



Industries Limited

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FOURTEENTH ANNUAL REPORT
2002-2003



Industries Limited
14TH ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

| | |
|--------------------------|---|
| Mr. Satan S. Bharwani | Chairman |
| Mr. Amit A. Khemani | Managing Director (w.e.f. 27-9-2003) |
| Mr. Vincent Vaz | Whole-time Director |
| Mr. Tulsidas M. Phulwani | Director |
| Mr. M.A. Pai | Director |
| Dr. P. Kotaiah | Director |
| Mr. D. T. Khilnani | Director (w.e.f. 28-9-2002) |

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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) 2891 8257, 2895 2148
Fax No. +91-22-2893 7845
E-mail: dynaexp@vsnl.net

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 **Fourteenth Annual General Meeting** of the Shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Saturday, 1 November 2003 at 11.00 a.m. at the Registered Office of the Company at Village Jani Vankad, Nani Daman, Daman – 396 210 (U.T.) to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30 June 2003 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. M.A. Pai 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, to pass, with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT Mr.Amit A.Khemani who was appointed as an Additional Director by the Board of Directors of the Company with effect from 20 September 2003, under Section 260 of the Companies Act, 1956 (the Act) and Article 67 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

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

“RESOLVED THAT in accordance with the provisions of Section 269 and 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 consent of the Company be and is hereby accorded to the appointment of Mr.Amit A.Khemani as Managing Director of the Company for a period of 5 years with effect from 27 September 2003 on such terms and

conditions including remuneration as set out in the Agreement to be entered into between the Company and Mr.Amit A.Khemani, as submitted to this meeting and initialed by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr.Amit A.Khemani.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

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

“RESOLVED THAT in accordance with the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorizes the Board of Directors of the Company to contribute and subscribe on behalf of the Company to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will in any financial year exceed Rs.50,000 or 5% of the Company's average net profits as determined in accordance with the provisions of sections 349 and 350 of the said Act, during the three financial years immediately preceding subject to the maximum of Rs. 7,50,000 or 5% of the Company's average net profits determined as aforesaid, whichever is greater.

By Order of the Board

Vincent Vaz

(Whole-time Director)

Place: Mumbai

Date : 20 September 2003

Registered Office

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

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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 AND MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

B) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

C) Reappointment of Directors

At the ensuing Annual General Meeting, Mr. M.A. Pai 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, the particulars of the aforesaid Director are given below:

Mr. M.A. Pai holds a Masters Degree in Commerce and also postgraduate diploma in Management as well as Administration. He has also passed CAIIB exam and has vast experience in the area of insurance, finance and taxation. He is also Director and Chairman in Madan Financial Services Limited.

D) The Register of Members and the Share Transfer Books of the Company will remain closed from the 31 October 2003 to 1 November 2003, inclusive of both the days.

E) Members are requested to

- 1) Intimate to the Company or its Registrar and Share Transfer Agent immediately, of any change in their address.
- 2) Members are requested to send all share transfer lodgments (Physical mode) / correspondence to the Registrar and Share Transfer Agent at the following address upto the date of book closure

M/s Dynamic Superways & Exports Limited

Rainbow Palace, I.C. Colony, Cross Road No.5,
Borivali (West), Mumbai-400 103
Tel No.: 28918257, 28952148
Fax No.: 28937845

- 3) Write to the Company at least 7 days before the date of meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 30 June 2003, so as to enable the Company to keep the information ready.
- 4) Please quote Registered Folio Numbers in all the correspondence.

EXPLANATORY STATEMENT

**Pursuant to Section 173(2) of the Companies Act, 1956
Item Nos.4 & 5**

Mr. Amit A. Khemani was appointed by the Board at its meeting held on the 20 September 2003 as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 67 of the Articles of Association of the Company. 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. Amit A. Khemani as a Director along with a deposit of the requisite amount.

At the meeting of the Board of Directors of the Company (the Board) held on 27 September 2003, the Board decided to appoint Mr. Amit A. Khemani as Managing Director of the Company for a period of 5 years with effect from 27 September 2003.

Mr. Amit A. Khemani is a Bachelor of Arts from Curry College, Milton with major subjects as Business Management and Communication. He had undergone an extensive training programme covering all facets of brewery and distillery management at the plants and corporate office of Diageo PLC, U.K. He also has an extensive experience of managing the Khemani group distilleries.

Keeping in view his experience, training and educational background as well as recommendations of the Remuneration Committee, the Board approved at its meeting held on 27 September 2003, the remuneration package alongwith other terms and conditions of services of Mr. Amit A. Khemani and which are contained in the draft agreement to be entered into by the Company subject to the final approval of the shareholders.

The abstract of the terms and conditions contained in the draft agreement is as follows:

A. Salary

Rs. 60,000/- p.m.

With annual increments as may be approved by the Board of Directors of the Company subject to the ceiling as specified by schedule XIII of the Companies Act, 1956.

B. Perquisites

- i. In addition to salary, Mr. Amit A. Khemani is also entitled to perquisites and allowances, including furnished accommodation or house rent allowance in lieu thereof, medical reimbursement and leave travel concessions for self and family, club fees, medical and personal accidental insurance, or such other perquisites in accordance with the rules applicable to other senior executives of the Company subject to the condition that the total perquisites will be restricted to an amount equivalent to 50% of the annual salary.



- ii. Free use of the Company's car for the Company's work as well as for personal purposes along with a driver.

For the purpose of calculating the above, the perquisites shall be evaluated as per Income-tax Rules wherever applicable.

- iii. Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these are, either singly or put together, not taxable under the Income-tax Act; Gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration specified above.

- iv. Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

In the event of loss or inadequacy of profits in any financial year, the Managing Directors shall be paid remuneration by way of salary and perquisites in accordance with the provisions contained in Part II Section II of Schedule XIII of the Companies Act, 1956, or any statutory modifications therein or enactment thereof.

C. Leave

In accordance with the rules of the Company as applicable to other senior executives of the Company.

D. Others

Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

E. Nature of Duties

He shall devote his whole time and attention to the business of the Company, perform his duties truly and faithfully and comply with the directives given to him from time to time by the Board, and further not to disclose to any person, firm or company any confidential information.

F. Termination

- (a) The Board is entitled to terminate the agreement forthwith by notice in writing on his vacation of office of Director by virtue of Sections 283, 284, and other applicable provisions of the Companies Act, 1956.

- (b) 6 months' notice in writing by either party.

G. Arbitration

Disputes to be settled by arbitration.

The draft of the said agreement will be available for inspection by the members at the Registered Office of the Company on any working day from Monday to Friday and will be available at the Meeting.

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee/s thereof from the date of his appointment.

The above may please be treated as an abstract of the terms and conditions of appointment of Mr.Amit A.Khemani as required under Section 302 of the Companies Act, 1956.

The draft Agreement between the Company and Mr.Amit A.Khemani is available for inspection by the Members of the Company at the Registered Office of the Company from 10 AM to 12 Noon on any working day, except Saturday and Sunday upto the date of Annual General Meeting.

Your Directors commend the acceptance of these resolutions by the Shareholders.

Mr.Amit A.Khemani is interested in resolution Nos 4 and 5. No other Director is interested in these resolutions.

Item No.6

The Company is authorised by its Memorandum of Association to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. By virtue of Section 293(1)(e) of the Act, however, the maximum limit which can be so contributed in any financial year is Rs.50,000 or 5% of the Company's average net profits as determined in accordance with Section 349 and 350 of the Companies Act, 1956, during the three immediately preceding financial years, whichever is greater. Section 293(1)(e) permits such contributions in excess of these limits if shareholders approve. As such your Board seeks sanction to make such contributions in a financial year upto a limit of Rs. 7,50,000 or 5% of the Company's average net profits as determined in accordance with Section 349 and 350 of the Companies Act, 1956 during the three immediately preceding financial years whichever is greater.

The Board commends this resolution for acceptance.

None of the Directors in any way is concerned or interested in the resolution proposed to be passed.

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DIRECTORS' REPORT

To,

The Members,
Blossom Industries Limited

The Directors have pleasure in presenting the Fourteenth Annual Report of the Company and the Audited Statement of Accounts for the year ended 30 June 2003

1.0. FINANCIAL RESULTS

(Rs. in Lacs)

| Particulars | 2002-2003 | 2001-2002 |
|---|-----------|-----------|
| Sales & Other Income | 3863.59 | 2934.60 |
| Profit before interest and Depreciation | 641.62 | 485.92 |
| Less | | |
| (1) Interest | 149.68 | 177.64 |
| (2) Depreciation | 250.26 | 257.49 |
| (3) Deferred Tax | 26.47 | 19.26 |
| Profit for the Year | 215.21 | 31.53 |
| Loss carried to the Balance Sheet | (738.91) | (954.12) |

2.0 DIVIDEND

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

3.0 PERFORMANCE

During the year under review the results were encouraging. Your Company could achieve sales turnover of Rs. 3863.59 lacs as compared to Rs. 2934.60 lacs. The profit has also gone up from 31.53 lacs to 215.21 lacs. This was possible due to increased volumes of the brands manufactured by the Company for its vendors.

4.0 STATUS UNDER SICA

The Company during the year substantially implemented the sanctioned rehabilitation scheme as approved by The Board of Industrial and Financial Reconstruction (BIFR) and submitted its application to discharge the Company from the purview of the BIFR. The BIFR vide its order dated 26/08/03 declared that the Company has ceased to be a Sick Industrial Company within the meaning of Section 3(1)(o) of the Act and also discharged it from the purview of the BIFR subject to certain compliances. The Company is confident of fulfilling the necessary compliances during the course of implementation of the entire rehabilitation scheme.

5.0 CERTIFICATE UNDER ISO 9001:2000

The Directors are pleased to inform you that the Company has received the certificate from TUV India Private Limited (Certifying Authority) under ISO 9001:2000 for Manufacturing and Sale of Beer. This Certificate stands

for quality management system established by the Company for manufacturing and sale of beer. This certificate will help the Company to establish its position in the beer industry as quality manufacturer of beer.

6.0 LAUNCHING OF THE NEW BRAND OF BEER

The Company is manufacturing quality beer in its plant situated at Daman. Your Directors are happy to announce that the Company has launched its own brand of beer namely 'Bellbird' on 14 September 2003. The new brand will be manufactured and marketed by the Company itself in keeping with the Company's long term business strategy of promoting and positioning its own brand for future years.

7.0 DIRECTORS

Mr. M.A. Pai retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

8.0 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 Accountant, to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Yours Directors recommend their reappointment.

8.1 AUDITORS' REPORT

There are no qualifications contained in the Auditors' Report and therefore there are no further explanations to be provided for in this Report.

9.0 INSURANCE

All the assets of your Company have been adequately insured.

10.0 FIXED DEPOSIT

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

11.0 EMPLOYEES

No employee is drawing the remuneration exceeding the specified limit prescribed U/s 217(2A) of the Companies Act, 1956 (Particulars of Employees) Rules, 1975.

12.0 CORPORATE GOVERNANCE

As per the Listing Agreements with the Stock Exchanges, the Company is required to implement the Corporate Governance Code from the Financial Year 2001-2002 onwards. The Company has successfully implemented and complied with all the requirements of the Code of Corporate Governance and a separate Report is attached to this Report. (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)

13.0 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 earnings/outgo is appended hereto as Annexure I and forms part of this report.

14.0 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-

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (2) 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 end of the financial year and of the profit of the Company for that period;
- (3) 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;
- (4) they have prepared the annual accounts on a going concern basis.

15.0 ACKNOWLEDGMENTS

The Directors express their 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

Date : 20 September 2003
Place: Mumbai

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. 7560996 |

For and on behalf of the Board of Directors

Satan S. Bharwani
Chairman

Date : 20 September 2003
Place: Mumbai

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. In this report, we confirm the compliance of Corporate Governance criteria as required under clause 49 of the Listing Agreement.

A) MANDATORY REQUIREMENTS

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The basic object of corporate governance policies adopted by your Board is to ensure transparency in all dealings and the functioning of the management and the Board. These policies seek to focus on long term shareholder value creation without compromising on integrity, social obligations and regulatory compliances.

2) BOARD OF DIRECTORS

a. Composition and No. of Meetings held

The Board of Directors consists of professionals drawn from diverse fields. The majority of the Directors on the Board