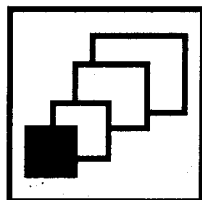


# **Blue Chip**

**TEX  
INDUSTRIES LTD.**

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**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, 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 - 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 Twenty-First Annual General Meeting of the Members of BLUE CHIP TEX INDUSTRIES LIMITED will be held on Friday, 8th September 2006, 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 2006, 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 Kumar S. Nathani, 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.

By order of the Board of Directors

Mumbai  
Dated : 26th May, 2006.

**Nand K. Khemani**  
Chairman and 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 Wednesday, 30th August, 2006 to Friday 8th September, 2006. ( 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 31.3.2001 and 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 31.03.2007.

By Order of the Board of Directors

Mumbai  
Dated : 26th May, 2006.

**Nand. K. Khemani**  
Chairman and 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 21<sup>st</sup>. Annual Report and the Audited Accounts for the financial year ended 31.3.2006

### FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2005-2006	2004-2005
Profit before depreciation	21.90	14.86
Less : Depreciation	7.67	7.51
<b>Profit before Tax</b>	<b>14.23</b>	<b>7.35</b>
Less : Provision for taxation	4.75	2.84
Current tax	0.35	-1.50
Deferred Tax	9.12	6.01
<b>Profit after Tax</b>	<b>- 0.14</b>	<b>-0.08</b>
Add : Taxation for earlier year	8.98	6.09
	<b>31.03</b>	<b>24.94</b>
Balance in Profit & Loss Account	40.01	31.03
Surplus available for Appropriation	0.00	0.00
Proposed Dividend	0.00	0.00
Tax on proposed Dividend	40.01	31.03
Balance carried to Balance Sheet		

### YEAR IN RETROSPECT :

During the year company has installed 5 Twisting machines and has achieved Turnover ( including Jobwork of Rs.7.23 lacs ( previous year Rs.Nil. ) ) for the year is Rs.173.99 Lacs, as against previous year of Rs.2.84 Lacs. After considering the income tax there is a moderate profit of Rs.8.98 lacs compared to earlier year profit of Rs.6.09 lacs. During the year company had a conservative policy and has minimise the overhead expenses.

### DIVIDEND :

In order to augment resources for working capital requirement of the company , no dividend is recommended by the Directors.

### FUTURE PROSPECTS :

During the year company has started its own manufacturing activity and has its own sales of Twisted yarn and was able to maintain its profitability from Sales and other Income by way of Rent and Interest income received from fund invested. Considering the market demand, by marketing Twisted Yarn to the customers, company expect to increase its turnover and resultant profitability.

### 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.

**BLUE CHIP TEX INDUSTRIES LTD.****INSURANCE**

All properties of the company, including buildings, plant and machinery, stores and spares, stock of raw materials and finished goods etc. have been adequately insured.

**ENERGY TECHNOLOGY AND FOREIGN EXCHANGE**

Information in accordance with the Provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are as under:

**A. CONSERVATION OF ENERGY**

## i) Energy conservation measures taken:

There is a continuous and systematic effort to optimise energy consumption and cost at our Plant through evaluation of performance and modernisation and upgradation of equipment, and instrumentation.

The Company has taken all necessary steps to get utmost efficiency and installation of allied equipment, for saving in energy and fuel consumption.

## ii) Impact of Measures at above on reduction in energy consumption and consequent impact on cost of production of goods: Through implementation of energy conservation measures at (i) above, there has been energy saving. However, this being the first year of operations, the exact quantum of energy saving will not be known at this stage.

## iii) Total energy consumption and energy consumption per unit of production :

## a. Power and Fuel Consumption:

	CURRENT YEAR	PREVIOUS YEAR
1. Electricity :		
(a) Purchased Units (KWH )	223120	Nil
Total Amount (Rs. )	555626	Nil
Cost / Unit (Rs.)	2.49	Nil
(b) Own Generation		
i) Through Diesel Generator		
Units (Lacs)	Nil	Nil
Unit per litre of diesel	Nil	Nil
Cost / Unit Rs.	Nil	Nil
ii) Through Steam	Nil	Nil
2. Coal / Furnace oil :	Nil	Nil

## b. Consumption per Ton of production of Polyester

## c. Since manufacturing activities have been started from January 2006 the above information is for part of the year only.

**B. TECHNOLOGY ABSORPTION**

Research work is being carried out for products for better yield and quality, energy conservation, cost reduction, etc., resulting in improved quality of our products. There is no import of technology.

**C. Foreign Exchange Earning and Outgo**

Foreign Exchange Earnings	: Rs. Nil ( Previous Year Rs. Nil)
Foreign Exchange outgo	: Rs. Nil. ( previous year Rs. Nil )

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and 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 the end of the financial year and of the profit of the Company for the that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on going concern basis.

**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.

During the year, 5 Board Meetings were held on 20.04.2005, 07.06.2005, 29.07.2005, 26.10.2005 and 30.01.2006.

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	5	YES	6	1	1
Shri. A.K.Khemani	ED	5	YES	6	1	None
Shri. Kumar Nathani	NED	5	YES	4	1	None

( No. of Directorship includes Private Limited Companies)

**BLUE CHIP TEX INDUSTRIES LTD.**

- 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 53 letter was received from the shareholders for change of address, revalidation of dividend warrants, issue of duplicate shares etc. 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 19 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
2004 - 05	12.9.2005	10.00 a.m	M. C .GHIA HALL – Mumbai
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

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.

## (g) Means of Communication :

Quarterly results are published in prominent daily newspapers viz. Dainik Sagar, DNA, Tarun Bharat, Financial Express, Mumbai luxdip.



## (h) General Shareholders Information :

1. Annual General Meeting is proposed to be held on Monday, 08<sup>th</sup>. September, 2006 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 <sup>th</sup> .
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:**  
Friday, 25<sup>th</sup> August, 2006 to Friday , 8<sup>th</sup> September, 2006 (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 2005-2006:**  
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.15.64.  
                             BSE LOW was Rs. 3.00
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.
8. **Distribution of Share Holding Pattern on 26<sup>th</sup> May 2006 :**

No. of shares	No. of shareholders	% of shareholders	Total shareholding	% of shareholding
1 to 500	3,987	95.18	542548	27.53
501 to 1000	103	2.46	85435	4.34
1001 to 2000	48	1.14	72644	3.69
2001 to 3000	14	0.33	36635	1.86
3001 to 4000	5	0.12	17091	0.87
4001 to 5000	12	0.29	57000	2.89
5001 to 10000	8	0.19	52859	2.68
10001 & above	12	0.29	1106288	56.14
Total	4,189	100.00	1970500	100.00

**BLUE CHIP TEX INDUSTRIES LTD.****9. Categories of shareholders as on 26<sup>th</sup> May 2006.**

Category	No. of Shares held	% Shareholding
i) General Public	852975	43.29
ii) Directors	137600	6.98
iii) Persons acting in concert	926788	47.03
iv) Body Corporate	38938	1.98
v) Nationalised Bank	6400	0.32
vi) NRI	7499	0.38
vii) Clearing Members	300	0.02
<b>Total</b>	<b>1970500</b>	<b>100.00</b>

**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", 2<sup>nd</sup> floor,

Opp. Liberty Cinema,

9, New Marine Lines,

Mumbai 400 020.

Tel : 2200 0488

Fax : 22006437

Email : bklon@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.;**

- i) Chairman's office with required facilities is being provided & maintained at company's expenses for use by its Non-Executive Director.
- ii) Financial performance of the company is well published in news paper. Individual communication of half yearly result is not sent to the shareholders.
- iii) The company has not passed any resolution requiring approval of the shareholders by postal ballot.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

- v) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;