



BLUE CHIP TEX INDUSTRIES LTD.

25th
ANNUAL
REPORT
2009-2010

- Board of Directors** : NAND K. KHEMANI Chairman and Managing Director
KUMAR S. NATHANI
ASHOK K. KHEMANI
ANIL MANDHANA
- 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.

NOTICE

Notice is hereby give that the Twenty-Fifth Annual General Meeting of the Members of **Blue Chip Tex Industries Limited** will be held on Monday, September 20, 2010 at 10 A.M. at 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 the Audited Balance Sheet as at March 31, 2010 and Audited Profit & Loss Account for the year ended as on that date and the Reports of the Auditor's and the Director's thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. Kumar Nathani, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration.

"RESOLVED THAT M/s. Rajendra & Co., Chartered Accountants, Mumbai, being retiring Auditors of the Company, be and are hereby recommended for re-appointment as Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting."

SPECIAL BUSINESS:

- 5) To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions :

"RESOLVED THAT pursuant to Section 314 of the Companies Act, 1956 and any other applicable provisions for the time being in force, consent of the Members, be and is hereby accorded to ratify the remuneration of Rs. 3,00,000/- p.a. paid for the period 01.04.2009 to 31.03.2010 to Mr. Shahin Nand Khemani, son of Mr. Nand Khemani, Managing Director of the Company, for rendering Production, Finance and Administration services to the Company.

"RESOLVED FURTHER THAT the consent of the Members be and is hereby accorded to revise remuneration to Rs. 45,000 per month with effect from 01.04.2010 till further revision not exceeding Rs. 50,000/- (inclusive of all benefits) per month to Mr. Shahin Nand Khemani, son of Mr. Nand Khemani, Managing Director of the Company for rendering Production, Finance and Administration services to the Company.

"RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered necessary in this regard."

- 6) To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:

"RESOLVED THAT pursuant to Section 314 of the Companies Act, 1956 and any other applicable provisions for the time being in force, consent of the Members be and is hereby accorded to ratify the remuneration of Rs. 3,00,000/- p.a. paid for the period 01.04.2009 to 31.03.2010 to Mr. Rahul Khemani, son of Mr. Ashok Khemani, Director of the Company for rendering Sales Marketing services to the Company.

"RESOLVED FURTHER THAT the consent of the Members be and is hereby accorded to revise remuneration to Rs. 20,000 per month with effect from 01.04.2010 till further revision not exceeding Rs. 50,000/- (inclusive of all benefits) per month to Mr. Rahul Khemani, son of

Mr. Ashok Khemani, Director of the Company for rendering Sales Marketing services to the Company.”

“**RESOLVED FURTHER THAT** any Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered necessary in this regard.”

By order of the Board of Directors

Date: May 18, 2010
Place: Mumbai

Nand K. Khemani
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE, SHOULD BE COMPLETED IN ALL RESPECT AND BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members / Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2010 to September 20, 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. As per the provisions of the Companies Act, 1956, facility for making nominations is available for Shareholders in respect of the Shares held by them. Nomination forms can be obtained from the Registrar and Transfer Agents of the Company.
5. Members who have not yet encashed their dividend warrants for Financial Year 31.03.2003 and onwards, are requested to make their claims to the Company for the same 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 Jeejeeboy Towers, Dalal Street, Mumbai – 400 001. The Listing fee has been paid in time for the year ended 31.03.2010.

By Order of the Board

Date: May 18, 2010
Place: Mumbai

Nand K. Khemani
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2):

Item No. 5

Mr. Shahin Khemani was paid remuneration of Rs. 3,00,000/- p.a. with effect from 01.04.2009 to 31.03.2010 for rendering Production, Administration and Finance Services with the consent of the Board. Now, the Board recommends the same for ratification and consent of the Members. Further, the Board considered the terms of appointment of Mr. Shahin Khemani, son of Mr. Nand Khemani, Managing Director of the Company as an employee for providing Production and Finance Administration services to the Company. The Board proposes to fix his remuneration at Rs. 45,000.00 per month [not exceeding Rs.50,000 (all inclusive) per month] from 01.4.2010, till further revision, subject to the consent of the Members at the Annual General Body Meeting.

The Profile of Mr. Shahin Khemani is given below for Members' reference:

Profile of Mr. Shahin Khemani :

Mr. Shahin Nand Khemani, aged 25 years, obtained is Bachelor of Management Studies Degree from Bombay University in 2007. He has also done his Masters in Technology Entrepreneurship from University College of London, U.K.. He gained experience in Production, Administration and Finance for approx. two years during his study period. Under his guidance, during the financial year 2009-2010, the Company was able to achieve its targeted production. Through proper resources planning, the Company will be able to achieve targeted profits in today's competitive market. Presently Mr. Shahin is also involved in setting up of a POY plant capacity 40 M.T. at Silvassa. Hence your Directors feel that under his guidance and through his young, enthusiastic, energetic approach, the Company will be able to achieve good results for its future projects also.

Item No. 6

Mr. Rahul Khemani was paid remuneration of Rs. 3,00,000/- p.a. with effect from 01.04.2009 to 31.03.2010 for rendering Sales Marketing Services with the consent of the Board. Now, the Board recommends the same for ratification and consent of the Members. Further, the Board considered the terms of appointment of Mr. Rahul Khemani, son of Mr. Ashok Khemani, Director of the Company, as an employee for providing Sales Marketing services to the Company. The Board proposes to fix his remuneration at Rs. 20,000 per month, not exceeding Rs.50,000 (all Inclusive) per month, from 01.4.2010, till further revision, subject to consent of Members in the Annual General Body Meeting

The Profile of Mr. Rahul Khemani is given below for Members' reference:

Profile of Mr. Rahul Khemani.

Mr. Rahul Ashok Khemani, aged 25 years, obtained his Bachelor of Commerce Degree from Bombay University in 2006 and did his Masters in Entrepreneurship from University of Southampton, U.K. in 2008-09. He obtained three years' experience in Production / Marketing Yarn during his study period. Under his guidance, the Company was able to achieve the targeted sales at very competitive rate, in competitive market conditions, resulting in increase in profitability for the Company. Further, Mr. Rahul is presently also looking after the setting up of a POY Plant of 40 MT. Production capacity at Silvassa. Your Directors feel that under his guidance and through his young, enthusiastic, energetic approach, the Company will be able to achieve good results for its future projects also.

Your Directors recommend the Resolution for your approval and consent.

Mr. Nand K. Khemani, Managing Director and Mr. Ashok K. Khemani, Director of the Company, respectively, are concerned and interested in the said Resolutions. The said interested Directors have restrained themselves from participating in the discussions while the Board recommends these Resolutions.

By Order of the Board of Directors

Date: May 18, 2010
Place: Mumbai

Nand K. Khemani
Managing Director

DIRECTORS' REPORT

To
The Members
Blue Chip Tex Industries Limited.

Your Directors have pleasure in presenting their 25th Annual Report and Audited Annual Accounts for the Financial Year ended March 31, 2010.

FINANCIAL RESULTS:

	Rupees (in lacs)	
	2009 - 2010	2008 - 2009
Profit before depreciation	72.21	59.47
Less: depreciation	17.81	17.22
Profit before Tax	54.40	42.25
Less: Provision for taxation		
Current tax	19.67	4.00
Deferred tax	(2.67)	0.57
Fringe Benefit tax	--	0.03
Profit After Tax	37.41	37.65
Add: Taxation for earlier year	0	0.39
	37.41	38.04
Balance in Profit and Loss Account	78.42	57.66
Surplus available for appropriation	115.83	95.71
Proposed Dividend	14.78	14.78
Tax on Proposed Dividend	2.45	2.51
Balance carried to Balance Sheet	98.60	78.42

DIVIDEND

In view of the Company's profitable performance, the Directors are pleased to recommend for approval of the Members a Final Dividend of 0.75 Paise per Equity Share of Rs. 10/- each of the Company for the Financial Year 2009 - 2010.

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 its customers, the Company expects to increase its turnover and resultant profitability.

FIXED DEPOSITS

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

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.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- a) that in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- b) that 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 ended March 31, 2010 and of the profit of the Company for that year.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the Annual Accounts for the year ended March 31, 2010, on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY

- (i) Energy conservation measures taken:
Appropriate measures have been initiated to conserve energy. The Company has always been conscious about the need for conservation of energy.
- (ii) Additional investments and proposals, if any, being implemented for reduction of energy consumption:
The efforts for conservation of energy are on an ongoing basis throughout the year.
- (iii) The impact of the measures above for reduction of energy consumption and consequent impact on the cost of production of goods:
The measures taken have resulted in savings in the cost of production.

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)	554640	545056
Total Amount (Rs.)	1378034	13554581
Cost/Unit (Rs.)	2.48	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

Efforts in brief made towards technology, absorption, adoption and innovation:

The Company keeps itself abreast of technical developments and innovations in its line of products worldwide and tries to bring about improvements in the product for better yield, quality and cost effectiveness, etc.

Continued efforts are being made in the areas of quality improvements, waste reduction, process capability and cost minimization to specially improve the market acceptance of the product.

FOREIGN EXCHANGE EARNING AND OUT GO:

Foreign Exchange Earnings: Rs. NIL (Previous Year: Rs. Nil)

Foreign Exchange outgo : Rs. 3,242. (Previous Year: Rs. Nil)

PERSONNEL:

There are no employees who are covered under the provisions of Section 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 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 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 believes that its fundamental objective is not mere fulfillment of the requirements of law but in ensuring commitment of the Board in managing the Company in a transparent manner for maximizing stakeholder value. The Company aims at maximizing long-term value and Shareholders' wealth and thus adheres to the ethics, value and morals of the Company and its Director. 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 21.04.2009, 08.06.2009, 25.07.2009 and 28.01.2010. There was no Extra ordinary 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 :

Name of Director	Category of Director ship	No. of Board Meetings attended	Attend ance at last AGM & EGM	No. of other Director-ships	Committee Membership	
					Member	Chair man
Mr. Nand K.Khemani	MD	5	YES	5	1	1
Mr.Ashok K. Khemani	ED	5	YES	4	1	None
Mr. Kumar Nathani	NED	4	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