



BLUE CHIP TEX INDUSTRIES LTD.

26th
ANNUAL
REPORT
2010-2011

26th ANNUAL REPORT 2010-11

Board of Directors	: NAND K. KHEMANI KUMAR S. NATHANI ASHOK K. KHEMANI ANIL MANDHANA RAHUL A. KHEMANI SHAHIN N. KHEMANI	Chairman and Managing Director
Auditors	: Rajendra & Co. Chartered Accountant	
Bankers	: Axis Bank 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 Email : bluechiptex@gmail.com Website : bluechiptexindustrieslimited.com	
Factory	: Plot No. 63-B, Danudyog Sahakari Sangh Ltd Village Piparia, District Silvassa, Union Territory of Dadra & Nagar Haveli Pin - 396 230	
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.

N O T I C E

Notice is hereby give that the Twenty –Sixth Annual General Meeting of the Members of **BLUE CHIP TEX INDUSTRIES LIMITED** will be held on Thursday, August 11, 2011 at 10 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai – 400 023 to transact the following business:

- 1) To consider and adopt the Audited Balance Sheet as at March 31, 2011 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. Anil Kumar Mandhana, 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 the 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 the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting.”

SPECIAL BUSINESS:

5) To regularize Mr. Rahul Khemani as a Director:

To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

“**RESOLVED THAT** Mr. Rahul Khemani who was appointed as an Additional Director of the Company with effect from 1st November 2010 on a monthly remuneration of ₹ 20,000 by the Board of Directors and who holds office upto the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby recommended to the Members by the Board for appointment as a Director of the Company.”

6) To regularize Mr. Shahin Khemani as a Director:

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

“**RESOLVED THAT** Mr. Shahin Khemani who was appointed as an Additional Director of the Company with effect from 1st November 2010 on a monthly remuneration of ₹ 45,000 by the Board of Directors and who holds office upto the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby recommended to the members by the Board for appointment as a Director of the Company.”

By order of the Board of Directors

Date: May 27, 2011
Place: Mumbai

Sd/-
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 respects 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 August 4, 2011 to August 11, 2011 (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 the financial year ended 31.03.2008 and onwards, are requested to make their claims to the Company accordingly without any delay.
6. Members wishing to claim dividends which remain unclaimed, are requested to correspond with Mr. Nand Khemani, Managing Director, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205 C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
7. The following are the details of dividend paid by the Company and its respective due date of transfer to such fund of the Central Government, which remain unpaid:

Sr.No.	Date of Declaration	Dividend for the year	Due date of transfer to the Government
1	25.09.2008	2007-2008	24.10.2015
2	20.08.2009	2008-2009	19.09.2016
3	20.09.2010	2009-2010	19.10.2017

It may be noted that no claim from the Shareholders will be entertained for the unclaimed dividend which has been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Section 205(B) of the Companies Act, 1956. In view of the above, those Shareholders who have not encashed their dividend warrants are advised to send the entire unclaimed dividend warrants to the Registrar & Transfer Agents or to the Registered Office of the Company for revalidation and encash them before the due dates for transfer to the Central Government.

8. Particulars of the dividend transferred to the General Revenue Account of the Central Government i.e. Investor Education & Protection Fund during the Financial Year ended 31st March, 2011 pursuant to Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978:

Sr. No.	Date of Declaration of Dividend	Dividend for the Financial Year	Amount transferred to Investor Education & Protection Fund (₹)	Date of transfer to Investor Education & Protection Fund
NIL	NIL	NIL	NIL	NIL

9. 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.

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10. Members are requested to bring their copy of the Annual Report to the meeting.
11. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.30 a.m. and 1 p.m. on all working days upto the date of the meeting.
12. Members are advised to consolidate their Ledger Folios where they are holding Shares in identical order of names in different Folios.
13. 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 31.03.2011.

By Order of the Board

Place: Mumbai
Date: May 27, 2011

Sd/-
Nand K. Khemani
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2):

Item No. 5

Mr. Rahul Khemani was appointed by the Board of Directors as Additional Director of the Company with effect from 1st November, 2010. on a monthly remuneration of ₹ 20,000 p.m. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company he holds office up to the date of ensuing Annual General Meeting.

The Members are requested to consider and if thought fit pass the ordinary resolution with or without modification(s) for appointment of Mr. Rahul Khemani as the Director of the Company.

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

Mr. Rahul Ashok Khemani, aged 26 years, holds Bachelor of Commerce Degree from Mumbai University and has done his Masters in Entrepreneurship from the University of Southampton UK. He has 3 years' experience in Production / Marketing Yarn.

Item No. 6

Mr. Shahin Khemani was appointed by the Board of Directors as Additional Director of the Company with effect from 1st November, 2010 on a monthly remuneration of ₹ 45,000 p.m. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company he holds office up to the date of ensuing Annual General Meeting.

The Members are requested to consider and if thought fit pass the ordinary resolution with or without modification(s) for appointment of Mr. Shahin Khemani as the Director of the Company.

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

Mr. Shahin Nand Khemani, aged 26 years, obtained a Bachelor of Management Studies Degree from Mumbai University in 2007. He has done his Masters in Technology Entrepreneurship from University of College of London, U.K. He gained experience in Production, Administration and Finance of approx. two years during his study period.

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

DIRECTORS' REPORT

To,
The Members
Blue Chip Tex Industries Limited

Your Directors have the pleasure in presenting their 26th Annual Report and Audited Annual Accounts for the Financial Year ended March 31, 2011.

FINANCIAL RESULTS :

	In terms of ₹	
	2010 - 2011	2009 - 2010
Profit before depreciation	74,68,492	72,21,521
Less: depreciation	18,63,211	17,80,770
Profit before Tax	56,05,281	54,40,751
Less: Provision for taxation		
Current tax	20,50,000	19,67,000
Deferred tax	(3,70,990)	(2,67,440)
Fringe Benefit tax	—	—
Profit After Tax	39,26,271	37,41,191
Add: Taxation for earlier year	(482)	49
	39,25,789	37,41,240
Balance in Profit and Loss Account	98,59,533	78,41,625
Surplus available for appropriation	1,37,85,322	1,15,82,865
Proposed Dividend	14,77,875	14,77,875
Tax on Proposed Dividend	2,39,748	2,45,457
Balance carried to Balance Sheet	1,20,67,699	98,59,533

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 ₹ 10/- each of the Company for the financial year 2010 – 2011.

FUTURE PROSPECTS :

During the year the Company continued with its own manufacturing activity and its own sale of twisted yarn. Also, through sale of Power from the Wind Power generation units, the Company will be able to maintain its profitability from Sales and other Income by way of Rent. Considering the positive market demand for Texturised and Texturised Twisted Yarn, the Company is setting up a new project of additional texturising and twisting machines, for which a new building is under construction. The estimated cost of

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this Project is ₹ 13.5 Crores, towards which a Term Loan of ₹ 9 Crores has been sanctioned by Axis Bank. The balance requirement will be financed by the Promoters. This will further enhance the Company's turnover and resultant profitability.

FIXED DEPOSITS :

The Company has not accepted any deposits from public under the Provisions of Section 58A of the Companies Act 1956 and rules framed there-under during the Financial Year ended 31st March 2011. As at March 31, 2011, there is no outstanding liability to fixed depositors.

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, 2011, the applicable accounting standards have been followed alongwith proper explanation 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, 2011 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, 2011, 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 above measures 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)	3,95,760	5,54,640
Total Amount (₹)	9,87,240	13,78,034
Cost/Unit (₹)	2.49	2.48
(b) Own Generation:	—	—
i) Through Diesel Generator		
Units (in Lacs)		
Unit per litre of diesel		
Cost/Unit (₹)		
ii) Through Steam		
2. Coal / Furnace oil:	—	—
b. Consumption per Ton of production of Polyester	321.35	499.83

(B) TECHNOLOGY ABSORPTION

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

The Company keeps itself abreast of the technical development and innovation 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 : ₹ NIL (Previous Year: ₹ Nil)

Foreign Exchange outgo : ₹ NIL (Previous Year: ₹ Nil)

PERSONNEL:

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Notification no. G.S.R 289 (E) dated March 31, 2011 require the disclosure of the names and particulars of the employees who are receipt of remuneration for the financial year under review which, in the aggregate, was not less than ₹ 60,00,000/- or who was in receipt of remuneration for any part of the financial year under review, at a rate which, in the aggregate, was not less than ₹ 500,000/-. The disclosure under the said Section is not given as there are no such employees.

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CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, report on Corporate Governance is applicable to all the listed companies with the paid up capital of ₹ 3 crores and above or net worth of ₹ 25 crores or more at any time in the history of the company, were covered as of March 31, 2003. Since the Paid – up Capital of our Company is below ₹ 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 Corporate Governance means to steer an organization in the desired direction. It deals with laws, procedure, practices and implicit rules that determine a Company's ability to take informed managerial decision vis-à-vis its claimants-in particulars, its shareholders, creditors, customers, the state and employees. There is a global consensus about the objective of a good corporate governance; maximizing long-term shareholder value.

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.

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

Our Corporate Governance philosophy is based on the following principles;

1. Management must have the executive freedom to drive the enterprise forward without undue restraints and Management is the trustee of the Shareholders' Capital and not the owner. This freedom of management should be exercised within a framework of effective accountability.
2. Provide an enabling environment to harmonize the goals of maximizing stakeholder value and maintaining a customer centric focus.
3. Have a simple and transparent corporate structure driven solely by business needs.
4. Communicate externally, in a truthful manner, about how the Company is running internally.
5. Make clear distinction between personal conveniences and corporate resources.
6. Be transparent and maintain a high degree of disclosure levels in all facets of its operations.
7. Satisfy the spirit of the law and not just the letter of the law.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

Your Board of Directors presents the Corporate Governance Report for the year 2010-2011.

(b) Board of Directors:

1. Size and Composition of Board

The Board of directors plays role a pivotal role in ensuring good governance. Blue Chip Tex