



BLUE CHIP TEX INDUSTRIES LTD.

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24th ANNUAL REPORT 2008-2009

Board of Directors	: NAND K. KHEMANI KUMAR S. NATHANI ASHOK K. KHEMANI ANIL MANDHANA	Chairman and Managing Director
Auditors	: Rajendra & Co. Chartered Accountant	
Bankers	: Dena Bank	
Registered Office	: "Jasville", 2nd Floor, Opp. Liberty Cinema, 9, New Marine Lines, Mumbai 400 020. Tel. : 022-4353 0400 Fax : 022-2200 6437	
Factory	: Plot No. 63-B, Dahudhyog Industrial Estate, Village Piparia, District Silvassa, Union Territory of Dadra & Nagar Haveli	
Wind Mill	: Thungavi Village, Udumalpet Taluka, Coimbatore, Dist. Tamilnadu	
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 5307 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-fourth Annual General Meeting of the Members of **BLUE CHIP TEX INDUSTRIES LIMITED** will be held on Thursday, 20th August 2009, 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 2009, 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 a Dividend on Equity Shares.
3. To appoint a Director in place of Shri Ashok K. Khemani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Rajendra & Company, Chartered Accountants as Auditors, who shall hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at such remuneration as fixed by the Board, in consultation with the Auditors.

SPECIAL BUSINESS :

5. 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 XII and all other applicable provisions of the Companies Act 1956 (including any statutory modification or enactment thereof for 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 2009 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

Mumbai

Dated: 8th June, 2009.

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 Monday, 10th August, 2009 to Thursday 20th August, 2009 (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 Registrar of the Company.
5. Members, who have not yet encased their dividend warrants for the financial year 31.3.2002 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 at least 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 31.03.2009.

EXPLANATORY Statement Pursuant to Section 173 (2)

Item No. 5

The present term of office of Shri Nand K. Khemani as Managing Director is expiring on 31st August, 2009. The Board of Directors, in its meeting held on 8th June 2009, has recommended for reappointment of Shri Nand K. Khemani as Managing Director for a further period of five years from the expiry of his term.

The Board's particulars of the terms of 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:

I. 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.

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.

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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 XII of the Companies Act, 1956 or 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 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 24th Annual General Meeting, between 11 A.M. and 1 P.M.

Shri Nand K. Khemani is also the Managing Director of Beekalyon Synthetics Pvt. 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 Synthetics Pvt. 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 recommend the Resolution set out at item no. 5 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 of 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 Resolutions 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: 8th June, 2009.

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 24th Annual Report and Audited Accounts for the Financial Year ended 31.3.2009.

FINANCIAL RESULTS :

	(Rupees in Lacs)	
	2008 - 2009	2007 - 2008
Profit before depreciation	59.47	56.46
Less : Depreciation	17.22	18.01
Profit before Tax	42.25	38.45
Less : Provision for taxation		
Current tax	4.00	4.15
Deferred Tax	0.57	9.30
Fringe Benefit Tax	0.03	0.03
Profit after Tax	37.65	24.97
Add : Taxation for earlier year	0.39	—
	38.04	24.97
Balance in Profit & Loss Account	57.66	49.98
Surplus available for Appropriation	95.71	74.95
Proposed Dividend	14.78	14.78
Tax on proposed Dividend	2.51	2.51
Balance carried to Balance Sheet	78.42	57.66

YEAR IN RETROSPECT :

During the year, the Company achieved a turnover of Rs.751.33 Lacs., as against the previous year's Rs.829.84 Lacs. After considering income tax, there is a Net profit of Rs.38.04 Lacs, as compared to earlier year's profit of Rs.24.97 Lacs. The above turnover of Rs.751.33 Lacs includes a sum of Rs.8.98 lacs (previous year Rs.10.62 lacs) from sale of Electric Power from our Wind Power Generation Unit. Your Directors anticipate an increase in the income of the Company with a resultant increase in its profitability in the forthcoming years. The Company has adhered towards a conservative policy and has minimised its overhead expenses.

DIVIDEND :

Your Directors recommend Rs.0.75 per equity Share as final Dividend for the year ended 31.03.2009.

FUTURE PROSPECTS :

During the year the Company also continued with its own manufacturing activity and its own sale of twisted yarn. Also from the Wind Power generation units, through sale of power, the Company will be able to maintain its profitability from Sales and other Income by way of Rent. Considering the market demand, by marketing Twisted Yarn to the customers, the Company expects to increase its turnover and resultant profitability.

BLUE CHIP TEX INDUSTRIES LTD.**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.

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 the 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.

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)	545056	539041
Total Amount (Rs.)	1355481	1341212
Cost / Unit (Rs.)	2.49	2.49
(b) Own Generation:		
i) Through Diesel Generator		
Units (in 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

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:

- i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have 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 that period;
- iii) The Directors have 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;
- iv) The Directors have 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 is applicable to all listed 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, implementation is applicable for listed Companies with Paid-up Share Capital of Rs. 3 Crores and above from Financial Year 2002-2003 onwards. Since the Paid up Capital of our Company is below Rs. 3 Crores, the Corporate Governance Report is not applicable to our Company. However for the benefit of members and for the sake of transparency, we provide below related information.

(a) Company's philosophy :

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

(b) Board of Directors :

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

During the year, five Board Meetings were held on 25.04.2008, 24.06.2008, 30.07.2008, 27.10.2008 and 29.01.2009. There was no Extraordinary General Meeting held during the year.

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and Extraordinary General Meeting; as also details of other directorships/ membership of Committees are as follows :

BLUE CHIP TEX INDUSTRIES LTD.

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM & EGM	No. of other Director-ships	Committee Membership	
					Member	Chairman
Mr. Nand K.Khemani	MD	5	YES	5	1	1
Mr.Ashok K. Khemani	ED	5	YES	4	1	None
Mr. Kumar Nathani	NED	5	YES	4	1	None
Mr. Anil Mandhana	NED	5	YES	2	0	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 / grievances are attended by the Managing Director and Executive Director, to look into the shareholders' complaints, if any, and to redress the same expeditiously. They approve 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' Grievances are looked after by the Managing Director personally since the Grievance Committee is not applicable.

Mr. K. M. Ved is the Compliance Officer. During the year, 8 letters were received from the Shareholders for change of address, revalidation of dividend warrants, issue of duplicate shares etc. and the same were replied/resolved to the satisfaction of the Shareholders.

The Board has delegated power for approving transfers of Shares to a Committee comprising of the Managing Director, one Executive Director and one Non-Executive Director. The Committee met 17 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
2007 -08	25.9.2008	10.00 A.M	M.C. GHIA HALL – Mumbai
2006-07	24.9.2007	10.00 A.M	M.C. GHIA HALL – Mumbai
2005-06	08.9.2006	10.00 A.M	M.C. GHIA HALL – Mumbai

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.

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 were published in prominent daily newspapers viz. Navsakti, Financial Express, The Free Press Journal, Asian Age, Business Standard, Mumbai Luxdip.

(h) General Shareholders' Information :

1. The Annual General Meeting is proposed to be held on Thursday, 20th August 2009, at 10.00 A.M. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/202, K. Dubash Marg, Mumbai 400 023.

2. Financial calendar :

Annual results of previous year	: Last week June
Mailing of Annual Reports	: July 10
First Quarter results	: End of July
Second Quarter results	: End of October
Annual General Meeting	: End of September
Third Quarter results	: End of January
Fourth Quarter results	: Mid June

3. Date of book closure :

Monday, 10th August 2009 to Thursday, 20th August 2009 (both days inclusive)

4. Listing of Equity Shares/ Debentures on the Stock Exchange at :

Mumbai (BSE), Stock code at Bombay Stock Exchange : 506981.

5. Stock Market Price Data for the year 2008-2009 :

Very few transactions took place during the year for trading on the Stock Exchange hence monthly BSE HIGH & LOW prices are not given.

During the year, BSE HIGH was Rs. 18.90.

BSE LOW was Rs. 8.47.

6. Registrar and Share Transfer Agents :

M/s. Bigshare Service Pvt. Ltd. are the Share transfer Agents, for processing the transfer of Shares having 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 at the Stock Exchange in demat mode., w.e.f. May 2001. Shares in physical mode lodged for transfer with Bigshare Services Pvt. Ltd. were processed and transferred.