BLUE CHIP TEX INDUSTRIES LTD.

23rd ANNUAL REPORT 2007-2008

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.: 022-2200 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	
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-Third Annual General Meeting of the Members of **BLUE CHIP TEX INDUSTRIES LIMITED** will be held on Thursday, 25th. September 2008, 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 2008, 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 Mr. Kumar S. Nathani 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 confirm the appointment of Mr.Anil Mandhana as a Director of the Company. To pass with or without modifications, the following Resolution.

   "RESOLVED THAT Mr. Anil Mandhana was appointed as an additional Director of the Company by the Board of Directors to hold the office up to the date of this Annual General Meeting in accordance with Section 260 of the Companies Act,1956.and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director. Mr.Anil Mandhana be and is hereby appointed as a Director of the Company"

By Order of the Board of Directors.

Nand K. Khemani
Managing Director

Mumbai
Dated : 24th June, 2008.

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, 15TH.September, 2008 to THURSDAY 25TH. September, 2008. (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 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 31.03.2008

EXPLANATORY Statement Pursuant to Section 173 (2).

Item No. 5

Mr. Anil G. Mandhana has been appointed as on Additional Director u/s 260 of the Companies Act, 1956, by the Board of Directors w.e.f. 29.10.2007. Mr. Mandhana, aged 35 years, is a Commerce Graduate, having a vast experience of 15 years in the Yarn business. He is also a Director of M/s Anil Yarns Pvt. Ltd., M/s Aravali Fabrics Pvt. Ltd. and M/s Shivam Texo Fab Pvt. Ltd. The Company stands to benefit from his experience in the business. Your Directors therefore recommend your approval and confirmation of the appointment of Mr. Anil Mandhana as a Director of the Company.

By Order of the Board of Directors

Mumbai
Dated : 24th June, 2008.

Nand K. Khemani
Managing Director

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

BLUE CHIP TEX INDUSTRIES LTD.

DIRECTORS' REPORT

To,
The Members.

The Directors have pleasure in presenting their 23rd Annual Report and Audited Accounts for the Financial Year ended 31.3.2008.

FINANCIAL RESULTS :

	(Rupees in Lacs) 2007-2008	2006-2007
Profit before depreciation	56.46	27.21
Less : Depreciation	18.01	7.79
Profit before Tax	38.45	19.42
Less : Provision for taxation		
Current tax	4.15	2.15
Deferred Tax	9.30	7.28
Fringe Benefit Tax	0.03	0.03
Profit after Tax	24.97	9.96
Add : Taxation for earlier year	-	-
	24.97	9.96
Balance in Profit & Loss Account	49.98	40.01
Surplus available for Appropriation	74.95	49.97
Proposed Dividend	14.78	0.00
Tax on proposed Dividend	2.51	0.00
Balance carried to Balance Sheet	57.66	49.97

YEAR IN RETROSPECT :

During the year, the Company achieved a Turnover of Rs.829.84 Lacs., as against the previous year's Rs.874.06 Lacs. After considering income tax, there is a net profit of Rs.24.97 Lacs, as compared to earlier year's profit of Rs.9.96 Lacs. The above turnover of Rs.829.84 Lacs includes a sum of Rs.10.62 lacs (previous year Rs.0.03 lacs) from sale of Electric Power from our Wind Power Generation Unit – Type 225 KW Wind Electric Generator, installed at the cost of Rs.105 Lacs, at Thungavi Village, Udumalpet Taluka in Coimbatore District, Tamil Nadu. 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.

The Company had issued 7,40,500 Equity Warrants on preferential basis on 24.7.1995, through private placement. The Price worked out as per para 4 of SEBI guidelines for 10% upfront collection was Rs.14.63 and accordingly, a sum of Rs.1.50 per Warrant was called from the Applicants who has applied

for the Warrants. To exercise the right to apply for Shares, the price fixed @ Rs.10 per Share as per para 5 of SEBI Guidelines, an issue was opened from 31.07.1996 to 16.08.1996 during which Warrant Holders holding 7,30,100 warrants exercised their rights and the Company collected @ Rs.8.50 per share [From Price fixed @ Rs.10 per Share less Rs.1.50 per Share upfront money collected in 1995] . The Company thereafter applied to Mumbai Stock Exchange for listing of those 7,30,100 Shares. The Mumbai Stock Exchange objected for fixing of price @ Rs.10 per Share and asked the Company to collect a further Rs.4.63 per Share or get a no-objection from SEBI in respect of our fixing of price @ Rs.10 per share, in order to get the Shares listed. The Company approached SEBI to get its no-objection letter but was not successful as SEBI asked the Company to approach the Mumbai Stock Exchange. Since our application was not considered, the Company filed an Appeal before the Securities Appellate Tribunal. By Order of the Securities Appellate Tribunal dated 25.03.2008, the Company was directed to Call for Rs.4.63 per Share, as asked by Mumbai Stock Exchange. Your Directors have taken necessary action to comply with the Order of The Securities Appellate Tribunal and will be making the call for payment @ Rs.4.63 per Share from the Allottees of 7,30,100 Equity Shares, which is expected to be completed by 31.08.2008. This collection @ Rs.4.63 per Share from around 27-30 Allottees of Shares, amounting to Rs.33,80,363/-, will be treated as Share Premium. This collection will help the Company to improve its business activities and resultant profitability.

DIVIDEND :

Your Directors recommend Rs.0.75 per equity Share as final Dividend for the year ended 31.03.2008.

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.

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. 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)	539041	553000
Total Amount (Rs.)	1341212	1366499
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 a Non-executive Director. Mr. Anil G. Mandhana has been appointed as (Non–Executive) Additional Director w.e.f 29.10.2007 till the conclusion of the ensuing Annual General Meeting. Your director hereby recommend your confirmation of his appointment.

During the year, five Board Meetings were held on 04.05.2007, 21.06.2007, 30.07.2007, 29.10.2007 and 29.01.2008. 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 :

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	4	YES	5	1	1
Mr.Ashok K. Khemani	ED	5	YES	5	1	None
Mr. Kumar Nathani	NED	5	YES	4	1	None
Mr. Anil Mandhana	NED	2	NA	3	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, 11 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 16 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
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
2004-05	12.9.2005	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 :**

1. During the year, there were no transactions of a 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, 25th September 2008 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
First Quarter results	:	End July
Second Quarter results	:	End October
Annual General Meeting	:	End September
Third Quarter results	:	End January
Fourth Quarter results	:	Mid June

3. **Date of book closure :**
Monday,15th September 2008 to Thursday, 25th September 2008 (both days inclusive)
4. **Listing of Equity Shares/ Debentures on the Stock Exchange at :**
Mumbai (BSE), Stock code at Mumbai Stock Exchange : 6981.
5. **Stock Market Price Data for the year 2007-2008 :**
Very few transactions took 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. 22.95.
BSE LOW was Rs. 6.66.
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.

8. Distribution of Share Holding Pattern on 20th June 2008

No. of shares	No. of shareholders	% of shareholders	Total shareholding	% of shareholding
1 to 500	3,814	95.02	513973	26.08
501 to 1000	97	2.42	81576	4.14
1001 to 2000	46	1.14	69347	3.52
2001 to 3000	15	0.37	36974	1.87
3001 to 4000	6	0.15	21998	1.12
4001 to 5000	14	0.35	65989	3.35
5001 to 10000	8	0.20	59060	3.00
10001 & above	14	0.35	1121583	56.92
Total	4,014	100.00	1970500	100.00

9. Shareholding Pattern

Pattern of shareholding by ownership as on 20th June 2008

Category	No. of Shares held	% Shareholding
1) Promoter's Holding :		
A) Indian :		
i) Individuals / Hindu Undivided Family :	190900	9.69
ii) Bodies Corporate	873488	44.33
Sub Total (A) (1)	1064388	54.02
B) Foreign :	-	-
Total Shareholdings of Promoter and Promotes Group Total (A) & (B)	1064388	54.02
2) Public Shareholding :		
A) Institutions :		
i) Mutual Funds / UTI	-	-
ii) Financial Institutions/ Bank	6400	0.32
B) Non – Institutions :		
i) Bodies Corporate	37679	1.91
ii) Individuals Share Holdings	855246	43.41
iii) Individuals NRI	6387	0.32
iv) Clearing Members	400	0.02
Total Public Shareholdings.	906112	45.98
Total (1 & 2)	1970500	100.00

10. Dematerialisation of Shares :

The Company's Shares are listed on the Bombay Stock Exchange in the 'B' Group and as per Exchange requirements, Shares are to be dematerialised. The Company has established connectivity with National Securities Depository (NSDL) and Central Depository Service (India) Ltd. (CSDL).

11. Plant Locations :

The Company's Twisting Plant is located at Silvassa, in the Union Territory of Dadra & Nagar Haveli and Wind Electricity Generation Unit is located in the State of Tamilnadu.

12. **Address for correspondence :**

The Company's Registered Office is located at :
"Jasville", 2nd 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 and maintained at the Company's expenses for use by its Non-Executive Director.

ii) Financial performance of the Company is well published in newspapers. Individual communication of half yearly results is not sent to the Shareholders.

iii) The Company has passed resolution requiring approval of the Shareholders by postal ballot.

DIRECTORS :

Mr. Kumar S. Nathani retires by rotation and being eligible, offers himself for re-appointment. Mr. Anil Mandhana was appointed as additional Director in a Bord Meeting held on 29.10.2007 now your Director recommand his appointement as a Director of the Company.

AUDITORS AND AUDITORS' REPORT :

M/s Rajendra & Co., Chartered Accountants, Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s Rajendra & Company, that their re-appointment, if made, would be within the prescribed limits under Sec. 224(1B) of the Companies Act, 1956. The Shareholders are requested to re-appoint Auditors for the Current Year, to hold office till the next Annual General Meeting at such remuneration to be fixed by the Board, in consultation with the Auditors.

COMPLIANCE CERTIFICATE :

Pursuant to Section 383-A, as amended, of the Companies Act, 1956, Compliance Certificate is attached to this report.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation of the assistance, support and co-operation extended by the Administration of Dadra and Nagar Haveli, the Company's Bankers and the dedicated services rendered by the staff, for the successful working of the Company.

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

Mumbai
Dated : 24th June 2008.

(Nand K. Khemani)
MANAGING DIRECTOR.

COMPLIANCE CERTIFICATE

Nominal Share Capital : **Rs. 2,50,00,000/-**

To,
The Members of
BLUE CHIP TEX INDUSTRIES LIMITED
Jasville, Opp. Liberty Cinema,
9, New Marine Lines,
Mumbai – 400 020.

We have examined the registers, records, books and papers of **BLUE CHIP TEX INDUSTRIES LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder except some forms which are filed late with Additional Fees as prescribed.

3. The Company, being a public limited company, comments are not required.

4. The Board of Directors duly met 5 times on 04/05/2007, 21/06/2007, 30/07/2007, 29/10/2007 and 24/01/2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.

5. The Company closed its Register of Members from 14/09/2007 to 24/09/2007 and necessary compliance of Section 154 of the Act has been made.

6. The Annual General Meeting for the financial year ended on 31/03/2007 was held on 24/09/2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meeting was held during the financial year.

8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts during the year falling within the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or the Central Government.

12. The Company has not issued any duplicate share certificates during the financial year.

13. The Company :

a) has delivered all the certificates on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act. The Company has not allotted any securities during the financial year.

b) has not declared any dividend/ interim dividend during the financial year and hence the question of depositing the same in a separate bank account within five days from the date of declaration of such dividend does not arise.

c) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.

d) has no amount in unpaid dividend account or application money due for refund or matured deposits or matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence there is no question of transfer of the same to Investor Education and Protection Fund.

e) duly compiled with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointments of directors and additional director have been duly made. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year.

15. The Company has not appointed any Managing Director/ Wholetime Director/ Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/ or such other authorities prescribed under the various provisions of the Act during the financial year under review.

18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has not issued any preference shares/ debentures and hence there is no question of redemption of the same.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Sections 58A and 58AA during the financial year.

24. The Company has not made any borrowings during the financial year ended on 31st March 2008.

25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate during the financial year.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the year.

31. There was/ were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not deducted any contribution towards Provident Fund during the financial year and accordingly provisions of Section 418 are not applicable to the Company.

For Aabid & Company
Company Secretaries

Place : Mumbai
Date : 24/06/2008

Mohammed Aabid
C. P. No. : 6625
A. C. S. No. : 17394

BLUE CHIP TEX INDUSTRIES LTD.

Annexures attached to and forming part of the Compliance Certificate under Section 383A of the Companies Act, 1956, for the financial year ended on 31st March, 2008

Annexure A : Registers Maintained by the Company – Blue Chip Tex Industries Ltd.

Sr. No.	Name of Registers	Under Section of the Companies Act, 1956
1.	Register of Application & Allotment	Voluntary
2.	Register of Members	150
3.	Minutes of Meetings of Board of Directors	193
4.	Minutes of General Meetings	193
5.	Books of Accounts	209
6.	Register of Contracts	301
7.	Register of Directors, Manager, Secretary	303
8.	Register of Directors' Shareholdings	307
9.	Register of Investments & Loans	372A
10.	Register of Transfers	Voluntary
11.	Register of Directors Attendance	Voluntary
12.	Members Attendance Slips	Voluntary

Annexure B : Forms and Returns as filed by Blue Chip Tex Industries Ltd. with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2008

Sr. No.	Form No.	Filed Under Section	Particulars
1.	Form 23AC & 23ACA (Annual Accounts for the year ended on 31/03/2007)	220	—
2.	Form 20B (Annual Return as on AGM held on 24/09/2007)	159	—
3.	Form 66 (Compliance Certificate for the year ended on 31/03/2007)	383A	—
4.	Form 32 (filed late)	303	Appointment of Additional Director

AUDITORS' REPORT

To the Members of BLUE CHIP TEX INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **Blue Chip Tex Industries Limited** as at 31st March 2008 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
   e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2008 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
      (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
      (ii) in so far as it relates to the Profit and Loss Account, of the "Profit" of the Company for the year ended on that date; and
      (iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **Rajendra & Co.**
Chartered Accountants

Akshay R. Shah
Partner
Membership No.: 103316

Mumbai
Dated : 24th June, 2008

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
   a. The Company has maintained proper records showing full particulars, including quantitative details situation of fixed assets.
   b. As explained to us, the fixed assets have been physically verified by the Management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
   c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories:
   a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c. The discrepancies noticed on physical verification of stock as compared to the book records were not material and have been properly dealt with in the books of accounts.

3. The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or any other parties covered in the register maintained under section 301 of the Act. Hence, clause (iii) of para 4 of the aforesaid Order is not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956;

   (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, have been so entered.

   (b) In our opinion and according to the information and explanations given to us, each of the transactions in pursuance of such contracts / arrangements in excess of Rs. 5 Lakhs in respect of any party during the year, have been made at prices at prices which are reasonable having regards to the prevailing market prices at the relevant time, where such prices are available.

6. The Company has not accepted any deposits from the public.

7. The Company did not have an internal audit system during the year but its internal control procedures ensure reasonable internal checking for its financial and other records.

8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.

9. In respect of statutory dues:
   a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable:
   b. According to the information and explanations given to us, there are no disputed statutory dues pending as on 31st March, 2008 except for disputed income tax Liability of Rs. 77872/- related to Assessment year 2005-2006, against which the Company has field appeal with Commissioner (Appeals).
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Since there are no borrowings from the Financial Institutions, Banks or by way of debentures, the question of default in repayment of dues does not arise.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions contracts in respect of dealing in Shares, Securities and other investments and timely entries have been made therein. All Shares, securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any new term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not used funds raised on short-term basis for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **RAJENDRA & CO**
Chartered Accountants

Akshay R. Shah
Partner
Membership No.: 103316

Mumbai
Dated: 24th June, 2008

BLUE CHIP TEX INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULE No.	Rupees	Rupees	As at 31/03/2007 Rupees
SOURCES OF FUNDS				
1. SHARE HOLDERS' FUNDS				
a) Share Capital	1	19,755,450		19,755,450
b) Reserves and Surplus	2	11,239,659		10,471,227
			30,995,109	30,226,677
2. Deferred Tax Liability (net) (Refer Note 7 of Schedule 14)			3,542,322	2,612,631
		TOTAL	34,537,431	32,839,308
APPLICATION OF FUNDS				
1. FIXED ASSETS				
a) Gross Block	3	34,171,935		34,171,935
b) Less: Depreciation		9,392,554		7,591,057
c) Net Block			24,779,381	26,580,878
2. INVESTMENTS	4		7,163,999	3,300
3. CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	5	2,022,057		1,243,340
b) Sundry Debtors	6	3,964,409		4,409,830
c) Cash and Bank Balances	7	2,113,711		1,788,504
d) Loans and Advances	8	206,355		1,522,031
		8,306,532		8,963,705
Less : Current Liabilities & Provisions	9			
a) Liabilities		3,691,336		2,660,392
b) Provisions		2,021,145		48,183
		5,712,481		2,708,575
NET CURRENT ASSETS			2,594,051	6,255,130
		TOTAL	34,537,431	32,839,308
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	14			

As per our report of even date attached

For Rajendra & Co.
Chartered Accountants

Sd/-
Akshay R. Shah
Partner

Place: Mumbai
Dated: 24th June, 2008

For and on behalf of the Board of Directors

sd/-
Nand Khemani
Managing Director

Sd/-
Ashok Khemani
Director

Sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 24th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE No.	Rupees	Rupees	Previous Year Rupees
INCOME				
Sales	10		82,983,812	87,406,209
Other Income	11		917,839	1,729,446
(Decrease)/Increase in stock of finished goods	12		507,383	(1,004,209)
			84,409,034	88,131,446
EXPENDITURE				
Manufacturing and Other Expenses	13	78,762,074		85,410,372
Depreciation		1,801,497		778,772
			80,563,571	86,189,144
PROFIT BEFORE TAX			3,845,463	1,942,302
Taxation for the year				
Current Tax		415,000		215,000
Deferred Tax		929,691		728,299
Fringe Benefit Tax		3,300		2,564
			1,347,991	945,863
PROFIT AFTER TAX			2,497,472	996,439
Balance brought forward from previous year			4,997,798	4,001,359
Amount available for Appropriation			7,495,270	4,997,798
Appropriations :				
Proposed Dividend		1,477,875		-
Tax on proposed dividend		251,165		-
Balance carried to Balance Sheet			1,729,040	-
			5,766,230	4,997,798
Earnings per share - Basic and Diluted (Refer Note 9 of Schedule 14)			1.27	0.51

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS 14

As per our report of even date attached

For Rajendra & Co.
Chartered Accountants

Sd/-
Akshay R. Shah
Partner

Place: Mumbai
Dated: 24th June, 2008

For and on behalf of the Board of Directors

sd/-
Nand Khemani
Managing Director

Sd/-
Ashok Khemani
Director

Sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 24th June, 2008

BLUE CHIP TEX INDUSTRIES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Rupees	Rupees	Previous Year Rupees
A. Cash flow from Operating Activities			
Net Profit before Tax		3,845,463	1,942,302
Adjustment for:			
Depreciation	1,801,497		778,772
Loss on assets sold/discarded	-		657,752
Bad Debts	1,018		2,000
Provision for Gratuity	1,471		-
Profit on sale of Current Investments	(260)		-
Interest Received	(1,500)		(901,685)
Sundry balances written back	(29,227)		-
Dividend Received	(203,021)		(36,433)
		1,569,978	500,406
Operating Profit before Working Capital Changes		5,415,441	2,442,708
Adjustment for:			
Inventories	(778,717)		944,683
Trade and other Receivables	1,765,352		(1,276,266)
Trade payables	1,060,171		(3,455,516)
		2,046,806	(3,787,099)
Cash used in Operations		7,462,247	(1,344,391)
Income Taxes paid	(181,122)		(268,578)
		(181,122)	(268,578)
Net Cash used in Operating Activities		7,281,125	(1,612,969)
B. Cash flow from Investing Activities			
Purchase of Investments	(10,160,699)		-
Sale of Investments	3,000,260		-
Purchase of Fixed Assets	-		(11,020,414)
Sale of Fixed Assets	-		200,000
Inter Corporate Deposits repaid	-		12,021,775
Interest received	1,500		901,685
Dividend received	203,021		36,433
Net Cash generated from Investing Activities		(6,955,918)	2,139,479
Net Increase in Cash and Cash Equivalents		325,207	526,510
Cash and cash equivalents at the beginning of the year		1,788,504	1,261,994
Cash and cash equivalents at the end of the year		2,113,711	1,788,504

NOTES TO CASH FLOW STATEMENT

1. Components of Cash and Cash Equivalents include Cash and Bank Balances in Current and Deposit Accounts. [Refer Schedule "7" of the Accounts]
2. Interest income on deposits etc., is classified as cash flow from investing activities and other interest received is classified under operating activities
3. The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS 3 Revised) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
4. Previous years figures have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.

As per our report of even date attached

For Rajendra & Co.
Chartered Accountants

Sd/-
Akshay R. Shah
Partner

Place: Mumbai
Dated: 24th June, 2008

For and on behalf of the Board of Directors

sd/-
Nand Khemani
Managing Director

Sd/-
Ashok Khemani
Director

Sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 24th June, 2008

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH , 2008

Particulars	Rupees	As at 31/03/2007 Rupees
SCHEDULE "1" - SHARE CAPITAL		
AUTHORISED:		
2,500,000 Equity Shares of Rs.10/- each	25,000,000	25,000,000
ISSUED AND SUBSCRIBED:		
1,970,500 (1,970,500) Equity Shares of Rs.10/- each fully paid up	19,705,000	19,705,000
Add: Forfeited shares	50,450	50,450
TOTAL	19,755,450	19,755,450
SCHEDULE "2"- RESERVES AND SURPLUS		
CAPITAL RESERVE NO.1:		
Central Government Investment Subsidy for unit in Backward Area		
Balance as per last Balance Sheet	2,500,000	2,500,000
CAPITAL RESERVE NO.2 :		
Amount forfeited on equity share warrants		
Balance as per last Balance Sheet	15,600	15,600
GENERAL RESERVE:		
Balance as per last balance sheet	2,957,829	2,957,829
SURPLUS IN PROFIT AND LOSS ACCOUNT	5,766,230	4,997,798
TOTAL	11,239,659	10,471,227

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH , 2008

SCHEDULE "3" FIXED ASSETS

(Rupees)

	GROSSBLOCK (AT COST)				DEPRECIATION				NETBLOCK	
PARTICULARS	AS ON 01.04.2007	ADDITIONS	DEDUCTIONS	AS ON 31.03.2008	AS ON 01.04.2007	FOR THE YEAR	ON DEDUCTIONS	UP TO 31.03.2008	AS ON 31.03.2008	AS ON 31.03.2007
LAND (Free hold)	4,522,633	-	-	4,522,633	-	-	-	-	4,522,633	4,522,633
BUILDING	12,324,008	-	-	12,324,008	3,505,874	404,298	-	3,910,172	8,413,836	8,818,134
PLANT AND MACHINERY	15,618,734	-	-	15,618,734	2,465,020	1,389,290	-	3,854,310	11,764,424	13,153,714
FACTORY EQUIPMENT	475,655	-	-	475,655	451,873	-	-	451,873	23,782	23,782
ELECTRICAL INSTALLATION	923,396	-	-	923,396	871,204	6,022	-	877,226	46,170	52,192
FURNITURE AND FIXTURES	305,894	-	-	305,894	295,471	1,887	-	297,358	8,536	10,423
VEHICLE	1,615	-	-	1,615	1,615	-	-	1,615	-	-
GRAND TOTAL	**34,171,935**	-	-	**34,171,935**	**7,591,057**	**1,801,497**	-	**9,392,554**	**24,779,381**	**26,580,878**
PREVIOUS YEAR	**24,719,321**	**11,020,414**	**1,567,800**	**34,171,935**	**7,522,333**	**778,772**	**710,048**	**7,591,057**	**26,580,878**	

Notes:

1. The Company holds 10 (Previous year: 10) Equity shares of face value of Rs 1,000 each in Danudyog Sahakari Sangh Ltd in respect of ownership of Land, cost of which is included in "Land (Free hold)".
2. Plant and Machinery includes Windmill.

Particulars	Rupees	As at 31/03/2007 Rupees
SCHEDULE "4"- INVESTMENTS (AT COST)		
LONG TERM INVESTMENTS:		
Other Investments (Quoted)		
120 (Previous year 120) Equity Shares of Rs. 10/- each, fully paid up of Reliance Industries Limited	1,716	1,716
6 (Previous year 6) Equity Shares of Rs. 10/- each, fully paid up of Reliance Capital Limited	43	43
120 (Previous year 120) Equity Shares of Rs. 5/- each, fully paid up of Reliance Communication Ventures Limited	1,277	1,277
9 (Previous year 9) Equity Shares of Rs. 10/- each, fully paid up of Reliance Energy Limited	241	241
120 (Previous year 120) Equity Shares of Rs. 5/- each, fully paid up of Reliance Natural Resources Limited	23	23
3 (Previous year Nil) 12% Optionally Convertible Cumulative Preference Shares of Rs. 10/- each, fully paid up of Farm Enterprises Limited	-	-
CURRENT INVESTMENTS:		
207,915.838 (Previous year Nil) units of Reliance Floating Rate Fund - DDP	2,093,650	-
3,063.444 (Previous year Nil) units of Reliance Liquid Plus Fund - Retail-DD	3,066,111	-
99,954.021 (Previous year Nil) units of Reliance Monthly Interval Fund - Series ii Dividend Plan	1,000,000	-
100,093.812 (Previous year Nil) units of Templeton India Liquid Plus - Div Reinvestment	1,000,938	-
TOTAL...	**7,163,999**	3,300

NOTE:

1. Aggregate of quoted investments:

- Cost	7,163,999	3,300
- Market Value	7,524,122	225,718

2. Investments purchased and sold during the year.

Particulars	*Units* (Nos.)	*Nominal Value* (Rs.)	*Cost* (Rs.)
Reliance Monthly Interval Fund I I - Retail Div.	199952.012	10	2,000,000
Reliance Liquid Plus Fund - Retail-DD	999.115	1,000	1,000,000

Particulars		Rupees	As at 31/03/2007 Rupees
SCHEDULE "5"- INVENTORIES (as verified,valued and certified by the management)			
Stock in Trade			
Raw materials		358,239	246,527
Packing materials and oil		246,658	87,036
Finished goods		1,417,160	909,777
	TOTAL...	2,022,057	1,243,340
SCHEDULE "6"- SUNDRY DEBTORS			
(Unsecured and considered good)			
Debts outstanding for a period exceeding six months		4,400	29,578
Other debts		3,960,009	4,380,252
	TOTAL...	3,964,409	4,409,830
SCHEDULE "7"- CASH AND BANK BALANCES			
Cash on hand		217	2,267
BANK BALANCES:			
With scheduled banks:			
In Current Accounts #	2,072,612		1,761,237
Cheques on Hand	15,882		
In Deposit Accounts @	25,000		25,000
		2,113,494	1,786,237

Includes an amount of Rs. 137,465/- in Dividend Account.

@ Fixed deposit receipt of Rs. 25,000/- (previous year Rs.25,000/-) placed as margin money under bank's lien for guarantee given by the bank on behalf of the Company]

TOTAL	2,113,711	1,788,504

Particulars	Rupees	As at 31/03/2007 Rupees
SCHEDULE " 8"- LOANS AND ADVANCES		
(UNSECURED)		
Advances recoverable in cash or in kind or for value to be received.		
Considered good	200,975	1,521,924
Considered doubtful	13,000	13,000
Advance payment of Fringe Benefit Tax (net of provision)	5,380	107
	219,355	1,535,031
Less: Provision for doubtful advances	13,000	13,000
TOTAL	**206,355**	1,522,031
Note: The above Loans and Advances includes:		
a) Due from Beekaylon Synthetics Private Limited, a company under the same management and a private company in which two directors of the company are directors and members (being advance against order and adjusted subsequently)	-	1,340,000
Maximum Amount due at any time during the year	1,340,000	15,208,723
b) Due from Beekaylon Industries Limited, a company under the same management	-	-
Maximum Amount due at any time during the year	-	10,000,000
SCHEDULE "9"-CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors: (Unsecured)		
i) Due to Micro, Small and Medium Enterprises #	-	
ii) Other Creditors	2,274,223	1,322,111
Other Liabilities	1,279,648	1,200,465
Unclaimed Dividend *	137,465	137,816
SUB-TOTAL	**3,691,336**	2,660,392

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

\# The company has not received intimation from suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures,if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

PROVISIONS		
For Taxation (net of Advance Tax)	290,634	48,183
Proposed Dividend	1,477,875	-
Tax on proposed dividend	251,165	-
For Gratuity	1,471	-
SUB-TOTAL	**2,021,145**	48,183
TOTAL	**5,712,481**	2,708,575

Particulars	Rupees	As at 31/03/2007 Rupees
SCHEDULE "10"- Sales		
- Twisted Yarn	81,921,471	87,402,278
- Power	1,062,341	3,931
TOTAL	**82,983,812**	87,406,209

SCHEDULE "11"- OTHER INCOME		
Interest Income	46,331	932,263
[Tax deducted at source Rs.3,088/-.(Previous Year : Rs. 66,927/-)]		
Dividend Income	203,021	36,433
Machinery hire charges	180,000	300,000
Rent [Tax deducted at source Rs.122,368/- (Previous year Rs.100,980/-)]	459,000	459,750
Miscellaneous Income	-	1,000
Profit on sale of Current Investment	260	-
Sundry balances written back	29,227	-
TOTAL	**917,839**	1,729,446

SCHEDULE "12" - INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Stock at Close		
Finished Goods	1,417,160	909,777
Less : Stock at the commencement of the year		
Finished Goods	909,777	1,913,986
TOTAL	**507,383**	(1,004,209)

Particulars		Rupees	As at 31/03/2007 Rupees
SCHEDULE "13" -MANUFACTURING AND OTHER EXPENSES			
Raw materials consumed		71,363,223	77,079,887
Payments to and Provisions for Employees			
Salaries,Wages and Bonus		65,153	-
Packing material consumed		2,405,007	2,318,895
Stores and spares consumed(including oil)		957,275	1,253,894
Power		1,341,212	1,366,499
Contract labour charges and fees		1,474,011	1,263,534
Repairs and Maintenance:			
Building			313,853
Plant and Machinery	76,930		4,170
Others	2,248		4,993
		79,178	323,016
Rent, Rates & Taxes		25,850	16,810
Insurance		83,991	56,430
Directors' sitting fees		5,000	6,000
Legal and Professional Charges		112,870	103,470
Auditor's Remuneration		146,086	159,092
Printing and Stationery		18,894	79,843
Postage and Telegram		16,653	53,939
Brokerage and commission		509,670	442,698
Loss on assets sold/discarded		-	657,752
Bad debts, advances and other dues written off		1,018	2,000
Miscellaneous Expenses		156,983	226,613
(Including Secretarial expenses, Listing Fees, Bank charges, Sundry Expenses etc.)			
	TOTAL	78,762,074	85,410,372

BLUE CHIP TEX INDUSTRIES LIMITED
SCHEDULE "14"
ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS
A) SIGNIFICANT ACCOUNTING POLICIES

a) **Basis for preparation of accounts:**
The accounts have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956.

b) **Use of Estimates:**
The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

c) **Fixed Assets:**
Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

d) **Depreciation:**
Depreciation on Plant and Machinery, Factory Equipment, Electrical installations and Buildings is provided on Straight-line basis in accordance with the provisions of Section 205(2)(b) and on other assets on written down value basis in accordance with the provisions of Section 205(2)(a) at rates specified in Schedule XIV of the Companies Act, 1956.

e) **Investments:**
Investments classified as Long-Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current Investments are stated at cost or market value whichever is lower.

f) **Inventories:**
Items of Inventories are valued as under:

I. Packing Material and Oil :
At cost, on First-in-first-out (FIFO) basis or net realisable value, whichever is lower.

II. Raw Materials:
At cost, on FIFO basis or net realisable value, whichever is lower.

III. Finished Goods (manufactured):
At cost which includes cost of raw materials determined on FIFO basis plus appropriate share of overhead expenses or net realisable value, whichever is lower.

IV. The stock of stores and spares is charged to revenue in the year of purchase and no adjustment is made for such stocks, if any, at the year end.

g) **Retirement Benefits :**
Since there are only 3 employees Provident fund is not applicable to the Company. Post employment and other long term employee benefits are recognised as expense in the Profit & loss Account for the year in which the Employee has rendered services. The expenses is recognised at the present value of the amount payable determined using acturial valuation techniques.

h) **Income taxes:**
Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", (AS 22) issued by The Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured at relevant enacted or substantially enacted tax rates. At each Balance sheet date, the company reassesses unrealised deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

i) Fringe Benefit Tax:
Fringe Benefit Tax is recognised in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

j) Revenue Recognition:

- Revenue on sale of products is recognised when the products are despatched to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. The sales are stated net of returns.
- Revenue from sale of power produced on generation of electrical energy is accounted when electricity is delivered at the metering point in terms of power purchase agreement with the customer.
- Revenue in respect of insurance or other claims, quantity discount on purchase, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

k) Provisions, Contingent liabilities and Contingent assets:
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised, but are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

l) Impairment of Assets:
An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

B) NOTES TO ACCOUNTS

1. Contingent liabilities

	Rupees	Previous year Rupees
Claim against the company not acknowledged as debt	6,855	6,855
Disputed Income Tax liability	77,872	-

2. Considering the present financial strength of the company and in view of the company being at the initial stage of growth after recommencement of the manufacturing activities related to yarn business and the commencement of business activity of generation of power, the Managing Director of the company has forgone his remuneration, though approved by the shareholders.

3. Payments to Auditors:

	Rupees	Previous Year Rupees
a) Audit Fees	100,000	100,000
b) Tax Audit Fees	30,000	30,000
c) As advisor or in any other capacity in respect of other services (Certification work, etc.)	—	11,000
d) Out of pocket expenses	689	
e) Service Tax	16,086	17,403
Total	**146,086**	**159,092**

4. Related parties disclosures:

a) Names of related parties and description of relationship:

i. Key Management Personnel : Mr. Nand K. Khemani
Mr. Ashok K. Khemani
Mr. Kumar Nathani

ii. Others (Entities in which Key Management Personnel have control or significant influence)
Beekaylon Synthetics Private Limited
Indo Leather Works
Gee Kay Industries

b) Transactions with related parties :

Sr. No.	Nature of Transactions	Others (Rupees)			Key Management Personnel (Rupees)	Total (Rupees)
		Beekaylon Synthetics Private Ltd.	Beekaylon Industries Ltd.	Indo Leather Works		
1	Inter Corporate Deposit given:					
	Balance as at 1st April, 2007	Nil (2,021,775)	Nil (10,000,000)	Nil (Nil)	Nil (Nil)	Nil (12,021,775)
	Given/Adjustment* during the year	Nil (10,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (10,000,000)
	Received/Adjustment during the year	Nil (12,021,775)	Nil (10,000,000)	Nil (Nil)	Nil (Nil)	Nil (22,021,775)
	Balance as at 31st March, 2008	Nil(Nil)	Nil(Nil)	Nil(Nil)	Nil(Nil)	Nil(Nil)
2	Advances Recoverable in Cash or kind:					
	Balance as at 1st April, 2007	1,340,000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1,340,000 (Nil)
	Given/Adjustment during the year	Nil (5,414,047)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (5,414,047)
	Received/Adjustment during the year	1,340,000 (4,074,047)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1,340,000 (4,074,047)
	Balance as at 31st March, 2008	Nil (1,340,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (1,340,000)
3	Interest Received on Inter Corporate Deposit	Nil (294,041)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (294041)
4	Security Deposit Received Balance as at 1st April, 2007	500,000 (500,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	500,000 (500,000)
	Balance as at 31st March, 2008	500,000 (500,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	500,000 (500,000)
5	Rent Received on Building	450,000 (450,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	450,000 (450,000)
6	Rent Paid	Nil (Nil)	Nil (Nil)	12,000 (12,000)	Nil (Nil)	12,000 (12,000)
7	Purchase of raw materials & goods	71,474,935 (77,133,534)	Nil (Nil)	Nil Nil(Nil)	Nil Nil(Nil)	71,474,935 (77,133,534)
8	Machine Hire Charges Received	180,000 (300,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	180,000 (300,000)
9	Contract Labour Charges and Fees	300,000 (75,000)	Nil (Nil)	Nil Nil(Nil)	Nil Nil(Nil)	300,000 (75,000)
10	Sitting Fees Anil Mandhana Rs.1,000 Kumar Nathani Rs.4,000	Nil (Nil)	Nil (Nil)	Nil (Nil)	5,000 (Nil)	5,000 (Nil)
11	Sundry Expenses Ashok Khemani Rs.1,000 Nand Khemani Rs.1,000	Nil (Nil)	Nil (Nil)	Nil (Nil)	2,000 (Nil)	2,000 (Nil)
12	Balance due to	1,375,931 (365,298)	Nil (Nil)	Nil (Nil)	Nil (Nil	1,375,931 (365,298)

Notes:
1. Related party relationship is as identified by the company and relied upon by the Auditors.
2. Previous year figures are given in brackets

5. Loans and Advances in the nature of Loans (As required by clause 32 of the Listing Agreement with the Stock Exchanges) (Rupees)

Name of the Company	Balance as on 31st March, 2008	Maximum Outstanding during the year
Beekaylon Synthetics Pvt. Ltd.	Nil(Nil)	Nil (12,021,775)
Beelaylon Industries Ltd.	Nil(Nil)	Nil(10,000,000)

Notes:
1. The above loans and advances to companies under the same management, were interest bearing (9%) and repayable on demand.
2. Previous year figures are given in brackets

6. The tax effect of significant timing differences that have resulted in deferred tax assets and liabilities are given below:

Deferred Tax	**As at31st March, 2008**	As at31st March, 2007
	Rupees	Rupees
a) Deferred tax liability:		
Depreciation	(4,029,526)	(3,105,518)
b) Deferred tax asset:		
Provision for doubtful advances	4,017	4,419
Carried Forward Losses	483,187	488,468
Net Deferred Tax Liability	**(3,542,322)**	**(2,612,631)**

7. Segments:

	Yarn Busines Generation Rs.	Wind Power Rs.	Investments Rs.	Total Rs.
Segment Revenue	83,143,412	1,062,341	203,281	84,409,034
	(88,193,606)	(3,931)	(-)	(88,197,537)
Segment Results before	4,168,170	(69,502)	203,281	4,301,949
interest & tax	(1,658,658)	(25,517)	(-)	(1,633,141)
Add: Unallocated Income				-
				(938,118)
Less: Unallocated expenses				456,486
				(628,957)
Less: Interest				-
Profit before tax				3,845,463
				(1,942,302)
Less: Provision for tax				
Current tax				415,000
				(215,000)
Deferred tax				929,691
				(728,299)
Fringe benefit tax				3,300
				(2,564)
Short provision of tax in respect of earlier year				-
				(-)
Profit after tax				2,497,472
				(996,439)

	Yarn Busines Generation Rs.	Wind Power Rs.	Investments Rs.	Total Rs.
Other Information-				
Segment Assets	23,586,473 (25,070,100)	9,499,440 (10,474,483)	7,163,999 (-)	40,249,912 (35,544,583)
Unallocated Assets				(-)(3,300)
Total Assets	23,586,473 (25,070,100)	9,499,440 (10,474,483)	7,163,999 (-)	40,249,912 (35,547,883)
Segment Liabilities	4,481,966 (2,400,685)	2,485,382 (-)	- (-)	6,967,348 (2,400,685)
Unallocated Liabilities				2,287,455 (2920,521)
Total Liabilities	4,481,966 (2,400,685)	2,485,382 (-)	- (-)	9,254,803 (5,321,206)
Capital Expenditure-				
Segment Capital Expenditure	(-) (520,414)	(-) (10,500,000)	7,160,699 (-)	7,160,699 (11,020,414)
Unallocated Expenditure	-	-		-
Total Capital Expenditure	(-) (520,414)	(-) (10,500,000)	7,160,699 (-)	7,160,699 (11,020,414)
Depreciation				
Segment Depreciation	726,654 (749,324)	1,074,843 (29,448)	- (-)	1,801,497 (778,772)
Unallocated Depreciation	-	-	-	-
Total Depreciation	726,654 (749,324)	1,074,843 (29,448)	- (-)	1,801,497 (778,772)

Notes:

1. Previous year's figures are given in brackets.
2. The company has identified three reportable segments, viz, Yarn Business, Wind power generation and Investments. Segments have been identified taking into consideration nature of products, differing risks and returns, the organisational structure and the internal reporting system.
3. Unallocated assets and liabilities represent assets and liabilities which are not identifiable to any of the reportable segments.

8. Earnings Per Share is calculated as follows:

		2007-2008	(Rupees) 2006-2007
a.	Net Profit after tax	2,497,472	996,439
	Profit attributable to Equity Shareholders	2,497,472	996,439
b.	Weighted average number of Equity Shares	1,970,500	1,970,500
c.	Nominal value of Equity Shares	10	10
d.	Earnings per Share	1.27	0.51

9. Additional information pursuant to the provision of Paragraph 3, 4C, & 4D of Part II of Schedule VI of the companies Act, 1956 :

A. Licensed Capacity

	Unit	As on 31/03/2008	As on 31/03/2007
1. Twisting Machines		Not Applicable	Not Applicable
2. Wind Mill		225 KW	225 KW

B. Installed Capacity
(As certified by the Management)

	Nos.		
1. Twisting Machines [Two machines as on 31st March, 2008 (31st March, 2007: Two) have been given on hire basis]		7	7
2. Windmill		1 x 225 KW	1 x 225 KW

C. Actual Production

	Unit	As on 31.03.08	As on 31.03.07
1. Twisted yarn	Kgs.	963,069	1,006,581
2. Power	KWH	369,392	1,519

D. Turnover:

	Qty.	Value Rupees	Previous Year Qty.	Previous Year Value Rupees
Manufactured goods:				
1. Twisted yarn (Kgs.)	957,147	81,921,471	1,017,624	87,402,278
2. Power (KWH)	369,392	1062341	1,519	3,931
Total		82,983,812		87,406,209

E. Raw Material Consumed:

	Qty. (Kgs.)	Value Rupees	Qty. (Kgs.)	Previous Year Rupees
Texturised yarn	961,728	71,363,223	1,001,028	77,079,887
Total	961,728	71,363,223	1,001,028	77,079,887

F. Stocks: Goods Manufactured (Twisted yarn)

i) Opening Stock	12,289	909,777	23,332	1,913,986
ii) Closing Stock	18,211	1,417,160	12,289	909,777

G. Value of Raw Material Consumed

	Value Rupees	% of Total Consumption	Previous Year Value Rupees	Previous Year % of Total Consumption
Imported	-	-	-	-
Indigenous	71,363,223	100	77,079,887	100
Total	71,363,223	100	77,079,887	100

H. Value of Stores Consumed (Including oil)

Imported	-	-	-	-
Indigenous	957,275	100	1,253,894	100
Total	957,275	100	1,253,894	100

10. Provision for Income tax of Rs.415,000 (Previous Year Rs.215,000) has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961. Considering the uncertainties relating to future taxable profits, the Company has not recognized the 'MAT credit entitlement' as an asset in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India.

11. As per Accounting standard – 15 "Employees Benefits" the disclosure of Employees benefits as defined in the Accounting Standard are given below:

    Defined contribution Plan : Since there are only three employees, [illegible] Fund is not applicable to the Company.

    Defined benefit Plan (Not funded) : The liability in respect of [illegible] provided based on the Acturial valuation. The liability at the beginning of the year [illegible] Service Cost is Rs. 1,471 and liability at the end of the year is Rs. 1,471. The same [illegible] for by way of charge to profit & Loss account. There is no liability in respect of [illegible]

12. As at 31st March 2008, advance payment of income tax and [illegible] have been disclosed on a net basis, wherever legal right to set off [illegible] intends to settle the assets and liabilities on a net basis. Accordingly, [illegible] corresponding figures which were disclosed on a gross basis have been [illegible]

13. The company has opted for exemption from payment of [illegible] of Notification No.30/2004 of Central Excise Rules, dated 09.07.2004 [illegible] No.10/2005 of Central Excise Rules, dated 01.03.2005.

14. The Company, had in the past, issued 7,40,500 [illegible] on preferential basis, of which 7,30,100 Equity Shares @ Rs. 10 per Share were [illegible] Warrants Holders who had exercised their rights. The Company thereafter [illegible] Exchange, Mumbai, for listing of these 7,30,100 Equity Shares. Stock Exchange [illegible] them on the ground that the price of Rs. 10 per share is not correct and asked the Company [illegible] a further amount of Rs.4.63 per Share from each Allottee, or else obtain no-objection [illegible] for determining the price of Rs.10 per Share for the 7,30,100 Shares allotted. The Company [illegible] an Appeal before the Securities Appellate Tribunal. Securities Appellate Tribunal, [illegible] dated 25.03.2008, directed the Company to collect Rs.4.63 per Share from the [illegible] 7,30,100 shares to facilitate listing of these Shares on the Mumbai Stock Exchange. The Company proposes to make the Call and collect @ Rs.4.63 per Share, in compliance with the Order of the Securities Appellate Tribunal.

15. Previous year's figures have been re-grouped [illegible] wherever necessary to correspond with the figures of the current year.

As per our report of even date attached

Signatures to Schedules "1" to "14"

For Rajendra & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
Akshay R.Shah	**Nand Khemani**	**Ashok Khemani**	**Kumar Nathani**
Partner	Managing Director	Director	Director

Place: Mumbai
Dated: 24th June, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration details

Registration No.	U17100MH1985PLC037514	State Code	11
Balance sheet Date	31/03/2008		

II. Capital raised during the year (Amount in Rs .Thousands)

Public issue	NIL	Rights Issue	NIL
Bonus issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	40,250	Total Assets	40,250
SOURCES OF FUNDS:			
Paid Up Capital and Application Money (Including Forfeited Shares)	19,755	Reserves & Surplus	11,240
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability (Net)	3,542		
APPLICATION OF FUNDS:			
Net Fixed Assets	24,779	Investments	7,164
Net Current Assets	2,594	Miscellaneous Expenditure	NIL
		Accumulated Losses	NIL

IV Performance of Company (Amt.In Rs. Thousands)

Turnover (including other income)	84,409	Total Expenditure	80,564
Profit/Loss Before Tax	3,845	+ Y / -	

(Please tick appropriate Box + for profit,-for Loss)

Profit/Loss After Tax	2,497	+ Y / -	

(Please tick appropriate Box + for profit,-for Loss)

Earning per share in Rs. (Refer Note 10 of Schedule 14)	1.27	Dividend per Share Rs.	0.75

V Generic Names of three Principal Products/Services of the Company) as per monetary terms

Item Code No.	54025200	Product Description:	Polyester Twisted Yarn
(ITC Code)	2716 0000		Wind Power

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
Nand Khemani	**Ashok Khemani**	**Kumar Nathani**
Managing Director	Director	Director

Place: Mumbai
Dated: 24th June, 2008

Notes :

BLUE CHIP TEX INDUSTRIES LTD.

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

PLEASE COMPLETE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL

I hereby record my presence at the 23rd Annual General Meeting of the Company being held on Thursday 25th September, 2008 at 10.00 a.m.

Name of the Shareholders (in BLOCK letters)	No. of Shares held
Signature of the Shareholder/Proxy	Register Folio No.

*Strike out whichever is not applicable

- (Cut here) -

Blue Chip Tex Industries Limited
Registered Office: Jasville, Opp. Liberty Cinema, 2nd Floor, 9 New Marine Lines, Mumbai - 400 020.

I/We _____ of _____ being a member / members of BLUE CHIP TEX INDUSTRIES LIMITED hereby appoint _____ of _____ of failing him _____ of as my/our proxy to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company being held on Thursday the 25th September, 2008 and at M. C. Ghia Hall, Bhogilal Hargovindas Buildings, 18/202, K. Dubhash Marg, Mumbai - 400 023. or at the adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2008.

Signed _____ Affix a Rs. 1/- Revenue Stamp _____

Note : The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

BOOK-POST

If undelivered please, return to :
BLUE CHIP TEX INDUSTRIES LTD.
Jasville, 2nd Floor,
Opp. Liberty Cinema,
9, New Marine Lines,
Mumbai 400 020.

aplusg99@gmail.com