



**Industries Limited**



**SIXTEENTH ANNUAL REPORT  
2004-2005**



**16TH ANNUAL REPORT 2004-2005**

**BOARD OF DIRECTORS**

Mr. Satan S. Bharwani	Chairman
Mr. Amit A. Khemani	Managing Director
Mr. Vincent Vaz	Whole-time Director (Up to 13-06-2005)
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 & SHARE TRANSFER AGENT**

**Sharex Dynamic (India) Private Limited**

Unit No. 1, Luthra Ind. Premises,  
Andheri-Kurla Road, Safed Pool,  
Andheri (East), Mumbai- 400 072  
Tel No: 2851 5606, 2851 5644  
Fax No: 2851 2885  
Email: [sd\\_india@rediffmail.com](mailto:sd_india@rediffmail.com)

**REGISTERED OFFICE & PLANT**

Village Jani Vankad,  
Nani Daman,  
Daman – 396210 (U.T.)



## NOTICE

To,  
The Members,  
BLOSSOM INDUSTRIES LIMITED

Notice is hereby given that the **Sixteenth Annual General Meeting** of the Shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Monday, July 25, 2005 at 11:30 a.m. at Sandy Resort, Devka Beach, 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 31<sup>st</sup> March 2005 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 reappointment.
3. 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

Amit A. Khemani  
Managing Director

Place : Mumbai

Date: June 13, 2005

### 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. 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, the particulars of the aforesaid Director are given below:

Mr.S.S.Bharwani, aged 69 years, has done his Masters Degree in Arts. He has also done CAIIB and holds Diplomas in Industrial Finance and Co-Operation. He has over 5 decades of experience in the areas of finance and administration. The Board is of the opinion that the Company should continue to avail his services.

He is holding Directorship in two companies (Including Blossom Industries Ltd.). He is also Chairman of Audit Committee and Shareholders'/Investors' Grievances Committee of your Company.

- C) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, July 18, 2005 to Monday, July 25, 2005 inclusive of both the days.

### D) Members are requested to:

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

### M/s Sharex Dynamic (India) Private Limited

Unit No. 1, Luthra Ind. Premises,  
Andheri-Kurla Road, Safed Pool,  
Andheri (East), Mumbai- 400 072  
Tel No:2851 5606, 2851 5644  
Fax No: 2851 2885

Email : sd\_india@rediffmail.com

- 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 31<sup>st</sup> March 2005, so as to enable the Company to keep the information ready.
- 4) Quote the registered folio numbers in all the correspondence.

**16TH ANNUAL REPORT 2004-2005****DIRECTORS' REPORT**

To  
The Members  
**BLOSSOM INDUSTRIES LIMITED**

The Directors have pleasure in presenting the Sixteenth Annual Report of the Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2005.

**1.0 FINANCIAL RESULTS:**

Particulars	(Rs. In Lacs)	
	2004-2005	2003-2004 ( 9 Months)
Sales & Other Income	4530.90	2696.63
Profit/(Loss) before interest and Depreciation	843.78	292.97
Less/Add:		
(1) Interest	193.85	135.82
(2) Depreciation	295.43	225.03
Profit/ (Loss) for the Year	328.35	(84.69)
Balance carried to the Balance Sheet	(495.25)	(823.60)

**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 Company could achieve sales turnover of Rs.4530.90 Lacs and registered profit of Rs.328.35 lacs for the year due to better capacity utilization. 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 BIFR Sanctioned Rehabilitation Scheme during the year.

**5.0 REDUCTION OF CAPITAL:**

As reported last year, the Shareholders at the Extra Ordinary General Meeting held on the 27<sup>th</sup> January 2004, subject to confirmation by the Hon'ble Bombay High Court or the National Company Law Tribunal as the case may be, had resolved approving reduction in paid up capital of the Company and the unsecured creditors had also consented the said reduction at their meeting held on the 15<sup>th</sup> May 2004. However, in view of the subsequent conflicting judgment and the resultant legal uncertainty, the Management, based on the advice given by its legal advisors, decided not to proceed further in the matter.

**6.0 DELISTING OF EQUITY SHARES:**

The Shareholders at the Extra Ordinary General Meeting held on the 19<sup>th</sup> March 2005, vide their resolution accorded their approval to delist the equity shares of the Company from all the Stock Exchanges where the Company's shares are listed as per the provisions of the SEBI (Delisting of Securities) Guidelines, 2003. The Company and its present promoters initiated the necessary steps in this regard.

As a result of the said steps taken in pursuance of the aforesaid guidelines, the present promoters of the Company have acquired additional 24,35,800 equity shares of the Company and thereby raising their holding from 3,18,27,700 equity shares (86.27%) to 3,42,63,500 equity shares (92.88%) of the Company. The Company is in the process of making the necessary application for delisting of equity shares to all the Stock Exchanges where they are presently listed.

**7.0 DIRECTORS:**

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

Mr. Vincent Vaz, Whole-time Director of the Company resigned as Director as well as Whole-time Director of the Company with effect from the 13<sup>th</sup> June 2005. The Board places on record its appreciation of the valuable services rendered to the Company by Mr.Vincent Vaz.

**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 Accountants, to the effect that their reappointment, if made, would be within the prescribed limit under section 224(1-B) of the Companies Act, 1956. Your Directors recommend their reappointment.

**9.0 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.

**10.0 INSURANCE:**

All the assets of your Company have been adequately insured.

**11.0 FIXED DEPOSITS:**

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.

**12.0 EMPLOYEES:**

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



### 13.0 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 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)

### 14.0 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.

### 15.0 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 year.
- (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.

### 16.0 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**

S. S. Bharwani  
Chairman

Place : Mumbai

Date : June 13, 2005

## ANNEXURE I - TO THE DIRECTORS' REPORT

### A. CONSERVATION OF ENERGY

Energy Conservation measures taken by the Company.

#### a) Electrical Energy

- Steps are taken to improve power factor by installing capacitors and AC drives.
- 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 bottles washer used in pasteurizer 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 quality of the products.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company concentrates in the domestic market for its products.

Foreign Exchange Earnings	Rs.4,08,870/-
Foreign Exchange Outgo	Rs.1,73,15,916/-

**16TH ANNUAL REPORT 2004-2005****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 including the Chairman are Non-Executive and independent Directors.

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

During the financial year 2004-05, seven Board Meetings were held on 15/5/04, 29/6/04, 23/7/04, 23/10/04, 27/11/05, 15/2/05 and 19/3/05.

The particulars as to 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 2004-2005 Attendance At		As on 31 <sup>st</sup> March 2005		
				No. of other Director Ships	Committee Positions in other Companies	
		Board Meetings	Last AGM held on 25/09/04		No. of Memberships	Chairman
Mr. S. S. Bharwani	Independent Non-Executive Chairman	7	Present	1	1	—
Mr. Vincent Vaz	Whole-time Director	7	Present	—	—	—
Mr. T. M. Phulwani	Independent Non-Executive Director	6	Present	1	—	—
Mr. M. A. Pai	Independent Non-Executive Director	7	Present	2	2	—
Dr. P. Kotaiah	Independent Non-Executive Director	6	Absent	5	1	2
Mr. D.T. Khilnani	Independent Non-Executive Director	6	Present	—	—	—
Mr. Amit A. Khemani	Managing Director	7	Present	—	—	—

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 the report, the Audit Committee met 4 times on 29/6/04, 23/7/04, 23/10/04, 27/1/05. 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 four Committee meetings held during the year.

**c) Terms of Reference:**

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 are decided by the Remuneration Committee 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) No. of Meetings and Attendance:**

During the year under report, Remuneration Committee met once on 27-1-2005 to review the remuneration payable to the Managing Director and the Whole-time Director within the overall limits approved by the members and the meeting was attended by all the members.

**E) The details of the remuneration paid:**

**i) Mr. Amit Khemani - Managing Director**

Mr. Amit A. Khemani		
Particulars	Upto 26.09.2004 p.m. Amt. (Rs.)	w.e.f. 27-9-2004 p.m. Amt. (Rs.)
Basic	60,000/-	70,000/-
HRA	10,000/-	12,500/-
Conveyance Allowance	10,000/-	—
Medical Allowance	10,000/-	12,500/-
Children Education Allowance	—	10,000/-
<b>Total</b>	<b>90,000/-</b>	<b>105,000/-</b>

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

Mr. Vincent Vaz			
Particulars	Upto. 30.06.2003 p.m.	w.e.f. 1-7-2003 to 30-6-2004 p.m.	w.e.f. 1-7-2004 p.m.
	Amt. (Rs.)	Amt. (Rs.)	Amt. (Rs.)
Basic	25,000/-	27,500/-	32,300/-
HRA	3,750/-	4,125/-	4,845/-
Conveyance Allowance	—	—	—
Medical Allowance	3,750/-	4,125/-	4,845/-
Children Education Allowance	2,500/-	2,750/-	3,230/-
<b>Total</b>	<b>35,000/-</b>	<b>38,500/-</b>	<b>45,220/-</b>

- 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:**

During the period under report, the Shareholders'/ Investors' Grievances Committee met 4 times on 29/6/04, 23/7/04, 23/10/04, 27/1/05. 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 an overall improvement in the quality of investor services.

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**B) Compliance Officer:**

Mr. Amit A. Khemani, Managing Director, acts as the Compliance Officer.

**C) Details of Shareholders' complaints received/replied and the status on pending share transfers is given below:**

The Shareholders' complaints received during the year were in the nature of non-receipt of Share Certificates after transfer, non receipt of Annual Reports. All the complaints were resolved to the satisfaction of the shareholders. There were no share transfers / demat requests pending as on 31<sup>st</sup> March 2005.

**6) GENERAL BODY MEETINGS****a) Location and time of General Meetings:**

Financial Year	Date	Time	Venue
2001-2002	26 <sup>th</sup> October 2002 (AGM)	11.00 AM	Brighton Hotel, Sea Face Road, Nani Daman, Daman - 396 210
2002-2003	1 <sup>st</sup> November 2003 (AGM)	11.00 AM	Registered office of The Company At Village Jani Vankad, Nani Daman, Daman 396 230 (U.T.)
2003-2004	27 <sup>th</sup> January 2004 (EGM)	2.00 P.M.	Registered office of The Company At Village Jani Vankad, Nani Daman, Daman 396 230 (U.T.)
2003-2004	25 <sup>th</sup> September 2004 (AGM)	11.30 A.M.	Registered office of The Company At Village Jani Vankad, Nani Daman, Daman 396 230 (U.T.)
2004-2005	19 <sup>th</sup> March 2005 (EGM)	11.00 A.M.	Brighton Hotel, Sea Face Road Daman-396 210 (U.T.)

All special resolutions moved at the last Extra- Ordinary General Meeting held on March 19, 2005 were passed by a show of hands unanimously by all the members present at the Meeting. No special resolution was put through postal ballot.

Mr. D.T. Khilnani was appointed as a Small Shareholders' Director as per the provisions of Section 252(1) of the Companies Act, 1956. Further, the Company has also obtained the consent of the Small Share Holders for the appointment of Small Shareholders' Director by way of postal ballot as provided in section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001.

**7) DISCLOSURES**

During the year under report, there were no materially significant related party transactions with the Company's Directors / promoters, the management or their relatives that may have potential conflict with the interests of the

Company at large. The Company has complied with all the statutory requirements comprised in the listing Agreements/Regulations/Guidelines/Rules of the Stock Exchanges/SEBI/Other Statutory Authorities.

**8) MEANS OF COMMUNICATION**

Apart from furnishing copies of unaudited quarterly and audited full year financial results to all the stock exchanges where the shares of the Company are listed, the Company also publishes the results in one English newspaper and one vernacular newspaper.

The Company's published financial results have been sent to the stock exchanges on which the Company is listed in the prescribed form so as to enable the stock exchanges to put them on their web sites.

The Management Discussion and Analysis is a part of the Directors' Report.

**9) GENERAL SHAREHOLDERS INFORMATION****A) Annual General Meeting:**

<b>Day, Date, Time &amp; Venue</b>	Monday, July 25, 2005 at 11.30 AM at the Sandy Resort, Devka Beach, Daman 396 230 (U.T.)
<b>Financial Year</b>	1 <sup>st</sup> April 2004 -31 <sup>st</sup> March 2005
<b>Financial Calendar for the year 2005-2006</b>	Financial Reporting for the 1 <sup>st</sup> quarter ending June 2005- by end of July. 2005
	Financial Reporting for the 2 <sup>nd</sup> quarter ending September 2005- by end of October 2005
	Financial Reporting for the 3 <sup>rd</sup> quarter ending December 2005 by end of January 2006
	Financial Reporting for the 4 <sup>th</sup> quarter ending March 2006 by end of June 2006
<b>Book Closure Date</b>	Monday, July 18, 2005 to Monday, July 25, 2005 (both days inclusive)

**B) Listing:**

The stock exchanges on which the Company's securities are listed and the Company's Stock Code is given below:

Name of the Stock Exchange	Stock Code
The Stock Exchange, Mumbai	507476
The Vadodara Stock Exchange Ltd.	507476
Ahmedabad Stock Exchange	09380

The listing fees for the year 2004-2005 have been paid to the above stock exchanges. There was no trading of the Company's shares on the above stock exchanges during the aforesaid period.

The Company and its present promoters have initiated the necessary steps for de-listing the Company's share from all stock exchanges. Ref. Para 6 of the Directors' Report.