

TRANSCRIPT OF 35TH ANNUAL GENERAL MEETING OF BLUE CHIP TEX INDUSTRIES LIMITED HELD THROUGH VIDEO CONFERENCING / OTHER AUDIO VISUAL MEANS ON TUESDAY, 29TH SEPTEMBER, 2020

Following Directors were present:

1. Ms. Shraddha .M. Teli - Chairperson & Independent Director
2. Mr. Shahin .N. Khemani - Managing Director
3. Mr. Rahul .A. Khemani - Chief Financial Officer & Director
4. Mr. Shatrughun .N. Jiwnani - Independent Director
5. Mr. Rohit .P. Bajaj - Independent Director

In attendance:

1. Mr. Bhumit .M. Dharod - Company Secretary
2. Mr. Ashok .K. Khemani - Former Director of the Company
3. Mr. Deepak Doshi - Partner, DKP & Associates, Statutory Auditors
4. Mr. Pramod .S. Shah - Partner, Pramod S. Shah & Associates, Secretarial Auditors
5. Ms. Shivani .S. More - From Pramod .S. Shah & Associates, Secretarial Auditors
6. Mr. Naresh .K. Jethwani - Proprietor, NKJ & Associates, Cost Auditors
7. Mr. Raghunath .P. Gupta - Proprietor, Raju Gupta & Associates, Internal Auditors

Members present:

35 Members attended through Video conferencing

Moderator from CDSL was also present

The Meeting commenced at 12.03 p.m. and concluded at 12.25 p.m.

Ms. Shraddha: Good Afternoon everyone, I welcome you all to the 35th Annual General Meeting of the shareholders of Blue Chip Tex Industries Limited. It's my privilege to address all of you as Independent Director of the Company and chairman of this meeting.

In view of the Covid-19 pandemic and social distancing norms your Company has arranged for the shareholders to join the meeting through video conference and other audio visual means and view the proceedings in compliance with the directions of the Ministry of Corporate Affairs, so thank you for joining us virtually today.

I appreciate for making it convenient to attend the Annual General Meeting of your Company inspite of the challenging times.

As the requisite quorum is present through video conferencing for the AGM, I call the meeting to order.

The e-voting facility is open now and available for the members attending this AGM who have not voted on the resolutions earlier through remote e-voting.

Now let me introduce the directors of your company:

- Independent Director and Chairman of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, **Mr. Shatrughun Jiwnani**
- Independent Director and Member of Audit Committee and Nomination and Remuneration Committee, **Mr. Rohit Bajaj**
- Managing Director of the Company and member of Corporate Social Responsibility Committee and Stakeholders Relationship Committee, **Mr. Shahin Khemani**
- Chief Financial Officer and Director and Member of Audit Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, **Mr. Rahul Khemani**

All the directors of your company are present at the meeting through video conferencing from Mumbai.

- **Mr. Deepak Doshi**, Partner DKP & Associates, the Statutory Auditors
- **Mr. Pramod Shah** alongwith its Associates, the Secretarial Auditors of the Company
- **Mr. Naresh Jethwani** from NKJ & Associates, the Cost Auditor
- **Mr. Raghunath Gupta** from Raju Gupta & Associates, the Internal Auditor

are also present at the meeting through video conferencing.

Mr. Bhumit Dharod, the Company Secretary of the Company is also participating in the meeting through video conferencing.

This is the meeting when we have to bid farewell to our second longest serving executive director on the board, **Mr. Ashok Khemani**. He joined the board in 1996, ever since then, the board has enjoyed the benefit of his financial acumen, strategic skills and his wise counsel. He was Managing Director of the Company from 1st April, 2015 till 31st August, 2020 and was inducted as a member of various other committees. He has added tremendous value to your Company over the years and we owe him our deepest gratitude. I would like to place on record the Board's deep appreciation of the invaluable services rendered by **Mr. Ashok Khemani** during his tenure as Director of the Company and on behalf of all of us wish him prosperity, good health and the very best for the future. I am personally grateful to him for his counsel and friendship. I would like to now invite Mr. Ashok Khemani to say a few words.

Mr. Ashok: Thank you Ms. Shraddha, it has been an honour and privilege to serve on the board of Blue Chip Tex Industries Limited for twenty four years. For me it has been a wonderful journey. I am most gratified to see the transitions in the Company and the transformation of the Company. The opportunity for playing an active role in this process, working with you and colleagues on the board and a great leadership team provided me immense learning and a great sense of satisfaction. I am very glad to have been part of this. Although times are difficult presently both in India and across the world, I am certain that Bluechip will come out stronger in the coming years and I wish you all the very best as I take leave. Thank you very much Shraddha for your graciousness. I take this opportunity to thank all the shareholders for having faith in the management and from now, we have three young people in the board, Rahul and Shahin and Siddharth if his appointment gets approved today. Thank you very much. Thank you.

Ms. Shraddha: Thank you for those generous words, your affection for the Company was clearly evident in your words and we look forward to your continued blessings and your good wishes as we continue our journey.

I would like to highlight that, we are all facing, one of the most challenging year the world has ever seen. Your Company has performed reasonably well during this time. The outbreak of COVID-19 and eventual lockdown have brought a new order to the world. Its social and economic implications are going to be felt for a long time.

During the financial year 2019-20, Revenue from Operations was at Rs. 22,146.53 lakhs compared to Rs. 25,755.21 lakhs in financial year 2018-19. Earnings before Interest, Taxes, Depreciation and Amortization stood at Rs. 1,222.24 Lakhs in financial year 2019-20 as against Rs. 952.66 Lakhs in financial year 2018-19. The Profit after tax for financial year 2019-20 stood at Rs. 581.53 lakhs as compared to Rs. 289.10 lakhs in financial year 2018-19.

Dear Shareholders, the Company has received four Board Resolutions from Corporate Shareholders appointing representatives under section 113 of the Companies Act, 2013.

Since there is no physical attendance of the Shareholders, the requirement of appointing a proxy is not applicable.

The Statutory Registers as required to be kept at Annual General Meeting and other documents which are mentioned in the AGM Notice are available for inspection on the website of the Company under 'General Meeting' tab.

The notice of the 35th AGM alongwith the copies of financial statements for the financial year ended 31st March, 2020 together with the Directors and Auditors Report have been emailed within the statutory period to all the shareholders whose email addresses were registered with the Company or Bigshare Services Private Limited or their Depository Participants.

With the permission of the members I now take the notice of the 35th AGM and the Board's Report which has circulated to all shareholders as read.

As the Statutory Auditors Report on the financial statements of the Company for the financial year ended 31st March, 2020 and Secretarial Auditors Report for the financial year ended 31st March, 2020 do not contain any qualifications, observations, comments or other remark, the same are also taken as read.

The AGM is held through VC / OAVM and the resolutions being considered are:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon
2. To declare final dividend of Rs. 1.80 /- per equity share for the financial year ended 31st March, 2020
3. To appoint a Director in place of Mr. Rahul Khemani, who retires by rotation and, being eligible, offers himself for re-appointment
4. To ratify remuneration of Cost Auditors for the financial year 2020-21
5. To appoint Mr. Rohit Bajaj as an Independent Director
6. To appoint Mr. Shatrughun Jiwnani as an Independent Director
7. To re-designate and appoint Mr. Shahin Khemani as the Managing Director of the Company
8. To appoint Mr. Siddharth Khemani as Non-Executive, Non Independent Director of the Company
9. To increase the overall managerial remuneration
10. To create charges, mortgages, hypothecation on the immovable and movable properties of the Company under clause a of sub-section 1 of section 180 of the Companies Act, 2013

11. Keeping registers, returns, etc. at a place other than Registered Office

As mentioned in the notice the resolutions have been put to vote through remote e-voting and in view of this there will be no proposing or seconding of resolutions.

The objectives and implications of the resolution proposed at the AGM are already set out in the notice of the AGM and explanatory statement and for the sake of the brevity are not being repeated again. I now request Mr. Bhumit the Company Secretary to take us through the regulatory matters and general instructions pertaining to the Annual General Meeting.

Mr. Bhumit: Good afternoon everyone, I welcome you all to this 35th Annual General Meeting of Blue Chip Tex Industries Limited. Shareholders may note that this Annual General Meeting is being held through video conferencing in accordance with Companies Act, 2013 and circulars issued by Ministry of Corporate Affairs and SEBI. Facility for joining this meeting is made available through video conferencing for the members.

Now an advisory for shareholders-

All the members who have joined this meeting are by default placed on mute by the host to avoid any disturbance arising from the background noise and to ensure smooth and seamless conduct of the meeting. Once the name of the speaker shareholder is called out by the Chairman the person will be unmuted by the host to enable him or her to speak.

Before speaking the shareholder is requested to click on the video as well as audio icon appearing on the screen to switch it on and if for some reason the shareholder is not able to join through video mode, he or she can still speak using the audio mode.

While speaking, we request shareholders to use earphones so that they are clearly audible and it would also minimize their noise in the background. They are also requested to ensure that Wi-Fi is not connected to any other devices, no other background applications are running and proper light is available to have clarity in video and audio.

If there is connectivity problem at speakers end the host will mute such speakers and the next speaker will be invited to speak. Since this AGM is being through VC pursuant to the applicable circulars of the Ministry of Corporate Affairs and SEBI, physical attendance of members have been dispensed with. Accordingly, the facility for appointment of proxies is not available for the meeting.

As per the Companies Act, 2013 and SEBI LODR your company has provided the facility of remote e-voting to shareholders to enable them to cast their vote electronically as per the timelines mentioned in the AGM notice. The remote e-voting facility was provided from 26th September, 2020 9am onwards which concluded at 5pm yesterday.

Further in compliance with the rules on e-voting framed under the Companies Act, 2013 and the circulars of MCA, the voting at the AGM will also be conducted by the same e-voting system of CDSL which was used during remote e-voting. The shareholders who have not cast their vote through remote e-voting process and otherwise not barred from doing so shall be eligible to vote through e-voting system during the AGM. Shareholders

may please note that there will be no voting by show of hands. The results of the e-voting along with the scrutinizers report shall be communicated to BSE where the equity shares of the Company are listed and will also be placed on the Company's website and on the website of CDSL within 48hours from the conclusion of this meeting. Mr. Pramod Shah, partner, M/s Pramod S. Shah & Associates, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

Now I request the Chairperson to proceed further. Thank You.

Ms. Shraddha: Thank You Mr. Bhumit.

I now invite the speaker shareholders to raise the questions or express their views that may have on the items of the business of the Meeting. In the interest of time, I request the speaker shareholders to restrict their questions and / or views or observations to maximum two to three minutes. I request the moderator of the Meeting to enable the speaker shareholders:

Speaker Number one: Mr. Yusuf Yunus Rangwala

Moderator: Ma'am, he is not present in the Meeting.

Ms. Shraddha: Speaker Number two: Mr. Dnyaneshwar Kamlakar Bhagwat

Moderator: Ma'am, he is also not present in the Meeting.

Ms. Shraddha: Speaker Number three: Mr. Keshav Garg

Moderator: Ma'am, he is also not present in the Meeting.

Ms. Shraddha: We have received a few questions and I request Mr. Rahul Khemani to answer the questions raised by the shareholders.

Mr. Rahul: Thank you. Good afternoon shareholders. It's a pleasure you all are attending this Meeting and we really miss you seeing personal. Hopefully next year we will see everyone in person. I would like to answer the questions raised by the Shareholders at Company's email id:

Clarification sought on the business and prospects of the Company – As we all know the situation overall is difficult but we hope the business will be stable. Going forward the first 4 months were difficult but since last one month it is better and is stable.

What is the outlook for the current year and top line and bottom line - The expected top line in FY 2021 is about 150 crores and bottom-line, we should just be able to cover all costs and depreciation and maybe a small amount of Profit after tax. We will try our best.

What are our capex plans - Apparently no plans, because there is a lot of uncertainty in the world. So currently there are no plans.

The scope of increasing operating profit margin beyond 5% - We will keep trying to increase our profits, but it is difficult in current situation. We cannot assure you but we will try.

What is maximum revenue that we can generate from our present installed capacity – Since last one month we are running at almost 100% capacity. Therefore, there is no scope of increasing the revenues.

Since our shares are grossly undervalued, please consider a share buy back as it will lead to permanent reduction in our share capital & no. of shares outstanding and thereby increase the EPS & promoter holding. Share buy-back is also more tax efficient than dividends – Currently the Management has no plans to buy back the shares.

Despite increase in revenues since FY18, why have our trade payables (to Beekaylon Synthetics) more than half from Rs.15cr to Rs.6cr – There are two reasons for this. The first one is that and the second, the profits that we have generated in the last 2 years. We pay back on time, rather than being late and paying interest on it. That is the reasons the tables have reduced.

I hope all the questions have been answered. Thank you. Over to you Chairman

Ms. Shraddha: Thank you once again all the Members, Directors and Invitees who attended this AGM through video conferencing.

I would now like to conclude this meeting. E-voting process will be continue for the next 15 minutes and will be disabled thereafter.

The results of the voting will be announced on or before 1st October, 2020 and the same will be intimated to stock exchange and also uploaded on the website of the Company and the CDSL.

With your consent and all other Board members I would like to take your leave and wish all of you a very healthy and safe future.

Thank you very much.

Mr. Bhumit: So at the end dear shareholders, I conclude this meeting with my sincere thanks for all your support and co-operation. I would also like to thank our esteemed Board members, our Chairman for her participation and to colleagues for their hard work in making this event a successful one. Stay safe and healthy.

Thank you very much. Thank you once again.