



**Industries Limited**



**THIRTEENTH ANNUAL REPORT**  
**2001-2002**



## 13TH ANNUAL REPORT 2001-2002

### BOARD OF DIRECTORS

Mr. Satan S. Bharwani	Chairman
Mr. Vincent Vaz	Whole-time Director
Mr. Tulsidas M. Phulwani	Director
Dr. B. K. Jha	Director (upto April 30, 2002)
Mr. M.A. Pai	Director
Dr. P. Kotalah	Director



### AUDITORS :

C.C. Chokshi & Co.,  
Chartered Accountants,  
Mumbai.

### REGISTRAR AND TRANSFER AGENTS

#### Dynamic Superways & Exports Limited

Rainbow Palace, I.C. Colony,  
Cross Road No. 5, Borivali (W),  
Mumbai -400 103  
Tel No. (022) 891 8257, 895 2148  
Fax No. +91-22-893 7845

### REGISTERED OFFICE & PLANT :

Village Jani Vankad,  
Nani Daman,  
Daman - 396 210 (U.T.)



## NOTICE

To,

The Members,  
**BLOSSOM INDUSTRIES LIMITED**

Notice is hereby given that the Thirteenth Annual General Meeting of the Shareholders of BLOSSOM INDUSTRIES LIMITED will be held at \*Brighton Hotel, Sea Face Road, Nani Daman, Daman-396210\* on Saturday, October 26, 2002 at 11.00 a.m. to transact the following business: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2002 and the Profit & Loss Account of the Company for the year ended on that date, together with the Report of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. S.S. Bharwani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual general Meeting.

### SPECIAL BUSINESS:

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

"RESOLVED THAT the Company does hereby approve the revision and amendment of the terms and conditions between the Company and Mr. Vincent Vaz, Whole-time Director of the Company, as specified in the draft agreement submitted to this meeting and initialled by the Chairman for the purpose of identification and the Board be and is hereby authorised to execute such agreement under its common seal.

**By Order of the Board**

**Vincent Vaz**  
(Whole-time Director)

Place: Mumbai

Date : August 28, 2002

### Registered Office :

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

### NOTES:

**A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE DULY COMPLETED, STAMPED AND SIGNED MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

**B) The explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.**

**C) Reappointment of Director:**

At the ensuing Annual General Meeting Mr. S.S. Bharwani retires by rotation and being eligible, offers himself for reappointment. Pursuant to clause 49 of the listing agreement relating to the code of Corporate Governance, particulars of the aforesaid Director are given below:

Mr. S. S. Bharwani is having vast experience in the area of finance as well as managerial field. The other directorship/ membership of Mr. S.S. Bharwani are as follows:

1. Satco Securities and Financial Services Limited
2. Privi Aromatics Private Limited
3. Rank Data Products Private Limited

**D) The Register of Members and the Share Transfer Books of the Company will remain closed from October 25, 2002 to October 26, 2002, both days inclusive.**

**E) Members are requested to intimate the Company or its Registrar and Share Transfer Agents immediately, of any change in their address.**

**F) Members are requested to send all share transfer lodgments (physical mode)/correspondence to the Registrar and Share Transfer Agents at the following address :**

**M/s Dynamic Superways & Exports Limited**  
Rainbow Palace, I.C. Colony,  
Cross Road No.5,  
Borivali (West), Mumbai-400 103  
Tel No.: 8918257, 8952148  
Fax No.: 8937845  
E-mail: dynaexp@tatanova.com

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## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

## Item no. 4

The remuneration payable to Mr. Vincent Vaz, Whole-time Director was approved by shareholders at the Annual General Meeting held on 28th December 2000. At the meeting held on 18th May 2002, the Board of Directors and the Remuneration Committee decided to recommend to the Company in general meeting that the terms and conditions of service of Mr. Vincent Vaz as to his remuneration be varied in terms of the draft agreement as follows:

Particulars	Amount in Rs.
Basic Salary	25000-50,000 per month. The actual amount to be paid each year to be determined by the Board/ Remuneration Committee.
House Rent Allowance	15% of the Basic Salary
Medical Allowance	15% of the Basic Salary
Leave Travel Allowance	One month of the Basic Salary per annum
Children Education Allowance	10% of the Basic Salary
Provident Fund	12% of the Basic Salary
The above proposal will not require the approval of the Central government under Section 268 and Section 310	

of the Act as the increase in remuneration by way of incremental salary proposed to be paid is within the limits laid down in Part II of Schedule XIII of the Act. The Board of Directors commends this resolution to the members for their approval.

Copy of the draft agreement is open for inspection at the registered office of the Company during business hours on any working day.

Mr. Vincent Vaz is interested in the resolution to the extent of additional remuneration proposed to be paid to him. No other Director is concerned with or interested in this resolution

By Order of the Board

Vincent Vaz  
(Whole-time Director)

Place : Mumbai  
Date : August 28, 2002

Registered Office :  
Village, Jani Vankad,  
Nani Daman,  
Daman 396 210. (U.T.)

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## DIRECTORS' REPORT

To,

The Members,  
Blossom Industries Limited

The Directors have pleasure in presenting the Thirteenth Annual Report of the Company and the Audited Statement of Accounts for the year ended 30th June 2002.

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

PARTICULARS	2001-2002	2000-2001
Sales & Other Income	2934.60	1788.20
Profit before interest and Depreciation	485.92	46.38
(i) Interest	177.64	180.71
(ii) Depreciation	257.49	145.34
Profit/(Loss) for the year	50.79	(279.67)
Balance carried to the Balance Sheet	(954.12)	(2105.31)

### 2. DIVIDEND:

In view of the accumulated losses, your Directors regret their inability to recommend any Dividend.

### 3. PERFORMANCE:

During the year under review, your Company's operations have shown consistent improvements and better capacity utilization. Your directors are hopeful of achieving better performance levels during the current year.

### 4. DIRECTORS:

Mr. S.S. Bharwani retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his reappointment.

### 5. FIXED DEPOSIT:

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder.

### 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:

M/s. C.C. Chokshi & Co., Chartered Accountants, Mumbai, auditors of the Company hold office until the conclusion of 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 reappointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956. Your Directors recommend their reappointment.

### 8. STATUS UNDER SICA :

As reported last year, the Company had filed a reference under Section 15 of the Sick Industries (Special Provisions) Act, 1985 (SICA) with the Board of Industrial and Financial Restructuring (BIFR). During the year, the BIFR passed order U/s. 17(2) of SICA approving the rehabilitation scheme submitted by the Company and the management took the necessary steps within the prescribed time limit to comply with the terms and conditions stipulated therein. The necessary amendments have been made in the capital clause of the Memorandum and Articles of Association of the company. Your attention is invited to note (6) schedule 15 to the accounts.

### 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. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earning / outgo is appended hereto as Annexure I and forms part of this report.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm that: -

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments 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 financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, 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) they have prepared the annual accounts on a going concern basis.

### 12. CORPORATE GOVERNANCE:

As per the listing Agreements with the Stock Exchange, the Company is required to implement the Corporate Governance Code from the Financial Year 2001-2002 on-

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wards. The Company has successfully implemented and complied with all the requirements of the code of Corporate Governance and a separate Report is annexed. (Annexure II) The Corporate Governance Compliance Certificate obtained from the Auditors of the Company is also attached to this Report.

The Management Discussion and Analysis Report, as mandated under the code of Corporate Governance, is given in the Annexure attached to the Directors' Report. (Annexure III)

**13. DEPOSITORY SYSTEM:**

Your Company has entered into an agreement with Central Depository Services (India) Limited in accordance with the provisions of the Depositories Act, 1956 and as per the directives issued by SEBI.

**14. EXCHANGE OF OLD SHARE CERTIFICATES:**

Consequent upon reduction of share capital, your Company on 24.05.2002, had already communicated to share holders, the corporate action plan to exchange the old share certificates against the new share certificates in physical form or in dematerialised form. You are requested to take the necessary steps to exchange your old share certificates as the old share certificates are no longer tradable with effect from 15.07.2002.

**15. SHIFTING THE REGISTERED OFFICE OF THE COMPANY :**

During the year, the Company Law Board, Western Region Bench, Mumbai, was pleased to approve the petition filed by the Company for shifting its registered office from the Union Territory of Silvassa to the Union Territory of Daman and accordingly the registered office of the Company is now situated at Village Jani Vankad, Nani Daman, Daman - 396 210 (U.T.).

**16. INSURANCE:**

All the assets of your Company have been adequately insured.

**17. ACKNOWLEDGEMENTS:**

Your Directors express their deep sense of appreciation for the assistance and cooperation received from the Khemani Group. The Directors also express their deep gratitude for the co-operation and support extended to your Company by its customers, suppliers, bankers and various government agencies. Your Directors also place on record the commitment and involvement of the employees at all levels and look forward to their continued co-operation.

The Directors are also thankful to the Shareholders for their continued support to the Company.

**For and on behalf of the Board of Directors**

**Satan S. Bharwani**  
(Chairman)

Place : Mumbai  
Date : August 28, 2002

**ANNEXURE I-TO THE DIRECTORS' REPORT****A. CONSERVATION OF ENERGY**

Energy Conservation measures taken by the Company.

**a) Electrical Energy:**

- Installed effluent treatment plant in accordance with the requirements of the Pollution Control Laws.
- The work was carried out with optimum levels of consumption of power and fuel thereof.
- Brewing and Bottling operations synchronized during lean season to avoid losses and high consumption.

**b) Fuel Oil Consumption**

- Low-pressure Burners in boiler replaced with energy efficient Burners.
- Condensate recovered from the bottle washer used in pasteurizer thereby reducing consumption of furnace oil in pasteurizer.

**B. TECHNICAL ABSORPTION**

- Indigenous/Locally available raw materials are utilized to gain maximum advantage.
- No technology has been imported by the Company.
- Efforts are being made to further improve the quality of the products.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company concentrates in the domestic market for its products.

Foreign Exchange Earnings: Rs.Nil

Foreign Exchange outgo: Rs.Nil

**For and on behalf of the Board of Directors**

**Satan S. Bharwani**  
(Chairman)

Place : Mumbai  
Date : August 28, 2002





## ANNEXURE II-TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the listing agreement is set out below.

#### 1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes that sound corporate practices, based on transparency, accountability and high level of integrity in the functioning of the Company are essential for the long-term enhancement of the shareholders'/stakeholders' value and interest. The Company believes that its actions must result in enhancing corporate performance by maximizing shareholders'/stakeholders' value and also result in motivated work force.

The Company is managed and controlled through a professional Board of Directors. More than 50% of the Board comprises of Independent Directors. The Board consists of eminent persons with considerable professional expertise and experience.

The matters of policy and other relevant and significant information are regularly made available to the Board. The Board has established the Audit Committee, the Investors'/Shareholders' Grievance Committee and the Remuneration Committee to look into the aspects relevant to each Committee.

#### 2) BOARD OF DIRECTORS

Composition and number of Meetings held:

The strength of the Board of Directors is five as of 30th June 2002.

During the financial year ended 30th June 2002, eight Board Meetings were held, on 29th September 2001, 6th October 2001, 29th October 2001, 26th November 2001, 17th January 2002, 29th January 2002, 30th April 2002 and 18th May 2002.

The composition of the Board, attendance at Board Meetings held during the year and the last Annual General Meeting, number of Directorships in other companies and Memberships in committees across various companies of which the Director is a Member / Chairman are given below:

Name of the Director	Category	Financial Year 2001-2002		As on 30th June 2002		
		Attendance At		Committee Positions		
		Board Meetings	Last AGM held on 28.12.01	No. of other Directorships	No. of Member-ships	Chairman
Mr. S. S. Bharwani	Independent Chairman	8	Present	3	3	3
Mr. Vincent Vaz	Whole-time Director	8	Present	—	2	—
Mr. T. M. Phulwani	Independent Director	5	Present	1	3	—
Mr. M. A. Pai*	Independent Director	3	Absent	1	1	—
Dr. P. Kotiah*	Independent Director	2	Absent	6	5	—

\*Appointed to the Board with effect from 26th November 2001

#### Note:

- (a) Dr. B.K. Jha, Director of the Company resigned with effect from 30th April 2002.

#### 3) AUDIT COMMITTEE

Broad Terms of Reference:

There exists a qualified and independent Audit Committee comprised Mr. S.S. Bharwani, Mr. T.M. Phulwani and Dr. B.K. Jha (upto April 30, 2002) as members of the Committee and also includes Mr. Vincent Vaz, Whole-time Director of the Company. The Committee at its meeting held on 14th September 2001 unanimously appointed Mr. S. S. Bharwani as Chairman of the Audit Committee.

The Committee oversees the financial reporting process, disclosure requirements and matters relating to internal Control System. The Committee also reviews periodically the financial accounts, adequacy of internal audit function, compliance with accounting standards and other areas within its terms of reference. Further, the Committee is empowered, inter-alia, to investigate into any matter within its purview, and if required, seek external legal or other professional advice.

No. of Meetings and Attendance:

During the financial year 2001-2002 under review, four Audit Committee Meetings were held on 14th September 2001, 29th October 2001, 29th January 2002 and 30th April 2002.

Name	Position	Category	Attendance during the year 2001-2002
Mr. S.S. Bharwani	Chairman	Independent Chairman	4
Mr. T. M. Phulwani	Member	Independent Director	4
Mr. Vincent Vaz	Member	Whole-time Director	4
Dr. B.K. Jha	Member	Independent Director	—

#### 4) REMUNERATION COMMITTEE

Brief description of terms of reference:

- To review assess and recommend the appointment and remuneration of Whole-time Director/Managing Director.
- To review the remuneration package including the retirements benefits payable to the Directors, periodically and recommend suitable revision/increments, whenever required to the Board.

#### Composition:

The Remuneration Committee comprises three Independent Directors viz. Mr. S. S Bharwani, Mr. Tulsidas Phulwani and Mr. M. A. Pai.

#### No. of Meetings and Attendance:

During the financial year 2001-2002 under review, one meeting of the Remuneration Committee was held on 18th May 2002, wherein all the Members of the Remuneration Committee were present.

#### Remuneration Policy:

The remuneration of the Whole-time Director is decided by the Remuneration Committee based on the Company's performance vis-à-vis the industry performance/track record of the Whole-time Director and the same is reported to the Board of Directors. The Company pays remuneration by way of salary, perquisites and allowances to its Whole-time Director. Increments are decided by the Remuneration Committee within the salary scales approved by the Members and are effective as per their individual Agreements.