836)	(20,564)
Balance brought forward	(8,639)	11,925
Balance carried to Balance Sheet	(50,475)	(8,639)

3. SALES

There has been no exports sales during the year under review.

4. AUDITORS REMARKS

The company has plans to go for fruit processing activity in near future and explore the export market in process fruit product, and hence the accounts have been prepared on a 'going concern' basis.

5. PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration which attracts the provisions of Section 217 (2A) of the Companies Act, 1956. As the Company's activities are not covered in the list of industries specified, the particulars relating to the conservation of energy are not applicable. There is no activity which requires technology absorption.

There is no export or import activity and there is no foreign exchange earnings or outflow.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the year ended 31st March, 2008 on a 'going concern' basis.

7. AUDITORS

The members are requested to appoint Auditors for Current year and to fix their remuneration. The retiring Auditors, M/s. B.S.Mehta & Co., Chartered Accountants, being eligible, offer themselves for reappointment.

For and on behalf of the Board

REGISTERED OFFICE :

Sion Trombay Road,
Devnar, Punjabwadi
Mumbai 400 088.

R.T.SHAH
DIRECTOR

Place : Mumbai,

Date: 1st September, 2008

AUDITORS' REPORT TO THE MEMBERS OF ASIM EXPORTS INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of ASIM EXPORTS INTERNATIONAL LIMITED, as at 31st March, 2008 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 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 misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accounts of the company are prepared on the basis of that it is going concern despite of there being no business activity in the company. However its ability to continue as going concern as such is dependent upon the adoption and implementation of rehabilitation measures which are yet to be finalized and its future profitability and financial viability on which are unable to express any opinion presently.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government 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 the paragraph 4 of the said Order.
4. **Further to our comments in the Annexure referred to in Paragraph 3 above :**
 - a. We have obtained all the information and explanations, which to the best of our knowledge and beliefs were necessary for the purposes of our audit.
 - b. 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 such books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.
 - d. In our opinion, the attached Balance Sheet and Profit and Loss Account comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of the 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 31st March, 2008 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon, 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, 2008.
 - II) In the case of the Profit and Loss Account of the Loss for the year ended on that date.
 - III) In the case of Cash Flow Statement of the Cash flows for the year ended on that date.

For **B.S.MEHTA & CO.**
Chartered Accountants

A.R.DESAI
Partner
Membership No.8204

Place : Mumbai
Date : 1st September, 2008

Annexure referred to in Paragraph 3 of the Auditor's Report of even date on the accounts of the Asim Exports International Limited for the year ended 31st March, 2008.

During the year the Company was not engaged in any manufacturing activity. Therefore the following clause of Para 4 of the order are not applicable. (i)(a), (i)(b), (i)(c), (ii)(a), (ii)(b), (ii)(c), (iv),(viii).

- (iii) (a) The Company has not taken loans from companies / parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause iii (b), (c), (d), (e) requiring to comment on the terms and conditions of loan taken, its repayment and of overdue amount of loans are not applicable
- (v) (a) According to the information & explanation given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register to be maintained under that Section.
(b) In our opinion and according to the information & explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of a party during the year have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time, wherever applicable.
- (vi) According to the information & explanation given to us, in our opinion, the company has not accepted any deposits during the year from the public within the meaning of the provision of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.
- (vii) In our opinion, clause (vii) of para 4 with respect to internal audit is not applicable to the Company.
- (ix) (a) According to the information and explanation given to us the company is regular in depositing undisputed statutory dues if any, with the appropriate authorities. According to the information and explanation given to us there are no undisputed statutory dues, which have remain outstanding as on 31st March, 2008 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us, there were no disputed dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess.
- (x) The Company has no accumulated losses at the end of current financial year. It has incurred cash losses during the current financial year and incurred cash loss during the period immediately preceding current financial year.
- (xi) The Company has not borrowed from financial institutions or banks or issued debentures till 31st March, 2008. Therefore provisions of clause (xi) of paragraph 4 of the order are not applicable to the company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore provisions of clause (xii) of paragraph 4 of the order are not applicable to the company.
- (xiii) In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore provisions of clause (xiii) of paragraph 4 of the order are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore provisions of clause (xiv) of paragraph 4 of the order are not applicable to the company.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions. Therefore provisions of clause (xv) of paragraph 4 of the order are not applicable to the company.
- (xvi) The company has not obtained any term loans. Therefore provisions of clause (xvi) of paragraph 4 of the order are not applicable to the Company.
- (xvii) According to the information and explanation given to us, and on the examination of the financial statements of the Company, we report that, on an overall basis, funds raised on short-term basis have not been utilized for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year. Therefore provisions of clause (xviii) of paragraph 4 of the order are not applicable to the company.
- (xix) The Company has not issued any debentures. Therefore provisions of clause (xix) of paragraph 4 of the order are not applicable to the company.
- (xx) The company has not raised money from the public during the year. Therefore provisions of clause (xx) of paragraph 4 of the order are not applicable to the company.
- (xxi) Based upon the audit procedures performed and information and explanation given to us we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **B.S.MEHTA & CO.**
Chartered Accountants

A.R.DESAI
Partner
Membership No.8204

Place : Mumbai
Date : 1st September, 2008

BALANCE SHEET AS AT 31ST MARCH 2008

	Schedules	Rupees	As at 31.03.08 Rupees	As at 31.03.07 Rupees
SOURCES OF FUNDS				
Shareholder's Fund :				
Share Capital	A	5,00,000		5,00,000
Reserves & Surplus	B	2,21,608		2,63,444
			7,21,608	7,63,444
Loan Funds :				
Unsecured Loan	C		42,200	42,200
			7,63,808	8,05,644
APPLICATION OF FUNDS				
Fixed Assets				-
Current Assets, Loans & Advances	D			
Current Assets		89,810		85,699
Loans & Advances		12,09,869		12,33,675
		12,99,679		13,19,374
Less : Current Liabilities & Provisions	E			
Current Liabilities		5,09,271		4,87,130
Provisions		26,600		26,600
		5,35,871		5,13,730
Net Current Assets			7,63,808	8,05,644
			7,63,808	8,05,644

Schedules A to E & Notes on accounts form part of this Balance Sheet

As Per our report of even date attached

For B.S.MEHTA & CO.
Chartered Accountants

A.R.DESAI
Partner

Place: Mumbai
Date: 1st September, 2008

FOR AND ON BEHALF OF THE BOARD

R.T.SHAH }
B.K.DHAKAN } DIRECTORS

Place: Mumbai
Date: 30th July, 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedules	Rupees	31.03.2008 Rupees	31.03.2007 Rupees
INCOME :				
Other Income	F		1,896	-
EXPENDITURE				
Operating Expenses	G	43,732		20,564
			43,732	20,564
Profit/(Loss) before Taxation			(41,836)	(20,564)
Provision for Taxation			-	-
Profit/(Loss) after taxation			(41,836)	(20,564)
Balance brought forward			(8,639)	11,925
Balance carried to Balance Sheet			(50,475)	(8,639)
Basic As Well As Diluted Earnings Per Share in Rs.			(0.84)	(0.41)

Schedules F,G & Notes on accounts form part of this Profit & Loss Account

As Per our report of even date attached

For B.S.MEHTA & CO.
Chartered Accountants

A.R.DESAI
Partner

Place: Mumbai
Date: 1st September, 2008

FOR AND ON BEHALF OF THE BOARD

R.T.SHAH }
B.K.DHAKAN } DIRECTORS

Place: Mumbai
Date: 30th July, 2008

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2007-08

	2007- 08	2006- 07
1) Cash Flow From Operating Activities		
Net Profit Before Tax And Extra Ordinary Items	(41,836)	(20,564)
Less: Depreciation	0	0
Cash From Operations	(A) <u>(41,836)</u>	<u>(20,564)</u>
Less:		
Adjustements For Working Capital Changes		
Increase/ (Decrease) In Loans & Advances	23,806	1,86,064
Add:		
Increase/ (Decrease) In Trade & Other Payables	22,141	1,40,268
	(B) <u>49,947</u>	<u>(45,796)</u>
Net Cash Generated From Operations		
After Working Capital Charges (A-b)	(C) <u>4,111</u>	<u>(66,360)</u>
Less: Income Tax Paid (Net)	0	0
Net Cash From Operating Activities	(D) <u>4,111</u>	<u>(66,360)</u>
2) Cash Flow From Financial Activities		
Increase/(Decrease) In Share Capital	0	0
Increase/(Decrease) In Unsecured Loans	0	0
Net Cash From Financing Activities	(E) <u>0</u>	<u>0</u>
Net Change In Cash & Cash Equipments	(D-E) <u>4,111</u>	<u>(66,360)</u>
Opening Balance Of Cash & Cash Equipments	85,699	1,52,059
Closing Balance Of Cash & Cash Equipments	89,810	85,699
Net Change In Cash & Cash Equipments	<u>4,111</u>	<u>(66,360)</u>

As Per our report of even date attached

For **B.S.MEHTA & CO.**
Chartered Accountants

A.R.DESAI
Partner

Place: Mumbai
Date: 1st September,2008

FOR AND ON BEHALF OF THE BOARD

R.T.SHAH }
B.K.DHAKAN } DIRECTORS

Place: Mumbai
Date: 30th July,2008

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2008.

	As at 31.03.08 Rupees	As at 31.03.07 Rupees
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised :		
2,50,000 Equity Shares of Rs.10/- each	<u>25,00,000</u>	<u>25,00,000</u>
Issued,Subscribed and paid up :		
50,000 Equity Shares of Rs.10/- each fully paid up held by Foods And Inns Ltd, the holding Company 49,994 equity Shares including one share held jointly with its nominee	<u>5,00,000</u>	<u>5,00,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
General Reserve		
Balance as per last Balance Sheet	2,63,444	2,84,008
Profit & Loss Account		
Add/(Less) : As per account annexed	<u>(41,836)</u>	<u>(20,564)</u>
	<u>2,21,608</u>	<u>2,63,444</u>
SCHEDULE 'C'		
Unsecured Loan		
	<u>42,200</u>	<u>42,200</u>
SCHEDULE 'D'		
Current Assets		
Cash & Bank Balance :		
Cash on hand	-	-
Balance with Scheduled Banks:		
In Current Account	<u>89,810</u>	<u>85,699</u>
	<u>89,810</u>	<u>85,699</u>
	89,810	85,699
Loans and Advances :		
a) Loans	51,289	1,53,469
b) Advances recoverable in cash or kind or for value to be received	<u>11,58,580</u>	<u>10,80,206</u>
	<u>12,09,869</u>	<u>12,33,675</u>
	<u>12,99,679</u>	<u>13,19,374</u>
SCHEDULE 'E'		
Current Liabilities & Provisions		
Current Liabilities :		
Sundry Creditors		
For Goods	13,600	13,600
For Expenses	<u>61,824</u>	<u>1,31,789</u>
	75,424	1,45,389
Other Liabilities		
Advance From Party	<u>1,63,027</u>	<u>1,46,697</u>
	<u>2,70,820</u>	<u>1,95,044</u>
	5,09,271	4,87,130
Provision		
	<u>26,600</u>	<u>26,600</u>
	<u>5,35,871</u>	<u>5,13,730</u>
	<u>5,35,871</u>	<u>5,13,730</u>

ASIM EXPORTS INTERNATIONAL LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	31.03.08 Rupees	31.03.07 Rupees
SCHEDULE 'F'		
Other Income :		
Excess Provision Written Back	1,896	-
	1,896	-
SCHEDULE - 'G'		
Operating Expenses :		
Payment to and provision for Employees:		
Salaries including bonus		-
Other Expenses :		
Rent		
Rent Paid	9,08,034	9,00,000
Reimbursement of Rent	9,08,034	9,00,000
	0	0
Miscellaneous Expenditure	30,160	20,564
Balances written off	13,572	-
	43,732	20,564

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2008

1. SIGNIFICANT ACCOUNTING POLICIES:

- a The accounts of the Company have been prepared on going concern basis.
- b System of Accounting:
The Company follows the accrual system of accounting.
- c Fixed Assets :
The Company has no fixed Assets as on the date of balance sheet and hence no depreciation has been provided in the accounts.
- d Treatment of Contingent Liabilities :

Contingent Liabilities are disclosed seperately in Notes to Accounts and / or provided for depending upon the Management perception as to whether the said liability is likely to materialise or not.
- e Prior period items :
Income & Expenditure pertaining to prior period, wherever material, are disclosed seperately.

2. Contingent Liabilities not provided for Rs.Nil.

3. In the opinion of the Board of Directors, the current assets and Loans & Advances or of the value stated if they are realised in the ordinary course of business. The Provision for all known liabilities is adequate and is not in excess of the amounts reasonable necessary.

4. There is no deferred tax/liability as on 31st March, 2008 as certified by the tax consultant.

5. Unsecured Loan consists of Rs.42,200/-payable to a person notified under the Trial offence(Relating to Transactions in Securities)Act, 1992.

6. Other Expenses includes Audit Fees Rs.13,483/- Rs.11,224/-

7. Expenditure in Foreign Currency Nil Nil

8. Earning in Foreign Exchange Nil Nil

9. Information on related party transactions as required by Accounting Standard -18

Related party transactions

Associate : Apjesh Impex Pvt Ltd

Holding Company : Foods and Inns Limited

(Rs. In lacs)

NATURE OF TRANSACTION		ASSOCIATE COMPANY	HOLDING COMPANY
a) Advance A/C.			
Balance as at 01.04.2007			1.95
Received during the year	10.02		
Less:			
Reim.of Rent	9.08		
Other Adv.	0.18		
Balance as at 31.03.2008			2.71
b) Interest receivable on ICD			
Balance as at 01.04.2007			0.10
Add Receivable during the year			0.00
Less Payment received during the year			0.00
Balance as at 31.03.2008			0.10
c) Loan given			
Balance as at 01.04.2007		1.02	
Given during the year		-	
Returned during the year		1.02	
Balance as at 31.03.2008		0.00	
d) Interest Receivable on Loan given			
Balance as at 01.04.2007		0.41	
Balance as at 31.03.2008		0.41	

Related parties are as identified and certified by the Management.

ASIM EXPORTS INTERNATIONAL LIMITED

10. Balance Sheet Abstract and Company's General Business Profile

i. Registration Details

Registration No.	23661	State Code	11
Balance Sheet Date	31.03.08		

ii. Capital Raised during the year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	NIL

iii. Position of Mobilisation and Deployment of Funds (Rs. IN THOUSANDS)

Total Liabilities	764	Total Assets	764
Sources of Funds			
Paid up capital	500	Reserves & Surplus	222
Secured Loans	-	Unsecured Loans	42
Application of Funds			
Net Fixed Assets	-	Investments	-
Net Current Assets	764	Misc. Expenditure	-
Accumulated Losses	-		

iv. Performance of Company

Turnover	2	Total Expenditure	44
Profit/(Loss) Before Tax	(42)	Profit/(Loss) After Tax	(42)
Earning per share	(0.84)	Dividend	-

v. Generic Names of Three Principal Products of Company --

Item code No.	N.A.
Production description	N.A.

11. Figures for the previous year have been reclassified, regrouped and / or recast wherever necessary.

As Per our report of even date attached

For **B.S.MEHTA & CO.**
Chartered Accountants

A.R.DESAI
Partner

FOR AND ON BEHALF OF THE BOARD

R.T.SHAH }
B.K.DHAKAN } DIRECTORS

Place: Mumbai
Date: 1st September, 2008

Place: Mumbai
Date: 30th July, 2008

DRAVYA FINANCE LIMITED

BOARD OF DIRECTORS

D.D.TRIVEDI - Chairman

R.T.SHAH

B.K. DHAKAN

PRINCIPAL BANKERS

ANDHRA BANK

REGISTERED OFFICE

**SION-TROMBAY ROAD,
DEONAR,
MUMBAI 400 088.**

AUDITORS

K.F.JETSEY & CO.

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting herewith their report and the audited accounts of the Company for the year ended 31st March, 2008.

1. ACCOUNTS :

There is a Loss of Rs.35,687/- for the year ended 31st March, 2008. In view of brought forward losses, no provision for taxation has been made. In view of the debit balance in Profit and Loss Account, no dividend is being recommended. The Company has not been receiving interest on loans advanced, and as a prudent accounting policy and after discussions with parties from whom loans have been taken, interest payable on such loans has also not been accounted.

2. STATUTORY REQUIREMENTS :

There are no employees drawing remuneration which attracts the provisions of Section 217 (2A) of the Companies Act, 1956. As the Company's activities are not covered in the list of industries specified, the particulars relating to the conservation of energy are not applicable.

There is no activity which requires technology absorption. There is no export or import activity and there is no foreign exchange earnings or outflow.

3. COMPLIANCE CERTIFICATE U/S 383A OF COMPANIES ACT, 1956.

The Company has obtained the Compliance Certificate from Mr.Sanjay M.Soman, Company Secretary in practice of Sanjay Soman & Associates, as per provision of Section 383A of Companies Act, 1956, applicable as per amendments made on 13th December 2000.

4. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act,1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the year ended 31st March, 2008 on a 'going concern' basis.

5. AUDITORS :

The members are requested to appoint Auditors and fix their remuneration.M/S. K.F.Jetsey & Co., Chartered Accountants, have confirmed, that if appointed, their appointment will be within the provisions of Section 224 (1.B) of the Companies Act, 1956.

For and on behalf of the Board

**R.T.SHAH
DIRECTOR**

REGISTERED OFFICE :
Sion-Trombay Road,
Devnar,
Mumbai-400 088.

Place: Mumbai
Date: 30th July, 2008

REPORT OF THE AUDITORS TO THE MEMBERS OF DRAVYA FINANCE LIMITED.

We have audited the attached Balance sheet of **Dravya Finance Limited** as at 31st March, 2008 and also the annexed Profit and Loss account and the Cash Flow Statement of the company 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.

We conducted our audit in accordance with 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 misstatement. 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.

I. Subject to the above and notes in schedule in '3':

1. We have obtained all the information and the explanation, 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 Profit and Loss Account dealt with by this report, in our opinion, are in compliance with the Accounting standards referred to in section 211(3C) of the Companies Act, 1956 and are in agreement with the books of account.
4. In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2008 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act 1956.
5. In our opinion and to the best of our information and according to the explanation given to us, subject to the Notes to the accounts in schedule '3' of the accounts. The said accounts give information required by the Companies Act 1956, in the manner, so required and give a true and fair view.
 - I. In the Case of Balance sheet of state of affairs of the company as at 31st March 2008.
 - II. In the case of Profit and Loss Account of the Loss for the year ended on that date
 - III. In the case of Cash Flow Statement of the Cash flows for the year ended on that date.

As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the Companies Act, 1956, we further state on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable to the Company, as under:

1. The nature of Company's activities during the year has been such that clauses (ii) (a), (b) and (c) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. As the Company has no fixed assets, the reporting requirements referred to in (i) (a), (b) & (c) of the Order are not applicable.
3. (a) The Company has taken loan from one Company covered in the register maintained under section 301 of the Companies Act, 1956 as stated below:

Name of the Party	Relationship with the Company	Balance as on 1.04.07 (Rs.)	Amount Received/ paid During the Year (Rs.)	Balance as on 31.03.08 (Rs.)
Foods & Inns Ltd.	Holding	44,35,704	-	44,35,704

- (b) The rate of interest and other terms and conditions of loans given by the company are not, prima facie, prejudicial to the interest of the company.
- (c) We are informed that the holding Company has not demanded the repayment of the loan.
- (d) There is no overdue amount of loans granted to companies or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company has not given loans to parties covered in the register maintained under section 301 of the Companies Act, 1956.
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 purchase of shares and for the sale of shares. During the course of our audit, no major weakness has been noticed in the internal controls.
5. There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000 or more in respect of each party.
6. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.

DRAVYA FINANCE LIMITED

7. In our opinion, clause (vii) with respect to internal audit is not applicable to the Company.
8. The Central Government has not prescribed maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 in respect to the Company's activities.
9. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstandings as at 31st March, 2008 for a period more than six months from the date they became payable.
(b) There are disputed Income-tax dues as under:

S.NO.	ASSESSMENT YEAR	DISPUTED AMOUNT	REMARKS
		(Rupees)	
1	1984-85	17,994/-	Applied for rectification
2	1985-86	5,321/-	Applied for rectification
3	1986-87	5,085/-	Applied for rectification
4	1987-88	36,669/-	Applied for rectification
5	1988-89	45,840/-	Applied for rectification

10. The accumulated losses at the end of the financial year are not in excess of fifty percent of the net worth of the company. The company has incurred cash Profit/(losses) during the financial year covered by our audit of Rs.(35,687/-) and in the immediately preceding financial period of Rs.4,263/-
11. The Company has not defaulted in repayment of its dues to banks and debentures holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any Special Status applicable to Chit fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
14. The Company has, during the year under audit, no dealings or trading in shares, securities, debentures and other investments. All shares, debentures and other securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and save for certain shares which are either lodged for transfer or held with valid transfer forms. However verification of the investments has not been done. (Refer Note 3 of Schedule I annexed to the accounts.)
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. The Company has not taken any term loan during the year.
17. On the basis of our examination of the Cash Flow statement, the funds raised on short-term basis have not been used for long-term investments, as they have been financed out of internal accruals. The Company has not raised long-term funds during the year and hence, the use of such funds for short-term investment does not arise.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. No debentures have been issued by the Company and hence, the question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issues during the year.
21. On the basis of our examination and according to the information and explanations given to us, prima facie, no fraud, on or by the Company, has been noticed or reported during the year.

For K.F.JETSEY & CO.
Chartered Accountants.

Keshav .F. Jetsey
(Proprietor)
Membership No: BB 33206

Place : Mumbai
Date : 30th July, 2008

BALANCE SHEET AS AT 31st MARCH 2008

	Schedule	Rupees	As at 31.03.2008 Rupees	As at 31.03.2007 Rupees
SOURCES OF FUNDS				
Share holder's Fund :				
Share Capital	A	20,00,000		20,00,000
Reserves & Surplus	B	6,319		6,319
			20,06,319	20,06,319
Loan Funds :				
Unsecured Loans	C		1,05,77,678	1,05,77,678
	TOTAL		<u>1,25,83,997</u>	<u>1,25,83,997</u>
APPLICATION OF FUNDS				
Fixed Assets				
Current Assets, Loans & Advances :				
Current Assets :				
Interest Receivable		18,20,618		18,20,618
Stock In Trade	D	17,88,980		17,88,980
Cash & Bank Balances	E	48,367		91,807
Loans & Advances	F	83,61,552		83,61,552
		1,20,19,517		1,20,62,957
Less Current Liabilities & Provisions				
Current Liabilities	G	25,407		33,160
Provisions		-		-
		<u>25,407</u>		<u>33,160</u>
Net Current Assets			1,19,94,110	1,20,29,797
Miscellaneous Expenditure :				
Profit & Loss Account			5,89,887	5,54,200
	TOTAL		<u>1,25,83,997</u>	<u>1,25,83,997</u>
NOTES TO THE ACCOUNTS				
	H			

As Per our report of even date attached

For and on behalf of the Board

For **K.F.JETSEY & CO.**
Chartered Accountants

K.F.JETSEY
Proprietor

Place: Mumbai
Date : 30th July, 2008

R.T.SHAH }
B.K.DHAKAN } Directors

Place: Mumbai
Date : 30th July, 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

	Schedules	Rupees	31.03.2008 Rupees	31.03.2007 Rupees
INCOME :				
Dividend		2,102		27,860
			2,102	27,860
EXPENDITURE :				
Other Expenses		37,789		23,597
			37,789	23,597
Profit/(Loss)before Taxation			(35,687)	4,263
Provision for Taxation			-	-
Profit/(Loss) after Taxation			(35,687)	4,263
Debit Balance brought forward			5,54,200	5,58,463
Debit Balance carried forward			5,89,887	5,54,200
NOTES TO THE ACCOUNTS	H			

As Per our report of even date attached

For and on behalf of the Board

For **K.F.JETSEY & CO.**
Chartered Accountants

K.F.JETSEY
Proprietor

Place: Mumbai
Date : 30th July, 2008

R.T.SHAH }
B.K.DHAKAN } Directors

Place: Mumbai
Date : 30th July, 2008

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2007-08

	2007-08	2006-07
1) Cash flow from operating activities		
Net profit/loss before tax and extra ordinary items	(35,687)	4,263
Less: depreciation	0	0
Cash from operations (A)	(35,687)	4,263
Less:		
Adjustements for working capital changes		
Increase/ (decrease) in loans & advances	0	0
Add : increase/ (decrease) in trade & other payables	(7,753)	12,480
(B)	(7,753)	12,480
Net cash generated from operations		
After working capital charges (a-b) (C)	(43,440)	16,743
Less: income tax paid (net)	0	0
Net cash from operating activities (D)	(43,440)	16,743
2) Cash flow from financial activities		
Increase/(decrease) in share capital	0	0
Increase/(decrease) in unsecured loans	0	0
Net cash from financing activities (E)	0	0
Net change in cash & cash equipments (D-E)	(43,440)	16,743
Opening balance of cash & cash equipments	91,807	75,064
Closing balance of cash & cash equipments	48,367	91,807
Net change in cash & cash equipments	(43,440)	16,743

As Per our report of even date attached

For **K.F.JETSEY & CO.**
Chartered Accountants

K.F.JETSEY
Proprietor

Place: Mumbai
Date : 30th July, 2008

For and on behalf of the Board

R.T.SHAH }
B.K.DHAKAN } Directors

Place: Mumbai
Date : 30th July, 2008

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2008

	As at 31.03.08 Rupees	As at 31.03.07 Rupees
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised :		
10,00,000 Equity Shares of Rs.10/- each	1,00,00,000	1,00,00,000
Issued, Subscribed and paid up :		
2,00,000 Equity Shares of Rs.10/- each fully paid up held by Foods And Inns Ltd, the holding Company including one share held jointly with its nominee	20,00,000	20,00,000

SCHEDULE 'B'		
RESERVES AND SURPLUS		
General Reserve :		
Balance Brought forward	6,319	6,319

SCHEDULE 'C'		
Unsecured Loans :		
From Companies	69,35,704	69,35,704
Interest Accrued and Due	36,41,974	36,41,974
Total	1,05,77,678	1,05,77,678

SCHEDULE 'D'

STOCK IN TRADE AS ON 31st MARCH 2008
(Refer Note No.3 of Schedule 'H')

NAME OF THE COMPANY	TYPE	NOS.	BOOK VALUE (Rs.)
1 Essem Coated Steels Ltd.	Equity	35000	3,50,000
2 Cifco Finance Ltd.	Equity	8300	1,43,025
3 Karnataka Ball Bearing Ltd.	Deben.	250	25,000
4 P.L.Finance Ltd.	Deben.	2000	2,00,000
5 Max (I) Ltd	Equity	50	2,475
6 G.L.Rexorth Ltd.	Equity	50	1,950
7 a. Reliance Capital ven. Ltd.	Equity	49	0
b. Reliance comm..ven.Ltd.	Equity	985	0
c. Reliance Energy ven.Ltd.	Equity	73	0
d. Reliance Inds. Ltd.	Equity	985	48,000
e. Reliance Natural Res.Ltd.	Equity	985	0
8 Escorts Ltd.	Equity	1230	62,630
9 Muller & Phipps (I) Ltd.	Equity	10650	9,08,800
10 Pfizer (I) Ltd.	Equity	50	5,050
11 Ashok Leyland Ltd.	Equity	25	2,050
12 a. Larson & Toubro Ltd.	Equity	500	30,000
b. Ultra Tech Cemco Ltd.	Equity	200	0
13 Mansingka Oil Products Ltd.	Equity	1000	10,000
	TOTAL		17,88,980

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	As at 31.03.08 Rupees	As at 31.03.07 Rupees
SCHEDULE 'E'		
Cash & Bank Balances :		
Cash on hand	844	844
Balance with Nationalised Bank	47,523	90,963
Total	<u>48,367</u>	<u>91,807</u>
SCHEDULE 'F'		
Loans and Advances :		
Loans	83,61,552	83,61,552
Total	<u>83,61,552</u>	<u>83,61,552</u>
SCHEDULE 'G'		
Current Liabilities & Provisions		
Current Liabilities :		
Sundry Creditors		
For Expenses	25,407	33,160
Total	<u>25,407</u>	<u>33,160</u>
Provisions :		
Provision for taxation	--	--

SCHEDULE 'H'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2008

1. SIGNIFICANT ACCOUNTING POLICIES:

- a. The Company follows the accrual system of accounting.
- b. The Company has no fixed assets as on the date of the Balance Sheet and hence no depreciation has been provided in the accounts.
- c. Shares are valued at cost.
- d. In view of past losses, no income tax provision is made.

2. Information pursuant to the requirement of part II Scheme VI of the Companies Act, 1956

		Previous year
a. Other Expenses includes Audit Fees	Rs.2,247/-	Rs.2,245/-
b. Value of imports calculated at CIF basis by the Company during the year	Nil	Nil
c. Expenditure in Foreign Currency during the year	Nil	Nil
d. Value of imported Raw materials, Spare parts and components consumed during the year	Nil	Nil
e. Amount remitted during the year in Foreign Currency	Nil	Nil
f. Earning in Foreign Currency	Nil	Nil

3. The Proceedings under section 276B of the Income Tax Act,1961 are continuing against the Company and its Directors. The Company and the Directors are contesting the same and the liabilities,if any,shall be accounted as and when they accrue. The Income Tax authorities in the course of the search proceedings under section 132 conducted on 16-10-1992 had seized the share certificates except for share mentioned at serial no. 7 & 12 which are in the hand of company or in their demate account,in respect of the stocks on hand of the Company and verification of the others shares/debentures is not possible.
4. Contingent liabilities not provided in respect of disputed Income Tax demands and proceedings for Rs.Nil (Previous year Rs.Nil).
5. There is no deferred tax/liabilities as on 31st March, 2008, as certified by the Company's Tax Consultant, in view of losses.

DRAVYA FINANCE LIMITED

6. Information on related party transactions as required by Accounting Standard -18

Related party transactions

Associate : Cyclic Chemicals Ltd.

Apjesh Impex Pvt. Ltd.

Holding Company : Foods and Inns Limited

(Rs. in Lacs)

NATURE OF TRANSACTION	ASSOCIATE COMPANY	HOLDING COMPANY
a) Loan Taken		
Balance as at 01.04.2007		44.36
Received during the year		---
Returned during the year		(---)
Balance as at 31.03.2008		44.36
b) Interest Payable on Loan Taken		
Balance as at 01.04.2007		33.65
Balance as at 31.03.2008		33.65
c) Loans given		
Balance as at 01.04.2007	83.62	
Given during the year	---	
Returned during the year	(---)	
Balance as at 31.03.2008	83.62	
d) Interest Receivable on Loans given		
Balance as at 01.04.2007	18.20	
Balance as at 31.03.2008	18.20	

Related parties are as identified and certified by the Management.

7. Balance Sheet Abstract and Company's General Business Profile

i. Registration Details

Registration No.	24580	State Code	11
Balance Sheet Date	31.03.2008		

ii. Capital Raised during the year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	NIL

iii. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

	Rs.		Rs.
Total Liabilities	12,584	Total Assets	12,584
Sources of Funds			
Paid up capital	2,000	Reserves & Surplus	6
Secured Loans	-	Unsecured Loans	10,578
Application of Funds			
Net Fixed Assets	-	Investments	-
Net Current Assets	11,994	Misc. Expenditure	-
Accumulated Losses	590		

(Rs. in Thousands)

iv. Performance of Company

Turnover	2	Total Expenditure	38
Profit/(Loss) Before Tax	(36)	Profit/(Loss) After Tax	(36)
Earning per share	Rs.Nil	Dividend	Rs.Nil

v. Generic Names of Three Principal Products of Company

N.A.

8. Figures for the previous year have been reclassified, regrouped and / or recast wherever necessary.

As Per our report of even date attached

For **K.F.JETSEY & CO.**
Chartered Accountants

K.F.JETSEY
Proprietor

Place: Mumbai
Date : 30th July, 2008

For and on behalf of the Board

R.T.SHAH
B.K.DHAKAN } Directors

Place: Mumbai
Date : 30th July, 2008



FOODS AND INNS LIMITED

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

Attendance Slip

LF No.	:	_____
NAME	:	_____
ADDRESS	:	_____

I hereby record my presence at the THIRTY SEVENTH ANNUAL GENERAL MEETING of the Company at "Jasmine, 1st Floor," MVIRDC World Trade Centre, Center 1, Cuffe Parade, Mumbai – 400 005 on Monday, 30th March, 2009 at 11.00 A.M.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

- NOTES :
1. Shareholder/Proxy holder wishing to attend the meeting must bring the attendance Slip to the meeting and hand over at the entrance duly signed.
 2. Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference of the meeting.



FOODS AND INNS LIMITED

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

Proxy Form

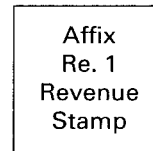
I/We..... of in the district of
 being a Member/Members of the above named Company hereby appoint
 of..... in the district of.....or failing him
 of In the district of.....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 30th March, 2009 at 11.00 a.m. and/or at my adjournment thereof.

Signed this..... day of..... 2009

Reference Folio

No. of Shares

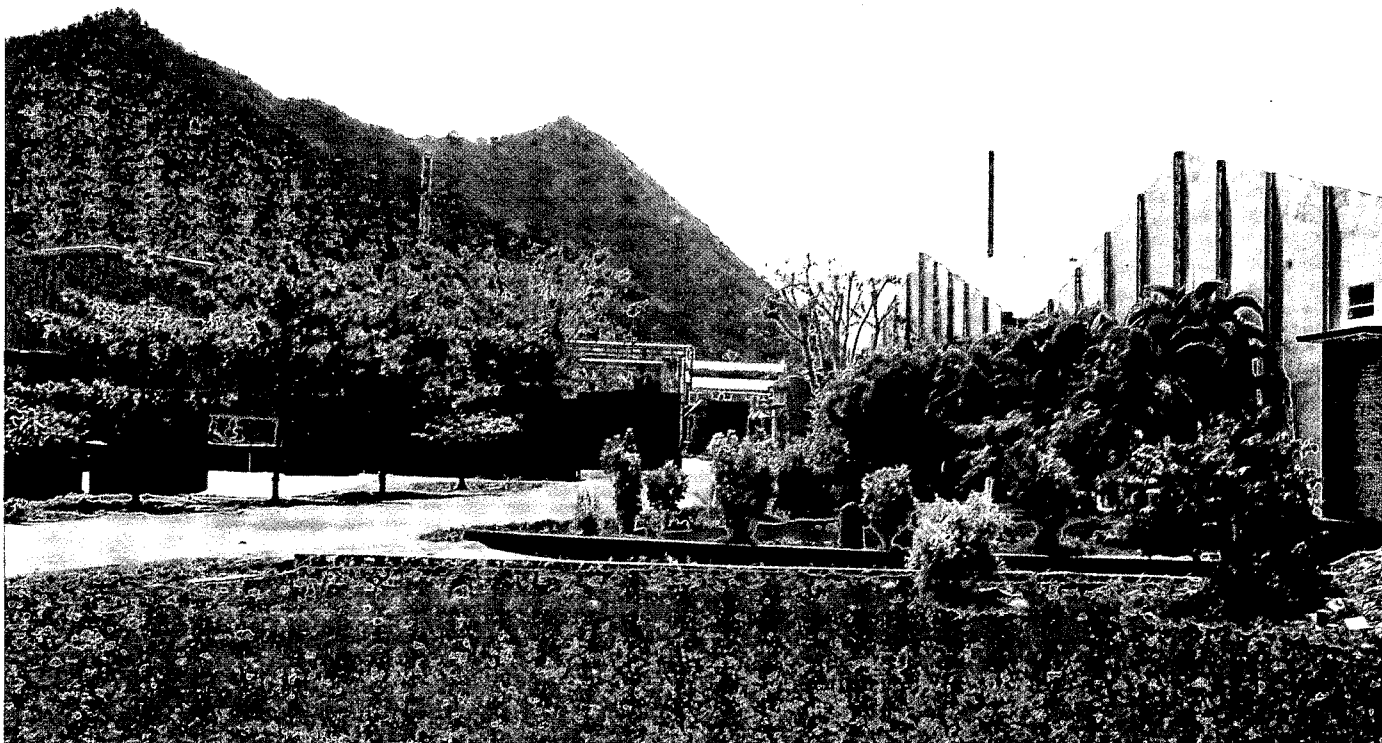


(Signature)

This form is to be used.....the resolution. Unless otherwise instructed, the proxy will act as he thinks fit. *In favour of/against

*Strike out whichever is not desired

NOTE :The Proxy must be deposited at the Registered Office of the Company situated at Sion-Trombay Road, Deonar, Mumbai – 400 088 not less than FORTY-EIGHT HOURS before the time for holding of the aforesaid Meeting.



FOODS AND INNS LIMITED - Chittoor Factory (A.P.)



We add Quality to Quality

FOODS AND INNS LTD.

Dulwich Mansion, 3rd Floor, 224, Tardeo Road, Tardeo, Mumbai 400 007, India

Phone+91-22-2353 3104 / 2353 3105 • Fax+91-22-2353 3106 / 2353 3107

E-mail - writetous@foodsandinns.com Web : www.foodsandinns.com