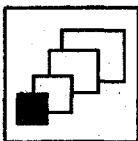


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20th
ANNUAL
REPORT
2004-2005



Blue Chip

TEX
INDUSTRIES LTD.

Board of Directors : NAND K. KHEMANI Chairman and Managing Director
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 - 2200 0488 / 2200 5652
Fax: 022 - 2200 6437

Factory : Plot No. 63-B, Dahudhyog 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 - 2852 3474 / 2856 0652 / 53
Fax: 022 - 2852 5207
e-mail: bigshare@bom7.vsnl.net.in

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

BLUE CHIP TEX INDUSTRIES LTD.

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of **BLUE CHIP TEX INDUSTRIES LIMITED** will be held on Monday, 12th September 2005, at 10 a.m. M.C.GHIA HALL, Bhogilal Hargovindas Building, 18/202, K. Dubash Marg, Mumbai 400 023 to transact the following business:

1. To consider and adopt Balance Sheet as at 31st March 2005, 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 Shri Ashok K. Khemani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s 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.

Special Business

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

RESOLVED THAT in accordance with the provisions of Sections 198,269,309 and 314 read with Schedule XIII and all other applicable provisions of the Companies Act,1956 (including any statutory modification or or enactment thereof fir the time being in force and as may be enacted from time to time) and subject to approval from central Government, If required, the consent of the company be and is hereby accorded to the re-appointment of Shri Nand K. Khemani as Managing Director of the company, for a period of 5 (Five) years with effect from 1st September 2004 on the terms and conditions, including remuneration, as are set out in the agreement to be entered into between the company and Shri Nand K. Khemani, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board") to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act.,1956 (including any statutory modification or re-enactments thereof, for the time being in force), or any amendments and/or modifications that may hereafter be made thereto by the central Government in that behalf from time to time, or any amendments there to as may be agreed to between the Board and Shri Nand K. Khemani.

By order of the Board of Directors

Nand K. Khemani
Managing Director

Mumbai

Dated : 7th June, 2005.

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 Friday, 30th August, 2005 to Monday, 9th September, 2005 (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 encased their dividend warrants for the financial year 31.3.98 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 31.03.2006.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No. 4**

The present term of office of Shri Nand K. Khemani as Managing Director is expiring on 31st August 2004. The Board of Directors, in its meeting held on 26th October 2004, has re-appointed him as Managing Director for a further period of five years from the expiry of his term.

- The broad particulars of terms of the re-appointment of Shri Nand K. Khemani for a further period of five years as also the payment of remuneration during his tenure are as under :

1. REMUNERATION**1. Salary :**

Rs. 10,000 to Rs. 15,000 per month, annual increment as may be decided by the Board.

2. Contribution to Provident Fund, Superannuation and Annuity Fund :

The Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act.

3. Gratuity :

Gratuity at the rate of one month's salary for each completed year of service.

4. Communication Facilities :

The Company shall provide telephone, telefax, internet, email and other communication facilities at the residence of the Managing Director.

BLUE CHIP TEX INDUSTRIES LTD.

II. OVERALL REMUNERATION

The aggregate of salary in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act as may for the time being be in force.

III. MINIMUM REMUNERATION

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of the Managing Director, the payment of salary and other allowances shall be governed by the limits prescribed under paragraph 2 of Section II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.

The terms and conditions set out for re-appointment herein and/or in the respective agreement may be altered or varied by the Board of Directors as it may, in its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification and/or re-enactment thereof for the time being in force) or any amendments made thereto. The Agreement may be terminated by the Company or by the Managing Director by giving the other three months' prior notice of termination in writing.

The draft Agreement to be entered into between the Company and Shri Nand K. Khemani is available for inspection at the Registered Office of the Company on any working day, excluding Saturdays, upto the date of the 20th Annual General Meeting, between 11 a.m. and 1 p.m.

Shri Nand K. Khemani is also the Managing Director of Beekaylon Industries Ltd. and is drawing remuneration from that Company. The overall remuneration payable to Shri Nand K. Khemani, including the remuneration drawn by him from Beekaylon Industries Ltd., shall be within the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification and/or re-enactment thereof for the time being in force) or any amendments made thereto.

Your Directors commend the Resolution set out at Item no. 4 of the Notice for your approval.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Nand K. Khemani pursuant to Section 302 of the Companies Act, 1956.

Shri Nand K. Khemani is interested in the Resolution, which pertains to his re-appointment and/or remuneration payable to him. Further, Shri Ashok K. Khemani may also be deemed to be interested in the above Resolution as he is related to Shri Nand K. Khemani. Save and except the above, none of the Directors of the Company is, in any way, concerned or interested in the said Resolution.

By order of the Board of Directors

Mumbai
Dated : 7th June, 2005.

Nand. K. Khemani
Managing Director

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

DIRECTORS' REPORT

To,
The Members.

The Directors have pleasure in presenting their 20th. Annual Report and the Audited Accounts for the financial year ended 31.3.2005.

FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2004-2005	2003-2004
Profit before depreciation	14.86	16.33
Less : Depreciation	7.51	7.86
Profit before Tax	7.35	8.47
Less : Provision for taxation		
Current tax	2.84	3.02
Deferred Tax	-1.50	0.07
Profit after Tax	6.01	5.38
Add : Taxation for earlier year	- 0.08	0.01
	6.09	5.39
Balance in Profit & Loss Account	24.94	30.66
Surplus available for Appropriation	31.03	36.05
Proposed Dividend	0.00	9.85
Tax on proposed Dividend	0.00	1.26
Balance carried to Balance Sheet	31.03	24.93

YEAR IN RETROSPECT :

Turnover for the year is Rs.2.84 Lacs, as against previous year of Rs.2.69 Lacs. After considering the income tax there is a moderate profit of Rs.6.09 lacs compared to earlier year profit of Rs.5.39 lacs. During the year company had a conservative policy and has minimise the overhead expenses.

DIVIDEND :

In order to augment resources for expansion of the factory, no dividend is recommended by the Directors.

FUTURE PROSPECTS :

During the year company was able to maintain its profitability mainly on account of Trading and other Income by way of Rent and Interest income received from fund invested. Considering the market demand and high cost of production, the various options are being considered. Company is looking for adding Twisting Machines for carrying out processing job work for customers or marketing Twisted Yarn to the customers. Upon implementation of the proposals when finalized, company expect to increase its turnover and resultant profitability.

BLUE CHIP TEX INDUSTRIES LTD.

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.

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 :
Since the plant is not operative, the disclosure particulars with respect to conservation of energy is NIL.
- 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 2003.

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 1 Non-executive Directors.

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During the year, 5 Board Meetings were held on 03.04.2004, 07.06.2004, 20.07.2004, 26.10.2004 and 20.01.2005.

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 Directorships	Committee Membership	
					Member	Chairman
Shri. N.K.Khemani	MD	6	YES	6	1	1
Shri. A.K.Khemani	ED	6	YES	6	1	None
Shri. Kumar Nathani	NED	6	YES	4	1	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.

Mr. K.M.Ved is the compliance officer. During the year 25 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 20 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
2003-04	09.8.2004	10.00 a. m	M. C. GHIA HALL – Mumbai
2002-03	24.9.2003	10.00 a.m.	Babasaheb Dahanukar Sabhagriha – Mumbai
2001-02	20.9.2002	10.00 a.m.	Babasaheb Dahanukar Sabhagriha – Mumbai

BLUE CHIP TEX INDUSTRIES LTD.

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 :

1. 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.
2. There were no instances of non-compliance of any matter related to the capital markets, during the last three years.

(g) Means of Communication :

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

(h) General Shareholders Information :

1. Annual General Meeting is proposed to be held on Monday, 12th. September, 2005 at M.C. GHIA HALL – Mumbai at 10.00 a.m.

2. Financial calendar :

Annual results of previous year	Beginning June
Mailing of Annual Reports	July 10 th .
First Quarter results	End July
Second Quarter results	End October
Annual General Meeting	End September
Third Quarter results	End January
Fourth Quarter results	MIDDLE June

3. Date of book closer:

Tuesday, 30th August, 2005 to Monday, 12th September, 2005 (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 2004-2005:

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.10.29.

BSE LOW was Rs. 1.10.

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.