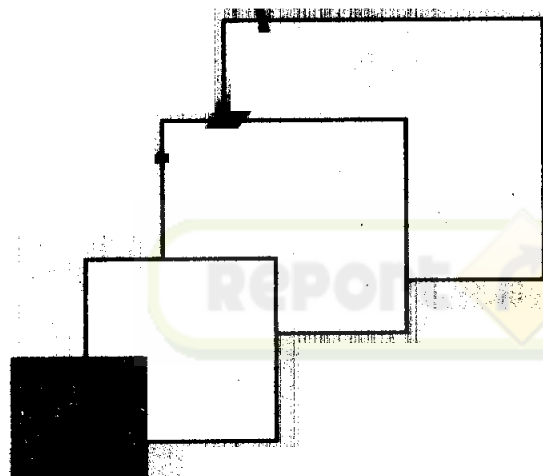


17th
Annual Report



2001 - 2002



BLUE CHIP TEX INDUSTRIES LTD.

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

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

Bankers : DENA BANK

Registered Office : "Jasville", 2nd Floor,
Opp.: Liberty Cinema,
9, New Marine Lines,
Mumbai 400 020.
Tel.: 022 - 200 0488 / 200 5652
Fax: 022 - 200 6437

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.
E-2, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai 400 072.
Tel.: 022 - 852 3474 / 856 0652 / 53
Fax: 022 - 852 5207
e-mail: bigshare@bom7.vsnl.net.in

Members are requested to bring their copy of Annual Report at the A. G. M.

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of BLUE CHIP TEX INDUSTRIES LIMITED will be held on Friday, the 20th September, 2002, at 10 a.m. at Babasaheb Dahanukar Sabhagriha, Oricon House, 12, K. Dubash Marg, Mumbai 400 023 to transact the following business:

1. To consider and adopt Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kumar Nathani, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 as is fixed by the Board, in consultation with the Auditors.

By order of the Board of Directors

Mumbai
Dated : 24th July 2002.

Nand K. Khemani
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. The proxies to be effective, should be completed in all respect and be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Members/Proxies should bring with them the attendance slip, duly filled in, for attending the meeting as well as their copies of the Annual Report.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 10th September 2002 to Friday, 20th September 2002 (both days inclusive).
4. As per the provision of the companies Act, 1956 facility for making nomination is now available to the shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Share Register of the company.
5. Members, who have not yet encashed their dividend warrants for the financial year 31.3.96 onwards, are requested to make their claims to the company accordingly without any delay.
6. Members seeking any information about Accounts are requested to address their queries to the Company atleast 7 days in advance of the meeting so that information sought can be readily provided at the meeting.
7. Members are advised to consolidate their Ledger Folios where they are holding Shares in identical order of names in different Folios.
8. The Shares of the Company are listed at the Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The Listing fee has been paid in time for the year ended 31.03.2003.

By order of the Board of Directors

Mumbai
Dated : 24th July, 2002.

Nand K. Khemani
Managing Director

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

BLUE CHIP TEX INDUSTRIES LTD.**DIRECTORS' REPORT**

To,
The Members.

The Directors have pleasure in presenting their 17th Annual Report and the Audited Accounts for the financial year ended 31.3.2002.

FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2001-2002	2000-2001
Profit before depreciation	12.80	14.56
Less : Depreciation	6.19	5.44
Profit before Tax	6.61	9.12
Less : Provision for taxation	2.18	4.85
Current tax		
Deferred Tax	0.75	—
Profit after Tax	3.68	4.27
Add : Taxation for earlier year	0.00	0.10
	3.68	4.37
Balance in Profit & Loss Account	20.24	26.73
Surplus available for Appropriation	23.92	31.10
Proposed Dividend	0.00	9.85
Tax on proposed Dividend	0.01	1.01
Balance carried to Balance Sheet	23.92	20.24

YEAR IN RETROSPECT :

Turnover for the year is Rs.26.41 Lacs, as against previous year of Rs3.19 Lacs. After considering the income tax there is a moderate profit of Rs.3.68 lacs compared to earlier year profit of Rs.4.27 lacs. During the year company had a conservative policy and has minimise the other overhead expenses.

DIVIDEND :

Your Director unable to recommend any dividend.

FUTURE PROSPECTS :

As reported earlier, company has projected for modernisation of unit and new building under construction was. complited But for a profitable & viable project substantial amount of investment is required. Due to uncertainty in texturising market, Lower capital base of our company. At present it is not advisable to utilise the fund of the company in modernisation of project as projected earlier, hence it is kept in abeyance. However to remain in market and to meet with demand of our valued customer company plans to continue with the company policy to get the goods manufactured on job work basis.as well as to trade in textured yarn. For generating additional income by letting off company's existing building lying vacant to increase the earning of the company., an arrangement has been worked out for letting the existing building to M/S.Beekaylon Synthetics Limited for a initial period of 5 years at a monthly rent of Rs.35,000 per month and interest free security deposit of Rs.5,00,000.from May 2002.

17th ANNUAL REPORT 2001-2002**FINANCE :**

The Company is debt-free.

FIXED DEPOSITS :

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

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

Information as per Sec. 217(1)(C) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rule, 1988 regarding conservation of energy, technology, absorption and foreign exchange earnings and outgoing is as under:

A. Conservation of Energy :

Since the Plant is not operative, the question of Conservation of Energy does not arise.

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

	<u>2001-2002</u>	<u>2000-2001</u>
I. Power and Fuel Consumption:		
1) Electricity		
a. Purchased units (Lacs)	0.20	0.25
Total cost (Rs. in Lacs)	1.17	1.67
Rate / Unit (Rs.)	2.40	2.40
b. Own Generation		
i) Through Diesel generator		
Units (Lacs)	Nil	Nil
Units per liter of fuel	Nil	Nil
Cost / Unit (Rs.)	Nil	Nil
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	Nil	Nil
Electricity for Texturised Yarn (KWH / M.T.)		

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 2002.

BLUE CHIP TEX INDUSTRIES LTD.**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.

CORPORATE GOVERNANCE :

Pursuant to clause 49 of the listing agreement report on the corporate governance are applicable the all listing companies which are included either in Group 'A' of BSE or S&P CNX Nifty Index since our company is listed in Group 'B' in BSE. This is not applicable to our company also as per direction of implementation is applicable for company listed with paid up share capital of Rs.3 crore and above from financial year 2002-2003. Since paid up capital of our company is below Rs.3 crore. The corporate Governance Report is not applicable to our company. However for the benefits of members and to give transparency of our company, we give below information to the related particulars.

(a) Company's philosophy

The Company's character is shaped by very values of transparency, professionalism and accountability. The Company will endeavor to improve on these aspects on ongoing basis.

(b) Board of Directors

The Board of Directors comprises a managing Director, Executive Director and 2 Non-executive Directors.

During the year, 4 Board Meetings were held on 29.10.2001, 21.1.2002, 24.4.2002, and 24.7.2002.

The composition of directors and their attendance at the Board Meetings during the year end at the last Annual General Meeting as also number of other directorships/ membership of committees are as follows:

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorship	Committee Membership	
					Member	Chairman
Shri. N.K.Khemani	MD	4	YES	6	1	None
Shri. A.K.Khemani	ED	4	YES	6	1	None
Shri. Kumar Nathani	NED	3	YES	4	1	None
Shri. Mohan Jaghiani	NED	3	YES	1	2	None

(No. of Directorship includes Private Limited Companies)

MD — Managing Director

ED — Executive Director

NED — Non-Executive Director

(c) Audit Committee: Not Applicable**(d) Nomination & Compensation Committee: Not Applicable**

(e) Shareholders' Grievance Committee

1. Terms of reference :

Shareholders' complaints/grievance are attended by Managing Director & Executive Director.

To look into the shareholders' complains, if any, and to redress the same expeditiously. They approves requests for issue of duplicate share certificates and issue of certificates after split/consolidation/renewal as also requests for transmission of shares, referred by the Share Transfer Committee.

2. Composition:

The Shareholders' Grievance is looked after by Managing Director personally since the Grievance Committee is not applicable.

Manager Accounts Mr. K.M.Ved is the compliance officer. During the year 1 letter was received from the shareholders and the same was replied/resolved to the satisfaction of the shareholders.

The Board has delegated power for approving transfers of shares to a committee consist of Managing Director, one Executive Director & one Non-Executive Director. The Committee met 13 times during the year and approved the transfer of shares lodged with the company.

3. General Body Meetings:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2000-01	24.9.2001	10.00 a.m	Babasaheb Dahanukar Sabhagriha – Mumbai
1999-00	22.9.2000	10.00 a.m.	Babasaheb Dahanukar Sabhagriha – Mumbai
1998-99	23.9.1999	10.00 a.m.	Babasaheb Dahanukar Sabhagriha – Mumbai

No special resolutions were required to be put through postal ballot last year.

No special resolutions on matters requiring postal balloting are placed for shareholders' approval at this meeting.

(f) Disclosures :

- During the year, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
- There were no instances of non-compliance of any matter related to the capital markets, during the last three years.

BLUE CHIP TEX INDUSTRIES LTD.

(g) Means of Communication :

Quarterly results are published in prominent daily newspapers viz. Daily Sagar, The Asian Age. Business standered, Financial Express, Lok Sanket.

(h) General Shareholders Information :

1. Annual General Meeting is proposed to be held on Friday 20th September, 2002 at Babasaheb Dahanukar Sabhagriha – Mumbai at 10.00 a.m.

2. Financial calendar :

Annual results of previous year	Beginning August
Mailing of Annual Reports	End August
First Quarter results	End July
Second Quarter results	End October
Annual General Meeting	End September
Third Quarter results	End January
Forth Quarter results	End April

3. Date of book closer:

Tuesday, 10th September, 2002 to Friday, 20th September, 2002 (Both days inclusive)

4. Listing of equity shares/debentures on Stock Exchange at : Mumbai (BSE), Stock code at Mumbai Stock Exchange 6981.

5. Stock Market price data for the year 2001-2002: Very few transactions has taken place during the year for trading on the Stock Exchange hence monthly BSL HIGH & LOW prices are not given.

During the year	BSE HIGH was Rs.140
	BSE LOW was Rs.1.40

6. Registrar and Share Transfer Agent: M/s. Bigshare Service Pvt. Ltd., is a Share transfer Agent for processing the transfer of shares having its address at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East) Mumbai – 400 072.

7. Share Transfer System : The Company's shares are traded in the Stock Exchange in demate mode., w.e.f. May 2001 shares in physical mode lodged for transfer with Bigshares service Pvt. Ltd. Are process and transfer.

17th ANNUAL REPORT 2001-2002**8. Distribution of Share Holding Pattern on 30th June 2002 :**

No. of shares	No. of shareholders	% of shareholders	Total shareholding	% of shareholding
up to 500	4446	96.11	599416	30.27
501 to 1000	98	2.12	814960	4.12
1001 to 2000	34	0.73	53500	2.70
2001 to 3000	9	0.19	22700	1.15
3001 to 4000	3	0.06	11300	0.57
4001 to 5000	12	0.26	57500	2.90
5001 to 10000	9	0.19	65900	3.33
10001 & above	15	0.32	1088288	54.96
Total	4626	100.00	1980100	100.00

9. Categories of shareholders as on 30th June 2002.

Category	No. of Shares held	% Shareholding
i) General Public	868512	43.86
ii) Directors	137800	6.96
iii) Persons acting in concert	934488	47.19
iv) Body Corporate	18000	0.91
v) Nationalised Bank	5500	0.28
vi) NRI	6200	0.31
vii) Forfeited Shares	9600	0.49
Total	1980100	100.00

10. Dematerialisation of shares :

Company's shares listed on Bombay Stock Exchange. 'B' Group & as per Exchange requirement shares are to be dematerialised. Company has established connectivity with National Securities Depository (NSDL) and Central Depository Service (India) Ltd. (CSDL) members are requested to get their shares Demate.

11. Plant Locations :

The Company's plants are located at Silvassa.

12. Address for correspondence : The Company's registered office is at

"Jasville", 2nd floor, Opp. Liberty Cinema, 9, New Marine Lines, Mumbai 400 020.
Tel : 200 0488, Fax : 2006437, Email : bkion@vsnl.com

Shareholders holding shares in electronic mode should address their correspondence to their respective Depository participants.

13. The company has adopted the following non-mandatory requirement on corporate Governance recommended under clause 49 of the listing agreement.;