



Industries Limited

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**EIGHTEENTH ANNUAL REPORT
2006-2007**



18TH ANNUAL REPORT 2006-2007

BOARD OF DIRECTORS

| | |
|--------------------------------|---|
| Mr. Satan S. Bharwani | Chairman |
| Mr. Amit Khemani | Managing Director |
| Mr. Tulsidas M. Phulwani | Director (upto March 26, 2007) |
| Dr. P. Kotaiah | Director |
| Mr. D.T. Khilnani | Additional Director (w.e.f. June 21, 2007) |
| Dr. S. Puri | Director |
| Dr. S.D. Israni | Additional Director (w.e.f. March 26, 2007) |
| Padmashree Ms. Lila Poonawalla | Additional Director (w.e.f. March 26, 2007) |
| Mr.M.A.Pai | Director (upto August 21, 2006) |

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
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 **Eighteenth Annual General Meeting** of the Shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Friday, September 14, 2007, at 10.30 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 March 31, 2007 and the Profit & Loss Account of the Company for the year ended on that date, together with the Reports of the 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 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 and pass the following resolution

"RESOLVED THAT pursuant to the provisions of section 224 and 225 of the Companies Act, 1956, and other applicable provisions, if any, M/s Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, M/s C.C.Chokshi & Co., to hold office until the conclusion of the next Annual General Meeting at remuneration to be mutually decided between the Auditors and the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT Dr. Shivkumar D. Israni who was appointed as an Additional Director by the Board of Directors of the Company with effect from March 26, 2007, under Section 260 of the Companies Act, 1956 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 an Ordinary Resolution.

"RESOLVED THAT Padmashree Ms. Lila Poonawalla who was appointed as an Additional Director by the Board of Directors of the Company with effect from March 26, 2007, under Section 260 of the Companies Act, 1956 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 her candidature for the office of a Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Mr. Dwarko T. Khilnani who was appointed as an Additional Director by the Board of Directors of the Company with effect from June 21, 2007, under Section 260 of the Companies Act, 1956 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."

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

"RESOLVED THAT pursuant to provisions of the Companies Act, 1956, read with the Companies (Central Government's) General Rules and Forms, 1956, the sitting fees payable to the Directors for attending the meeting of the Board or the Committee of the Board or any of these adjourned meetings, be increased from Rs.5,000/- to Rs.20000/- with effect from June 21, 2007."

By order of the Board

Mr. Amit A. Khemani
Managing Director

Place: Mumbai

Date : August 14, 2007

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 ANNUAL GENERAL MEETING.
- B. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business proposed to be transacted at the Annual General Meeting is enclosed.
- C. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 10, 2007 to Friday, September 14, 2007 inclusive of both the days.

18TH ANNUAL REPORT 2006-2007**D. Members are requested to:**

- 1) Intimate to the Company or its Registrar and Share Transfer Agent immediately, of any change in their addresses.
- 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 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 (seven) days before the date of meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2007, so as to enable the Company to keep the information ready.
- 4) Quote Registered Folio Numbers/ DP ID/ Client ID in all the correspondence.

EXPLANATORY STATEMENT

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

Item No. 3

The retiring Auditors M/s C.C. Chokshi & Co., Chartered Accountants, have indicated their inability to accept re-appointment as the Auditors of the Company due to personal reasons.

The Company has received a Special Notice as required under Section 225 of the Companies Act, 1956, proposing the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, who have confirmed that their appointment, if made, would be within the limits specified under the provisions of Section 224(1B) of the Companies Act, 1956 (the Act) and that they were not disqualified to be appointed as the auditors under the provisions of Section 226 of the Act.

The resolution as set out in this item of the accompanying Notice is accordingly commended for the approval of the members.

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

Item No. 4

Dr. S. D Israni was appointed by the Board at its meeting held on March 26, 2007 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds the office only up to the date of the ensuing Annual General Meeting.

Dr. S. D. Israni is a leading Practising Company Secretary and a Corporate Consultant, besides being an Ex-Council Member of the Institute of Company Secretaries of India. He represented various committees on behalf of the Institute of Company Secretaries of India. He is also a prolific writer of

many books and articles. He is a former member of SEBI's Malegam Committee and Government of India's Naresh Chandra Committee for simplification of law relating to Private and Small Companies.

He holds directorship in the following companies:

1. Cravatex Limited
2. ICICI Trusteeship Services Limited
3. Interconnected Stock Exchange of India Limited.

As required by the provisions of Section 257 of the Companies Act, 1956, notice has been received from a member proposing Dr. Shivkumar D. Israni's appointment as a 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. Shivkumar D. Israni.

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

None of the Directors of the Company except Dr. Shivkumar D. Israni is in any way, concerned or interested in passing of the resolution.

Item No. 5

Padmashree Ms. Lila Poonawalla was appointed by the Board at its meeting held on March 26, 2007 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. She holds the office only up to the date of the ensuing Annual General Meeting.

Padmashree Ms. Lila Poonawalla is a leading personality in the corporate world representing the Boards of various well-known companies and a member of various committees.

She has started the "Lila Poonawalla Foundation" to encourage the deserving young women to pursue higher education in their chosen profession. She has also received several awards including the Padmashree in the year 1989 by the then President of India and in the year 2003, she was honoured with the 'Polar Star Award' by the King of Sweden and named as the Officer of the Royal Order.

She is a Chairperson in the following companies:

1. DeLaval limited
2. Alliance Coffee Limited.

She holds directorship in the following companies:

1. Jayant Oils & Derivatives Limited
2. Pragati leadership Institute Pvt. Limited
3. Industrial Development Bank of India Limited
4. Beeyu Overseas Limited.
5. Techni Graphics Limited
6. Neilsoft Limited

As required by the provisions of Section 257 of the Companies Act, 1956, notice has been received from a member proposing Padmashree Ms. Lila Poonawalla's appointment as a 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 Padmashree Ms. Lila Poonawalla.

Accordingly, the Ordinary Resolution, at item no.5 is commended by the Board for passing by the members.

None of the Directors of the Company except Padmashree Ms. Lila Poonawalla is in any way, concerned or interested in passing of the resolution.

Item No. 6

Mr. Dwarko T. Khilnani was appointed by the Board at its meeting held on June 21, 2007 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds the office only up to the date of the ensuing Annual General Meeting.

Mr. Dwarko T. Khilnani has done his Bachelor of Arts with honors in Economics, besides being a Bachelor of Law. He is the author of various books and articles. He has served in the Reserve Bank of India at Mumbai and Hyderabad for nearly 33 years in several departments, particularly in banking operations and development, agricultural credit department and exchange control department of the RBI's Central office at Mumbai. He has also worked as a Manager (Currency) in the issue department of Reserve Bank of India, Hyderabad. He is also an active social worker and has been honored many times for the noble cause of the society. Besides the above, he had served as the Small Shareholders' Director from August 28, 2002 to June 21, 2007 on the Board of the Company.

He does not hold any directorship in other companies.

As required by the provisions of Section 257 of the Companies Act, 1956, notice has been received from a member proposing Mr. Dwarko T. Khilnani'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 Mr. Dwarko T. Khilnani.

Accordingly, the Ordinary Resolution, at item no.6 is commended by the Board for passing by the members.

None of the Directors of the Company except Mr. Dwarko T. Khilnani is in any way, concerned or interested in passing of the resolution.

Item no 7.

The Sitting Fees payable to the Independent Directors and Non- Executive Directors of the Company, at present, is Rs.5,000/-. The Company has been and is being immensely benefited by the guidance and advice of the Directors in the past and also will be benefited in the future, and hence as a token of its appreciation, the Board proposes to enhance the sitting fees to Rs.20, 000/- with effect from June 21, 2007. The increase in the sitting fees is in conformity with the provisions of the Companies Act, 1956 read with the Companies (Central Government's) General Rules and Forms, 1956.

The Ordinary Resolution, at item no.7 is commended by the Board for passing by the members.

Except Mr. Amit Khemani, other Directors of the Company are interested in passing of the resolution.

By order of the Board

Mr. Amit A. Khemani
Managing Director

Place: Mumbai

Date : August 14, 2007

18TH ANNUAL REPORT 2006-2007**DIRECTORS' REPORT**

To
The Members
BLOSSOM INDUSTRIES LIMITED

The Directors have pleasure in presenting the Eighteenth Annual Report of the Company and the Audited Statement of Accounts for the year ended **March 31, 2007**

1.0 FINANCIAL RESULTS

(Rs. In Lacs)

| Particulars | 2006-2007 | 2005-2006 |
|--|-----------|-----------|
| Sales & Other Income | 6677.97 | 4843.98 |
| Profit before interest and Depreciation | 1349.20 | 868.74 |
| Less/Add: | | |
| (1) Interest | (156.00) | (153.88) |
| (2) Depreciation | (373.93) | (310.80) |
| Profit after interest and Depreciation | 819.27 | 404.06 |
| Less: | | |
| Provisions for tax | (10.90) | 5.05 |
| Profit/ (Loss) for the Year | 808.37 | 409.11 |
| Balance brought forward from previous year | (86.14) | (495.25) |
| Balance carried to the Balance Sheet | 722.23 | (86.14) |

2.0 DIVIDEND

To improve the liquidity and to augment the working capital requirements from internal resources, your Directors do not recommend any dividend.

3.0 PERFORMANCE

During the year under review, the Company could achieve sales turnover of Rs.6677.97 Lacs as compared to Rs.4843.98 Lacs in the previous year. The profit has also gone up from Rs.409.11 Lacs to Rs.808.37 Lacs. Your Company recorded significant incremental revenue of Rs.1833.99 lacs over the previous year. This became possible due to optimal capacity utilization, cost reductions and improved margins from our own brand "Bellbird" coupled with sales tax concession enjoyed by the Company during the year under report. The management has taken appropriate measures to maintain the growth momentum during the current year.

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 including operating the plant at a higher capacity with a view to ensure sustained long term viability.

5.0 DIRECTORS

Dr. P. Kotaiah retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. Shivkumar D. Israni, Padmashree Ms. Lila Poonawalla and Mr. Dwarko T. Khilnani were appointed by the Board as Additional Directors of the Company under Section 260 of the Companies Act, 1956, and hold office as Directors only up to the date of the ensuing Annual General Meeting. As required by the provisions of Section 257 of the Companies Act, 1956, notices have been received from members proposing the appointment of Dr. Shivkumar D. Israni, Padmashree Ms. Lila Poonawalla and Mr. Dwarko T. Khilnani as Directors along with deposits of Rs.500/- each (Rupees Five Hundred Only). The Board considers it desirable that the Company should continue to avail the services of Dr. Shivkumar D. Israni, Padmashree Ms. Lila Poonawalla and Mr. Dwarko T. Khilnani.

6.0 AUDITORS

The retiring Auditors M/s C.C. Chokshi & Co., Chartered Accountants, have indicated their inability to accept re-appointment as the Auditors of the Company on account of personal reasons.

M/s Deloitte Haskins & Sells, Chartered Accountants, have given their consent for appointment as Statutory Auditors at the ensuing Annual General Meeting. The Company has received a letter from M/s Deloitte Haskins & Sells, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Your Directors recommend their appointment.

7.0 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.

8.0 INSURANCE

All the assets of your Company have been adequately insured.

9.0 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.

10.0 EMPLOYEES

There were no employees employed during the year or part of the year drawing remuneration which falls within the purview of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Therefore, the statement for the same is not attached.



11.0 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.

12.0 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.

13.0 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

Date : August 14, 2007

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 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. The efforts are being made to increase exports of our own brand of beer.

Foreign Exchange Earnings Rs.50,952/-

Foreign Exchange Outgo Rs.82,76,918/-

GENERAL SHAREHOLDERS INFORMATION

A) Annual General Meeting

| | |
|------------------------------------|--|
| Day, Date, Time & Venue | Friday, September 14, 2007 at 10.30 a.m. at Sandy Resort, Devka Beach, Daman – 396 210 (U.T.). |
| Financial Year | 1st April 2006 -31st March 2007 |
| Book Closure Date | Monday, September 10, 2007 to Friday, September 14, 2007. (both days inclusive) |

B) Listing

In pursuance to SEBI (De-listing of Securities) Guidelines, 2003, equity shares of the Company have been de-listed during the year 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.

C) Registrar & Share Transfer Agent

The Company has appointed M/s Sharex Dynamic (India) Private Limited of Mumbai as its Registrar & Share Transfer Agent.