

BIL Continental Limited

Annual Report

2012

BOARD OF DIRECTORS

1. Shri Bholanath Baranwal, Chairman & Managing Director
2. Shri Sajeve Deora, Non- Executive Director
3. Shri Ambarish Chatterjee, Non-Executive Director
4. Shri Raj Kumar Dubey, Non-Executive Director
5. Shri Harish Baranwal, Executive Director
6. Shri Vivek Baranwal, Executive Director

AUDITORS:

M/S. O.P. Tulsyan & Co.
Chartered Accountants
Varanasi

BANKER:

Allahabad Bank, Khamaria, Bhadohi

REGISTERED OFFICE:

G. T. Road, Kachhawan
Varanasi -221 307
Phone: +542-2620323

REGISTRARS AND SHARE TRANSFER AGENTS

MAS Services Limited
AB-4, Safdurjung Enclave
New Delhi-110 049
Phone: +11-26104142, 26104326
Fax: +11-26181081

STATUTORY COMMITTEES

AUDIT COMMITTEE:

1. Shri Sajeve Deora, Chairman
2. Sri Raj Kumar Dubey, Member & Director
3. Shri Ambarish Chatterjee, Member & Director

SHARE TRANSFER & GREIVENANCE COMMITTEE

1. Shri Bholanath Baranwal, Chairman
2. Shri Harish Baranwal, Member & Director

NOTICE

NOTICE IS HEREBY IS GIVEN THAT 39TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BIL CONTINENTAL LIMITED WILL BE HELD AT REGISTERED OFFICE OF THE COMPANY AT G. T. ROAD, KACHHAWAN, VARANASI-221307, U. P. ON SATURDAY 29TH SEPTEMBER, 2012 AT 4.00 P.M. TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Sri Ambrish Chatterjee, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sri Harish Baranwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. O. P. Tulsyan & Co., Chartered Accountants as Statutory Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:

Kachhawan

Varanasi

Date: 5th September, 2012

By Order of the Board
Sd/-

Bholanath Baranwal
Chairman & Managing Director

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member. The instrument appointing proxy should, however, be deposited at the Registered Office/Corporate office of the Company not less than forty eight hours before the commencement of the meeting.
2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting. Shareholders are requested to kindly bring their copies of Annual Report to the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from Saturday 22nd day of September 2012 to Saturday, 29th day of September 2012. (Both days inclusive).
4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
5. Members are requested to send their phone, fax and E-mail detail for better communication. Members are requested to notify promptly any change in their addresses to the Company's Registered Office or to the Share Transfer Agent M/s MAS Services Private Limited, AB-4, Safdurjung Enclave, New Delhi - 110 049.
6. Any queries relating to Accounts must be sent to the Company at least 10 days before the date of the meeting.

Registered Office:

Kachhawan

Varanasi

Date: 5th September, 2012

By Order of the Board

Sd/-

Bholanath Baranwal

Chairman & Managing Director

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 39th Annual Report together with the Audited Statements of Accounts along with the Report of the Auditors for the year ended March 31, 2012.

FINANCIAL RESULTS:

	2011-2012	2010-2011
	(Rs. in lacs)	(Rs. in lacs)
Profit Before Interest, Depreciation & Miscellaneous Expenses written off	293.81	121.58
Interest	85.42	72.93
Depreciation & Miscellaneous Expenses written off	38.70	39.22
Profit Before Tax	11.39	9.43
Provision for Taxation: Current Deferred	2.17 (7.58)	1.75 (7.80)
Profit After Tax	18.97	15.47
Prior Period Adjustment	2.17	3.28
Surplus in Profit & Loss A/c brought forward	18.97	261.54
Surplus in Profit & Loss A/c carried forward	299.28	280.30

PROFITABILITY

In the Financial Year 2011-2012, the Company has increased its profitability in contrast to the last year by manufacturing of unique "organic weaved carpets". Domestic selling of handknotted, flatweave carpets has enhanced from the financial year 2010-2011. Export of the Company has gradually increased in comparison to the last year by initiating e-commerce portal and prompt payment and distribution mechanism for its foreign consumers through its "Country Patners".

The Company has also faced several challenges due to increase in oil prices resulting higher input cost & freights, appreciation of USD against Indian Rupee which has made adverse impact in export business of the Company.

PUBLIC DEPOSITS

Your Company did not accept any Public Deposit, during the year under review.

INSURANCE

Your Company's assets continue to be fully insured against the risk of fire, riot, earthquake, terrorism etc.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

1. that in preparation of Annual Accounts for the F.Y. ended on 31.03.2012, the applicable

accounting standards have been followed ;

2. that the directors 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 & Loss Accounts of the Company.
3. 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 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities ;
4. that the Directors have prepared the Annual Accounts on a "going concern" basis.

DIRECTORS

Sri Ambrish Chaterjee and Sri Harish Baranwal who were appointed as Directors of the Company are now liable to retire by rotation in the ensuing Annual General Meeting dated 29th September, 2012. Since both Sri Ambrish Chaterjee and Sri Harish Baranwal Directors of the Company retire by rotation, they are eligible to be reappointed and offers themselves for re-appointment in the ensuing Annual General Meeting dated 29th September, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion & Analysis Report as required under the Listing Agreement with Stock Exchanges is attached with this report.

ENVIRONMENT CARE, SOCIAL ACCOUNTABILITY AND QUALITY SYSTEM

Your Company has the certificate of ISO 9001: 2000 which has enabled your Company to market, its products in the international markets in better way. Since your company has fulfilled the social responsibility criteria, it has been recognized with SA- 8000 certification. In addition, it is also eligible for ISO 14001, the Environment Protection System. With Woolmark license and these three achievements, your Company is arguably only company in the world.

HUMAN RESOURCES

There was no employee, employed during the period under review, whose particulars are required to be published under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988 are furnished as under:

(a) Conservation of Energy

During the last financial year company has installed power capacitor to reduce the demand charges. It will save substantial power expense, which is reflecting in monthly power bills.

(b) Technological Absorption

The Company is also working on the husk project for reducing the cost of diesel in generator sets. At present the project is running in an associated concern and after successful commissioning therein it is proposed to be implemented in your company.

(c) Foreign Exchange Earnings and Outgo

During the year the Company has earned Rs. 19,29,04,813/- as compared to the Earnings of Rs. 16,67,23,456/- of previous financial year in Foreign Currency through export of its finished products. There was no any Import or Expenses in Foreign Currency during the Financial Year.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance has been included separately in the Annual Report. The Certificate from the auditors of the Company regarding compliance of the conditions of the Corporate Governance as per requirement of clause 49 of the listing agreement with the stock exchanges is also attached with this report.

AUDITORS

M/s O.P. Tulsyan & Co., Chartered Accountants, the Auditors of the Company, who hold office upto the conclusion of the Annual General Meeting, are eligible for re-appointment and have expressed their willingness to accept the office if re-appointed as Auditors of the Company. M/s O.P. Tulsyan & Co., Chartered Accountants have under Section 224(1) of the Companies Act, 1956 furnished a Certificate of their eligibility for re-appointment and they hold valid certificate of having Peer Reviewed of their firm.

ACKNOWLEDGEMENT

The Board of Directors of your company are pleased to place on record their sincere gratitude and appreciation for the assistance and co-operation received from the Government, Financial Institutions and Banks, members, customers and business Constituents.

Your directors also express their appreciation and gratitude for the continued devout, sincere and unstinted services rendered by the counsellors, coordinators and facilitators at all levels of operations for the success and progress of the company.

By Order of the Board
Sd/-

Bholanath Baranwal

Chairman & Managing Director

Date: 5th September, 2012
Place: Varanasi

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

Carpet Industry is the one of the oldest industries not only in India but in world also. The major players on international levels are Iran, China and India. The prices in Iran have increased significantly and Chinese hand knotted carpet weavers have migrated to other occupation. This gives ample opportunity for Indian hand knotted carpets. It is expected that demand for these carpets will increase in the current financial year.

The Company has established a division for manufacturing of organic weaved carpets by availing licence of OWI.

Organic Weaved Carpets

The Company is in continuance of producing world's first GOTS certified organic weaved Carpets. The Company is producing such type of Carpets through collaborations with its Canadian Client Alexanian (OWC) a registered trademark of North America and India. The Carpets are woven by Unnayan (NGO of mostly women artisans).

Global Marketing strategy is to be implemented by OWC on its own cost and in turn will receive one-third share of net profit from selling of those carpets from OWI division of the Company.

Prompt Payment and Delivery Mechanism

The Company has initiated a payment gateway mechanism PayPal for the Consumers of Sweden and Germany through a portal in German, French, Spanish, and Japanese languages. The Consumer will get its product delivered within 8 weeks of placing of order directly from Company's factory outlets.

OUTLOOK ON OPPORTUNITIES

The demand for contemporary carpets will continue to grow. The Company has eminent infrastructure for producing handtufted carpets, held the Company is serving additional facilities to Kandla lower price segment for production of handknotted, flatweave and other types of Custom Carpets.

The Company has considered online shopping of its manufactured Carpets through e-commerce channel by initiating a portal named www.carpetonline.com.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company is having an adequate internal control system covering all areas of operations. There is proper safeguard of assets through internal control system, which prevents any wastage, loss and unauthorized use of any assets.

HUMAN RESOURCES

The Industrial Relations were very cordial throughout the year. Measures for safety of employees, training, welfare and development continued to receive top priorities.

FUTURE PROSPECTS OF COMPANY

The Company is very auspicious for establishing a Joint Venture Contract with a European Company for producing very sophisticated carpets in our Country. By mutual consent of the parties, the Company will be responsible for investment in land, buildings and other infrastructures and shall avail technical support, specific designs and global markets for distribution of manufactured Carpets. The estimated period for the execution of Contract is in financial year 2013-2014.

The Company is also looking a shop premise for having a small commercial activity in Varanasi City for appreciation of brand identity of its unique Carpets.

Place Varanasi

Date 5th September, 2012

For BIL Continental Limited

Sd/-

Bholanath Baranawal
Chairman & Managing Director

CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance:

The Company has a strong legacy of fair, transparent and ethical governance practices to maintain high level of transparency and accountability in its all area of functioning and relationship with suppliers, buyers, employees, bankers and proper regulatory compliances. The company also believes that its systems and procedure will enhance corporate performance and maximize shareholders value in the long term.

Your company is committed to good corporate governance that creates long term sustainable shareholder value. Keeping in view the company's size complexity framework is based on the following main principles:

1	Constitution of a Board of Directors of appropriate composition, size, varied expertise and commitment to discharge their responsibilities and duties.
2	Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
3	Independent verification and safeguarding integrity of the Company's financial reporting.
4	A sound system of risk management and internal control.
5	Transparency and accountability.
6	Compliance with applicable rules and regulations.

Your Company continues to follow procedures and practices in conformity with the code of Corporate Governance as enunciated in the Listing Agreement. In keeping with the spirit of the Code, your Board has constituted Committees such as Audit Committee, Share Transfer and Grievance Committee.

Size and Composition of the Board:

The Board of Directors of the Company comprises of six Directors, out of which three directors are Non- Executive and Independent. The Non-Executive Directors are proficient in their own fields and bring with them decades of experience in the areas of finance, legal and general management.

The Board comprises of 50% of Non-Executive and 50 % Independent directors. The composition of the Board is in conformity with the provision of the listing Agreement. Shri Bholanath Baranwal, Chairman & Managing Director, Shri Harish Baranwal, Director and Shri Vivek Baranwal, Director of the Company are responsible for overall management of the Company.