



Industries Limited

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**SEVENTEENTH ANNUAL REPORT
2005-2006**



17TH ANNUAL REPORT 2005-2006

BOARD OF DIRECTORS

Mr. Satan S. Bharwani	Chairman
Mr. Amit 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
Dr. S. Puri	Additional Director (w.e.f 29-06-2006)

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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: sharexindia@vsnl.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 **Seventeenth Annual General Meeting** of the Shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Monday, August 21, 2006 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 31st March 2006 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 however being eligible, does not offer himself for re-appointment. The vacancy so created be not filled up.
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.

SPECIAL BUSINESS:

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

"RESOLVED THAT Dr. S. Puri who was appointed as an Additional Director by the Board of Directors of the Company with effect from June 29, 2006, under Section 260 of the Companies Act, 1956 (the Act) and who holds office up to 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, the following resolution as Ordinary Resolution.

"RESOLVED THAT in partial modification of Resolution No. 5 passed at the Annual General Meeting of the Company held on November 1, 2003, for the appointment and terms of remuneration of Mr. Amit A. Khemani, Managing Director of the Company, in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, (the Act) read with Schedule XIII of the Act, the Company hereby approves of the revision in the salary, perquisites and allowances payable (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) to Mr. Amit A. Khemani, Managing Director with effect from 1st April 2006 for the remainder of the tenure of his contract as set out in the Explanatory Statement annexed to the Notice convening this meeting.

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."

By order of the Board

Mr. Amit A. Khemani
Managing Director

Place: Mumbai

Date: June 29, 2006

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 Directors:

At the ensuing Annual General Meeting Mr.M.A.Pai retires by rotation and however being eligible, does not offer himself for reappointment.

- C. At the ensuing Annual General Meeting the appointment of Dr. S. Puri shall be regularized. The particulars about Dr. S. Puri are given in the Explanatory Statement attached to this notice.

- D. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, August 14, 2006 to Monday, August 21, 2006, 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 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

- 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 2006, so as to enable the Company to keep the information ready.
- 4) Quote Registered Folio Numbers in all the correspondence.

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EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Dr. S. Puri is appointed by the Board at its meeting held on June 29, 2006 as Additional Director of the Company under Section 260 of the Companies Act, 1956 and he holds the office as Director only up to the date of the ensuing Annual General Meeting.

Dr. S. Puri is a professional with 5 years marketing and 27 years manufacturing operations, including supply chain experience. He has 10 years rich experience in alcoholic breweries industries. He is well versed with world class manufacturing concepts covering quality, cost, delivery and safety. He has to his credit the following professional affiliations:

- 1) CIABC- Technical Committee member of Confederation of Indian alcoholic Beverage Companies.
- 2) PFA- Technical Committee member of Prevention of Food Adulteration
- 3) BIS- Technical Committee member of Bureau of Indian Standards.
- 4) ISWA- Technical consultants on various technical matters.
- 5) Excise- Maharashtra State Excise- Chairman for Excise Reforms and RULES simplification 2001
- 6) Who's Who- Member of the International Who's Who of Professionals for year 2002.
- 7) BYST- Bhartiya Yuva Shakti Trust- Chairman mentor Advisory Panel.

He does not hold directorship in any other Company.

As required by the provisions under Section 257 of the Companies Act, 1956, a notice has been received from a member proposing Dr. S. Puri's appointment as Director along with a deposit of Rs.500/- (Rupees Five Hundred Only). The Board considers it desirable that the Company should continue to avail the services of Dr. S. Puri.

The Ordinary Resolution, at item no.4 is commended for passing by the members.

None of the Directors of the Company is in any way, concerned or interested in passing of the resolution.

Item No. 5

Mr. Amit A. Khemani was appointed as Managing Director of the Company for a period of 5 years with effect from the 27th September 2003. Presently, he is drawing a consolidated remuneration of Rs. 1,05,000/- per month.

Keeping in view the performance of the Company and his experience and responsibilities, the Board at its meeting held on June 29, 2006, decided based on the recommendations of the Remuneration Committee to enhance the remuneration of Mr. Amit A. Khemani w.e.f. April 1, 2006, as follows:

1) Remuneration:

The Managing Director will be paid remuneration as per Section I of Part II of Scheduled XIII by way of salary, dearness allowance, perquisites, commission and other

allowances, or any combination thereof which shall not exceed five percent of the net profits of the Company, as computed in the manner laid down in Sections 349 and 350, of the Companies Act, 1956, pursuant to the provisions of Sections 198 and 309 of the Act and determined by the Board from time to time.

2) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary, commission and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Schedule XIII of the Companies Act, 1956, and as amended from time to time, whichever is higher, unless otherwise determined by the Board of Directors.

In addition to the above, the Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of ceiling on remuneration specified in para 2 hereinabove;

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961,
- (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.

3) Other Terms and conditions:

1. The Managing director shall not be entitled to sitting fees for attending meetings of the Board of Directors or committees thereof.
2. If the Managing Director's employment ceases during the currency of any financial year, he or his executors or administrators shall be entitled to ratable portion of what he would have received if he had lived and had been employed for the whole of that year.
3. The Managing Director shall be entitled to reimbursement of all expenses including traveling, entertainment and other out-of-pocket expenses incurred in connection with the business of the Company.

The above statement may be regarded as an abstract of the terms of contract or variation and memorandum of interest under section 302.

Mr. Amit A. Khemani is concerned or interested in the proposed ordinary resolution at Item no. 5 to the extent of enhancement in his remuneration. None of the other Directors of the Company is in any way, concerned or interested in passing of the said resolution.



DIRECTORS' REPORT

To

The Members

BLOSSOM INDUSTRIES LIMITED

The Directors have pleasure in presenting the seventeenth Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March 2006

1.0 FINANCIALS RESULTS:

(Rs. In Lacs)

Particulars	2005-2006	2004-2005
Sales & Other Income	4843.98	4530.90
Profit/(Loss) before interest and Depreciation	868.74	843.78
Less/Add:		
(1) Interest	153.88	193.85
(2) Depreciation	310.80	295.43
Profit/ (Loss) for the Year	409.11	328.35
Balance carried to the Balance Sheet	(86.14)	(495.25)

2.0 DIVIDEND:

In view of the carried forward losses, your Directors do not recommend any Dividend.

3.0 PERFORMANCE:

During the year under review, the company could achieve sales turnover of Rs.4843.98 Lacs and registered profit of Rs.409.11 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 Sanctioned Rehabilitation Scheme during the year.

5.0 DELISTING OF EQUITY SHARES:

The shareholders at the Extra-Ordinary General Meeting held on the 19th March 2005, resolved 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 completed the necessary steps in this regard. As a result of the said steps, the equity shares of the Company have been delisted from the stock exchanges of Mumbai, Vadodara and Ahmedabad (where the Company's equity shares were listed) with effect from 12-8-2005, 24-9-2005 and 11-10-2005, respectively.

6.0 DIRECTORS:

Mr. M.A.Pai retires by rotation at this Annual General Meeting; however, being eligible, he does not offer himself for re-appointment. The vacancy so created be not filled up.

Dr. S. Puri was appointed by the Board as Additional Director of the Company under Section 260 of the Companies Act, 1956, and holds office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions of Section 257 of the Companies Act, 1956, a notice has been received from a member proposing the appointment of Dr. Puri as Director along with deposit of Rs.500/- (Rupees Five Hundred Only.) The Board considers it desirable that the Company should continue to avail the services of Dr. S. Puri.

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. Your Directors recommend their reappointment.

8.0 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.

9.0 INSURANCE:

All the assets of your Company have been adequately insured.

10.0 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.

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 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)

17TH ANNUAL REPORT 2005-2006**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 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.

15.0 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 involvements 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

Date: June 29, 2006
Place: Mumbai

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 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. 7,85,941/-

Foreign Exchange Outgo Rs. 2,15,90,492/-



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.

As the members are aware, in pursuance to SEBI (de-listing of securities) Guideline, 2003, equity shares of the Company have been de-listed from the stock exchanges of Mumbai, Vadodara and Ahmedabad (Where the Company's equity shares were listed) with effect from 12/08/2005, 24/09/2005 and 11/10/2005, respectively. Accordingly, the listing agreements with respective stock exchanges are no longer applicable to the Company with effect from the above dates. This report on Corporate Governance covers the matters as applicable during the period 01-04-2005 to 11-10-2005 and for the reporting convenience, it is made out for the entire financial year.

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 subject to supervision and control of the Board of Directors.

During the financial year 2005-2006 four Board Meetings were held on 13/06/05, 25/07/05, 27/10/05 and 31/01/06.

The particulars as to composition of the Board, attendance at Board Meetings held during the year and at 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 is given below:

Name of the Director	Category	Financial Year 2005-2006 Attendance At		As on 31 st March 2006		
		Board Meetings	Last AGM held on 25/07/05	No. of other Directorships	Committee Positions in other Companies	
					No. of Memberships	Chairman
Mr. S. S. Bharwani	Independent Non-Executive Chairman	4	Present	3	—	—
Mr. Vincent Vaz	Whole-time Director * (Ceased to be Director w.e.f 13/06/05)	—	—	—	—	—
Mr.T. M. Phulwani	Independent Non-Executive Director	4	Present	1	—	—
Mr. M. A. Pai	Independent Non-Executive Director	4	Present	1	—	—
Dr. P. Kotaiah	Independent Non-Executive Director	4	Present	7	2	2
Mr. D.T. Khilnani	Independent Non-Executive Director	3	Present	—	—	—
Mr. Amit A. Khemani	Managing Director	4	Present	—	—	—
Dr. S.Puri	Additional Director w.e.f June 29, 2006	—	—	—	—	—

C. 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 interests of the Company, at large.

17TH ANNUAL REPORT 2005-2006**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 13/6/05, 25/7/05, 27/10/05 and 31/01/06. The Committee Meetings were attended by invitation by the Statutory Auditors and the Internal Auditors. All the members of the Committee were present in each of the 4 Committee meetings held during the year except Mr. D.T. Khilnani who attended 3 Audit Committee Meetings.

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. T .M. 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 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 was not required to hold any meeting.

E) The details of the remuneration paid:

	Mr. Amit A. Khemani (Managing Director)	Mr. Vincent Vaz (Whole - time Director up to 13.06.2005)
Particular	p.m. Amt. (Rs.)	p.m. Amt. (Rs.)
Basic	70,000/-	32300/-
HRA	12,500/-	4845/-
Medical Allowance	12,500/-	4845/-
Children Education Allowance	10,000/-	3230/-
Total	105,000/-	45220/-

- 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 year under report, the Shareholders' / Investors' Grievances Committee met 4 times on 13/6/05, 25/7/05, 27/10/05 and 31/01/06. The Company under Chairmanship of independent Director Mr. S. S. Bharwani has constituted Investors' / Shareholders' Grievances Committee with Mr. Amit A. Khemani 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.

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 and non-receipt of Annual Reports. All the complaints were resolved to the satisfaction of the shareholders. There were no Share transfer/demat requests pending as on 31/03/06.

The Chairman informed the Board that the Company has satisfactorily replied all the queries and there was no pending complaint as on date.

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

Financial Year	Date	Time	Venue
2002-2003	1 st November 2003 (AGM)	11.00 A.M.	The Registered office of The Company At Village Jani Vankad, Nani Daman, Daman 396 230 (U.T.)