



Industries Limited

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**FIFTEENTH ANNUAL REPORT
2003-2004**



Industries Limited
15TH ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

Mr. Satan S. Bharwani	Chairman
Mr. Amit A. Khemani	Managing Director
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

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AUDITORS

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

REGISTRAR AND TRANSFER AGENT

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 **Fifteenth Annual General Meeting** of the Shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Saturday, the 25th September 2004 at 11.30 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 the 31st March 2004 and the Profit & Loss Account of the Company for the year ended on that date, together with the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. P. Kotaiah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Tulsidas M. Phulwani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors 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.

By order of the Board

Sd/-
Vincent Vaz
Whole-time Director

Place : Mumbai

Date: 29th June 2004

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. THE 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) Re-appointment of Directors:

At the ensuing Annual General Meeting Dr. P Kotaiah and Mr. Tulsidas M. Phulwani retire by rotation and being eligible, offer themselves for re-appointment.

Pursuant to Clause 49 of the Listing Agreement relating to the code of Corporate Governance, the particulars of aforesaid Directors are given below:

Dr. P. Kotaiah, aged 66 years, has done his Master Degree in Arts and been awarded the Gold Medal for the same. He has been awarded the Honorary Doctorate in Literature by Andhra University in recognition of his special contribution to rural finance and development. He has over 4 decades of experience in the areas of Finance and Administration. The Board desires that the Company should continue to avail itself of his services.

He is holding Directorships in 6 (Six) Companies (including Blossom Industries Limited) as an Independent Director. He is also a Member of the Audit Committee of 3 (Three) Companies and Shareholders/Investors Grievances Committee in 1 (One) Company. He is not holding membership in any Committee of your Company.

Mr. Tulsidas M. Phulwani, aged 64, is having a vast experience in the area of liquor industry.

He is holding Directorships in 2 (Two) Companies (including Blossom Industries Limited) as Director.

He is also a Member of the Audit Committee, Shareholders/Investors Grievances Committee and the Remuneration Committee of your Company.

C) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 20th September 2004 to Saturday, 25th September 2004 inclusive of both the days.

D) The Members are requested to:

- 1) Intimate to the Company or its Registrar and Share Transfer Agent immediately, of any change in their address.
- 2) 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.: 2891 8257, 289 52148
Fax No.: 2893 7845

- 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 31st March 2004, so as to enable the Company to keep the information ready.
- 4) Quote Registered Folio Numbers in all the correspondence.

15TH ANNUAL REPORT 2003-2004**DIRECTORS' REPORT**

To,

The Members

BLOSSOM INDUSTRIES LIMITED

The Directors have pleasure in presenting the Fifteenth Annual Report of the Company and the Audited Statement of Accounts for the year ended the 31st March 2004

1.0. FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	2003-2004 (9 Months)	2002-2003 (12 Months)
Sales & Other Income	2696.63	3863.59
Profit/(Loss) before interest, Depreciation and Tax	292.97	641.62
Less/Add:		
(1) Interest	135.82	149.68
(2) Depreciation	225.03	250.26
Profit/ (Loss) for the Year	(84.69)	215.21
Balance carried to the Balance Sheet	(823.60)	(738.91)

2.0 DIVIDEND:

In view of the Loss for the period and the past carried forward losses, your Directors regret their inability to recommend any Dividend.

3.0 PERFORMANCE:

The Company has changed its financial year so as to coincide with that prescribed under the Income Tax Act, 1961 and accordingly, the results for the nine months period of the current financial year are not comparable with those of the previous year. During the period under review, the Company could achieve sales turnover of Rs.2696.63 Lacs as against Rs.2478.89 Lacs during the corresponding 9 months period of the preceding year reflecting 8.5% growth. Reference is invited to the Management Discussion and Analysis Report appended as Annexure III to this Report.

4.0 STATUS UNDER SICA:

The Company continued to adhere to all necessary compliances in the course of implementing the sanctioned Rehabilitation Scheme during the period under report.

5.0 PROPOSED REDUCTION OF CAPITAL:

In terms of the special resolution passed by the members at their Extraordinary General Meeting held on the 27th January 2004 for reducing its share capital, the Company is in the process of filing the application for reduction of Capital with the Honorable Bombay High Court. Moreover, the Company has also obtained the consent of its unsecured creditors for the aforesaid reduction of its share capital at their meeting held on the 15th May 2004.

6.0 DIRECTORS:

Dr. P. Kotaiah and Mr. T. M. Phulwani, retire by rotation at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. P. Kotaiah is an eminent economist and has rich and varied experience in the field of finance.

Mr. T.M. Phulwani is having vast experience in the field of liquor industry.

The Board recommends their re-appointment.

7.0 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.

8.0 INSURANCE:

All the assets of your Company have been adequately insured.

9.0 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.

10.0 EMPLOYEES:

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

11.0 CORPORATE GOVERNANCE:

As per the Listing Agreements with the Stock Exchanges, the Company has successfully implemented and complied with all the requirements of the Code of Corporate Governance and a separate Report is appended here to as **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 appended hereto as **Annexure III**.

12.0 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.



13.0 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.

14.0 ACKNOWLEDGEMENTS:

The Directors 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

Sd/-
Satan S. Bharwani
Chairman

Date : 29th June 2004

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 achieve optimal energy consumption.

b) Fuel Oil Consumption

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

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. 6,29,062/-
Foreign Exchange outgo	Rs. 24,76,400/-

ANNEXURE II - TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

The detailed report on the 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 with the 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 Number of Meetings held:

The Board of Directors consists of professionals drawn from diverse fields. The majority of the Directors on the Board, including the Chairman are Non-Executive and independent Directors.

The day-to-day management of the Company is conducted by the Managing Director with the help of the Whole-time Director subject to supervision and control of the Board of Directors.

During the period under report, eight Board Meetings were held on 25/08/03, 20/09/03, 27/09/03, 31/10/03, 01/11/03, 20/12/03, 27/12/03 and 27/01/04.

The particulars as to composition of the Board, attendance at the Board Meetings held during the year and the last Annual General Meeting, number of Directorships in other companies

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and Memberships in Committees across various companies of which the Directors are Members/Chairmen are given below:

Name of the Director	Category	Financial Year 2003-04 Attendance at		As on 31st March, 2004		
		Board Meetings	Last AGM held on 01/11/03	No. of other Director ships	Committee Positions	
					No. of Member-ships	Chairman
Mr. S. S. Bharwani	Independent Non-Executive Chairman	8	Present	4	4	4
Mr. Vincent Vaz	Whole-time Director	8	Present	—	1	—
Mr. T. M. Phulwani	Independent Non-Executive Director	8	Present	1	3	—
Mr. M. A. Pai	Independent Non-Executive Director	6	Present	2	2	—
Dr. P. Kotaiah	Independent Non-Executive Director	4	Absent	6	4	3
Mr. D. T. Khilnani	Independent Non-Executive Director	7	Present	—	1	—
Mr. Amit A. Khemani	Managing Director	6	Present	1	—	—

- b. None of the above-referred Non Executive Directors had any material pecuniary relationship or transactions with the Company, which would affect their independence or which may have potential conflict with the interest of the Company at large.

3) AUDIT COMMITTEE

a) Composition

The Company availed of the guidance, appraisal and continuous vigilance of the Audit Committee consisting of independent, well qualified and experienced Directors, Mr. S.S. Bharwani, Mr. T.M. Phulwani, Mr. M. A. Pai and Mr. D. T. Khilnani.

Mr. S. S. Bharwani, the Chairman of the Committee has expert knowledge of finance and accounting.

b) Meetings and Attendance

During the period under report, the Audit Committee met three times. The Committee meetings were attended by invitation by the Whole-time-Director, Statutory Auditors and Internal Auditors. All the members of the Committee were present in each of the three Committee meetings held during the year.

c) Terms of reference

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 financial and risk management policies and other areas within its terms of reference.

4) REMUNERATION COMMITTEE

a) 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 retirement benefits payable to the Directors, periodically and recommend suitable revision/increments, whenever required to the Board.

b) Composition:

The Remuneration Committee comprises of three Independent Non-Executive Directors viz. Mr. S. S. Bharwani, the Chairman, Mr. Tulsidas Phulwani and Mr. M. A. Pai.

Mr. S. S. Bharwani was unanimously appointed as Chairman of the Remuneration Committee.

c) Remuneration Policy:

The remuneration of the Managing Director and the Whole-time Director decided by the Remuneration Committee is based on the Company's performance vis-à-vis the industry performance/track record of the Managing Director and 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 Managing Director and the Whole-time Director. Increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective as per the relevant Agreements.

d) Number of Meetings and Attendance:

During the period under report Remuneration Committee met once and the meeting was attended by all the members.

e) The details of the remuneration paid

- i) Mr. Amit Khemani - Managing Director

Particulars (Sept. Onwards)	Amount in Rs.
Salary & Allowances	5,51,999
Bonus	—
Contribution to Provident Fund	44,160
Perquisites in cash or kind	—
	<u>5,96,159</u>

- ii) Mr. Vincent Vaz – Whole-time Director

Particulars (9 Months)	Amount in Rs.
Salary & Allowances	3,33,750
Bonus	—
Contribution to Provident Fund	27,000
Perquisites in cash or kind	3,035
	<u>3,63,785</u>

- iii) The Company pays sitting fees @ Rs.5000/- per board meeting to non-executive Directors for attending meetings of the Board.

5) SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

- a) **Composition and Functions of the Committee:** The Company under Chairmanship of independent Director Mr. S. S. Bharwani has constituted Investors'/Shareholders' Grievances Committee with Mr. Vincent Vaz and Mr. T.M. Phulwani as Members. The Committee monitors redressal of complaints from shareholders and investors and observes the performance of Registrar & Share Transfer Agent and recommends measures for over all improvement in the quality of investor services.

b) Compliance Officer:

Mr. Vincent Vaz, Whole-time Director, is the Compliance Officer.