

# 65th Annual Report 2011-2012

**BENGAL & ASSAM COMPANY LIMITED**

## BENGAL & ASSAM COMPANY LIMITED

<b>BOARD OF DIRECTORS</b>	: HARI SHANKAR SINGHANIA <i>Chairman</i> BHARAT HARI SINGHANIA J.R.C. BHANDARI L.R. PURI O.P. KHAITAN DR. RAGHUPATI SINGHANIA SHAILENDRA SWARUP VINITA SINGHANIA
<b>BANKERS</b>	: CENTRAL BANK OF INDIA STANDARD CHARTERED BANK INDIAN OVERSEAS BANK
<b>AUDITORS</b>	: LODHA & CO. <i>Chartered Accountants</i>
<b>COMPANY SECRETARY</b>	: DILLIP SWAIN
<b>REGISTERED &amp; ADMINISTRATIVE OFFICE</b>	: LINK HOUSE, 3, BHADUR SHAH ZAFAR MARG, NEW DELHI - 110 002
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	: ALANKIT ASSIGNMENTS LTD. ALANKIT HOUSE, 2E/21, JHANDEWALAN EXTENSION, NEW DELHI-110055 (INDIA) PH.: 91-11-23541234, 42541234 FAX: 91-11-23552001 EMAIL: rta@alankit.com WEBSITE: www.alankit.com
<b>COMPANY WEBSITE</b>	: <a href="http://www.bengalassam.com">www.bengalassam.com</a>

## **Directors' Report and Management Discussion and Analysis**

### **TO THE MEMBERS**

The Directors have pleasure in presenting the 65th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2012.

### **CORE INVESTMENT COMPANY**

The Company has been granted Certificate of Registration as a Core Investment Company-Non Deposit Taking-Systemically Important (CIC-ND-SI) from Reserve Bank of India (RBI) on 17th November 2011. The Company is complying with all the conditions prescribed by RBI.

### **OPERATIONS & OUTLOOK**

Total revenue for the year under review was ₹ 28.20 crore and the profit after tax ₹ 14.65 crore derived from a mix of the investments and other income. The Company, being Core Investment Company, holds significant investments in Group Companies with diversified businesses. The year under review witnessed improvements in the performance of most of the investee companies and the Company is looking forward to a sustainable growth and growing opportunities in its investee companies in the coming years.

### **DIVIDEND**

Your Directors are pleased to recommend a dividend of ₹ 4 per Share (40%) for the year ended 31st March 2012. The dividend outgo would amount to ₹ 347.34 lacs.

### **DIRECTORS**

Shri Hari Shankar Singhania, Shri L.R. Puri and Shri J.R.C. Bhandari retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

### **SUBSIDIARY COMPANIES**

The annual accounts of the subsidiary companies, namely, Fenner (India) Ltd., Southern Spinners & Processors Ltd., Modern Cotton Yarn Spinners Ltd., Acorn Engineering Ltd., BMF Investments Ltd., Panchmahal Properties Ltd., LVP Foods Pvt. Ltd. and Divyashree Company Pvt. Ltd. have been consolidated and the Statement pursuant to Section 212 of the Companies Act, 1956 read with General Circular No. 51/12/2007-CL-III dated 8th February 2011 of the Ministry of Corporate Affairs, containing details of the subsidiary companies is attached. During the year under review, Dwarkesh Energy Ltd. ceased to be a subsidiary of the Company. The particulars required under the provisions of the Companies Act, 1956 in respect of subsidiary companies are appended.

In terms of the said Circular dated 8th February, 2011, and the Company having satisfied the conditions stipulated therein, copies of the Balance Sheets, Profit & Loss Accounts, Reports of the Board of Directors and the Auditors, etc. of all the aforesaid subsidiary companies have not been attached to the Balance Sheet of the Company. However, the annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company and of the subsidiary companies, seeking such information at any point of time. The Annual Accounts of the subsidiary companies are also available for inspection by any member at the Registered/Head office of the Company and that of the subsidiary Companies concerned.

## AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The observations of the Auditors in their Report on Accounts read with the relevant notes are self explanatory.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state that-

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year ended 31st March 2012;
- proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

## CORPORATE GOVERNANCE

Your Company reaffirms its commitment to good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

## RISK AND CONCERNS

The Company is mainly exposed to capital market risks in the form of change in value of its investments. The Company is also exposed to the fluctuations of economy and industry cycles.

## ADEQUACY OF INTERNAL CONTROL SYSTEM

The Company's internal control system and procedures are commensurate with the size of operation and are adequate to ensure safeguarding its assets and resources against loss, unauthorized use or disposition, compliance with the statutes and regulatory policies and framework and all transactions are authorized, recorded and reported correctly.

The group Internal Audit department evaluates the functioning and quality of internal control and provides assurance of periodic reporting. The Audit Committee reviews the Internal Audit Reports and the adequacy on regular basis which also acts as a tool for minimizing any possible risks in the operations of the Company.

## CAUTIONARY STATEMENT

The statement in this Management Discussion and Analysis Report, describing the Company's outlook, projections, estimates, expectations may be "Forward-looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

**PARTICULARS OF EMPLOYEES**

During the period under review, the Company had no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

**INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.**

The requirement of furnishing particulars of energy conservation, technology absorption, etc. is not applicable to the Company.

Particulars of Foreign Exchange Earning and Outgo:

- i) Foreign Exchange earned : Nil
- ii) Foreign Exchange Outgo : ₹ 8.12 Lacs

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record and acknowledge their appreciation for the continued support and co-operation received from the Government Authorities, Lending Institutions and the esteemed Shareholders of the Company. The Directors also record their appreciation for the total dedication of the Employees.

On behalf of the Board

New Delhi  
19th May, 2012

HARI SHANKAR SINGHANIA  
Chairman

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With a view to avoid duplication between the Directors' Report and Management Discussion and Analysis, a combined Report has been presented.

# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

- commitment to excellence and customer satisfaction
- maximising long term shareholders' value
- socially valued enterprise, and
- caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long term shareholders' value and commitment to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

## 2. BOARD OF DIRECTORS:

The Board of Directors presently consists of eight Non-executive Directors (NED) of which four are Independent (IND). The Chairman is Non-executive and Promoter Director. Four Board Meetings were held during the Financial Year 2011-12 ended 31st March 2012 on 26th May 2011, 28th July 2011, 29th October 2011 and 07th February 2012. Attendance and other details of the Directors are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (04.08.11)	Outside Directorships and Committee positions		
				Directorships\$	Committee Membership@	Committee Chairmanship@
Shri Hari Shankar Singhania, Chairman	NED	4	No	3	-	-
Shri Bharat Hari Singhania	NED	4	No	4	1	-
Shri J.R.C. Bhandari	IND	4	Yes	3	1	2
Shri L.R. Puri	IND	4	Yes	8	-	1
Shri O.P. Khaitan	IND	3	No	8	5	3
Dr. Raghupati Singhania	NED	3	No	7	2	1
Shri Shailendra Swarup	IND	2	No	3	1	-
Smt. Vinita Singhania	NED	4	No	3	-	-

\$ As per Section 275 read with Section 278 of the Companies Act, 1956 and explanation to Clause 49(1)(c)(ii) of the Listing Agreement with the Stock Exchanges.

@ Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors' Grievance Committee.

The Board periodically reviews compliance reports of all laws applicable to the Company and the steps taken by the Company to rectify instances of non-compliances, if any.

The Company has a Code of Conduct for Management Cadre Staff which is strictly adhered to. In terms of Clause 49 of the Listing Agreement and contemporary practices of good corporate governance, a Code of Conduct was laid down by the Board for all the Board Members and Senior Management of the Company. The said code is available on the Company's website ([www.bengalassam.com](http://www.bengalassam.com)). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by the Manager.

**3. AUDIT COMMITTEE:**

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Audit Committee consists of three Independent Directors. Four meetings of the Audit Committee were held during the year ended 31st March 2012.

Dates of the meetings and the number of Members attended:

Dates of meetings	Number of members attended
26th May 2011	3
28th July 2011	3
29th October 2011	2
07th February 2012	3

The names of the Members of the Committee and their attendance at the Meetings:

Name	Status	No. of Meetings attended
Shri J.R.C. Bhandari	Chairman	4
Shri L.R. Puri	Member	4
Shri O.P. Khaitan	Member	3

Shri Bharat Hari Singhania and Dr. Raghupati Singhania are Invitees to the Audit Committee. Shri U.K. Gupta, Manager regularly attends the Committee meetings and the Company Secretary acts as the Secretary of the Committee. All the Committee meetings were attended by the Statutory Auditors.

**4. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:**

The Company has Shareholders/Investors' Grievance Committee at the Board level. It consists of three Independent Directors. Four meetings of the said committee were held during the year ended 31st March 2012. The Composition of the Committee is in conformity with Clause 49 of the Listing Agreement.

Dates of the meetings and the number of Members attended:

Dates of meetings	Number of members attended
26th May 2011	3
28th July 2011	3
29th October 2011	2
07th February 2012	3

The names of the Members of the Committee and their attendance at the Meetings:

Name	Status	No. of Meetings attended
Shri O.P. Khaitan	Chairman	3
Shri L.R. Puri	Member	4
Shri J.R.C. Bhandari	Member	4

Shri Dillip Swain, Company Secretary, is the *Compliance Officer* who oversees the investors' grievances including related to Transfer of shares, Non-receipt of balance sheet and dividends etc. During the year 2011-12, only 4 complaints were received which stand resolved and no complaint is pending as on 31st March 2012.

The Company also has a Share Transfer Committee which approve registration of transfer and transmission of shares in Physical Mode on fortnightly basis. During the year ended 31st March 2012, 21 Meetings of Share

Transfer Committee were held. All valid requests for transfer of shares were processed in time and there were no pending transfer of shares.

## 5. REMUNERATION COMMITTEE (non-mandatory):

Remuneration Committee was not required to be constituted.

### SITTING FEE:

The Non-Executive Directors have not drawn any remuneration from the Company except sitting fees of the Board/Committee of Directors/Share Transfer Committee attended by them. During the financial year 2011-12, the Company paid sitting fees aggregating to ₹ 5,09,000/-. The Non-Executive Directors did not have any other material pecuniary relationship or transactions vis-a-vis the Company during the year.

The number of Equity Shares held by Non-Executive Directors in the Company: Shri Hari Shankar Singhania - 26,80,770 (includes 18,57,619 shares on A/c of M/s Habras International), Shri Bharat Hari Singhania - 1,54,557 (includes 997 shares on A/c of M/s Habras International), Dr. Raghupati Singhania - 8,15,917, Smt. Vinita Singhania - 33,955, Shri O.P. Khaitan - 236. Shri Shailendra Swarup, Shri J.R.C. Bhandari and Shri L.R. Puri do not hold any shares. The Company does not have any outstanding convertible instruments.

## 6. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs) of the Company were:

Year	Location	Date	Time
2008-09	Sri Sathya Sai International Centre, Pragati Vihar, Lodi Road Institutional Area, Lodi Road, New Delhi-110 003	22nd September 2009	11.30 A.M.
2009-10	Same as above	23rd September 2010	11.00 A.M.
2010-11	Same as above	04th August 2011	11.30 A.M.

Special Resolution regarding insertion of Article 25A prescribing minimum number of shares for split of certificates for Equity Shares, in the Articles of Association of the Company was passed in the AGM held in 2009. No special resolutions were passed in the AGM held in 2010 and 2011.

No special resolutions were required to be put through postal ballot last year.

## 7. DISCLOSURES:

- Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large: *None. Suitable disclosures as required by Accounting Standard (AS-18) on Related Party Transactions has been made in the Annual Report.*
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three years: *There were no cases of non-compliance of any matter related to capital markets during the last three years.*
- The Company has strengthened its risk management system and procedures to inform the Board about its risk assessment and minimization procedures. The Company has a Risk Management Committee comprising an Independent Director, Manager and the Secretary, which meets on quarterly basis and evaluate the efficacy of the framework relating to risk identification and its mitigation laid down by the Committee.

## 8. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results are normally published in the leading English newspaper, namely, Financial Express and one regional daily namely, Jansatta, having wide circulation and promptly furnished to the



Stock Exchanges for display on their respective websites. The financial results are also displayed on the Company's website - [www.bengalassam.com](http://www.bengalassam.com).

"Management Discussion and Analysis" forms part of the Annual Report.

## 9. GENERAL SHAREHOLDERS' INFORMATION:

(i) **Registered Office:** Link House, 3, Bahadur Shah Zafar Marg, New Delhi-110002

(ii) **Annual General Meeting (AGM)**

(a) Date & Time : 24th August 2012 at 11.00 A.M.

Venue : Sri Sathya Sai International Centre, Pragati Vihar, Lodi Road Institutional Area, Lodi Road, New Delhi- 110 003

(b) As required under Clause 49 (IV)(G)(i), brief resume and other particulars of the appointment of the Directors retiring by rotation at the aforesaid AGM and seeking re-appointment are given in the Notes to the Notice convening the said AGM.

(iii) **Financial Calendar (Tentative)**

Financial Reporting

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• for the quarter ending 30.06.2012</li> <li>• for the half-year ending 30.09.2012</li> <li>• for the quarter ending 31.12.2012</li> <li>• for the year ending 31.03.2013<br/>(If unaudited)</li> <li style="padding-left: 20px;">(If audited)</li> </ul> | } | Within 45 days of the end of the quarter |
| <ul style="list-style-type: none"> <li>• Annual General Meeting for the Financial Year ending 2012-13</li> </ul>   |   | Within 60 days of the end of the quarter |
|  |   | Between July and September 2013          |

(iv) **Date of Book Closure:** 21st August 2012 to 24th August 2012

(v) **Dividend Payment Date:** Before 23rd September 2012

(vi) **Listing on Stock Exchange:** The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE). Annual listing fee for the financial year 2012-13 has been paid to BSE.

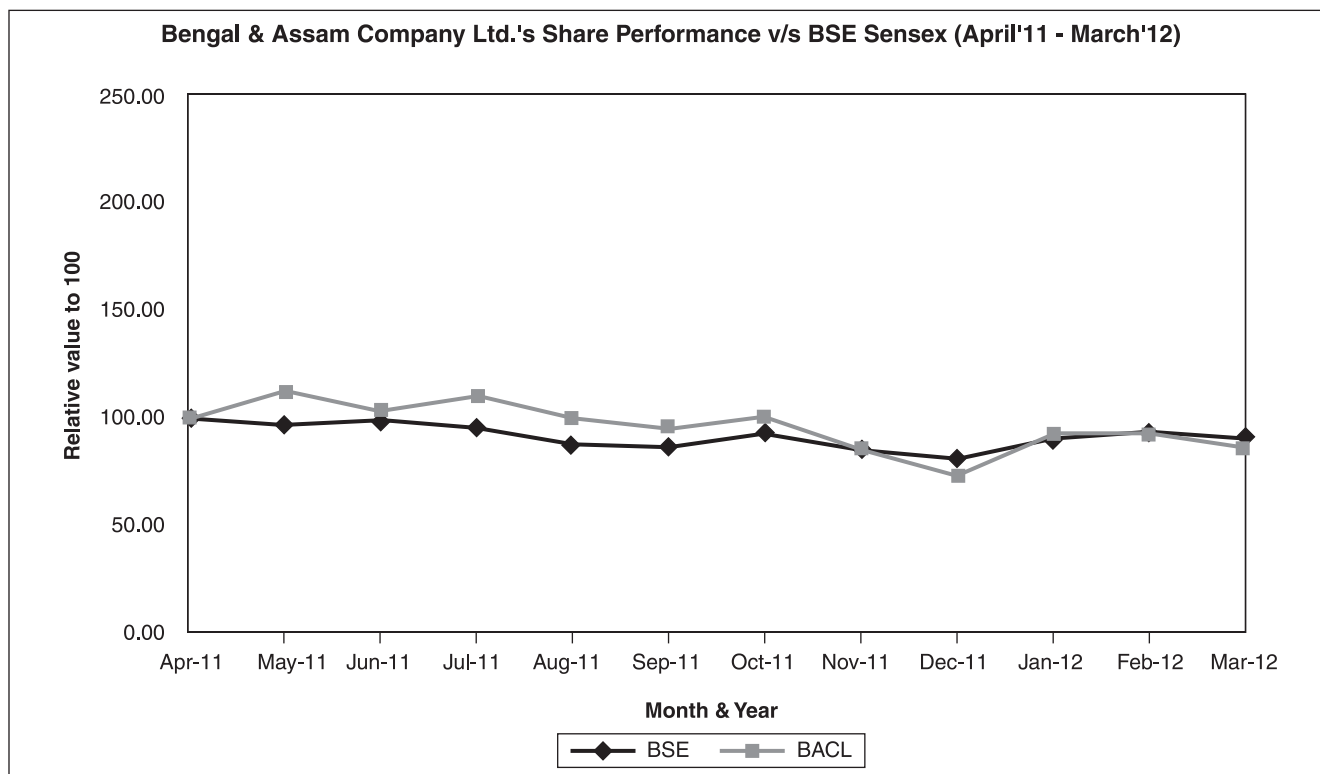
(vii) **Security Code for Company's Equity Shares on Bombay Stock Exchange Ltd. and ISIN No.:**

BSE - 533095, ISIN No. INE083K01017.

(viii) **Stock Market Price Data**

Month (2011-12)	Bombay Stock Exchange Limited (BSE)	
	HIGH	LOW (in ₹)
April 2011	279.00	229.00
May 2011	278.40	218.30
June 2011	264.00	226.05
July 2011	304.80	243.90
August 2011	264.30	216.25
September 2011	255.55	218.55
October 2011	241.00	218.00
November 2011	253.85	190.00
December 2011	209.30	170.00
January 2012	227.50	170.00
February 2012	240.00	200.00
March 2012	219.80	191.20

(ix) Bengal & Assam Company Limited's Share Performance v/s BSE Sensex (April'11 - March'12)



(x) Distribution of Shareholding as on 31st March 2012

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	4,67,327	5.38	41172	99.22
501-1000	91,845	1.06	124	0.30
1001-5000	2,94,810	3.40	132	0.32
5001-10000	1,74,259	2.00	23	0.06
10001 and above	76,55,312	88.16	43	0.10
<b>TOTAL</b>	<b>86,83,553</b>	<b>100.00</b>	<b>41494</b>	<b>100.00</b>

(xi) Share Transfer System

All valid requests for transfer/transmission of Equity shares held in physical form are processed within a period of 15-20 days from the date of receipt thereof and the Share Certificates duly transferred are immediately returned to the transferee/ lodger. Transaction in the demated Shares are processed by National Securities Depository Limited (NSDL)/Central Depository Services Limited (CDSL) through the Depository Participants with whom the Shareholders have opened their de-mat accounts.