



**Industries Limited**

**TWENTY-FOURTH ANNUAL REPORT  
2012-2013**

**BLOSSOM**  
**Industries Limited**  
**24<sup>th</sup> Annual Report 2012 - 2013**

**BOARD OF DIRECTORS**

|                                |                       |
|--------------------------------|-----------------------|
| Mr. Satish 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              |
| Mr. Harsh Vardhan Jajoo        | Additional 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-Fourth Annual General Meeting** of the shareholders of BLOSSOM INDUSTRIES LIMITED will be held on Thursday, September 5, 2013 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 March 31, 2013 and the Statement of Profit and Loss (Profit & Loss Account) of the Company for the year ended on that date, together with the Reports of Directors and the Auditor thereon.
2. To appoint a Director in place of Mr. D.T. Khilnani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Pamidi Kotaiah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as the 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 Sections 269, 309, 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act') and subject to such other approvals, if any, as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Vincent Vaz as the Whole-time Director of the Company w.e.f. January 28, 2013 for a further period of three (3) years not subject to retirement by rotation on such terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr. Vincent Vaz, a draft of which is submitted to this meeting and initialed by the Chairman for the purpose of identification, which draft Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to 'the Board' which term shall be deemed to include the Remuneration Committee constituted by the Board) and to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Vincent Vaz.

**RESOLVED FURTHER THAT** if in any financial year of the Company during his tenure as the Whole-time Director, the Company has made no profit or profits are inadequate, Mr. Vincent

Vaz shall be paid remuneration including perquisites as permitted in terms of Section II of Part II of Schedule XIII of the Act.

**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."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314, 316, 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act'), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions, sanctions, etc., of the Central Government and all other concerned statutory, regulatory and other authorities, if and to the extent applicable and required and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which shall include duly authorized committee thereof for the time being in force exercising the powers conferred upon it by the Board), the Company hereby approves the re-appointment of Mr. Amit Khemani on continuation basis, without any interruption/ break in service, as the Managing Director of the Company, not liable to retire by rotation, for a period of three (3) years with effect from September 27, 2013 till September 26, 2016, on the terms and conditions, including remuneration, as stated in the draft agreement to be entered into between the Company and Mr. Amit Khemani and submitted to this meeting and initialed by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of Mr. Amit Khemani as the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites, allowances, etc. as specified in the draft agreement as the minimum remuneration subject to compliance with the applicable provisions of Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as amended from time to time, subject to the approval of the Central Government, if and to the extent necessary and applicable; notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this resolution or to make modifications as may be deemed to be in the interest of the Company, with liberty to the Board to alter and vary the terms and conditions of the aforesaid re-appointment, including but not limited to the remuneration payable to Mr. Amit Khemani, from time to time, in accordance with and subject to the limits as stated in the draft agreement or as may be stipulated by the Central Government, if and to the extent

necessary and applicable and to do all such acts, deeds, matters and things for giving effect to this resolution.

**RESOLVED LASTLY THAT** the Board be and is hereby authorized to delegate all or any of its powers to any of its Committee(s) or any Director or officer or person, to give effect to the aforesaid resolution."

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

**"RESOLVED THAT** Mr. Harsh Vardhan Jajoo who was appointed as an Additional Director by the Board of Directors with effect from February 16, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') and who holds office upto the date of this Annual General Meeting of the Company and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing Mr. Harsh Vardhan Jajoo as a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**By order of the Board,**

**Amit A. Khemani**  
Managing Director

Date: June 8, 2013  
Place: Mumbai

**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 Saturday, August 31, 2013, to Thursday, September 5, 2013, inclusive of both the days.
- C. Re-appointment of Director:

At the ensuing Annual General Meeting, Mr. Dwarko T. Khilnani and Dr. P. Kotaiah, retire by rotation and being eligible offer themselves for re-appointment. The particulars of aforesaid Directors are given below:

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 same. 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.

Dr. P. Kotaiah has done his Master Degree in Arts and has been awarded the Gold Medal for the same. He has been awarded the Honorary Doctorate in Litterateur by Andhra University in recognition of his special contribution to rural finance and development. Dr. P. Kotaiah is D.litt (Hon) and M.A. with principal subject Economics. He has also passed C.A.I.I.B. exam and has vast experience in the area of Banking, Finance and the work with various national and international organizations. He has over 4 decades of experience in the areas of Finance and Administration.

The Board is of the opinion that the Company should continue to avail of 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:

**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 March 31, 2013, 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 & T. A. 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 nos. 5 & 6:

Mr. Vincent Vaz is a qualified Chartered Accountant having over 15 years of experience in the area of Accounts, Finance and Taxation. He also has more than 10 years of experience in the liquor and beer industry. He was associated with the Khemani group from 1995 to 2005 and thereafter from 2008 onwards as the Whole-time Director. Taking into account his vast experience in the Brewery industry, his professional qualifications and keeping in mind the modernization project of the Company, the Board based on recommendation of Remuneration Committee in their meeting held on February 16, 2013 re-appointed Mr. Vincent Vaz as the Whole-time Director w.e.f. January 28, 2013 to January 27, 2016 for the period of three (3) years, subject not to retire by rotation and subject to the approval of shareholders. The Board also reviewed the remuneration payable to Mr. Vincent Vaz and decided that it would be the same as approved in the meeting of Board of Directors held on June 15, 2011.

The remuneration shall be as follows:

(Amount in ₹)

| Particulars                  | Per Month      | Per Annum        |
|------------------------------|----------------|------------------|
| Basic                        | 113,120        | 1,357,440        |
| HRA                          | 11,312         | 135,744          |
| Conveyance Allowance         | 28,000         | 336,000          |
| Children Education Allowance | 2,400          | 28,800           |
| Medical                      | 2,000          | 24,000           |
| LTA                          | 9,600          | 115,200          |
| Gratuity                     | 4,712          | 56,544           |
| Special Allowance            | 5,280          | 63,360           |
| Petrol/Fuel Allowance        | 6,000          | 72,000           |
| Uniform Allowance            | 3,000          | 36,000           |
| Books & Periodicals          | 1,000          | 12,000           |
| PF (Company's Contribution)  | 13,576         | 162,912          |
| <b>Total CTC</b>             | <b>200,000</b> | <b>2,400,000</b> |

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, 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 Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is higher, unless otherwise determined by the Board of Directors.

The present term of office of Mr. Amit Khemani as the Managing Director, will be expiring on September 26, 2013. Under the leadership of Mr. Amit Khemani, the Company has crossed all its initial hurdles, also came out of the purview of BIFR and is now a successful, profit making Company. Thus, in order to continue the Company working under the leadership of Mr. Amit Khemani, the Board of Directors based on the recommendation of Remuneration Committee in their meeting held on June 8, 2013 entered into a fresh agreement and re-appointed him as the Managing Director for the period of three (3) years with effect from September 27, 2013, subject not to retire by rotation and subject to the approval of the shareholders.

The remuneration payable to Mr. Amit Khemani will be as follows:

### A. REMUNERATION AND PERQUISITES

- Salary: ₹ 500,000/- 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.

- The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as the Managing Director of the Company.

### B. MINIMUM REMUNERATION

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.

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 the ceiling on remuneration:

- 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
- Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
- Encashment of leave at the end of the tenure

### C. POWERS OF THE BOARD TO DECIDE THE REMUNERATION

Notwithstanding anything stated herein above, where in any financial year, there are no profits or inadequate profits, the Board is empowered to decide not to pay any commission or to reduce the commission mentioned in paragraph 'A' above to any amount they consider reasonable in the circumstances of case. The Board's powers in this behalf are absolute and if so exercised by the Board before the end of the financial year or before the accounts are passed by the Annual General Meeting will override the provisions for commission set out above and no commission or reduced commission as the case may be, will accrue and become payable to the said Managing Director.

Additional information relating to the aforesaid paras under Schedule XIII of the Companies Act, 1956 is given below:

#### I. General Information:

- Nature of Industry: Manufacturing of beer
- Date of commencement of commercial production: November 17, 1994
- In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable
- Financial Performance: As per Audited Accounts for the financial year ended March 31, 2013:

| Particulars                             | ₹             |
|---|---------------|
| Turnover & Other Income                 | 1,836,838,397 |
| Net Profit as per Profit & Loss Account | 44,986,966    |

- Export Performance and Net Foreign Exchange Collaborations: For current financial year, the Export performance on F.O.B. is ₹ 56,767,695/-
- Foreign investments or collaborators, if any: Not Applicable

#### II. Information about the appointee:

##### A) Mr. Vincent Vaz

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

Mr. Vincent Vaz is a qualified Chartered Accountant having over 15 years of experience in the area of Accounts, Finance and Taxation. He has more than 10 years of experience in the liquor and beer industry. He was associated with the Khemani group from 1995 to 2005 and thereafter from 2008 onwards as the Whole-time Director of the Company.

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Mr. Vincent Vaz played a significant role in supporting the Board of Directors of the Company in the success of Blossom Industries Limited.

### 2. Past Remuneration:

| Financial Year | ₹              |
|----------------|----------------|
| 2011-12        | 2,212,500 p.a. |
| 2012-13        | 2,400,000 p.a. |

### 3. Remuneration paid/ proposed:

The remuneration paid to him remains the same as under:

Salary: ₹ 200,000/- per month

### 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 is 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. Vincent Vaz has no pecuniary relationship, directly or indirectly, with the Company or with any managerial personnel, other than his present office of the Whole-time Director of the Company. Mr. Vincent Vaz is holding NIL equity shares of the Company as on the date of this Notice.

### B) Mr. Amit Khemani

#### 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 the 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 has 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 | ₹              |
|----------------|----------------|
| 2011-12        | 4,200,000 p.a. |
| 2012-13        | 4,200,000 p.a. |

#### 3. Remuneration paid/ proposed:

The remuneration proposed to be paid to him is as under:

Salary: ₹ 500,000/- 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 is 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 managerial personnel. The inadequate profit of last years was mainly due to past carry forward losses calculated u/s 349 of the Act.

2. *Steps taken or proposed to be taken for improvement:* The Company has entered into strategic agreement with renowned companies to increase its sales and profitability. The Company is also pushing hard its own brand to improve margin. Further, the Company has also started exporting its product to various countries. Combined efforts of the above are expected to result into improved profitability of the Company.

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 resolution nos. 5 & 6 to the members for their approval as special resolutions.

None of the Directors except Mr. Vincent Vaz & Mr. Amit A. Khemani, themselves are interested or concerned in the resolution nos. 5 and 6, respectively.

#### Item no. 7:

Mr. Harsh Vardhan Jajoo is a Bachelor of Commerce (Honors)-KMC from Delhi University.

He is a Chartered Accountant and has also completed Senior Management Programme from IIM Kolkata. He has also successfully completed FDA Better Process Control School. He was the Executive Director of Agro Dutch Industries Limited for 8 years where he led the Company's diversification into manufacturing cans for the food industry making the Company India's leading food can-maker which was the enabler for Agro Dutch to be the top producer of Mushrooms in Asia.

He has also worked as General Manager of Asia Pacific, Scelta BV for 3 years and has experience in the field of controlling and coordinating the quality control and imports of canned and frozen foods from ten food processing units located in China, India and Indonesia to European countries for Scelta BV, Company operating from Venlo in Holland.

He is also a Board member of the Council for EU Chambers in India since 2010 and he has been awarded the "Maha Intrapreneur Award" by Praj Group - Symbiosis Institute of Management for 2011.

The Board desires that he should be appointed as a Director of the Company so that Company can avail of his valuable services.

None of the Directors is interested or concerned in this resolution.

**By order of the Board,**

**Amit A. Khemani**  
Managing Director

Date: June 8, 2013

Place: Mumbai

#### 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-fourth Annual Report** of the Company and the Audited Statement of Accounts for the year ended **March 31, 2013**.

#### 1.0 FINANCIAL RESULTS:

(₹ In Lacs)

| Particulars                                 | 2012-13  | 2011-12  |
|---|----------|----------|
| Sales & Other Income                        | 18368.38 | 21856.97 |
| Profit before finance cost and Depreciation | 2145.93  | 2827.31  |
| Less:                                       |          |          |
| (1) Depreciation                            | 1076.46  | 1271.77  |
| (2) Finance Costs                           | 417.76   | 610.06   |
| Profit before tax                           | 651.71   | 945.48   |
| Less:                                       |          |          |
| Provisions for tax                          | 201.84   | (10.77)  |
| Profit/ (Loss) for the Year                 | 449.87   | 956.25   |

#### 2.0 DIVIDEND:

The management has repaid the entire loan to State Bank of India. To maintain the liquidity, your Board has decided not to recommend any dividend for the financial year 2012-13.

#### 3.0 PERFORMANCE:

The sales for the year under review have declined due to sales in different markets as there were price differences in the same product in different states due to duty and tax structure. However, the quantity of sales was more or less constant. The profit for the year has reduced from ₹ 9.56 crore to ₹4.49 crore. Increase in raw material cost, utility charges, employee cost and maintenance expenses were the main contributors for the reduction in gross profit. The Management is conscious about the cost reduction particularly on maintenance of Plant and Machinery. During the year under review, the Company could develop various parts through new local vendors and procured them locally in lieu of imported costly spares. As a result, the Company could achieve almost 20% reduction in maintenance cost. Such process of development of new vendors will be continued in the current year also.

#### 4.0 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 Footprints by ensuring that the resources are optimally utilised and 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 the 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 patients, education trusts, etc. by associating with Institutions like Lila Poonawalla Foundation, Bulsar District Cricket Association, Blind Organization of India, Mahavir Seva Sadan and Dayanand Hospital. We also provide a workplace to our employees that is 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.

#### 5.0 DIRECTORS:

Mr. D.T. Khilnani and Dr. P. Kotaiah retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. Harsh Vardhan Jajoo was appointed as an Additional Director (Independent Non-Executive Director) by the Board of Directors with effect from February 16, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956. He holds the office upto the date of forthcoming Annual General Meeting. Pursuant to the provisions of Section 257 of Companies Act, 1956, notice in writing has been received from a member proposing him as a Director of the Company. The approval of shareholders is being sought to appoint Mr. Harsh Vardhan Jajoo as a Director of your Company.

#### 6.0 COST AUDITOR:

As per the Notification No. G.S.R. 429(E) dated June 3, 2011 Cost Compliance Report was applicable to the Company for the financial year 2012-13. The Company has obtained Cost Compliance Report from Mr. Girikrishna Maniar, Cost Accountant and the same will be filed within the stipulated time.

Further, as per Cost Audit Order no. F.No. 52/26/CAB-2010 dated November 6, 2012, the Company is now required to carry out Cost Audit effective from April 1, 2013. Pursuant to the provisions of Section 233B of the Companies Act, 1956 and the above mentioned Cost Audit Order, the Board of Directors in its meeting held on June 8, 2013, has appointed Mr. Girikrishna Maniar, Cost Accountant, as the Cost Auditor for the financial year 2013-14.

#### 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 re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

#### 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 (c) 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 the 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 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: June 8, 2013  
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.
- 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 EARNINGS 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 ₹ 56,767,695/-

Foreign Exchange Outgo ₹ 16,107,205/-

### GENERAL SHAREHOLDERS INFORMATION

#### A) Annual General Meeting:

|                                    |  |
|------------------------------------|--|
| <b>Day, Date, Time &amp; Venue</b> | Thursday, September 5, 2013 at 10.00 A.M. at Sandy Resort, Devka Beach, Daman-396 210 (U.T.) |
| <b>Financial Year</b>              | April 1, 2012 - March 31, 2013   |
| <b>Book Closure Date</b>           | Saturday, August 31, 2013 to Thursday, September 5, 2013                                     |

#### 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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLOSSOM INDUSTRIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **Blossom Industries Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2013;

- (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.

### Emphasis of Matter

Attention is invited to Note no 24.1(i) (c) regarding non provision of service tax estimated at ₹ 286,030,616/- (excluding interest and penalty) for the period from 23<sup>rd</sup> September, 2009 to 30<sup>th</sup> June, 2012 for the reasons stated therein. During the year, the Company has paid ₹ 209,402,036/- (including interest of ₹ 32,750,955/-) under protest. In an earlier year, the Company had filed a writ petition with the Hon'ble High Court of Bombay which was admitted. Pending the hearing of the writ by the Hon'ble High Court, no effect has been considered in the financial statements.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, we report that:
  - (a) 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.
  - (b) 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.
  - (c) 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.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)

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

Mumbai, 8<sup>th</sup> June, 2013