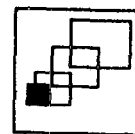


13th
Annual
Report
1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Report

Report Junction



Blue Chip
TEX
INDUSTRIES LTD.

BLUE CHIP TEX INDUSTRIES LIMITED

Board of Directors : NAND K. KHEMANI Chairman and Managing Director
PITAMBAR S. MASAND
MOHAN J. JHANGIANI
KUMAR S. NATHANI
ASHOK K. KHEMANI

Auditors : C.C. CHOKSHI & CO. Chartered Accountants

Bankers : DENA BANK

Registered Office : "Jasville", 2nd Floor,
Opp.: Liberty Cinema,
9, New Marine Lines,
Mumbai 400 020

Factory : Plot No. 63-B, Danudhyog Industrial Estate,
Village Piparia,
District Silvassa,
Union Territory of Dadra & Nagar Haveli

Registrar & Transfer Agent : BIGSHARE SERVICES PVT. LTD.
J/12, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai 400 072

Members are requested to bring their copy of Balance Sheet at the A.G.M.

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of BLUE CHIP TEX INDUSTRIES LIMITED will be held on Thursday, the 24th September, 1998, at 10.00 a.m. at Babasaheb Dahanukar Sabhagriha, Oricon House, 12, K. Dubhash Marg, Mumbai 400 023 to transact the following business:

1. To consider and adopt Balance Sheet as at 31st March, 1998, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Mohan J. Jhangiani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok K. Khemani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint C.C. Chokshi & Co, Chartered Accountants as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration to be fixed by the Board, in consultation with the Auditors.

Special Business

6. To consider and, if thought fit, to pass with or without modification, the following resolutions as **Ordinary Resolutions**:

"RESOLVED THAT the consent of the Members of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all immovable and movable properties of the Company, wheresoever situate, present and future and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of Financial Institution/Banks/ Unit Trust of India/Mutual Funds (hereinafter referred to as 'Lending Agencies') to secure Rupee Term Loan/Trustees for the holders of debentures to secure non convertible debentures not exceeding Rs. 25 Crores (Rupees Twenty Five Crores only) lent and advanced/agreed to be lent and advanced/proposed to be privately placed with Lending Agencies, to the Company for its Unit located at Piparia, District Silvassa in Union Territory of Dadra Nagar Haveli, together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges,

expenses and all other monies payable by the Company to Lending Agencies in terms of the Loan Agreements/ Deeds of Hypothecation/Letters of Sanction/Debenture Trust Deed/Memorandum of terms and conditions etc. as amended from time to time entered into/to be entered into by the Company in respect of the said borrowing."

"RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby also accorded to the Board of Directors of the Company agreeing with Lending Agencies/to finalise with the Trustees as the case may be, agreements and other documents and deeds for creating the aforesaid mortgages, charges and/or hypothecations and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt which may arise in relation thereto, or otherwise considered by the Board to be in the best interest 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 the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Members of the Company in General Meeting be and is hereby accorded to the Board of Directors of the Company, to borrow at any time or from time to time all such sums of money, as they may deem necessary, to be borrowed for the purpose of the business of the Company, notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company, if any (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the aggregate of the Paid-up Capital and Free Reserves of the Company by more than the sum of Rs. 25 Crores (Rupees Twenty Five Crores only) excluding interest, commitment charges, liquidated damages, premia on redemption, at any one time."

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

"RESOLVED THAT pursuant to the provision of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and the Memorandum and Articles of Association of the Company, and subject to other permissions and approvals as may be required,

BLUE CHIP TEX INDUSTRIES LIMITED

DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting their 13th Annual Report and the Audited Accounts for the financial year ended 31st March, 1998.

1. FINANCIAL RESULTS :

	(Rupees in Lacs)	
	1997-98	1996-97
Profit before depreciation	27.61	22.46
Less : Depreciation	19.27	11.43
Profit before Tax	8.34	11.03
Less : Provision for taxation	1.65	5.90
Profit after Tax	6.69	5.13
Add : Taxation for earlier year	0.68	—
Investment Allowance		
(Utilised) Reserve written back	—	17.50
Balance in Profit & Loss Account	25.94	17.09
Surplus available for Appropriation	33.31	39.72
Proposed Dividend	14.78	12.53
Tax on proposed Dividend	1.48	1.25
Balance carried to Balance Sheet	17.05	25.94

2. YEAR IN RETROSPECT :

Although in terms of value, sales have gone down due to reduction in prices of Polyester Texturised Yarn, in quantitative terms, sales of Texturised and Twisted Yarn have gone up from 895 M.T. to 946 M.T. during the year under review an increase of 6% over the previous year. Profit before depreciation has gone up from 22.45 Lacs to 27.60 Lacs, being an increase of 23% as compared to last year. Depreciation is higher by Rs. 9.92 Lacs due to re-valuation of major Plant and Machineries of our Piparia, Silvassa Unit.

3. DIVIDEND :

The Directors have recommended a dividend of Rs. 0.75 per Equity Share on 19,70,500 Equity Shares of Rs. 10 each, for the financial year ended 31st March 1998 which, if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 26th September 1998.

4. FUTURE PROSPECT :

General economy of the country is on downside and there is persistent slow down in industrial growth. Your companies business is also affected due to the adverse market conditions, resulting severe pressure on prices and margin. However, Company is hopeful that this trend will be reversed and Indian economy will change for better in the near future. Company is therefore confident that its business will also pick-up.

5. MODERNISATION AND EXPANSION :

The Company has suspended production of Polyester Texturised Yarn with effect from 13th June 1998 in order to take up modernisation and expansion of its factory at Piparia, Silvassa. The existing factory building will be demolished and old machinery disposed of. In the first phase of expansion, the Company has planned to install three new high-speed, technically advanced, cost-effective Draw Texturising Machines and thereafter, in the second phase, five more of these Machines will be installed gradually.

After expansion and modernisation, the profitability of the Company will be hopefully substantially enhanced, as the Company will be in a position to take advantage of the expanded operation.

The Company is presently in the process of implementing this expansion, either on its own or through its subsidiary and the outcome of these efforts will be reflected in the results of subsequent years.

6. FINANCE :

During the year, the Company has become debt-free, with no major exposure of debt. The project of expansion and modernisation will be financed through internal accruals, contributions of Promoters and Term Loan.

7. FIXED DEPOSITS :

The Company has not accepted any deposits within the meaning of Sec. 58-A of the Companies Act, 1956 or rules made thereunder.

8. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rule, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is as under :

A. Conservation of Energy

During the year, the Company has installed cost-efficient D.G. Set to reduce energy consumption, which is reflected in reduction of cost. Company has planned investment to reduce energy consumption whilst implementing proposed expansion of factory.

B. Disclosure of Particulars with respect to conservation of energy :

	1997-98	1996-97
I. Power and Fuel Consumption :		
1) Electricity		
a. Purchased units (Lacs)	19.25	19.34
Total cost (Rs. in Lacs)	41.52	34.11
Rate / Unit (Rs.)	2.16	1.76
b. Own Generation		
i) Through Diesel generator :		
Units (Lacs)	3.10	4.93
Units per litre of fuel	3.44	2.90
Cost/Unit (Rs.)	2.79	2.84
ii) Through steam turbine	Nil	Nil
2) Coal and Lignite	Nil	Nil
3) Furnace Oil	Nil	Nil
4) Others	Nil	Nil
II. Consumption per Unit of production Electricity for Texturised Yarn (KWH/M.T.)	2385	2746

C. Absorption of Technology :

Although the Company does not have a specific Research and Development Dept., it is our endeavor to constantly innovate by developing and improving the products and bringing new products in Polyester Yarn. Continuous flow of information on latest developments/improvements in technology is established.

D. Foreign Exchange Earnings and Outgo :

There is no foreign exchange inflow or outflow during the year ended 31st March, 1998.

9. PERSONNEL :

There are no employees who are covered under the provisions of Sec. 217(2A) of the Companies Act,

1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

10. DIRECTORS :

Mr. Mohan Jhangiani and Mr. Ashok Khemani retire by rotation and being eligible, offer themselves for re-appointment.

11. AUDITORS AND AUDITORS' REPORT :

M/s C. C. Chokshi & Co., Chartered Accountants, Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Sec. 224(1B) of the Companies Act, 1956. The shareholders are requested to appoint Auditors for the current year, to hold office till the next Annual General Meeting at such remuneration to be fixed by the Board, in consultation with the Auditors. Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for further comment. Appropriate steps have been taken for recovery of outstanding debt and advances.

12. ACKNOWLEDGEMENT :

Your Directors place on record their appreciation of the assistance, support and co-operation extended by the Administration of Dadra and Nagar Haveli, the Company's Bankers and the dedicated services rendered by the staff, for the successful working of the Company.

For and on behalf of Board of Directors

Nand K. Khemani
Managing Director

Place : Mumbai

Dated : 20th August, 1998.

BLUE CHIP TEX INDUSTRIES LIMITED**AUDITORS' REPORT TO THE
SHAREHOLDERS OF
BLUE CHIP TEX INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of Blue Chip Tex Industries Ltd., as at 31st March, 1998 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing & other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our Comments in the Annexure referred to in paragraph 1 above, 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 appears from our examination of the books;
 - c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the above books of account;
 - d) Attention is invited to following notes in Schedule "15 " :

- I. No provision has been made for debts and advances considered doubtful of recovery, aggregating to Rs 37.00 Lakhs (Previous Year: Rs 35.89 Lakhs) (Note no.6)
- II. Debtors/Creditors accounts and accounts of loans and advances given by the Company are subject to adjustments, if any, on receipt of confirmations (Note No.7).

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- I. in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 1998, and
- II. in case of the Profit and Loss Account, of the profit for the year ended on that date.

For C.C.Chokshi & Co,
Chartered Accountants

P.R.BARPANDE
Partner.

Place : Mumbai,
Dated : 20th August, 1998

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our Report of even date:

1. The company has maintained proper records showing full particulars including quantitative details & situation of Fixed Assets. We are informed that the Fixed Assets have been physically verified by the Management and that no material discrepancies were noticed by the Management on such verification.
2. During the year, the company has re-valued major items of plant & machinery located at Piparia, Silvassa as at 01/04/97 based on the Market value of those assets as per approved valuer's report
3. The stocks of finished goods, stores and spare parts and raw materials have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
7. In our opinion, the rate of interest and other terms and conditions on which Unsecured Loan has been taken from a Company listed in the Register maintained under Section 301 of the Companies Act, 1956 is not