



**Industries Limited**

**TWENTY-THIRD ANNUAL REPORT  
2011-2012**

# **BLOSSOM**

**Industries Limited**  
**23<sup>rd</sup> Annual Report 2011 - 2012**

## **BOARD OF DIRECTORS**

Mr. Satan S. Bharwani	Chairman
Mr. Amit Khemani	Managing Director
Mr. Vincent Vaz	Whole - time Director
Dr. P. Kotaiah	Director
Mr. D. T. Khilnani	Director
Dr. S. D. Israni	Director
Padmashree Ms. Lila Poonawalla	Director
Mr. P. R. Barpande	Director

## **COMPANY SECRETARY**

Mr. Haresh Thakkar

## **AUDITORS**

**M/s. Deloitte Haskins & Sells**  
Chartered Accountants,  
Mumbai

## **REGISTRAR AND TRANSFER AGENT (R & TA)**

**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 **Twenty-Third Annual General Meeting** of the shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Saturday, the 4<sup>th</sup> August 2012 at 10.00 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 2012 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 Dr. S. D. Israni, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. R. Barpande, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company 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:

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  
**"RESOLVED THAT** pursuant to provisions of Section 198, 269 and 309 of the Companies Act, 1956 and in partial modification to the earlier resolution passed in the 22<sup>nd</sup> Annual General Meeting on the 6<sup>th</sup> August 2011, if in any financial year, the Company has made no profit or profits are inadequate, Mr. Amit Khemani, Managing Director of the Company shall be paid remuneration including perquisites as permitted in terms of Clause 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. Amit Khemani, Managing Director shall remain unchanged.

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

By order of the Board,

**Mr. Amit A. Khemani**  
Managing Director

Place: Mumbai  
Date: 9<sup>th</sup> June 2012

**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. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 30<sup>th</sup> July 2012 to Saturday, the 4<sup>th</sup> August 2012 inclusive of both the days.

- C. Re-appointment of Director:

At the ensuing Annual General Meeting, Dr. S. D. Israni and Mr. P. R. Barpande, retire by rotation and being eligible offer themselves for re-appointment. The particulars of the aforesaid Directors are given below:

Dr. S. D. Israni is an Advocate and Partner of S. D. Israni Law Chambers, Advocates & Solicitors (UK). He is qualified in the field of Law, Company Secretaryship and Management. Has over 37 years' experience as a practitioner in the field of Corporate Laws, Securities Laws and Business Advisory services. He has held many coveted positions in various Committees formed by the Central Government and Professional and Statutory Institutions. He is a former member of SEBI's Malegam Committee and the Government of India's Naresh Chandra Committee for simplification of law relating to Private and Small Companies. He is also Author of various books and columnist for financial publications and journals.

Mr. P. R. Barpande served as an audit partner in Deloitte Haskins & Sells, Chartered Accountants and has recently retired after practising for about 32 years. He has a wide experience of serving the domestic and international clients including groups like Reliance, Mafatlal, Lupin, Mahindra, Hexaware, Jet airways and John Deere, Bridgestone, Tech Mahindra, etc. He was actively involved in reformatting the accounts to US GAAP for major domestic and multi-national companies and Indian banks such as Corporation Bank, Oriental Bank of Commerce, Punjab National Bank, Union Bank of India, Bank of Baroda, etc.

The Board is of the opinion that the Company should continue to avail their services.

- D. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out above is annexed hereto.

- 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) 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 to:

**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: sharexindia@vsnl.com

- 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 31<sup>st</sup> March 2012, so as to enable the Company to keep the information ready.
- 4) Quote Registered Folio Numbers/ DP ID/ Client ID in all the correspondence.
- 5) Members holding shares in dematerialized form (electronic form) are requested to intimate any change in their address directly to their respective Depository Participants.
- 6) Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered Office or from its R & TA at either of the aforesaid addresses.
- 7) Members/ Proxies are requested to bring the Attendance Slip duly filled up and the copy of the Annual Report at the Annual General Meeting.

## EXPLANATORY STATEMENT

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

### Item no. 5:

The members in the 22<sup>nd</sup> Annual General Meeting of Blossom Industries Limited held on the 6<sup>th</sup> August 2011 had revised the remuneration of Mr. Amit Khemani, Managing Director by passing special resolution.

The remuneration paid to Mr. Amit Khemani, Managing Director comprises of a minimum remuneration clause as under:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary shall be treated as Minimum Remuneration under the provisions of Section II of Part II of Schedule XIII.

As the Board had not envisaged the situation of no profits or inadequate profits, specific details/disclosures were not incorporated in the explanatory statement as required under Clause 1(B) of Section II of Part II of Schedule XIII. The Board in their meeting held on the 9<sup>th</sup> June 2012 decided to modify the earlier explanatory statement already approved and provide the details/information to the shareholders as required under Clause 1 (B) (iv) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

### I. General Information:

1. *Nature of Industry:* Manufacturing of beer
2. *Date of commencement of commercial production:* 17<sup>th</sup> November 1994
3. *In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:* Not applicable
4. *Financial Performance:* As per Audited Accounts for the financial year ended 31<sup>st</sup> March 2012:

Particulars	Rs.
Turnover & Other Income	2,18,58,77,965
Net Profit as per Profit & Loss Account	9,56,25,432

5. *Export Performance, Net Foreign Exchange Collaborations:* For current financial year the Export performance on F.O.B. is Rs. 42,745,715/-
6. *Foreign Investments or Collaborations, if any:* Not Applicable

### II. Information about the appointee:

1. *Background details, Recognition, Job Profile and Suitability:*

Mr. Amit Khemani, Managing Director of the Company is Bachelor in Arts from Curry College, Milton, and also holds major degree in Business Management and Communication. He was awarded with most industrious student scholarship from Brevard College and also Presidential Award from Trident Academy.

He has been leading Blossom Industries Limited as the Managing Director for almost a decade and under his leadership the Company crossed all its initial hurdles, also came out of the purview of BIFR and is now a successful, profit-making Company.

### 2. Past Remuneration:

Financial Year	Rs.
2010 - 11	15,00,000 p.a.
2011 - 12	42,00,000 p.a.

3. *Remuneration paid / proposed:* The remuneration paid to him remains the same as under:

Salary: Rs. 3,50,000/- per month Commission: 5% p.a. of the Net Profit calculated u/s 349 of the Companies Act, 1956 less the total salary paid during the financial year.

4. *Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of the position and person:*

Taking into consideration the size of the Company, the profile, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid commensurate with the remuneration packages paid to similar senior level incumbents in other companies.

5. *Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:*

Mr. Amit Khemani is a promoter of the Company and holds 45,65,500 equity shares of the Company.

### III. Other Information:

1. *Reason for loss or inadequate profits:* The Company is required to calculate profit under Section 349 of the Companies Act, 1956 for determination of remuneration payable to the Managing Director / Whole-time Directors / Directors. The inadequate profit was mainly due to past carry forward losses calculated u/s 349.
2. *Steps taken or proposed to be taken for improvement:* The Company has secured confirm sales order for supply of beer and also initiated effective steps for improvement in the margins. Having adjusted the carry forward losses, the profit u/s 349 for the current year onwards will be increased substantially to take care of the managerial remuneration as approved by the shareholders.
3. *Expected increase in productivity and profits in measurable terms:* The Company expects to utilise its production capacity upto 80% and sustain its margin on sale of beer.

The Board of Directors commends this resolution to the members for their approval as a special resolution.

None of the Directors, except Mr. Amit A. Khemani himself, is interested or concerned in this resolution.

By order of the Board,

Mr. Amit A. Khemani  
Managing Director

Place: Mumbai  
Date: 9<sup>th</sup> June 2012

**Registered Office:**  
Village Jani Vankad, Nani Daman,  
Daman - 396 210 (U.T.)

## DIRECTORS' REPORT

To,  
The Members,  
**BLOSSOM INDUSTRIES LIMITED**

The Directors have pleasure in presenting the **Twenty-third Annual Report** of the Company and the Audited Statement of Accounts for the year ended **31<sup>st</sup> March 2012**.

### 1.0 FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	2011-2012	2010-2011
Sales & Other Income	<b>21858.78</b>	19435.09
Profit before finance cost and Depreciation	<b>2827.31</b>	2662.54
Less:		
(1) Depreciation	<b>1271.77</b>	1668.95
(2) Finance Costs	<b>610.06</b>	769.79
Profit before tax	<b>945.48</b>	223.80
Less:		
Provisions for tax	<b>(10.77)</b>	50.00
Profit / (Loss) for the Year	<b>956.25</b>	173.80

### 2.0 DIVIDEND:

The management has decided to accelerate the repayment of loan taken for capital expenditure incurred for modernization. Hence, your Directors do not recommend any dividend for the financial year 2011-12.

### 3.0 PERFORMANCE:

The performance of the Company's plant has been satisfactory. During the year under review, the sales and other income increased from Rs. 19435.09 Lacs to Rs. 21858.78 Lacs registering growth of 12.47%. Increase in turnover and reduction in expenses has enabled the Company to achieve profit after tax of Rs.956.25 Lacs during the year compared with Rs.173.80 lacs in the previous year registering a high growth of 450.20%. Your Directors expect to continue to maintain the growth path.

### 4.0 ACHIEVEMENTS:

#### INTERNATIONAL STAR FOR LEADERSHIP IN QUALITY AWARD IN THE DIAMOND CATEGORY:

Blossom Industries Limited has received the prestigious award of the International Star for Leadership in Quality Award in the Diamond Category for the year 2011.

The ISLQ (International Star for Leadership in Quality) Award acknowledges the strong commitment to quality and excellence. Amit Khemani, Managing Director, received the ISLQ in the Palais des Congres of Paris, from the President of BID, Jose E. Prieto. Blossom Industries Limited was

recognised as a Company oriented towards the continuous improvement of processes, striving for an important role in the leadership and success for India in the business world.

Your Directors feel that it is a great honour for the Company to receive this prestigious award and it has added new feather in the Company's progress and achievements.

### 5.0 CORPORATE SOCIAL RESPONSIBILITY STATEMENT:

We, at Blossom believe in 4 core essentials of Corporate Social Responsibilities – sustainability of environment, ethical functioning, Charitable Support and care for stakeholders. We focus on reducing our Environmental Footprint by ensuring that the resources are optimally utilised and the waste is re-used or properly treated before disposal. The Brewery premises are sited on a working farm. Waste water from the brewing process is treated through Effluent Treatment Plant and re-cycle plant. Waste Water treated through Effluent Treatment Plant is used for gardening of the plants in the factory premises. Our governance systems are underpinned by Ethics, Transparency and Accountability and non indulgence in any unfair practices. The Company has a long history of supporting charity to welfare centre, associations of Blind and cancer patient, education trusts, etc. by associating with Institutions like Lila Poonawalla Foundation, Bulsar District Cricket Association, The Blind & Humanity Welfare Centre, Blind Organization of India, P D Hinduja National Hospital & Medical Research Centre. We also provide a workplace to its employees that are safe, hygienic and humane with access to training and development of skills. We believe in being responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.

### 6.0 DIRECTORS:

Dr. S. D. Israni and Mr. P. R. Barpande retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### 7.0 AUDITORS:

The retiring Auditors, 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 reappointment, if made, would be within the prescribed limits under Section 224(1B) 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 SERVICE TAX MATTER:**

As regards show cause notice received by the Company pertaining to service tax matter, attention is invited to note no.24.1 (d) of note to accounts which is self explanatory. The petition challenging the levy of such service tax in the Company's case has been filed with the Hon'ble High Court of Bombay and has been admitted. The matter is before the High Court pending hearing. In the eventuality, the Company is required to pay this amount, this would not impact company's operating results, since the company would take steps to recover this amount from the Brand Owner (who is the service receiver).

**10.0 INSURANCE:**

All the assets of your Company have been adequately insured.

**11.0 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.

**12.0 EMPLOYEES:**

No employee 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 and Companies (Particulars of Employees) Amendment Rules, 2011.

**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**

**Mr. S. S. Bharwani**  
Chairman

Place: Mumbai  
Date: 9<sup>th</sup> June 2012

## 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.
- Highly efficient refrigeration system installed that will ensure substantial saving in power.
- Brewing and bottling operations synchronized during lean season to achieve optimal energy consumption.

#### b) Fuel Oil Consumption

- Heat recovery system installed in the brew house to recover waste heat.
- Low-pressure Burners in boiler replaced with energy efficient Burners.
- Steam condensate recovery pumps installed to recover steam condensate from the brew house and washing machine.
- Bio-gas produced at the effluent treatment plant is used in the boiler.

### 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 EARNING AND OUTGO

The Company concentrates in the domestic market for its products. The efforts are being made to increase the exports of our own brand of beer.

Foreign Exchange Earnings Rs. 4,27,45,715/-

Foreign Exchange Outgo Rs. 1,99,60,192/-

### GENERAL SHAREHOLDERS INFORMATION

#### A) Annual General Meeting:

<b>Day, Date, Time &amp; Venue</b>	Saturday, the 4 <sup>th</sup> August 2012 at 10.00 A.M. at Sandy Resort, Devka Beach, Daman - 396 210 (U.T).
<b>Financial Year</b>	1 <sup>st</sup> April 2011 – 31 <sup>st</sup> March 2012
<b>Book Closure Date</b>	Monday, the 30 <sup>th</sup> July 2012 to Saturday, the 4 <sup>th</sup> August 2012

#### B) Registrar & Share Transfer Agent:

M/s. Sharex Dynamic (India) Private Limited of Mumbai is the Registrar & Share Transfer Agent of the Company.

For any assistance regarding share transfers, transmissions, change of address, duplicate/missing share certificates and other relevant matters, please write to the Registrar & Share Transfer Agent of the Company, at the address given below:

#### 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  
Contact Person: Mr. B.S. Baliga, Director  
Email: sd\_india@rediffmail.com

#### C) Share Transfer System:

All matters pertaining to Share Transfer are being handled by M/s. Sharex Dynamic (India) Private Limited. The Share Transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval. The average time taken for processing Share Transfer requests including dispatch of Share Certificates is less than 30 days, while it takes a minimum of 15 days for processing dematerialization requests. The Company's representatives visit the office of the Registrar & Share Transfer Agents to monitor, supervise and ensure that there are no delays or lapses in the system.

#### D) Dematerialization of Shares and Liquidity:

The Company in May 2002 has entered into an agreement with the Central Depository Services (India) Limited for dematerialization of its Equity Shares in accordance with the provisions of the Depositories Act, 1996.

#### Plant Locations:

The Company has manufacturing plant situated at Village Jani Vankad, Nani Daman, Daman - 396 210. (U.T.)  
Tel: (0260) 2221050, 2221130, 2221120, Fax: 2220421  
E-mail: blossom@bildaman.com

#### ADDRESS FOR CORRESPONDENCE REGISTERED OFFICE

Village Jani Vankad, Nani Daman, Daman - 396210(U.T.)  
Tel: (0260) 2221050, 2221130, 2221120  
Fax: (0260) 2220421  
E-mail: blossom@bildaman.com

**AUDITORS' REPORT**

To,  
The Members,  
**BLOSSOM INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **BLOSSOM INDUSTRIES LIMITED** ("the Company") as at 31<sup>st</sup> March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, attention is invited to Note no 24.1(i) (d) regarding non provision of service tax estimated at Rs. 238,711,126/- (excluding interest and penalty) for the reasons stated therein. The Company has filed a writ petition with the Hon'ble High Court of Bombay which has been admitted. Pending the hearing of the Writ by the Hon'ble High Court, it is not possible to determine the financial impact at this stage.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 5 and 6 of the said Order.
5. Further to our comments in paragraph 3 and in the Annexure referred to in paragraph 4 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012;
  - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117366W)

**R.A. Banga**  
Partner  
(Membership No. 37915)

Mumbai, 9<sup>th</sup> June 2012



## ANNEXURE TO THE AUDITORS' REPORT

**Re: Blossom Industries Limited**

**(Referred to in Paragraph 4 of our report of even date)**

- i) Having regard to the nature of the Company's business clauses (xiii) and (xiv) of CARO are not applicable.
- ii) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Physical verification of fixed assets was carried out during the year by the management, in accordance with the system of periodical verification of fixed assets over a period of three years. In our opinion, the frequency of verification is reasonable, considering the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of the fixed assets during the year.
- iii) (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv) (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly paragraph 4 (iii) (b) (c) and (d) of the Order are not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has taken an unsecured loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 227,000,000/- and the year-end balance of such loan taken was Rs. 227,000,000/-.
- (c) In our opinion the rate of interest and other terms and conditions on which loan has been taken by the Company are prima facie not, prejudicial to the interest of the Company.
- (d) No principal amount has fallen due for repayment during the year as per agreement between the parties. The Company has been regular in the payment of interest.
- v) In our opinion, and according to the information and explanations given to us, having regard to the explanation that certain items purchased and sold are of special nature and their prices cannot be compared with alternative quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- vi) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regards to the comments in (v) above, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time.
- vii) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under are not applicable to the Company.
- viii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management has been commensurate with the size of the Company and nature of its business.
- ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- x) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues as applicable with the appropriate authorities during the year. According to the information and explanation given to us, no undisputed amounts payable in respect of aforesaid were in arrears as at 31<sup>st</sup> March 2012 for a period of more than six months from the date they became payable.