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BOARD OF DIRECTORS : SHRI.AJEET KUMAR BHANDARI - Managing Director
SHRI. ANIL BHANDARI - Whole Time Director
SHRI. RAJESH WADHWA - Independent Director
SHRI. VINOD KUMAR - Independent Director
SHRI. MAHENDRA KUMAR BHANDARI - Independent Director

REGISTERED OFFICE AND PLANT LOCATION : 994, SATYAVEDU ROAD, SIRUPUZHALPET, GUMMIDIPOONDI, TAMIL NADU-601201.

ADMINISTRATION OFFICE : NEW NO.39, (OLD NO. 50) 205, ABC TRADE CENTRE, 2ND FLOOR (INSIDE DEVI THEATRE COMPOUND), ANNA SALAI, CHENNAI – 600 002.

AUDITORS : SAKARIA & ASSOCIATES
#156, MINT STREET, “KANCHAN PLAZA”
1ST FLOOR, SOWCARPET, CHENNAI – 600 079.

REGISTRAR AND SHARE TRANSFER AGENTS : M/S. CAMEO CORPORATE SERVICES LIMITED
“SUBRAMANIAM BUILDING
NO. 1, CLUB HOUSE ROAD, CHENNAI – 600 002.

BANKERS : ICICI BANK LIMITED
84, NSC BOSE ROAD
CHENNAI – 600 079.

KOTAK MAHINDRA BANK LIMITED
DASS INDIA TOWER, 2ND LINE BEACH
CHENNAI – 600 001.

STANDARD CHARTERED BANK
187, MOUNT ROAD
CHENNAI – 600 006.

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Saturday, the 22th September, 2012 at 11.30. A.M. at the Registered Office of the Company at No.994, Satyavedu Road, Sirupuzhalpet, Gummidipoondi, Tamil Nadu-601201 for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit & Loss Account for the year ended as on that date, together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Anil Bhandari, Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the retiring Auditor M/s. Sakaria & Associates, Chartered Accountants, Chennai be and is hereby appointed as Auditor of the Company to hold office from the Conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri. Rajesh Gurdas Wadhwa, who was appointed as an Additional Director by the Board of Directors with effect from 29.03.2012 and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Shri. Rajesh Gurdas Wadhwa as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri. Mahendra Kumar Bhandari, who was appointed as an Additional Director by the Board of Directors with effect from 27.02.2012 and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Shri. Mahendra Kumar Bhandari as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri. S. Vinod Kumar, who was appointed as an Additional Director by the Board of Directors with effect from 29.03.2012 and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Shri. S. Vinod Kumar as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the existing clause number 123 of the Articles of Association of the Company be and is hereby altered as follows;

<p>123. Each Director other than the Whole Time Director(s) / Managing Director(s) / Executive Director(s) shall be paid a sitting fee as determined by the Board from time to time in compliance with the provisions of the Companies Act, 1956 and other rules and regulations as amended from time to time for each meeting of the Board of Directors or Committees thereof attended by the Director. The Directors may also be paid all the expenses as decided by the Board from time to time in attending the meeting of the Board or a Committee of the Board.</p>
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"RESOLVED FURTHER THAT the Articles of Association of the Company, duly modified as aforesaid, or as suggested by any appropriate authority and accepted by the Board, be adopted as the Articles of Association of the Company.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary for the purpose of giving effect to this resolution, as may be considered necessary by the Board in the best interests of the Company and shareholders.”

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 310 of the Companies Act, 1956, and in accordance with the amended Clause 123 of the Articles of Association of the Company, the sitting fees payable to the Directors attending the Board Meeting and committee meetings of the Company be increased to Rs.5,000/- and Rs.1,000/- respectively with immediate effect.”

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) read with Schedule XIII to the Act, the Company hereby accords its approval for the appointment of Shri. Ajeet Kumar Bhandari as Managing Director of the Company, for a period of 5 years commencing from 01.04.2012 on the terms, conditions hereinafter mentioned:

I. Salary: Rs. 15,000/- (Rupees Fifteen Thousand only) per month

II. House Rent Allowance: Rs. 5,000/- (Rupees Five Thousand only) per month

“RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded for the payment of the same salary, allowances and perquisites as mentioned above to Shri..Ajeet Kumar Bhandari, Managing Director, as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during the said period.

“RESOLVED FURTHER THAT Ajeet Kumar Bhandari, Managing Director, shall not be paid any sitting fee for attending the Meetings of the Board of Directors and Committees thereof.

“RESOLVED FURTHER THAT the Board of Directors / Remuneration Committee of the Board be and is hereby authorised to enhance the remuneration payable to Ajeet Kumar Bhandari, Managing Director, subject to the conformity of the Act, rules and regulations as amended from time to time and to take all such steps as may be deemed fit and necessary from time to time to give effect to this resolution.”

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) read with Schedule XIII to the Act, the Company hereby accords its approval for the appointment of Shri. Anil Bhandari as Whole-Time Director of the Company, for a period of 5 years commencing from 01.04.2012 on the terms, conditions hereinafter mentioned:

I. Salary: Rs. 10,000/- (Rupees Ten Thousand only) per month.

II. House Rent Allowance: Rs. 5,000/- (Rupees Five Thousand only) per month.

“RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded for the payment of the same salary, allowances and perquisites as mentioned above to Shri. Anil Bhandari, Whole-Time Director, as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during the said period.

“RESOLVED FURTHER THAT Shri. Anil Bhandari, Whole-Time Director, shall not be paid any sitting fee for attending the Meetings of the Board of Directors and Committees thereof.

“RESOLVED FURTHER THAT the Board of Directors / Remuneration Committee of the Board be and is hereby authorised to enhance the remuneration payable to Shri. Anil Bhandari, Whole-Time Director, subject to the conformity of the Act, rules and regulations as amended from time to time and to take all such steps as may be deemed fit and necessary from time to time to give effect to this resolution.”

11. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 94(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval for increasing the Authorised Share Capital of the Company from the present level of Rs.

6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs only) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crores Twenty Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten only) each by addition of Rs.6,00,00,000 (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs only) Equity Shares of Rs.10/- (Rupees Ten only) each ranking pari passu with the existing terms and conditions.”

12. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and in its place the following be and is hereby substituted as Clause V.

V	The Authorised Share Capital of the Company is Rs.12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crores Twenty Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten only) each with power to increase or reduce, divide, regroup and re-divide the Authorised Share Capital of the company for the time being into several classes and/or denominations and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the Articles of Association of the Company for the time being.
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“**RESOLVED FURTHER THAT** the Memorandum of Association of the Company, duly modified as aforesaid, or as suggested by any appropriate authority and accepted by the Board, be adopted as the Memorandum of Association of the Company.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary for the purpose of giving effect to this resolution, as may be considered necessary by the Board in the best interests of the Company and shareholders.”

13. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the existing clause number 5 of the Articles of Association of the Company be and is hereby deleted and in its place the following be and is hereby substituted as Clause 5.

5	The Authorised Share Capital of the Company shall be as per Clause V of Memorandum of Association of the Company as amended from time to time.
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“**RESOLVED FURTHER THAT** the Articles of Association of the Company, duly modified as aforesaid, or as suggested by any appropriate authority and accepted by the Board, be adopted as the Articles of Association of the Company.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary for the purpose of giving effect to this resolution, as may be considered necessary by the Board in the best interests of the Company and shareholders.”

14. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** Pursuant to the Provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications(s) or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Issue of Capital and Disclosure Regulations) 2009, as amended, Securities Contracts (Regulation) Act, 1956, as amended, Foreign Exchange Management Act, 1999, directions issued by The Reserve Bank of India and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchange on which shares of the Company are listed and subjected to such approval(s), consent(s), permission(s), modifications(s) and/or sanction(s) as may be required, specified, imposed or suggested by the Securities and Exchange Board of India (SEBI), Competition Commission of India (CCI), the Reserve Bank of India (RBI) and/or other appropriate authorities, while granting any such approval(s), consent(s), permissions(s), modification(s) and/or sanctions(s), which may be agreed to by the Board of Directors (hereinafter referred to as the “Board”, which term shall, include any Committee(s) of the Board already constituted/ to be Constituted by the Board to exercise its powers including the powers conferred by this Resolution) the consent and approval of the Share Holders of the Company be and is hereby accorded to the Board to create, offer, issue and allot on right basis to the Shareholders of the Company, as on the record date/book closure date, to be decided by the Board later on, such number of Equity Shares of face value of Rs. 10/- each at such price per equity shares to be determined by the Board at its absolute discretion, aggregating to an amount not exceeding Rs. 6,00,00,000 (Rupee Six Crores only), including share premium, or such terms and conditions as may be deemed appropriate in their absolute discretion.

“RESOLVED FURTHER THAT all the new equity shares as aforesaid to be issued and allotted in the manner aforesaid shall be subject to the Memorandum of Association and Articles of Association of the Company and the equity share to be issued and allotted shall rank pari passu in all respects with the existing equity shares of the Company, including entitlement of dividend except as may be otherwise provided pursuant to the terms of the issue in any of the Issue Documents.

“RESOLVED FURTHER THAT the unsubscribed portion, if any, of the aforesaid shares to be so offered and issued after considering the applications received from the Shareholders of the Company, shall be disposed off in such manner, as the Board may deem fit and proper at its absolute discretion and as most beneficial to the Company.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue in consultation with and subject to the approval, if necessary, of any concerned authorities, Draft Letter of Offer including abridged Letter of Offer , Composite Application Form and other documents to the persons stipulated above containing the terms and conditions of such issue as the Board may decide, including right to renunciation, eligibility or otherwise to apply for additional shares in the event of renouncement by the shareholders, eligibility or otherwise of the renounce to apply for additional share, payment of subscription monies, listing of the new Equity shares with the Stock Exchanges, restriction as to subscription and transfer as provided in the Articles of Association of the Company, order and Basis of allotment in the event of over subscription, premium to be charged on the shares, finalize payment structure, to vary the size of the issue, appoint Lead Managers, Bankers, Legal Advisors, Registrar and other intermediaries/agencies, to fix the record date/book closure in consultation with the Stock Exchange and to finalise such other terms and conditions as may be deemed necessary or stipulated in such Draft Letter of Offer/Letter of Offer and such other documents as may be permitted by the concerned authorities in accordance with the applicable laws and the Board be and is hereby expressly authorised and empowered to accept such variations and modifications as the SEBI, Stock Exchange or any other concerned authorities may stipulate in that behalf and also at its discretion to amend, modify, vary or alter all or any other terms of the issue including the right to increase, decrease or recalculate the number of Equity Shares to be created, offered and alter the terms as to premium and to include in the Draft letter of Offer/Letter of Offer or such other documents they offer for subscription, all such other terms and conditions of Offer as necessary or expedient in the discretion of the Board and/or may have to be incorporated on account of any modifications or amendments required or accepted by any concerned authority

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares, the Board of Directors of the Company be and is hereby authorised on behalf of the company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deemed necessary or desirable for such purpose, including without limitation, the entering into agreements for managing, marketing, underwriting, listing, trading and to issue any documents and writing and to pay any fee, commission, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board, Constituted / to be Constituted or any other officer or officers of the Company to give effect to the aforesaid resolutions.”

By order of the Board

For Bharat Textiles & Proofing Industries Limited

Sd/-

(Ajeet Kumar Bhandari)

Managing Director

Place : Chennai

Date : 11.08.2012

Notes:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER OF THE COMPANY WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. **INSTRUMENT OF PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY’S REGISTERED OFFICE NOT LATER THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
4. The Register of members and the share transfer books of the Company will remain closed from 17th September, 2012 to 22th September, 2012 (both days inclusive).
5. The shares of the Company are in the process of dematerialisation. The shares of the Company are eligible to be held in dematerialised form in Central Depository Services (India) Limited. Application to National Securities Depository Limited has been made for dematerialising the shares of the Company. However the Company is yet to get communication from them.
6. Shareholders/proxy holders are requested to bring their copy of the annual report with them at meeting and to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.

7. Members desirous of getting any information about the accounts and operation of the Company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least ten days before the date of meeting to enable the management to keep the required information readily available at the meeting.

8. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company and the RTA for consolidating their holdings in one folio.

9. In case of joint holders, if more than one holder intends to attend the Meeting, they must obtain additional slips on request from the Registered Office of the Company.

10. Members are requested to send all communications relating to transfer of physical shares/ demat, etc. directly to the Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited, 'Subramanian Building' (Vth Floor), No.1, Club House Road, Chennai – 600 002.

11. Members are requested to update their respective email address with the depository participant to ensure that the annual report and other documents reach you on your preferred email account.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 4:

The Board of Directors appointed Shri. Rajesh Gurdas Wadhwa as Additional Director of the Company with effect from 29th March, 2012. Pursuant to Section 260 of the Act read with Article 120 of the Articles of Association of the Company, Shri. Rajesh Gurdas Wadhwa holds office only till the date of the forthcoming Annual General Meeting. A notice has been received from a member as required under Section 257 of the Companies Act, 1956 together with the requisite deposit fee proposing Shri. Rajesh Gurdas Wadhwa as a candidate for the office of Director.

Shri. Rajesh Gurdas Wadhwa is a commerce graduate and has completed the Advanced Management Programme from the Indian Institute of Management, Bangalore. He has more than 10 years experience in Finance and finance related areas.

The Board considers it desirable that the Company should continue to avail services of Shri. Rajesh Gurdas Wadhwa and accordingly the Board recommends this resolution for approval of the members.

None of the Directors, except Shri. Rajesh Gurdas Wadhwa, to whom this resolution relates, is interested or concerned in the Resolution.

Item No. 5:

The Board of Directors appointed Shri. Mahendra Kumar Bhandari as Additional Director of the Company with effect from 27th February, 2012. Pursuant to Section 260 of the Act read with Article 120 of the Articles of Association of the Company, Shri. Mahendra Kumar Bhandari holds office only till the date of the forthcoming Annual General Meeting. A notice has been received from a member as required under Section 257 of the Companies Act, 1956 together with the requisite deposit fee proposing Shri. Mahendra Kumar Bhandari as a candidate for the office of Director.

Shri. Mahendra Kumar Bhandari has over 20 years experience in marketing and marketing related fields.

The Board considers it desirable that the Company should continue to avail services of Shri. Mahendra Kumar Bhandari and accordingly the Board recommends this resolution for approval of the members.

None of the Directors, except Shri. Mahendra Kumar Bhandari, to whom this resolution relates, is interested or concerned in the Resolution.

Item No. 6:

The Board of Directors appointed Shri. S. Vinod Kumar as Additional Director of the Company with effect from 29th March, 2012. Pursuant to Section 260 of the Act read with Article 120 of the Articles of Association of the Company, Shri. S. Vinod Kumar holds office only till the date of the forthcoming Annual General Meeting. A notice has been received from a member as required under Section 257 of the Companies Act, 1956 together with the requisite deposit fee proposing Shri. S. Vinod Kumar as a candidate for the office of Director.

Shri. S. Vinod Kumar is a commerce graduate and a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has over 10 years experience in Accounting and Finance related areas. The Board considers it desirable that the Company should continue to avail services of Shri. S. Vinod Kumar and accordingly the Board recommends this resolution for approval of the members.

None of the Directors, except Shri. S. Vinod Kumar, to whom this resolution relates, is interested or concerned in the Resolution.

Item No. 7:

The present clause number 123 of the Articles of Association of the Company enables only a payment of Rs.250/- as sitting fee for the Meetings of the Board and Committee thereof.

Since the sitting fee cannot be paid in excess of the limit prescribed in the Articles, the Board of Directors propose to increase the limit of sitting fee payable and thereby amend article number 123 of the Articles of Association of the Company.

This Special Resolution is proposed for your approval pursuant to Section 31 of the Companies Act, 1956.

The Directors except the Directors in the whole time employment of the Company are interested in this resolution to the extent of the remuneration proposed to be paid by way of sitting fees for each Board and Committee meetings attended by them.

Item No. 8:

In view of increasing responsibilities pressed on the Directors of the Company through various enactments, the Directors have to implement increasingly more cautious attitude in the management affairs of the Company.

The Directors, who are not in the whole time employment of the Company, do not get any other remuneration than by way of sitting fees. So it was considered fair to increase the sitting fee of the Directors.

This Special Resolution is proposed for your approval pursuant to Section 310 of the Companies Act, 1956.

The Directors except the Directors in the whole time employment of the Company are interested in this resolution to the extent of the remuneration proposed to be paid by way of sitting fees for each Board and Committee meetings attended by them.

Item No.9:

Shri. Ajeet Kumar Bhandari is one of the core promoters of the Company and has been the Whole-Time Director of the Company. Shri. Ajeet Kumar Bhandari is a Commerce graduate has over 20 years experience in textile and marketing fields. Keeping in view his rich and varied experience in textile and other allied sector, the Board of Directors at the meeting held on 05.06.2012 decided to re-designate him as Managing Director of the Company. He does not hold Directorship in other Companies.

The Remuneration Committee of the Board at its meeting held on 05.06.2012 approved the appointment and remuneration payable to him and the remuneration proposed and payable to him is within the limits of Schedule XIII of the Act.

Being a Managing Director, Shri. Ajeet Kumar Bhandari shall not be paid any sitting fee for attending the Meetings of the Board and Committees.

As per the provisions of the Companies Act, 1956, appointment and payment of remuneration to Shri. Ajeet Kumar Bhandari requires Shareholders' approval. So the Board of Directors recommend the same for the approval of shareholders.

Shri. Anil Bhandari, being a relative of Shri. Ajeet Kumar Bhandari and Shri. Ajeet Kumar Bhandari are interested or concerned in the resolution at Item No.9.

Item No. 10:

Shri. Anil Bhandari is one of the promoters of the Company and he is a Director of the Company from 15.04.2002. Shri. Anil Bhandari is an Textile Engineering graduate and has over 10 years experience in textile and other allied fields. Keeping in view his rich and varied experience in textile and other allied sector, the Board of Directors at the meeting held on 05.06.2012 decided to re-designate him as Whole Time Director of the Company. He does not hold Directorship in other Companies.

Shri. Anil Bhandari holds a M.Sc. degree in Textiles from the University of Manchester in Science and technology, U.K.

The Remuneration Committee of the Board at its meeting held on 05.06.2012 approved the appointment and remuneration payable to him and the remuneration proposed and payable to him is within the limits of Schedule XIII of the Act.

Being a Whole Time Director, Shri. Anil Bhandari shall not be paid any sitting fee for attending the Meetings of the Board and Committees.

As per the provisions of the Companies Act, 1956, appointment and payment of remuneration to Shri. Anil Bhandari requires Shareholders' approval. So the Board of Directors recommend the same for the approval of shareholders.

Shri. Ajeet Kumar Bhandari, being a relative of Shri. Anil Bhandari and Shri. Anil Bhandari are interested or concerned in the resolution at Item No.10.

Item No. 11, 12 & 13:

The present Authorized Share Capital of the Company is Rs. 6, 00, 00,000/- divided into 60, 00,000 (Sixty Lakhs only) Equity Shares of Rs.10/- each. The present paid up capital is Rs. 58,571,400 comprising of 58, 571, 40 Equity Shares of Rs. 10/- each.

The Board of Directors proposes to issue shares on Rights Basis of Rs.10/- each aggregating an amount up to Rs.6,00,00,000 to the Existing Shareholders of the Company. This can be done only after increasing the Authorized Capital to Rs.12, 00, 00,000/- comprising of 1, 20, 00,000 Equity Shares of Rs.10/- each.

The Special Resolutions proposed for alteration of Clause V of the Memorandum of Association and Clause 5 of the Articles of Association of the Company are required to enable the above proposal to be implemented. Hence the resolution numbers 11, 12 and 13 are placed for consideration of the members.

A copy of the Memorandum and Articles of Association is available for inspection by the members during office hours at the Registered Office of the Company on any working day up to the date of the meeting.

None of the Directors are concerned / interested in this resolution.

Item No. 14:

Your Company would like to expand the business operations and the Board considers it necessary to strengthen the capital of the Company in order to fuel the expansion. Moreover, the operations of the Company was adversely affected due to steep increase in input costs, increased borrowing costs, exceptional items on account of incremental power costs to mitigate continuing power cuts / power holiday situation and price increase from customers not adequately compensating costs incurred. The adverse situations had also significantly affected the gearing of the Company with unsustainable level of debt.

To ensure long term stability in the operations of the company, the Company proposes to issue shares of Rs.10/- each aggregating an amount up to Rs.6,00,00,000 to the Existing Shareholders of the Company.

As per Section 81(1A) of the Companies Act, 1956 when a Company proposes to increase the subscribed share capital by allotment of further shares, then, such further shares shall be offered to the existing shareholders proportionately. Irrespective of the above, Section 81(1A) provides that further shares as aforesaid may be offered to any person(s), if a Special resolution to that effect is passed by the Company at the General Meeting.

The Board of Directors has considered it expedient to make the issue of equity shares on a Public basis to the existing Shareholders of the Company.

Accordingly, the proposed issue of the said Equity Shares on a Public basis to the existing Shareholders of the Company requires approval of members by a Special resolution.

The Directors who are holding shares in the Company are deemed to be interested or concerned in the resolution at Item No.14.

Place : Chennai
Date : 11.08.2012

By order of the Board
For Bharat Textiles & Proofing Industries Limited
Sd/-
(Ajeet Kumar Bhandari)
Managing Director

Statement pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, following information are furnished about the Directors proposed to be appointed / reappointed vide item No.2, 4, 5, 6, 9 and 10 of the notice dated 11.08.2012.

Name of the Director	Shri. Anil Bhandari	Shri. S. Vinod Kumar	Shri. Rajesh Gurdas Wadhwa	Shri. Mahendra Kumar Bhandari	Shri. Ajeet Kumar Bhandari
Date of Birth	17.05.1978	24.07.1977	09.10.1971	12.06.1958	12.04.1967
Date of appointment on the Board as Director	15.04.2002	29.03.2012	29.03.2012	27.02.2012	21.12.1990
Date of last appointment / reappointment as Director	30.09.2011	Not Applicable	Not Applicable	Not Applicable	30.09.2010
Expertise in specific functional areas	Textiles	Finance and Accounting	Finance	Marketing	Textiles and Marketing
Qualification	B.Tech (Textiles), M.Sc. (Textiles)	B.Com, Qualified Chartered Accountant and Company Secretary	B.Com, P.G.D.F.M, Advanced Management Programme (AMP from IIM-Bangalore)	B.Com	B.Com
List of outside Directorships held	NIL	NIL	Sugal & Damani Share Brokers Limited	NIL	NIL
Chairman / Member of the Committees of Board of Directors of the Company	NIL	Chairman of Audit Committee and member of Remuneration Committee.	Chairman of Remuneration Committee and member of Audit Committee	Chairman of the Shareholders Grievance Committee and member of Audit and Remuneration Committee.	Member of the Shareholders Grievance Committee.
Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL	NIL	Member of Audit Committee and Remuneration Committee	NIL	NIL
Relationship between Directors Inter-se	Shri Anil Bhandari is the brother of Shri. Ajeet Kumar Bhandari, Whole-Time Director	NIL	NIL	NIL	Shri. Ajeet Kumar Bhandari is the elder brother of Shri. Anil Bhandari.

Shri Ajeet Kumar Bhandari holds 4, 74,770 shares and Shri Anil Bhandari holds 76,400 shares in the Company. Other Non-Executive and Independent Directors do not hold any shares in the Company.

DIRECTORS' REPORT

Dear Members,

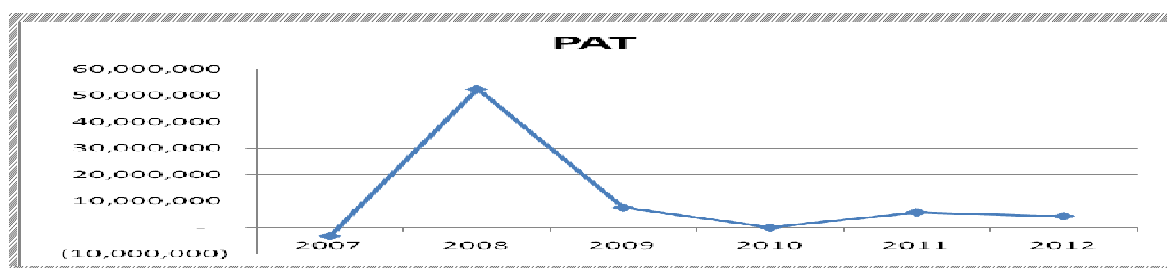
Your Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March, 2012.

FINANCIAL RESULTS:

PARTICULARS	(RS. IN LAKHS)	
	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Sales	102,913,133	96,962,959
Other Income	1,971,075	6,83,755
Interest	7,921,867	7,932,772
Depreciation	3,664,179	3,750,466
Profit/(Loss) before tax	6,538,915	6,724,731
Net Profit/(Loss)	4,286,762	5,742,134

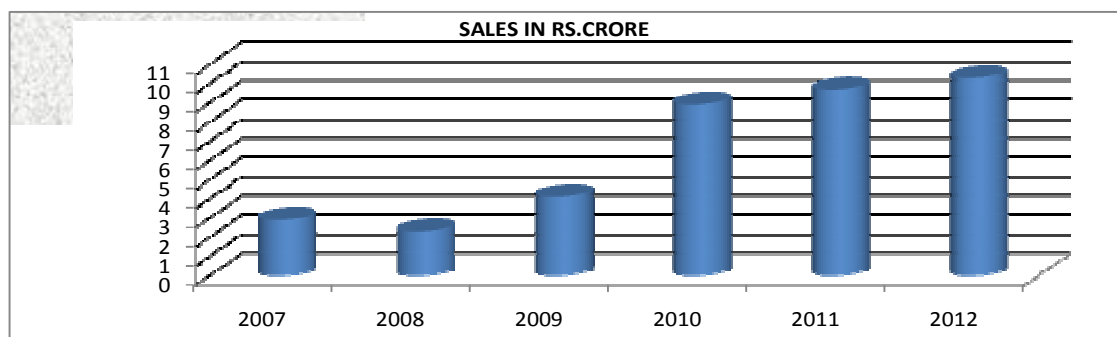
BUSINESS ANALYSIS:

Your Directors are happy to inform you that during the financial year under review, your company has been able to generate sufficient cash to pay off all the outstanding secured loans together with interests due thereon up to the period ending March 31, 2012. With the payment of this Final installment of 'Secured Loan' your company has been able to release all encumbered assets.



Your company is at a strategic inflection point and we see an opportunity for transformational growth in its business and your Directors are in the process of putting in place a new growth strategy for your company.

The year under review was a difficult year for your company. While the Sales grew by 6% during year moving up to Rs. 10.29 Crores, the profits have fallen by 25% year on year to Rs. 42.86 Lakhs. The dip in profits was essentially due to the one time hit taken in the year for settling all outstanding secured creditors, and the interest payments due on the loans.



Your Directors were on the path to clear off all creditors to set the stage for a new beginning, and we are happy to confirm that your company is set to move forward in the right direction.

Business during the fiscal 2012 was good as your company won large value orders from the Cotton Corporation of India, Khadi Board and export orders from our long standing customers in Saudi Arabia.

In keeping with the stated objectives of supporting the growth through large value orders, your Directors have planned investments into new plant & machinery to manufacture 'Wider Width Canvas' and put in place related 'In-house Dyeing & Processing' facilities for manufacturing & processing canvas fabrics of up to 120 inches width. Your Directors are delighted to inform you that your company would be the FIRST in India to set up processing facilities for such large width fabric. The new facility should be commissioned by the end of the second quarter of the current fiscal 2013.

Having put in place the right team and investments into the canvas fabrics business, your Directors have decided to diversify into new areas to support the planned growth. Several products have been evaluated for this purpose including setting up a line for manufacturing PVC Foam boards, HDPE Tarpaulins, and Flex banner fabric. Your Directors have completed a thorough study of market for each of these products and have worked with Consultants from these industries to get deeper insights into these product segments.

Your Directors are happy to inform that a decision has been taken to diversify into the manufacture of Flex banner fabric, which are in huge demand, are an import substitute and can help save precious forex for India. Your Directors have submitted a detailed project plan to appropriate authorities and evaluating agencies and have proposed enabling resolutions for such investments to progress these proposals forward.

Your Directors are confident of achieving exponential growth in Turnover & profits with this business diversification.

DIVIDEND:

Considering that the planned diversification would require resources and due to carry forward losses in the books, your Directors have decided not to declare any dividend for the fiscal 2011-12.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Shri. Anil Bhandari, Director, retires by rotation and being eligible offers himself for reappointment. Your directors recommend that Shri. Anil Bhandari be reappointed as Director of the Company.

During the year under review, Shri. Ragunathmall Samarathmall, Shri. Bhagchand Ranka and Shri. C.N. Shenbagamoorthy resigned from the Board with effect from 29th March 2012. The Board would like to place on record their gratitude to Shri Raghunathmall Samrathmall, Shri Bhagchand Ranka and Shri C. N. Shenbagamoorthy, for their valuable contribution to the company's policy making and business, during their tenure as Directors on the Board.

Further during the year Shri. Mahendrakumar Bhandari was co-opted as an Additional Director with effect from 27th February 2012, and Shri. S. Vinod Kumar and Shri. Rajesh Gurdas Wadhwa were co-opted as Additional Directors with effect from 29th March 2012. We welcome the new members of the Board and look forward to their active contribution to the company's vision, and direction.

FIXED DEPOSITS:

The Company has not accepted any Deposits from the public within the meaning of Section 58 A of the Companies Act, 1956 and the rules framed there under.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures; if any;
2. The Directors had 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 31st March, 2012 and of the profit of the Company for the said year;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

To comply with the requirements of Corporate Governance, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report, Report on Corporate Governance are included in the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The management discussion an analysis of financial condition including the result of the operations of the company for the year under review as required under clause 49 of the Listing Agreement with the Stock Exchange is given as a separate statement in the Annual Report.

LISTING:

The shares of the Company are listed with Bombay stock Exchange, Madras Stock Exchange and Ahmedabad Stock Exchange. The securities are currently under suspension. Your Directors are in the process of getting these suspension revoked at the Bombay Stock Exchange.

AUDITORS:

M/s. Sakaria & Associates., Chartered Accountants, Chennai, Auditors of the Company retires at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

PERSONNEL:

There are no employees who are paid remuneration in excess under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

PARTICULARS OF ENERGY CONSUMPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION, RESEARCH AND DEVELOPMENT:

A) Energy Conservation:

Conservation of energy continues to receive increased emphasis and steps are being taken to reduce the consumption of energy at all levels. The details of consumption are as follows:

DIESEL (IN LTRS.)	OPENING STOCK	PURCHASE IN LTRS.	CLOSING STOCK	CONSUMPTION IN THE YEAR
	1.4.11	1.4.11 to 31.3.12	31.3.12	1.4.11 to 31.3.12
Quantity in liters	300	10,379	250	10,429
Amount in Rupees	12,051	4,56,618	10,993	457,676
FIRE WOOD	OPENING STOCK	PURCHASE	CLOSING STOCK	CONSUMPTION IN THE YEAR
	1.4.11	1.4.11 to 31.3.12	31.3.12	1.4.11 to 31.3.12
Quantity in (KGS)	17,118	12,63,265	8,000	1,272,383
Amount in (Rs.)	47,074	3,544,693	20,800	3,570,967
Power Consumption from 1.4.11 to 31.3.12				
Value in Rupees	2,464,078		Units	3,63,240

B) Foreign Exchange Earnings and Outgo:

	2012 (in Rs.)	2011 (in Rs.)
EARNINGS	14,976,863	3,294,076
OUTGO	4,93,940	5,33,214

C) Technology absorption, adaptation and innovation, research and development:

Research and Development activities are carried out on an ongoing basis for improving quality of the products.

ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the support and co-operation of all stakeholders. At the very heart of our success and our ability to deliver quality service and satisfaction is the considerable skill and motivation of our employees. On behalf of all the company's stakeholders, the Board would like to express its sincere appreciation and gratitude.

For and on behalf of the Board

Sd/-

Ajeet Kumar Bhandari
Managing Director

Sd/-

Anil Bhandari
Whole Time Director

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Developments:

Your company is engaged in the business of manufacturing of Industrial fabrics-Cotton canvas fabrics and chemically treated canvas and common proof tarpaulins. It can be used as a covering above or in front to give a shelter from sun or it can be used as industrial belting or a conveyor. India being one of the countries where manpower and resources can cater to a large segment of international market in industrial fabrics, the industrial fabrics like canvas, tarpaulins are consumed in bulk quantities in all user sectors like truck covers, military used, warehousing, tents, fancy bags etc.

Tarpaulin and Textiles Sector:

Challenging operating environment amid uncertainty over demand growth and volatility in raw material prices, it is unlikely that the sector's outlook will turn positive. However, if falling cotton prices translate into a revival in demand and capacity utilisation, the outlook for cotton textiles could turn stable in the last two quarters of the year.

Margin pressure would persist for both the cotton and synthetic textiles industry, driven by rising power and wage costs and higher interest rates.

The cotton industry is presently facing challenges like slow demand and a loss in margins, but a recovery is expected on account of falling cotton prices, though this could be negated by further volatility in input costs or forex movements.

Weak demand for cotton and cotton products last year was mainly a result of surplus inventories prompting mills to postpone further buying in the backdrop of uncertainty in overseas demand for textiles.

Due to the current situation, instead of adding capacity here, garment manufacturers are looking at the option of setting up capacity or outsourcing job work to Bangladesh to benefit from the lower cost of production.

Economic Review:

The year under review began with a distinctively positive industrial climate, which was a welcome relief after the setbacks in previous years due to the global meltdown. Flow of credit from institutions both internally and externally had picked up and overall business sentiments remained positive.

However, in view of the rising food inflation and the risk of broader inflationary expectations, the Reserve Bank of India hiked interest rates on several occasions. So finance costs has been dearer and the abundance of liquidity in the system has been curtailed. Inflation remains one of the biggest challenges for the government on the economic front. Oil and coal prices rose sharply and the trend does not seem to be reversing.

b) Performance Review:

The Company had achieved a turnover of Rs. 102,913,133/- lacs and made a profit of Rs. 4,286,762/- as compared to Rs. 5,742,134/- in the previous year.

c) Outlook:

The textile industry in India has showcased a significant growth especially in the technical textile sector. The technical textiles industry in India has grown to Rs. 63,000 crore in 2011-12 from Rs 43,000 crore in 2007-08, which is eleven percent growth per annum. What is more, it is forecasted to grow to 158,000 crore by 2016-17 with a projected growth percentage of twenty percent growth per annum to be achieved.

d) Opportunities and Threats:

The textile industry in India has been a pioneer industry. The liberalisation measures in the country have presented the industry with a golden opportunity. Indian textile industry is the second largest in the world. For the Indian economy, the textile industry accounts for 20% of its industrial production and employees over 15 million people. In spite of the high capital and power cost, Indian textile and garment sectors strength lies in availability of raw material, lower labour costs and well educated supervisory staff. Today, globalisation has brought in a lot of opportunities for the Indian textile industry. At the same time it is also exposed to threats, particularly from cheap imported fabrics. Thus, the industry has to fight for its share in international textile trade. It is worth noting that China, Hong Kong, South Korea and Taiwan have registered their presence significantly in the world textile market through conscious efforts while they continued to globalise their textile economy.

Your company is ever ready in meeting capacity requirements as and when needed and also in looking out for opportunities where they can develop new products. The main threats your company sees is increasing competition.

e) Internal Control and Risk Management systems:

The Board of Directors is responsible for establishing, maintaining and reviewing a sound risk management and internal control system within the company. This Board of Directors strive to ensure the consistency of control systems and compliance with laws and regulations but also covers resource utilization and system efficacy.

Risk Management is an integral part of the business process. The risk management systems in the company have been designed to achieve maximum integration of the risk management process in the normal business processes. It provides for risk assessment tools, controls for risks that commonly occur in the company and monitoring and reporting procedures and systems.

f) Human Resource Development and Industrial Relations:

Your Company continues to maintain a constructive relationship with its employees through a positive environment so as to improve productivity and efficiency. Your Company has always highlighted the importance of quality and its employees are encouraged to get involved in the continuous process of improving quality. Your Company puts in a lot of effort to provide employees the best working environment with ample opportunities to grow and explore. Also the company makes sure that it maintains a work environment that is free from physical, verbal and sexual harassment. The management is incessantly working on the development of human resources which is very important for accomplishing the goals and realizing the vision of the Company in an ever-changing and challenging business environment. Industrial relations at the plant location remained cordial all throughout the year.

g) Cautionary Statement:

Certain sentences in this report may be forward-looking based on the general overview of the textile industry but which the management believes is true to the best of its knowledge. Actual results may differ from those implied above in the above.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on code of governance

Your Company believes that good corporate governance contemplates that corporate actions balance the interests of all stakeholders and satisfy the tests of accountability, transparency. The Company adopts a model to adhere to all the rules and regulations of the statutory authorities. Duties and statutory obligations are discharged in a fair and transparent manner with the object of maximizing the value of the shareholders and stakeholders.

Board of Directors

Composition and category of Board of Directors

Your Company's Board consists of 5 Directors, out of which 3 are non-executive and Independent Directors. Thus the number of non-executive Directors is more than 50% of the total number of Directors.

Accordingly the board has three non-executive and independent directors namely Shri. Rajesh Gurdas Wadhwa; Shri. Mahendrakumar Bhandari; and Shri. S. Vinod Kumar and two executive directors, namely, Shri. Ajeet Kumar Bhandari and Shri. Anil Bhandari.

Composition of the Board, attendance at Board Meeting held during the Financial Year under review and at the last Annual General Meeting, number of Directorship in Companies other than Bharat Textiles & proofing Industries Limited, Membership/Chairmanships of the Board and Committees of Public Companies other than in Bharat Textiles & proofing Industries Limited are as follow :

Name of the Director	No. of Board Meetings attended in the year	Attendance at previous AGM on 30.09.2011	No. of Directorships held in Companies other than in Bharat Textiles & proofing Industries Limited	No. of membership / Chairmanship in Board Committees in Companies other than in Bharat Textiles & proofing Industries Limited	Executive / Non-Executive / Independent
Shri. Ajeet Kumar Bhandari ¹	11	Present	NIL	NIL	Executive
Shri. Anil Bhandari ¹	11	Present	NIL	NIL	Executive
Shri. Rajesh Gurdas Wadhwa ²	1	N.A.	1	Member of Audit Committee and Remuneration Committee in Sugal & Damani Share Brokers Limited	Non-Executive and Independent
Shri. Mahendrakumar Bhandari ³	N.A.	N.A.	NIL	NIL	Non-Executive and Independent
Shri. S. Vinod Kumar ²	1	N.A.	NIL	NIL	Non-Executive and Independent
Shri. Ragunathmall Samrathmall ⁴	11	Present	NIL	NIL	Non-Executive and Independent
Shri. Bhagchand Ranka ⁴	11	Present	NIL	NIL	Non-Executive and Independent
Shri C.N.Shenbagamoorthy ⁴	11	Present	3	NIL	Non-Executive and Independent

¹ Shri. Ajeet Kumar Bhandari and Shri. Anil Bhandari are Promoter Directors.

Shri. Anil Bhandari is the younger brother of Shri. Ajeet Kumar Bhandari.

² Inducted into the Board w.e.f. 29.03.2012.

³ Inducted into the Board w.e.f. 27.02.2012.

⁴ Resigned from the Board w.e.f. 29.03.2012.

Executive Directors

Shri. Ajeet Kumar Bhandari and Shri. Anil Bhandari, Executive Directors of the Company, are responsible for the day to day management of the affairs of the Company.

Non – Executive / Independent Directors

Independent Directors help the Company by bringing in their expertise and all the Independent Directors of the Company are Independent Directors and have access to all the information of the Company. The Non – Executive Independent Directors of the Company does not hold any shares in the Company.

Procedure of the Board

Agenda is sent to each Director in advance for the Board and other Committee meetings. The Board of Directors is briefed by the Executive Directors about the affairs, performance and other things as necessary. The Executive Directors circulates a tentative annual calendar for the meetings of the committees / board in order to assist the directors for planning their schedules to participate in the meetings.

Remuneration of Executive Directors

Shri. Ajeet Kumar Bhandari and Shri. Anil Bhandari, Executive Directors of the Company, draw an consolidated salary of Rs.10,000/- p.m. and Rs.7,500/- p.m. respectively.

The Remuneration Committee at the meeting held on 05.06.2012, approved the appointment of Shri. Ajeet Kumar Bhandari as Managing Director and Shri. Anil Bhandari as Whole-Time Director and the remuneration payable to them. Shareholders' approval is proposed to be obtained at the forthcoming Annual General Meeting.

Details of remuneration paid to the Executive Directors of the Company for the year ended 31st March, 2012 are as under

NAME OF THE DIRECTOR	SALARY(In Rupees)
Shri. Ajeet Kumar Bhandari	1,20,000
Shri. Anil Bhandari	90,000

Non-Executive Directors remuneration

The Non-Executive Directors are entitled only to sitting fees for every meeting of the Board and Committee attended.

It is proposed to increase the sitting fees of the Independent Directors attending the Board Meetings and Committees thereof from Rs.250/- to Rs.5,000/- per Board Meeting and Rs.1,000/- per Committee meeting respectively. Shareholders' approval is proposed to be obtained at the forthcoming Annual General Meeting.

There is no other pecuniary relationship / transaction of the Non-Executive Directors vis-à-vis the Company.

During the year under review, no sitting fee was paid to any of the Independent Directors.

Board Meetings held during 2011-2012:

During the year 2011-12, the Board met 11 times on 30.04.2011, 30.06.2011, 30.07.2011, 12.08.2011, 29.10.2011, 30.11.2011, 30.01.2012, 31.01.2012, 27.02.2012, 17.03.2012 and 29.03.2012 and the gap between two meetings did not exceed four months.

Audit Committee and the meetings held during 2011-2012:

Due to resignation of Shri. C.N.Shenbagamoorthy and Shri. Bhagchand Ranka, the Committee was re-constituted on 29.03.2012. After the re-constitution, the Committee consists of Shri. S. Vinod Kumar (Chairman), Shri. Rajesh Gurdas Wadhwa and Shri. Mahendrakumar Bhandari. All the members of the Audit Committee are Non-Executive and Independent Directors. All the members have accounting or related financial management expertise.

During 2011-2012, the Audit Committee had 4 meetings on 30.04.2011, 30.07.2011, 29.10.2011 and 31.01.2012. Attendance at the meetings was as follows:

DATE OF MEETING	MEMBERS ATTENDED
30.04.2011	Shri. C.N.Shenbagamoorthy and Shri. Bhagchand Ranka
30.07.2011	Shri. C.N.Shenbagamoorthy and Shri. Bhagchand Ranka
29.10.2011	Shri. C.N.Shenbagamoorthy and Shri. Bhagchand Ranka
31.01.2012	Shri. C.N.Shenbagamoorthy and Shri. Bhagchand Ranka

Remuneration Committee

Due to resignation of Shri. C.N.Shenbagamoorthy, Shri. Bhagchand Ranka and Shri. Ragnathmall Samrathmall, the Committee was re-constituted on 29.03.2012. After the re-constitution, the Committee consists of Shri Rajesh Gurdas Wadhwa (Chairman), Shri. S. Vinod Kumar and Shri. Mahendrakumar Bhandari. All the members of the Remuneration Committee are Non-Executive and Independent Directors.

During the financial year under review, no remuneration committee meeting was held.

Terms of reference

- a) Policy formulation and fixation of remuneration payable to Executive Directors;
- b) Fixation of sitting fee payable to the Non-Executive Directors of the Company.

Remuneration Policy

- a) Recommend suitable pay package to Executive Director and sitting fee for Non-Executive Director(s).
- b) Other functions as deemed necessary from time to time / recommended by the Board of Directors / under the provisions of the Listing Agreement.

Share Transfer Committee

Your Company has a Share Transfer Committee. Due to the resignation of Shri. Bhagchand Ranka, the committee was reconstituted on 29.03.2012. After reconstitution, the Committee consists of Shri. Mahendrakumar Bhandari, Non-Executive and Independent Director and Shri. Ajeet Kumar Bhandari, Executive Director. The Committee deals with transfer, transmission and transposition of shares in addition to looking after shareholders and investors grievances.

The Committee had received 109 valid requests for transfer of shares during the year. No request for transmission or transposition of shares was received and there was no compliant pending as on 31st March, 2012.

Annual General Meetings

YEAR	VENUE	DATE	TIME	NUMBER OF SPECIAL RESOLUTIONS PASSED
2011	No.994, Satyavedu Road, Suravalikandigai, Sirupuzhalpet, Gummidipoondi, Tamil Nadu – 601201.	30.09.2011	10.00 A.M.	NIL
2010	No.994, Satyavedu Road, Suravalikandigai, Sirupuzhalpet, Gummidipoondi, Tamil Nadu – 601201.	30.09.2010	10.00 A.M.	1 ⁵
2009	No.994, Satyavedu Road, Suravalikandigai, Sirupuzhalpet, Gummidipoondi, Tamil Nadu – 601201.	30.09.2009	10.00 A.M.	NIL

During the year under review, requirement for passing resolutions under postal ballot did not arise.

No Extra-Ordinary General Meeting and Court convened meeting of the members were held during the year.

⁵ Details of special resolution(s) passed:

In the Annual General Meeting of the Company held on 30.09.2010, a Special resolution was passed to effect the appointment of Shri Anil Bhandari as Managing Director of the company with effect from 01.12.2009.

Disclosures

- a) Details of transactions with related parties are provided in notes forming part of the Accounts in accordance with the provisions of Accounting Standard 18. There is no materially significant related party transaction that may have potential conflict with the interest of the company at large.
- b) The Company has not entered into any materially significant transaction with its promoters, Directors or the Management or relatives, etc. that may have potential conflict with the interests of the Company.
- c) The company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at predefined intervals.
- d) The Company's shares are not traded in any of the Exchanges. Bombay Stock Exchange has suspended the trading of the Company's shares due to non-compliance of certain clauses of the listing agreement. However, efforts are being taken to comply with all the provisions stipulated by Stock Exchanges or SEBI or any statutory authority in relation to capital markets.

Hon'ble Company Law Board, Chennai, based on a suo-moto application made by the Company for compounding of offence under section 297 of the Companies Act, 1956, passed orders by compounding the offence and levied compounding fee for the offence. The requisite fee to be paid by the Company and by the Director was duly paid within the stipulated time.

- e) The company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet senior level management and report any matter of concern. The non-mandatory requirement of training to Board Members has not been adopted by the Company.
- f) The Company has adopted the non-mandatory requirement of the listing agreement by setting up the Remuneration Committee as per clause 49 of the Listing Agreement.

g) For Audit qualifications, suitable reply has been given in the Directors' Report.

Code of Conduct

The Board of Directors has laid down a code of conduct for all the Board members and Senior Management of the Company. The same has been posted on the website of the company. All Board members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review. A declaration to that effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

Prevention of Insider Trading

The Board of Directors monitors the adherence to the various requirements set out in the insider trading regulations as amended from time to time. All the directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code.

Communication with shareholders and general shareholders information

Quarterly results / Audited results / dividend announcement / Book Closure dates / record dates are published in "News Today" and "Malai Sudar", Chennai. These results are simultaneously posted on the website of the Company at www.bharattarpaulin.com

There were no specific presentations made to Institutional investors or to analysts during the year.
Date and Time of Annual General Meeting: 22nd September, 2012 at 11.30 A.M.

Venue : Registered office of the Company.

Financial calendar (tentative)

- First Quarter : July, 2012
- Second Quarter / Half – Yearly; October, 2012
- Third Quarter: January, 2013
- Fourth and last quarter: April, 2013

Book Closure date: 17th September, 2012 to 22nd September, 2012 (both days inclusive).

Listing Status

Shares of the Company are listed on

- 1) Bombay Stock Exchange (Stock Code: [531029](#))
- 2) Madras Stock Exchange
- 3) Ahmedabad Stock Exchange
- 4) Coimbatore Stock Exchange

Listing fee to Bombay Stock Exchange Limited has been paid up to date.

The Company is in the process of revoking the suspension of listing with "Madras Stock Exchange", "Ahmedabad Stock Exchange" and "Coimbatore Stock Exchange", accordingly the listing fee has not been paid.

Market Price Data

The shares of the Company are not traded in any of the above mentioned stock exchanges and hence the market price data are not available. Moreover the Company's shares are suspended from being traded at Bombay Stock Exchange Limited.

Registrars and Share Transfer Agents

Cameo Corporate Services Limited having their office at No.1, Subramanian Building, 5th Floor, Club House Road, Chennai – 600002, are the registrars and share transfer agents of the Company.

The International Securities Identification No. (ISIN) allotted to the Company is ISIN – INE 201N01019.

Share Transfer Process

The company's shares are not traded in any of the Exchanges where the shares of the Company are listed and the shares in physical forms are in the process of dematerialisation. The shares in physical form are processed by the Registrar and transfer agents M/s Cameo Corporate Services Limited.

The share transfers are registered and returned within a period of 30 days of receipt if documents are in order.

Shareholding pattern as on 31.03.2012:

CATEGORY	NO. OF SHARES	% OF THE TOTAL SHARES
Promoters	28,93,830	49.41
Financial Institutions / Banks	100	0.00
Foreign Institutional Investors	50,700	0.86
Bodies Corporate	76,000	1.30
Individuals	2,442,010	41.70
Non-Resident Indians	3,94,500	6.73
TOTAL	5,857,140	100.00

Distribution of shareholding as on 31.03.2012:

NO. OF SHARES	NO. OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	NO. OF SHARES	% OF TOTAL SHARES
Up to 500	8,720	91.9928	1,089,190	18.5959
501 to 1000	267	2.8167	2,29,300	3.9148
1001 to 2000	129	1.3609	212,210	3.6230
2001 to 3000	213	2.2470	537,110	9.1701
3001 to 4000	22	0.2320	77,500	1.3231
4001 to 5000	33	0.3481	156,810	2.6772
5001 to 10000	34	0.3586	250,300	4.2734
10001 and above	61	0.6435	3,304,720	56.4220
TOTAL	9,479	100.0000	5,857,140	100.0000

Dematerialisation of shares

100 shares of the Company have been dematerialized as on 31st March, 2012 and the shares of the Company are in the process of dematerialization.

Plant Location

No.994, Satyavedu Road, Suravalikandigai, Sirupuzhalpet, Gummidipoondi, Tamil Nadu – 601201.

Address for correspondence:

Investors and shareholders can correspond with the Company at the following address:

Shri. Ajeet Kumar Bhandari (Compliance Officer)

New No.39, (Old No. 50) 205, ABC Trade Centre,

2nd Floor (Inside Devi Theatre Compound),

Anna Salai, Chennai – 600 002.

DECLARATION REGARDING COMPLIANCE OF COMPANY'S CODE OF CONDUCT

I, Ajeet Kumar Bhandari, Managing Director of Bharat Textiles and Proofing Industries Limited, to the best of my knowledge and belief, declare that all the Board Members and Senior Management Personnel affirmed compliance with the code of conduct of the Company for the financial year ended 31st March 2012.

Sd/-

(Ajeet Kumar Bhandari)

Managing Director

Place: Chennai

Date : 05.06.2012

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE
LISTING AGREEMENTS**

To the Members of Bharat Textiles and Proofing Industries Limited,

I have examined the compliance of conditions of Corporate Governance by Bharat Textiles and Proofing Industries Limited, for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. I further state that such compliance is neither an assurance as to the future viability of the company nor the effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date : 05.06.2012

For Sakaria & Associates
Chartered Accountants
Ashok Kumar S
Proprietor(M.No: 202048 & Firm Regn. No. 6219S)

CEO / CFO CERTIFICATION

To,
The Board of Directors,
Bharat Textiles and Proofing Industries Limited
Chennai.

Reg: Certification by CEO on the financial statements for the year 2011-2012

We, Ajeet Kumar Bhandari and Anil Bhandari, Executive Directors of Bharat Textiles and Proofing Industries Limited on the basis of the review of the financial statements and the cash flow statement for the financial year ended March 31, 2012 and to the best of our knowledge and belief, hereby certify that:-

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iii) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year ended March 31, 2012 which are fraudulent, illegal or violative of the company's code of conduct.
- (iv) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (v) We further certify that:
 - a) There have been no significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) There have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of the Board

Place: Chennai
Date: 05.06.2012

Sd/-
Ajeet Kumar Bhandari
Managing Director

Sd/-
Anil Bhandari
Whole Time Director

AUDITORS' REPORT TO THE MEMBERS
of M/s BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of M/s. **BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED** as at 31st March 2012 and Profit and Loss Account for the year ended on the date, annexed thereto. 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.
2. 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 misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in financial statement. 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.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by the law have been kept by the company so far as appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Profit & Loss Account & Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the director stand disqualified as on 31st March 2012 from being appointed as director in terms of clause (g) of section 274(1) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the accounts read along with the notes thereon set out in Schedule 15, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in case of the Balance Sheet, of the *State of affairs* of the Company as March 31st, 2012 and
- ii) in case of Profit and Loss Account, of the *Profit* for the year ended on March 31st, 2012.
- iii) In case of cash flow statement of the cash flow for the year ended on the date.

For Sakaria & Associates
Chartered Accountants

Sd/-

Ashok Kumar.S

Proprietor

M.No: 202048 Firm Regn. No. 6219S

Place: Chennai

Date: 05-06-2012

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in Paragraph 3 of the Report of the Auditors to the Members of M/s Bharat Textiles & Proofing Industries Limited for the year ended 31st March 2012:

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets.
2. The Fixed Assets of the Company are physically verified by the management at reasonable intervals and that no material discrepancies between physical inventories and book records were noticed.
3. In our opinion, and according to the information and explanations given to us, no substantial part of Fixed Assets has been disposed off by the Company during the year.
4. The management during the year has physically verified the Inventory. In our opinion the frequency of such verification is reasonable.
5. The procedures for the physical verification of inventory followed by management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.

6. In our opinion the Company has maintained proper records of inventory, no material discrepancies were noticed on physical verification inventory.
7. According to the information and explanation given to us, the company has not granted any loans, Secured and unsecured to/from Companies, firms, or other related parties, as covered in the Register maintained under section 301 of the Companies Act 1956.
8. The company has taken loans, Secured and Unsecured from related parties, as covered in the Register maintained under section 301 of the Companies Act 1956, amounting to Rs 3,72,73,033 from 5 parties py (4,58,73,058/-) during the year. The rate of interest and other terms and condition of loans taken secured, unsecured are not prejudicial to the interest of the Company.
9. In our opinion and according to the information and explanation given to us by the management, there are adequate internal control procedure laid down in the Company to commensurate with the size and nature of its business for the purchase of inventory, Fixed Assets and with regard to the sale of goods. In our opinion there is no continuous failure to correct the weakness in internal control system.
10. According to the information and explanation given to us, we are of the opinion, that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
11. There are transaction of Sales of goods made in pursuance of contracts and arrangements with the parties required to entered in the registers maintained u/s 301of the Companies Act 1956, amounting to Rs 42,00,000 PY (1,31,14,263).In our opinion, and according to the information and explanations given to us, the transactions have been made at the price which are reasonable having regard to the prevailing market price at the relevant time.
12. As far as we have been able to ascertain, the Company has not accepted any deposits during the year from the public and therefore directives issued by the Reserve Bank of India and the provisions of Section 58A & 58AA of the companies act, 1956 and the Rules framed there under are not applicable.
13. In our opinion, the Company has an Internal audit system commensurate with the size and nature of its business.
14. 1According to information and explanation given to us the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
15. According to the records of the company, the company is regular in depositing undisputed statutory dues with appropriated authorities which are outstanding for a period of more than six months from the date they become payable except in few cases where minor irregularities were noticed.
16. According to the information furnished to us, the following amount of custom duty has been disputed by the company and hence was not remitted to the concerned authorities at the date of Balance Sheet under report.

Nature of Dues	Amount (Rs)	Period to which relates	Forum Where Dispute is pending
Custom Duty	16,53,890/-	2001-2002	High Court of Madras, Chennai

17. The Accumulated losses at the end of financial year are more than fifty percent of its net worth. The Company has not incurred losses during the financial year and in the financial year immediately preceding such financial year.
18. In our opinion and according to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
19. The Company is not a Chit fund or nidhi /mutual benefit fund/society. Therefore, the provisions of clause (xiii) of Paragraph 4 of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
20. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of Paragraph 4 of the Companies (Auditor's Report) order, 2003 is not applicable to the Company.
21. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others, from bank of financial institutions.
22. According to the information given to us, the Company term loan have been applied for the purpose for which they were raised.
23. According to information and explanations given to us, the funds raised on short term basis have not been used for long term investment and vice versa.
24. According to the information and explanation given to us during the year under audit, the Company has not made preferential allotment of shares.
25. The Company has not issued debentures, accordingly the provision of clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
26. The Company has not raised monies by public issues. Accordingly the provision of clause (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
27. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

PLACE: Chennai
DATE: 5th June, 2012

Balance Sheet as at 31ST MARCH 2012

	<u>Notes</u>	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
I. Equity and Liabilities			
1.Share Holders' Fund			
(a) Share Capital	3	58,571,400	58,571,400
(b) Reserves and Surplus	4	- 46,925,565	- 51,212,327
		<u>11,645,835</u>	<u>7,359,073</u>
2.Non Current Liabilities			
(a) Long -term Borrowings	5	37,273,033	45,873,058
(b) Other Long term Liabilities	6	350,000	350,000
(c) Long -term provisions	7	2,082,223	975,246
		<u>39,705,256</u>	<u>47,198,304</u>
3.Current Liabilities			
(a) Trade Payables	8	7,191,982	22,489,083
(b) Other Current Liabilities	9	2,183,867	2,619,517
(c) Short -term provisions	10	1,519,095	1,600,000
		<u>10,894,944</u>	<u>26,708,600</u>
Total Equity and Liabilities		<u>62,246,035</u>	<u>81,265,977</u>
II. Assets			
1.Non-Current assets			
(a) Fixed Assets	11		
-Tangible Assets		27,602,095	32,070,514
(b) Deferred Tax Asset (net)	12	5,690,297	6,442,450
(c) Long-term Loans & Advances	13	466,260	372,760
		<u>33,758,652</u>	<u>38,885,724</u>
Current Assets			
(a) Inventories	14	11,509,064	14,393,399
(b) Trade receivables	15	13,510,781	23,756,835
(c)Cash and Cash Equivalents	16	2,506,565	3,541,633
(d) Short tern loans & advances	17	960,973	688,386
		<u>28,487,383</u>	<u>42,380,253</u>
Total Assets		<u>62,246,035</u>	<u>81,265,977</u>

Notes on Financial Statement:

Notes Nos. Referred above forms an integral part of the Balance Sheet

As per Our Report of even date

For Sakaria & Associates
Chartered Accountants
Sd/-
Ashok Kumar S
M no: 202048 Firm Regn. No.: 6219S

For and on behalf of the Board of Directors of
M/s Bharat Textiles & Proofing Industries Ltd

Sd/-	Sd/-
Ajeet Kumar	Anil Bhandari
Managing Director	Whole Time Director

Place: Chennai
Date : 05.06.2012

Profit and Loss Account

Statement of Profit and Loss Account for the year ended 31st March 2012

	Notes	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
I. Income			
(a) Revenue from operation	18	102,913,133	96,962,959
(b) Other Income	19	1,971,075	683,755
Total Revenue (I)		104,884,208	97,646,714
II. Expenses			
(a) Cost of Raw material Consumed	20	57,262,019	50,861,898
(b) Purchase of traded goods	21	1,197,072	22,042,916
(c)(increase)/Decrease in Inventories of finished goods, Work in progress and traded goods	22	3,574,144	- 6,940,767
(d) Employee benefit expenses	23	9,534,780	7,783,961
(e) Other expenses	24	15,827,232	10,495,188
(f) Finance cost	25	7,921,867	7,932,772
(g) Depreciation	26	3,664,179	3,750,466
Total Expenses (II)		98,981,293	95,926,433
Profit before exceptional items and taxes		5,902,915	1,720,281
Exceptional items	27	636,000	5,004,450
Profit before taxes		6,538,915	6,724,731
Less: Tax expenses:			
Current Tax		- 1,500,000	- 1,600,000
Deffred Tax		- 752,153	617,403
Profit for the period from continuing operations		4,286,762	5,742,134
Earning per equity shares of face value of Rs 10/- each		1	1
Basic and Diluted in (Rs)		1	1

Notes on Financial Statement:

Notes Nos. Referred above forms an integral part of the Balance Sheet

As per Our Report of even date

For Sakaria & Associates
Chartered Accountants
Sd/-
Ashok Kumar S
M no: 202048 Firm Regn. No.: 6219S

For and on behalf of the Board of Directors of
M/s Bharat Textiles & Proofing Industries Ltd

Sd/-	Sd/-
Ajeet Kumar	Anil Bhandari
Managing Director	Whole Time Director

Place: Chennai
Date : 05.06.2012

CASH FLOW STATEMENT

Cash Flow statement for the year ended 31.03.2012

Amount in Rs

	2011-2012	2010-2011
<u>A. Cash flow from Operating Activities</u>		
Net Profit before Tax	6,538,915	6,724,731
<u>Adjustment for:</u>		
Depreciation	3,664,179	3,750,466
Profit on sale of land	(636,000)	(5,004,450)
Loss on sale of Assets	885,619	-
Interest Paid	7,921,867	7,932,772
Interest Receipts	(2,866)	-
	11,832,799	6,678,788
Operating Profit before Working capital Changes	18,371,714	13,403,519
<u>Adjustments for : Increase/Decrease</u>		
Long term provisions	1,106,977	975,246
Trade Payable	(15,297,101)	19,709,913
Other Current Liabilities	(435,650)	(228,747)
Long term loans & advances	(93,500)	-
Inventories	2,884,335	(5,820,392)
Trade receivables	10,246,054	(9,949,724)
Short term loans & advances	(272,587)	73,411
	(1,861,472)	4,759,707
Cash Generated from Operation	16,510,242	18,163,226
Taxes Paid	(1,580,905)	(369,585)
Net Cash Flow from Operations (A)	14,929,337	17,793,641
<u>B Cash Flow From Investing Activities</u>		
Purchase of Fixed Assets	(226,379)	(1,171,139)
Interest Receipts	2,866	-
Sale Of Fixed Assets	781,000	5,197,500
Net Cash Used in Investing Activities (B)	557,487	4,026,361
<u>C Cash Flow From Financing Activities</u>		
Decrease in borrowings	(8,600,025)	(13,121,938)
Interest paid	(7,921,867)	(7,932,772)
Net Cash flow from Financing Activities (C)	(16,521,892)	(21,054,710)
Net Increase in Cash and Cash Equalents (A+B+C)	(1,035,068)	765,292
Add: Cash and Cash Equalents as at 1 st April	3,541,633	2,776,341
Cash and Cash Equalents as at 31st March closing	2,506,565	3,541,633

As per Our Report of even date

For Sakaria & Associates

Chartered Accountants

Sd/-

Ashok Kumar S

M no: 202048 Firm Regn. No.: 6219S

Place: Chennai

Date : 05.06.2012

For and on behalf of the Board of Directors of

M/s Bharat Textiles & Proofing Industries Ltd

Sd/-

Ajeet Kumar

Managing Director

Sd/-

Anil Bhandari

Whole Time Director

Notes to Financial Statements for the year ended 31st March 2012.

SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

M/s Bharat Textiles and Proofing Industries Ltd is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing and trading of processed canvas, Tarpaulin, HDPE and chemically processing canvas on Job work basis. The Company caters to both domestic and international market.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India and the provision of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and at historical cost. Accounting policies not specifically referred to otherwise are consistent with and are in consonance with generally accepted accounting principles.

2A. Use of estimates:

The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized

B. Tangible fixed assets

Own fixed assets are stated at Cost less accumulated depreciation and impairment loss, if any. The Cost comprises original cost of acquisition inclusive of Inward freight, attributable borrowing cost, duties and expenditure incurred in acquisition, construction/installation.

C. Tangible assets and depreciation

Depreciation on tangible assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act 1956. On addition / deductions made during the year the depreciation has been calculated on a pro-rata basis.

D. Foreign currency transaction

Trade transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. The difference in the rate between the transaction date and realization/ payment date is transferred to foreign exchange fluctuation a/c. The year end balance of Trade payable/receivable are converted into Indian Rupees at the closing rates. The resultant difference is accounted as profit/loss on foreign exchange fluctuation a/c.

E. Borrowing cost

The Company has no Borrowing costs attributable to acquisition of fixed assets. The other borrowing costs are recognized as an expense in the year in which they are incurred

F. Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other cost including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares, power and fuel material and other products are determined on FIFO method. The work in progress is determined at estimated cost and the finished goods are valued at lower of cost or estimated realizable value.

G. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it's reasonable to expect ultimate collection. Revenue from operation includes Sale of goods and services. Sale of goods is recognized when significant risk and rewards of ownership of goods have been passed to the buyer. Sale of services is recognized on completion of services and transfer of significant risk and rewards to customer. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

H. Retirement benefits

The Company offers its employee's defined contribution plans in the form of Provident fund and family pension fund. The provident fund, family pension fund covers substantially for all regular employees. Contribution to provident Fund and Pension Fund are charged to profit and loss account in the year of accrual.

Leave Salary is determined and provided in the accounts at the end of each year. However the Company does not have a system of carrying forward the benefits of leave credit of each employee.

The provision for Gratuity liability to employee is recognized at the present value of the amount payable determined using actuarial valuation technique.

I. Deferred Taxation

In accordance with Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, Deferred Tax resulting from timing differences between book and tax profit is accounted for at the current rate of tax to the extent that the timing difference are expected to crystallize. Deferred Tax Assets are recognized only when there is virtual certainty of sufficient future profits available to realize such assets.

J. Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statement.

	AS AT 31.03.2012	AS AT 31.03.2011		
3.Share Capital				
(a) Authorised shares				
60,00,000 Equity Shares of Rs 10/- each	<u>60,000,000</u>	<u>60,000,000</u>		
(b) Issued, Subscribed and fully paid upshares				
58,57,140 fully paid Equity Shares of Rs 10/- each	<u>58,571,400</u>	<u>58,571,400</u>		
	<u>58,571,400</u>	<u>58,571,400</u>		
3.1.Details of shareholders holding more than 5% shares	31.03.2012	31.03.2011		
Equity Shares of Rs 10/- each	No of Shares	Holding %	No of Shares	Holding %
Ugamchand Bhandari	<u>528940</u>	<u>9.03%</u>	<u>528,940</u>	<u>9.03%</u>
4 .Reserves and Surplus				
(a) General reserve-as per last financial statement	3,300,000	3,300,000		
(b) Surplus:				
Surplus/(deficit) in the statement of profit & loss	-50,225,565	-54,512,327		
Balance as per last financial statement	-54,512,327	-60,254,461		
Net Surplus in the statement of profit and loss	<u>4,286,762</u>	<u>5,742,134</u>		
	<u>-46,925,565</u>	<u>-51,212,327</u>		
5 .Long term borrowings				
Term Loans				
(a) Secured Loans from related parties	0	19,172,165		
(b) Loans and advances from related parties				
Unsecured loans	<u>37,273,033</u>	<u>26,700,893</u>		
	<u>37,273,033</u>	<u>45,873,058</u>		
a.Term loan securities:				
The term loan is secured by entire immovable properties of company situated at factory, godown, premises and Hypothecation of all movable assets including inventories, Book debts and Plant & Machiney.The loan is also guaranteed by one of the Director of company.The term loan is repayable on demand.				
b.Unsecured loan from related parties are repayable on demand.				
6 .Other Long term liabilities				
(a) Others	<u>350,000</u>	<u>350,000</u>		
	<u>350,000</u>	<u>350,000</u>		
7 .Long Term Provision				
Provison for Employee Benefits				
Provision for Gratuity	<u>2,082,223</u>	<u>975,246</u>		
	<u>2,082,223</u>	<u>975,246</u>		
8 .Trade Payables				
Trade Payable (refer note no.29, for due to micro,small and medium ente	<u>7,191,982</u>	<u>22,489,083</u>		
	<u>7,191,982</u>	<u>22,489,083</u>		
9 .Other Current Liabilities				
(a) Other Payables *	1,708,994	1,608,782		
(b) Advance from Customers	7,020	542,882		
(c) Investor Education and Protection fund transferable for for following amount: (refer note: 30).				
(i) Unclaimed Dividend	19,712	19,712		
(ii) Unclaimed Share Application Money	<u>448,141</u>	<u>448,141</u>		
	<u>2,183,867</u>	<u>2,619,517</u>		

*Other payable included Statutory dues amounting to Rs 1043419/- (PY 1097253/-)

10 .Short Term Provision

Provision for taxes

Minimum alternative tax	1,519,095	1,600,000
	<u>1,519,095</u>	<u>1,600,000</u>

11. Fixed Assets

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at	Addition/	Deduction/	AS AT	Balance as at	For the	Deduction/	Upto	AS AT	AS AT
	31.03.2011	Adjustments	Adjustments	31.03.2012	01.04.2011	Year	Adjustments	31.03.2012	31.03.2012	31.03.2011
Tangible Assets-Own Assets										
Land & Site Development	1,125,811	-	18,000	1,107,811	-	-	-	-	1,107,811	1,125,811
Buildings	27,218,251	-	-	27,218,251	13,379,184	847,965	-	14,227,149	12,991,101	13,839,066
Plant & Machinery	58,302,715	5,460	3,465,272	54,842,903	41,375,506	2,685,413	2,509,287	41,551,632	13,291,271	16,927,210
Vehicles	187,436	-	88,025	99,411	150,777	11,915	79,372	83,320	16,091	36,659
Furniture & Fixtures	2,058,780	9,246	-	2,068,026	1,989,837	78,189	-	2,068,026	-	68,943
Office Equipment	1,267,827	211,673	195,418	1,284,082	1,195,004	40,697	147,437	1,088,263	195,819	72,824
	90,160,821	226,379	3,766,715	86,620,485	58,090,308	3,664,179	2,736,096	59,018,391	27,602,094	32,070,513
Previous Year Figures	89,182,732	1,171,139	193,050	90,160,821	54,339,842	3,750,466	-	58,090,308	32,070,513	34,842,890

12 .Deferred Tax Assets

a.Deferred Tax Liability

Impact of Difference between tax Depreciation charges for financial reporting	6,342,392	7,510,066
Gross Deferred tax liability	<u>6,342,392</u>	<u>7,510,066</u>

b.Deferred Tax Assets

C/f Losses as per Income tax Act	7,568,669	11,287,477
Provision for Gratuity	643,407	301,351
MAT Credit	3,820,613	2,363,688
Gross Deferred tax asset	<u>12,032,689</u>	<u>13,952,516</u>
Net Deferred tax asset (net) (a-b)	<u>5,690,297</u>	<u>6,442,450</u>

13 .Long term Loans & advance

(Unsecured, Considered Good)

(a) Security Deposit	466,260	372,760
	<u>466,260</u>	<u>372,760</u>

14. Inventories

(Valued at lower of Cost or net realisable value)

Raw material	2,515,637	1,588,246
Work in progress	1,378,249	1,100,336
Finished goods	7,408,385	11,260,442
Stores & Spares	175,000	385,250
Power & fuel	31,793	59,125
	<u>11,509,064</u>	<u>14,393,399</u>

15 .Trade Receivable

Unsecured, Considered Good)

(a) Outstanding for a period exceeding six months from the date they are due for payment	12,128,327	7,979,200
(b) Others	1,382,454	15,777,635
	<u>13,510,781</u>	<u>23,756,835</u>

16 .Cash and cash equivalents

(a) Cash in Hand	121,106	367,715
(b) Bank Balance		
ICICI Bank Ltd	1,717,388	1,274,601
Corporation Bank Ltd	0	58
Indian Bank Ltd	10,296	10,827
Standard Chartered Bank Ltd	91,307	1,420,579
Kotak Mahindra Bank Ltd	98,615	0
Karur Vysya Bank Ltd-Unclaimed Dividend	19,712	19,712
Karur Vysya Bank -Share Application Money	448,141	448,141
	2,385,459	3,173,918
Total (a+b)	2,506,565	3,541,633

17 .Short term Loans & advance**(Unsecured, Considered Good)**

(a) Capital Advance	9,767	9,767
(b) supplier advance	0	281,094
(c) Earnest Money Deposit	288,818	70,257
(d) Balance with statutory/Govt. authorities	187,117	63,083
(e) Loan to Employees	376,143	207,674
(f) Prepaid Expenses	99,128	56,511
	960,973	688,386

18. Revenue from Operations

Particulars

(a) Sale of Products:		
Finished Goods	94,241,980	67,382,482
Traded Goods	1,605,730	24,667,800
	95,847,710	92,050,282
(b) Sale of Services-Job work	7,065,423	4,912,677
Total (a+b)	102,913,133	96,962,959

18.1 Particulars of Sale of Products

Finished Goods		
(a) Canvas/Tarpaulin	94,241,980	67,382,482
Traded Goods		
(b) HDPE	955,730	1,227,700
© Canvas Tarpaulin	650,000	23,440,100
	95,847,710	92,050,282

19. Other Income

Interest Receipts	2,866	-
Export Duty Drawback	535,093	154,204
Foreign Exchange Fluctuation	788,165	91,287
Sundry Credit Balance W/back	249,854	-
Packing & Forwarding charges Collected	395,097	415,371
Others	-	22,892
Total	1,971,075	683,755

20. Cost of Raw materials consumed

Inventory at the beginning of the year	1,588,246	2,355,136
Add: Purchases	58,189,410	50,095,008
	59,777,656	52,450,144
Less: Inventory at the end of the year	2,515,637	1,588,246
Cost of Raw Material Consumed	57,262,019	50,861,898

20.1 Details of Raw material consumed

Yarn	33,371,309	33,012,866
Dyes and Chemicals	7,285,690	7,832,902
Canvas	16,605,020	10,016,130
	57,262,019	50,861,898

20.2 Raw Material -Closing

Yarn	1,581,448	1,050,140
Dyes and Chemicals	934,189	538,106
	2,515,637	1,588,246

21. Changes in the Inventories**Inventories at the end of the year**

Finished Goods	7,408,385	11,260,442
Work in Progress	1,378,249	1,100,336
	8,786,634	12,360,778

Inventories at the beginning of the year

Finished Goods	11,260,442	4,483,181
Work in Progress	1,100,336	936,830
	12,360,778	5,420,011

(Decrease) / increase in Inventory

-	3,574,144	6,940,767
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22. Purchase of Traded Goods

HDPE	869,797	204,437
CanvasTarpaulins	327,275	21,838,479
Total	1,197,072	22,042,916

23. Employee Benefit Expenses

Salaries, wages and Bonus	6,968,480	5,481,529
Contribution to Provident and other funds	901,004	727,905
Gratuity Expenses	1,106,977	975,246
Director Remuneration	210,000	210,000
Staff Welfare Expenses	348,319	389,281
Total	9,534,780	7,783,961

24. Other Expenses

Consumption of Stores & Spares	1,025,715	1,207,543
Power Fuel and Electricity	6,519,574	5,543,039
Freight & Forwarding Charges	4,917,161	1,418,204
Rent	118,800	104,160
Rate & Taxes	270,935	366,269
Insurance	64,621	72,565

Repairs and Maintenance

Plant & Machinery	41,710	108,716
Buildings	35,300	26,800
Others	5,707	15,591
Advertisement Expenses	17,760	40,143
Sales Promotion Expenses	11,319	-
Commission	94,196	51,405
Discount	43,360	246,121
Telephone Expenses	142,894	110,502
Printing & Stationery	92,681	54,249
Postage Expenses	34,462	71,768
Travelling Expenses	104,605	35,712
Conveyance Expenses	97,708	129,826
Legal and Professional fee	328,908	179,510

Audit fee

-Statutory Audit	20,000	20,000
-Tax Audit	10,000	10,000
Loss on Sale of Fixed Assets	885,619	-
Donation	12,000	11,000
Security Charges	428,891	405,466
Sundry Balance W/off	265,567	92,476
Misc Expenses	237,739	174,123
Total	15,827,232	10,495,188

25. Finance Cost

Interest on Secured term loan	3,217,147	4,437,141
Interest on unsecured Loans	4,614,602	3,396,261
Interest on others	36,234	59,950
Bank Charges	53,884	39,420
Total	7,921,867	7,932,772

26. Depreciation and amortization expenses

Depreciation	3,664,179	3,750,466
Total	3,664,179	3,750,466

27. Exceptional Items

Profit on Sale of land	636,000	5,004,450
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28. Contingent Liabilities:

Contingent liabilities are determined on the basis of available information and are disclosed by way of notes to the accounts:

	<u>31.3.12</u>	<u>31.3.11</u>
Claim against the company not Acknowledged as debt being Disputed Customs matter	16.53 lakhs	16.53 lakhs
Director General of Foreign Trade, New Delhi has revoked Bank Guarantee amount of Rs.16,53,890/- towards non-fulfillment of Export obligation against EPCG Scheme. The Company has obtained interim injunction order from Honorable High Court of Madras. The Company is confident of succeeding the case. No provision has been made in the		

29. As per the information and explanation provided by the company none of the suppliers of the company are micro Enterprises or small enterprise under the Micro, Small and Medium Enterprises Development Act, 2006. Therefore the disclosures under section 22 of the said act are not necessary.

30. Amount due and outstanding to be credited to the Investor Education and protection fund Rs.467853/- (F.Y.467853/-). However the Company has submitted letter to ING Vysya Bank Ltd (Banker to the Public issue) for transfer of money to Investor Protection fund.

31. The Gratuity provision debited to profit and loss account amounting to Rs 11,06,977/- includes earlier years accumulated provision of Rs 9,75,246/- .

<u>32. C.I.F. Value Of Imports</u>	<u>31-03-2012</u>	<u>31-03-2011</u>
Raw Materials -Chemicals (In RS.)	4, 93,940/-	5, 33,214/-
<u>33.Earnings in Foreign Exchange</u>		
Exports (FOB Value in Rs.)	1,49,76,863/-	32,94,076/-
<u>34.Earnings Per Share</u>		
Profit after Tax as per P&L a/c (In RS.)	42, 86,762/-	57, 42,134/-
Number of Equity Shares	58, 57,140	58, 57,140
Basic and diluted Earnings Per Share(In Rs.)	0.73	0.98
(Face Value Rs.10/- Each)		

35. The Company's main activity of business is manufacturing and marketing of cotton canvas. All other activity revolve around this main business, hence there are no separate segments within the company as defined by 'AS 17 - SEGMENT REPORTING'.

36. Related party disclosures

Related party disclosure as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below.

Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Total
Remuneration (IN RS.)	2,10,000/-	0	2,10,000/- (2,10,000)
Interest Payments	22,48,862/-	55,82,887/-	78,31,749/- (78,33,402)
Sale of Goods	0	42,00,000/-	42,00,000/- (1,32,14,263)

Key Management Personnel & relative

Ajeet kumar bhandari	Klix Brainotech,	Mahaveer Chand	Prakash Chand
Anil Kumar Bhandari	Krishna Kumar Bhandari	Krishna Tarpaulin industries	Ajeet Kumar Huf,

37. Previous year figures have been regrouped/ rearranged wherever necessary to make them comparable with the current year figures.

As per Our Report of even date

For Sakaria & Associates
Chartered Accountants
Sd/-

Ashok Kumar S
M no: 202048 Firm Regn. No.: 6219S

For and on behalf of the Board of Directors of

M/s Bharat Textiles & Proofing Industries Ltd

Sd/-	Sd/-
Ajeet Kumar	Anil Bhandari
Managing Director	Whole Time Director

Place: Chennai
Date : 05.06.2012

BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED
Regd..Off : No. 994, Satyavedu Road, Sirupuzhalpet, Gummidipoondi,
Tamilnadu – 601 201.

PROXY FORM

FOLIO:.....

NO. OF SHARES:.....

I/We..... of.....being a member/members of **Bharat Textiles & Proofing Industries Limited**, hereby appoint Mr/Mrs of
or failing him Mr/Mrs. of.....as my / our proxy to attend and
vote for me / us and on my / our behalf at the 22nd Annual General Meeting of the Company to
be held on **Saturday, the 22nd September, 2012 at 11.30 a.m.** and at any adjournment thereof.

Signed this.....day of2012

Affix Re.1
Revenue
Stamp

Signature(s) of the Shareholder(s).....

Note: This instrument of Proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

------(Cut here)-----

BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED
Regd..Off : No. 994, Satyavedu Road, Sirupuzhalpet, Gummidipoondi,
Tamilnadu – 601 201.

ATTENDANCE SLIP

Name of the attending Member.....
(in block letters)

Member's Folio No.....

Name of Proxy (in block letters).....

(To be filled in if the Proxy attends instead of the Member)

No. of Shares held.....

I hereby record my presence at the 22nd Annual General Meeting at the Registered Office of the Company at No. 994, Satyavedu Road, Sirupuzhalpet, Gummidipoondi, Tamilnadu – 601 201, on **Saturday, the 22nd September, 2012 at 11.30 a.m.**

Signature of Proxy holder / Signature of Share holder

NOTE: Please complete this attendance slip before you come to the meeting and hand it over at the entrance of the meeting hall.