

**SHRI
BHOLANATH
CARPETS
LIMITED**

ANNUAL REPORT 2017-18



WE CARPET THE WORLD | WWW.BHOLANATH.BIZ

FORM A

[Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015]

1	NAME OF THE COMPANY	SHRI BHOLANATH CARPETS LIMITED (FORMERLY KNOWN AS BIL CONTINENTAL LIMITED)
2	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 ST MARCH, 2018
3	TYPE OF AUDIT OBSERVATION	UN-QUALIFIED
4	FREQUENCY OF OBSERVATION	NOT APPLICABLE
5	TO BE SIGNED BY –	
6	• CHAIRMAN AND MANAGING DIRECTOR	SD/- (BHOLANATH BARANWAL)
7	• CFO	SD/- (VIVEK BARANWAL)
8	• AUDITOR OF THE COMPANY	SD/- (S.N.AGRAWAL)

INDEX

S. No.	CONTENTS	PAGE NO.
1	Company Information	2
2	Board's Report	04-13
3	Management Discussion and Analysis Report	14-15
4	Annexure – A Secretarial Audit Report	16-19
5	Annexure – B Absorption, Foreign Exchange earnings and outgo	20-21
6	Annexure – C Form AOC -2	22-24
7	Annexure – D Form MGT- 9	25-34
8	Annexure - E Corporate Governance	35-58
9	Independent Standalone Auditors' Report on Financial Statements and Standalone Financial Statement	58-89
10	Notice of AGM	90-94
11	Proxy Form	95-96
12	Attendance Slip	97
13	Process of E-voting	98-102

BOARD OF DIRECTORS

Shri Bholanath Baranwal
Shri Vivek Baranwal
Shri Shrinarayan Khemka
Smt. Veena Agnihotri
Smt. Nisha Tripathi
Shri Harish Baranwal

Chairman & Managing Director
Executive Director and CFO
Additional cum Independent Director
Independent Director
Additional cum Independent Director
Executive Director

STATUTORY AUDITOR

M/s. O.P. Tulsyan & Co.
Chartered Accountants
Varanasi, U.P.-221010

SECRETARIAL AUDITOR

M/s. Ajay Jaiswal & Co.
Company Secretaries,
Varanasi, U.P.221010

INTERNAL AUDITOR

M/s. Shah Mukul Kumar & Associates
Chartered Accountant
Varanasi, U.P.221005

REGISTRARS AND SHARE TRANSFER AGENTS

MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020,
Ph.:- 26387281/82/83, Fax: - 26387384
E-mail:- info@masserv.com
Website: www.masserv.com

BANKER:

Syndicate Bank,
Mid Corporate Office,
Maqbool Alam Road, Varanasi-221002

STATUTORY COMMITTEES

AUDIT COMMITTEE:

1. Shri Shrinarayan Khemka , Chairman
2. Smt. Veena Agnihotri, Member
3. Smt. Nisha Tripathi, Member

NOMINATION AND REMUNERATION COMMITTEE:

Smt. Veena Agnihotri, Chairperson
Shri Shrinarayan Khemka, Member
Smt. Nisha Tripathi, Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Smt. Nisha Tripathi, Chairperson
Shri Shrinarayan Khemka, Member
Smt. Veena Agnihotri, Member

REGISTERED OFFICE:

G. T. Road, Kachhawan, Post Thatra, Varanasi -221313,
Phone: +542-2620323, Fax: +542-2620090,
E-mail: bil@bholanath.biz : Website: www.bholanath.biz

BOARD'S REPORT

**TO,
THE MEMBERS OF
SHRI BHOLANATH CARPETS LIMITED,**

Your Directors have pleasure in presenting the 45th Annual Report together with Audited Financial Statements of **M/s. SHRI BHOLANATH CARPETS LIMITED** for the Financial Year ended 31st March, 2018.

1. FINANCIAL RESULT

The summarized financial performance of your Company for the financial year 2017-18 as compared to previous year 2016-17 has been as under:

PARTICULARS	CURRENT YEAR ENDED 31.03.2018	PREVIOUS YEAR ENDED 31.03.2017
NET SALES	272,391,795	301,264,538
OTHER INCOME	2,705,883	5,394,556
TOTAL REVENUE	275,097,678	306,659,094
TOTAL EXPENDITURE	273,788,932	305,754,405
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX	1,308,745	904,686
EXTRAORDINARY ITEMS (CERS RECEIVABLE WRITTEN OFF)	-	-
PROFIT / (LOSS) BEFORE TAX	1,308,745	904,688
PROVISION FOR TAXATION		
- CURRENT TAX	680,246	643,632
- DEFERRED TAX	411,891	360,993
INTEREST ON SELF-ASSESSMENT	77,178	70,974
- TAX ADJUSTMENTS RELATING TO EARLIER YEARS	-3090	206,416
NET PROFIT (NET LOSS)	966,302	344,660

2. FINANCIAL HIGHLIGHTS

The Company has continued its growth story in terms of net profit during the year 2017-18, in spite of the income from sales has gone down from Rs. 3012 Lakhs to Rs. 2723 Lakhs.

The Company has recorded profit before exceptional and extraordinary items in the year Rs.13.08 Lakhs as compared to Rs. 9.04 Lakhs in the previous year 2016-17.

Whereas the net profit after tax during the year is Rs. 9.66 Lakhs as compared to previous year 2016-17 is Rs. 3.44 Lakhs.

3. RESERVES

The reserves of the Company stand at Rs.768.62 Lakhs during the year as compared to Rs. 758.96 Lakhs in the previous year ended on 2016-17.

4. OPERATIONS

During the year the total revenue from operations of the Company is Rs. 2723 Lakhs.

5. EXPORT

During the year the Company was exporting the handmade carpets and yarns outside India.

6. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2018 was Rs. 480.00 Lakhs. During the year under review, the Company has not issued any types of share capital.

7. DIVIDEND

The Company has not proposed any dividend for the year 2017-18. Your Company needs more fund to grow fast so the profits will be utilized in the business of the Company.

8. INSURANCE

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

9. OUTLOOK

The organization has increased focus on cost reduction measures as well as production of value added products. It is expected that in the current year 2017- 18, the Company shall demonstrate better bottom line performance for value addition for the investors.

10. HUMAN RESOURCE AND WELFARE

The well-disciplined workforce which has served the Company for more than three decades lies at the very foundation of the Company's major achievements and shall well continue for the years to come. The Management has always carried out systematic appraisal of performance and imparted training at periodic intervals. The company has always recognized talent and has judiciously followed the principle of rewarding performance.

11. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company, to which the financial statements relate i.e. 31st March, 2018 and the date of the report i.e. 30.08.2018.

12. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

13. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Internal Auditor of the Company checks and verifies the internal control and monitors them in accordance with policy adopted by the company. The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

14. CORPORATE GOVERNANCE

Corporate Governance Report, Management Discussion and Analysis statement and Business Responsibility Report and a certificate from the Auditors confirming compliance are annexed herewith to this report.

15. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior the Company has adopted a vigil mechanism policy. This policy is explained in Corporate Governance Report and also posted on the website of company.

16. BUSINESS RISK MANAGEMENT

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion. Therefore, in accordance with SEBI (LODR) Regulations, 2015 the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company. The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Even though the provisions of section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company yet the Company has been, over the years, pursuing as part of its corporate philosophy, a CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

18. DEPOSITS

The Company has not accepted any deposit under Section 73 or Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review.

19. AUDITORS' OBSERVATION

There were no adverse remarks in the auditor's report.

19.1 STATUTORY AUDITOR

The Statutory Auditor of the Company has given unqualified report during the year under review.

19.2 SECRETARIAL AUDITOR

There were no qualifying remarks in the Secretarial audit report.

20. DIRECTORS

20.1 CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2017-18, there is one change in the Director of the Company. Shri Amarnath Pandey, Independent Director resigned from his office due to illness and higher age. The Board of directors appoints Smt. Nisha Tripathi & Shri Shrinarayan Khemka as additional directors cum Independent Directors in their meeting held on 04th June, 2018 & 14th August, 2018 respectively and their appointment will be ratified in ensuing AGM by Members.

20.2 INDEPENDENT DIRECTOR(S) DECLARATION

In pursuance of sub-section (7) of Section 149 of the Companies Act, 2013 all the Independent Directors have furnished the declaration that they meet the criteria of Independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

20.3 BOARD ANNUAL EVALUATION

Pursuant to the provisions of companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"), the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder committee. The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

20.4 REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

20.5 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTIVE, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place Anti-Sexual Harassment Policy in line with the requirements of 'The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013'. An Internal

Complaints Committee has been set up to redress complaints received regarding sexual harassment. The Company affirms that during the year under review, no cases were filed under the said Act, before the Internal Complaints Committee.

21. BOARD AND COMMITTEE MEETINGS

21.1 BOARD MEETING

During the year 2017-18, 04 meeting of the Board of Directors were held on 30th May, 2017, 31st August, 2017, 10th November, 2017, 13th February, 2018. The maximum time gap between any two consecutive meetings was not exceeding four months.

21.2 AUDIT COMMITTEE MEETING

The Chairman of the Audit Committee is Shri Amarnath Pandey. During the year, 4 Audit Committee meetings were held on 23rd May, 2017, 21st August, 2017, 02nd November, 2017 and 08th February, 2018. The composition of the Audit Committee and number of meetings attended by the Members are given below:

Name of directors	Category	Number of meetings held during 2017-18	Meeting Attended
Mr. Amarnath Pandey (Resigned During the year)	Independent	4	4
Shri Shrinarayan Khemka (Appointed on 14.08.2018)	Additional Director cum Independent Director	0	0
Dr. Kavita Shah (Resigned on 30.05.2018)	Independent	4	4
Smt Nisha Tripathi Appointed on 04.06.2018)	Additional Director cum Independent Director	0	0
Smt. Veena Agnihotri	Independent	4	4

The other details of Board and Committee Meetings are given in Corporate Governance Report forming part of the Annual Report.

21.3 INDEPENDENT DIRECTORS MEETING

During the year the one meeting of independent directors was held on 08.02.2018.

22. AUDITORS

22.1 STATUTORY AUDITORS

“RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, M/s. O.P.Tulsyan & Co., Chartered Accountant, (Firm Registration No.500028N) be and is hereby re-appointed as the Statutory Auditors of the Company and to hold the office from the 44th Annual General Meeting till the conclusion of 48th Annual General Meeting of the Company which will be held in the year 2022, at a remuneration to be decided by the Board of

Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf.”

22.2 SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Ajay Jaiswal & Co. (CP No.: 3684, FCS: 5112), Company Secretaries to undertake the Secretarial Audit of the company. The Secretarial Audit Report is annexed herewith as ‘**Annexure A**’.

22.3 INTERNAL AUDITORS

M/s. Shah Mukul Kumar & Associates, Chartered Accountant performs the duties of Internal Auditors of the Company and their report is reviewed by the Audit Committee from time to time.

23. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as “**Annexure B**”.

24. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 are disclosed in Form No. AOC -2 is annexed herewith as “**Annexure C**”.

25. EXTRACTS OF ANNUAL RETURN AND OTHER DISCLOSURES UNDER COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with rule 12 of the Companies (Management & Administration) Rules, 2014 is furnished in Annexure-D and is attached to this report.

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report on financial condition and results of operations of the Company for the year under reviews required under Regulation 34 of SEBI (LODR) Regulation, 2015 is given as separate statement forming part of the Annual Report.

27. PARTICULARS OF EMPLOYEES**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The information required pursuant to Section 197 read with Rule, 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

- i. The percentage increase in remuneration of each Director, Chief Executive Officer and Chief Financial Officer during the Financial Year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows:

Name of Director / KMP	Remuneration of the Director / KMP in F.Y. 2017-18	Remuneration of the Director / KMP in F.Y. 2017-18	% Increase in F.Y. 2017-18	Ratio(times) of the remuneration of each director to the median remuneration of the employees	Comparison of the remuneration of the KMP against the performance of the company
Bholanath Baranwal, Managing Director (KMP)	696,000	696,000	0.00	2.10	The turnover of the Company decrease by -9.58%. There is a marginal increase in profit before tax and but the profit after tax has decreased.
Vivek Baranwal (CFO)	1,81,200	1,81,200	0.00	2.10	

- ii. There were 2 permanent employees on the rolls of the Company during the financial year 2017-18.
- iii. **Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:**

There is no change in total remuneration of Key Managerial Personnel during the year in comparison to last year whereas the turnover of the Company decreases -9.58%. There is a marginal increase in profit before tax and but the profit after tax has decreased.

FOLLOWING ARE THE DATE WISE MARKET CAPITALIZATION OF THE COMPANY:-

- iv. **A) Variations in the market capitalization of the Company:**