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*Director / Authorised Signatory*

**ELEVENTH ANNUAL REPORT  
1999-2000**



## 11TH ANNUAL REPORT 1999-2000

### BOARD OF DIRECTORS

Mr. Satan S. Bharwani	Chairman
Mr. Vincent Vaz	Whole-time Director
Mr. Tulsidas Phulwani	Director
Dr. B. K. Jha	Director
MR. H. S. Damania (Up to 1st November,2000)	Director
Ms. M. V. Panchal (Up to 1st November, 2000)	Director
Mr. M. V. Sheth (Up to 1st November,2000)	Director
Mr. D. C. Desai (Up to 1st November,2000)	Director

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### AUDITORS :

JMN ASSOCIATES,  
Chartered Accountants,  
Navsari.

### REGISTERED OFFICE :

18, Gev Mercantile Corner,  
Kilwani Road,  
Silvassa – 396 230.

### PLANT :

Village Jani Vankad,  
Nani Daman,  
Daman – 396 210 (U.T.)  
Daman & Diu



## NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of BLOSSOM Industries Limited will be held on Friday, the 29th Day of December, 2000, at the Indian Red Cross Society, Red Cross House, U.T. of Dadra & Nagar Haveli Branch, Silvassa – 396 230 at 11-00 a.m. to transact the following business :

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2000, the Profit and Loss Account for the year ended on that date and the schedules together with the Reports of the Directors and Auditors thereon.
2. To reappoint Auditors and to fix their remuneration.

### AS SPECIAL BUSINESS

3. To consider and, if thought fit pass with or without modification the following resolution as an Ordinary Resolution :

**“RESOLVED** that Mr. Satan S. Bharwani who was appointed as an additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.”

4. To consider and, if thought fit pass with or without modification the following resolution as an Ordinary Resolution :

**“RESOLVED** that Mr. Tulsidas Phulwani who was appointed as an additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.”

5. To consider and, if thought fit pass with or without modification the following resolution as an Ordinary Resolution :

**“RESOLVED** that Dr. B. K. Jha who was appointed as an additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.”

6. To consider and, if thought fit pass with or without modification the following resolutions as Ordinary Resolutions :

**“RESOLVED** that Mr. Vincent Vaz who was appointed as an additional Director and subsequently Whole-time Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the companies Act, 1956 and in respect of whom the Company

has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company.”

**“RESOLVED FURTHER** that pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act 1956, read with Schedule XIII of the said Act, approval be and is hereby accorded to the appointment of Mr. Vincent Vaz as a Whole-time Director of the Company for a period of five years with effect from 30-10-2000 upon the terms and conditions as set out in the Company's letter dated 30-10-2000 addressed to Mr. Vincent Vaz, a copy whereof duly initialed by the Chairman for the purpose of identification is placed before the meeting.”

### 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 AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE, NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of items no. 3,4,5 and 6 of the notice set out above is annexed hereto.
3. Members are requested to notify the change in address, if any, immediately to the Company at its Registered Office at 18, Gev Mercantile Corner, Kilwani Road, Silvassa – 396 230, quoting their Folio Numbers.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th day of December, 2000 to the 19th day of December, 2000 (both days inclusive).
5. The Company has listed its shares at Vadodara, Ahmedabad and Mumbai Stock Exchanges. All the listing fees, till date, have been paid.

By Order of the Board of Directors

Mr. Vincent Vaz  
(Whole-time Director)

### Registered Office :

18, Gev Mercantile Corner,  
Kilwani Road,  
Silvassa – 396 230.

Place : Daman

Date : November 30, 2000

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**Explanatory Statement Pursuant to Section 173 (2) of the Companies****Item No. 3**

Mr. Satan S. Bharwani was appointed as an Additional Director of the Company on 23rd day of June, 2000 by the Board of Directors of the Company. According to the Provisions of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Mr. Satan S. Bharwani as a Director alongwith a deposit of the requisite amount. Mr. Satan S. Bharwani is having vast experience in the area of finance as well as managerial field. The Board desires that the Company should continue to avail itself of his services. None of the Directors except Mr. Satan S. Bharwani is concerned or interested in this resolution.

**Item No. 4**

Mr. Tulsidas Phulwani was appointed as an Additional Director of the Company on 23rd day of June, 2000 by the Board of Directors of the Company. According to the Provisions of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Mr. Tulsidas Phulwani as a Director alongwith a deposit of the requisite amount.

Mr. Tulsidas Phulwani is having vast experience in the area of marketing and general administration. The Board desires that the Company should continue to avail itself of his services.

None of the Directors except Mr. Tulsidas Phulwani is concerned or interested in this resolution.

**Item No. 5**

Dr. B.K. Jha was appointed as an Additional Director of the Company on 30th day of October, 2000 by the Board of Directors of the Company. According to the Provisions of Section 260 of the Companies Act, 1956 he holds office as director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Dr. B. K. Jha as a Director alongwith a deposit of the requisite amount.

Dr. B.K. Jha is an alcohol technologist and holds Doctorate in the area of industrial fermentation. The Board desires that the Company should continue to avail itself of his services.

None of the Directors except Dr. B. K. Jha is concerned or interested in this resolution.

**Item No. 6**

Mr. Vincent Vaz was appointed as an Additional Director of the Company on 23rd day of June 2000 by the Board of Directors of the Company.

As the Company is a Public Limited Company with paid up capital of Rs. 14.60 crores, it is required to compulsorily appoint either a Managing Director or a Whole-time Director. Hence, the Board of Directors has appointed Mr. Vincent Vaz as a Whole-time Director of the Company for a period of 5 years w.e.f. 30th October, 2000 on the following principal terms and conditions subject to an overall ceiling as to remuneration as laid down in Sections 198, and 309 of the Companies Act, 1956, read with Schedule XIII of the Said Act :

**(1) Terms and Conditions**

1. **TENURE** Five years with effect from 1.11.2000 subject to the approval of shareholders of the Company.
2. **SALARY** Rs. 15,000/- per month.
3. **PERQUISITES** Mr. Vincent Vaz shall be entitled to the following :
  - a) **Housing :** Mr. Vincent Vaz shall be entitled to rent-free furnished residential accommodation. In case no accommodation is provided by the Company, Mr. Vincent Vaz shall be entitled to the House Rent Allowance of Rs. 2,500/- per month.
  - b) **Reimbursement of gas, electricity, water charges and furnishings.**
  - c) **Reimbursement of medical expenses for self and family**
  - d) **Leave travel concession for Mr. Vincent Vaz for self and family as per the Company Rules.**
  - e) **Provision for a car for business purposes.**
  - f) **Telephone at the residence. The bill will be paid by the Company.**

Mr. Vincent Vaz will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on the remuneration in the event the Company has no profits or its profits are inadequate in any financial year during the aforesaid period.

- i) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.**
- ii) **Gratuity payable at the rate of half a month's salary for each completed year of service.**
- iii) **Earned/privilege leave / Leave encashment : On full pay and allowances, as per the Rules of the Company.**

The total remuneration including perquisites shall not exceed 5% of the profits calculated in accordance with Sections 349 and 350 of the Companies Act, 1956.

**4. MINIMUM REMUNERATION :**

Notwithstanding anything to the contrary herein, where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the remuneration payable by way of salary and perquisites as above shall be treated as minimum remuneration subject to the provisions of the Companies Act, 1956.

- (2) The remuneration payable to Mr. Vincent Vaz is well within the permissible limits prescribed under the Companies Act, 1956 and is commensurate with his responsibilities.
- (3) Except Mr. Vincent Vaz, no other Director is concerned or interested in the said appointment.

**By Order of the Board of Directors**

Mr. Vincent Vaz  
(Whole-time Director)

**Registered Office :**

18, Gev Mercantile Corner,  
Kilwani Road,  
Silvassa - 396 230.

Date : November 30, 2000.



## DIRECTORS' REPORT

To

The Members  
Blossom Industries Limited

Your Directors herewith present the Eleventh Annual Report on the business and operations of the Company together with Audited Statement of Accounts of the Company.

### 1. FINANCIAL RESULTS (Rs. In Lacs)

PATICULARS	1999 - 2000	1998 - 1999
Sales and other Income	0.00	0.00
Loss : before Interest and Depreciation.	147.82	16.24
Add :		
(1) Interest	54.21	47.41
(2) Depreciation	1012.18	102.35
Loss before tax	1214.21	166.00
Provision for tax	NIL	NIL
Loss after tax	1214.21	166.00

### 2. DIVIDEND :

Your Directors regret their inability to recommend any dividend on account of losses made by the Company.

### 3. OPERATIONS & PROSPECTS :

In pursuance of the order of the Honourable High Court of Mumbai dated March 23, 2000, the Court Receiver handed over the physical possession of the Company's Plant on March 28, 2000 to Mr. Ashok Khemani as the agent of the Company. On taking possession, the Plant and Machinery and Buildings were found to be in a totally dilapidated state and had suffered extensive damage by reason of corrosion, leakages, pilferages and non-maintenance for over two years of sustained shutdown and closure. In view of the poor shape and state of the plant as well as extensive damages and dilapidation it was exposed to over a long period, the management deemed it imperative to have the assets like buildings, plant and machineries constituting the entire plant, inspected in detail by the expert independent valuers on the date of its possession, i.e. March 28, 2000.

The Khemani Group brought on the scene technical experts and consultants as well as contractors and suppliers of plant and machinery for brewery, refrigeration, effluent treatment and bottling section to undertake an all-embracing effort of repairing, revamping and restarting the plant on an expeditious time schedule. A well-conceived plan drawn up by expert consultants, continuous coordinated efforts amongst the above agencies and uninterrupted funding support of Khemani Group brought these efforts to fruition and the plant was made operational to start trial production by the first week of June 2000. The first trial batch was charged on the 6th June, 2000 and the same started yielding trial production by the 1st week of July, 2000.

The said independent approved valuers also valued assets like plant and machinery, buildings as well as land on the date of possession i.e., March 28, 2000. As a result of this valuation, a huge impairment in the value of these assets was noticed. The reported impairment in the Plant value has made it mandatory for the Board to take cognizance of the accounting standards - 6 and 10 [AS-6 and AS-10] and appropriately deal with the same in the accounts under report. Your Board has relied upon the expert advice in appropriately dealing with the matter.

Subsequent to the end of the Financial Year under report and upto the date of this report, a further sum of around Rs. 95 lacs have been spent to stabilise and improve the plant operations and commercial production of beer on a trial contract-manufacturing basis is being undertaken.

### 4. DIRECTORS :

During the year under review, Mr. Satan S. Bharwani, Mr. Vincent Vaz, and Mr. Tulsidas Phulwani were appointed as Additional Directors of the Company representing Khemani Group. Also during the current year Dr. B. K. Jha was appointed as an independent Additional Director. As required under the Companies Act, the terms of all the Additional Directors will expire at the ensuing Annual General Meeting of the Company.

The Company has received a notice from Members signifying intentions to propose their appointments as Directors. The Board recommends their appointments.

During the current year Mr. H. S. Damania, Ms. M. V. Panchal, Mr. M. V. Sheth and Mr. D. C. Desai resigned as Directors of the Company on and with effect from 1st November, 2000. These resignations have been accepted.

### 5. FIXED DEPOSIT :

The Company has not accepted any deposit within the meaning of Section 58-A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975.

### 6. PERSONNEL :

There were no employees, during the year under review, who were in receipt of remuneration exceeding the limit prescribed as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### 7. AUDITORS :

The retiring Auditors M/s. JMN Associates Chartered Accountants, Navsari, have indicated their inability to accept re-appointment as Auditors of the Company on account of their pre-occupation.

M/s. C. C. Chokshi & Co., Chartered Accountants, Mumbai have given their consent for appointment as statutory

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Auditors of the Company at the ensuing Annual General Meeting. The Company has received a letter from M/s. C. C. Chokshi & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Your Directors recommend their appointment.

**8. STATUS UNDER SICA**

During the year under report, the Company's net worth has been totally eroded. The Board has obtained the expert legal advice from the counsel in the matter. In his legal opinion, the counsel has advised the Board that it is under mandatory statutory obligation to refer the matter to BIFR under The Sick Industrial Companies (Special Provisions) Act, 1985. The Board will appropriately deal with the matter in the best interests of the Company.

**9. DISCLOSURE UNDER LISTING REQUIREMENTS :**

The cash flow statement pursuant to clause 32 of the Listing Agreement with the Stock Exchanges is given along with the accounts of the Company.

**10. ENVIRONMENT SAFETY & ENERGY CONSERVATION**

The effluent treatment plant has been installed in accordance with the requirement of pollution control laws. The Company's management has provided enough consideration for a healthy working environment and in minimising happenings of accidents and health hazards.

In the area of energy conservation, work was carried out with optimum levels of consumption of captive power and fuel thereof.

**FORM A**

Form for Disclosure of Particulars with respect to Conservation of Energy..

**A. I. Electricity**

(a) Purchased	Current year	Previous year
Unit	93500	Nil
Total amount [Rs.]	329306	Nil
Rate/unit [Rs.]	3.52	Nil
(b) Own Generation	Nil	Nil
Through diesel generator		
(c) Through steam turbine/- generator	Nil	Nil
2. Coal (Specify quantity & where used)	Nil	Nil
3. Furnace Oil		
Quantity (K.Ltrs.)	20	Nil
Total Amount [Rs.]	259439	Nil
Average Rate [Rs. Per K.Litre]	12971.95	Nil
4. Others/internal generation	Nil	Nil
B. Consumption per unit of production	Nil	Nil
Products (with details) Unit [Beer / Litre]	Nil	Nil
Electricity (Average)	Nil	Nil

**FORM B**

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

**1. Research & Development:**

There was no operation during the year.

**2. Technology Absorption, adoption and Innovation:**

No technology has been imported by the Company.

**10. EXPORT PLANS & FOREIGN EARNINGS AND OUTGO :**

The Company will concentrate in the domestic market for its products.

FOREIGN EXCHANGE EARNED	FOREIGN EXCHANGE USED
Nil	Nil

For and on behalf of the Board of Directors

Mr. Satan S. Bharwani  
Director

Place: Daman

Date : November 30, 2000.