

The background of the page features a series of overlapping, wavy, horizontal bands in various shades of gray, creating a sense of movement and depth. In the upper right quadrant, there is a faint, light gray map of India, which serves as a subtle backdrop for the title text.

67th Annual Report 2013-14

BENGAL & ASSAM COMPANY LIMITED

BENGAL & ASSAM COMPANY LIMITED

CIN:L67120DL1947PLC116830

BOARD OF DIRECTORS	: BHARAT HARI SINGHANIA Chairman A.K. KINRA J.R.C. BHANDARI L.R. PURI O.P. KHAITAN DR. RAGHUPATI SINGHANIA SHAIENDRA SWARUP VINITA SINGHANIA
MANAGER & CHIEF FINANCIAL OFFICER	: U.K. GUPTA
BANKERS	: CENTRAL BANK OF INDIA STANDARD CHARTERED BANK INDIAN OVERSEAS BANK
AUDITORS	: LODHA & CO. Chartered Accountants
COMPANY SECRETARY	: DILLIP SWAIN
REGISTERED & ADMINISTRATIVE OFFICE	: LINK HOUSE, 3, BAHADUR SHAH ZAFAR MARG, NEW DELHI - 110 002
REGISTRAR & SHARE TRANSFER AGENT	: ALANKIT ASSIGNMENTS LTD. ALANKIT HEIGHTS, 1E/13, JHANDEWALAN EXTENSION, NEW DELHI-110055 (INDIA) PH.: 91-11-23541234, 42541234 FAX: 91-11-23552001 EMAIL: rta@alankit.com WEBSITE: www.alankit.com
COMPANY WEBSITE	: www.bengalassam.com
E-MAIL ID	: dswain@jkmil.com

Directors' Report and Management Discussion and Analysis

TO THE MEMBERS

The Directors have pleasure in presenting the 67th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2014.

CORE INVESTMENT COMPANY

The Company is a Core Investment Company-Non Deposit Taking-Systemically Important (CIC-ND-SI) registered with the Reserve Bank of India (RBI) and has been complying with all the conditions prescribed by RBI.

OPERATIONS & OUTLOOK

Total Revenue for the year under review was ₹ 9703.02 lacs and the profit after tax at ₹ 3918.59 lacs. The Company, being a Core Investment Company, holds significant investments in Group Companies with a wide and diversified industrial segment, fortunes of which are dependent upon prevailing economic conditions. It is widely perceived that the tight monetary policy pursued by the Reserve Bank of India for curtailing inflationary pressure has impacted economic growth. With a stable government in place, easing of the inflationary pressure and concern for industrial and economic growth in particular, the coming days may see begining of recovery in the Economy. This should have positive impact on the working of the investee companies and the capital market leading to better valuations.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 5 per Share (50%) for the year ended 31st March 2014. The dividend outgo would amount to ₹ 434.17 lacs.

DIRECTORS

Smt. Vinita Singhania, retires by rotation at the ensuing Annual General meeting of the Company and being eligible, offers herself for re-appointment. Shri O.P. Khaitan and Shri Shailendra Swarup also retire by rotation at the ensuing Annual General Meeting and being eligible are proposed to be appointed as Independent Directors for a term of five consecutive years commencing from the date of ensuing Annual General Meeting. Shri L.R. Puri and Shri J.R.C. Bhandari whose period of office is liable to determination by retirement of Directors by rotation are also proposed to be appointed as Independent Directors for three consecutive years commencing from the date of ensuing Annual General Meeting. The Company has received declarations from the aforesaid Independent Directors about their Independence pursuant to Section 149 of the Companies Act, 2013.

SUBSIDIARY COMPANIES

The annual accounts of the subsidiary companies 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. 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 Statements, Reports of the Board of Directors and the Auditors, etc. of all the 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 judgments 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 that period;
- 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.

CORPORATE SOCIAL RESPONSIBILITY

The requirement of Corporate Social Responsibility (CSR) in terms of Section 135 of the Companies Act, 2013 and the rules made thereunder is not applicable to the Company, since the Company's main source of income is dividend from CSR compliant companies.

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
27th May, 2014

BHARAT HARI SINGHANIA
Chairman

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
- maximizing 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 practiced 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). Five Board Meetings were held during the Financial Year 2013-14 ended 31st March 2014 i.e. two on 29th May 2013, one each on 24th July 2013, 28th October 2013 and on 11th February 2014. Attendance and other details of the Directors are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (23.08.13)	Outside Directorships and Committee positions		
				Directorships ^{\$}	Committee Membership [@]	Committee Chairmanship [@]
Shri Bharat Hari Singhania, Chairman	NED	5	No	4	1	-
Dr. Raghupati Singhania	NED	5	No	7	2	1
Smt. Vinita Singhania	NED	5	No	3	-	-
Shri O.P. Khaitan	IND	5	No	8	4	3
Shri Shailendra Swarup	IND	5	No	4	1	-
Shri L.R. Puri	IND	4	Yes	8	1	2
Shri J.R.C. Bhandari	IND	5	Yes	2	-	2
Shri A.K. Kinra	NED	3	Yes	6	2	2

^{\$} As per Section 275 read with Section 278 of the Companies Act 1956.

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

N.A. Not Applicable

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). 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. As on 31st March 2014, the "Terms of Reference" of the Committee and also the composition were in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

The 'Terms of Reference' of the Committee have since been revised by the Board of Directors at its Meeting held on 27th May 2014, in accordance with the provisions of Section 177 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement.

The Audit Committee consists of three Independent Directors. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the revised Listing Agreement.

Four meetings of the Audit Committee were held during the year ended 31st March 2014.

Dates of the meetings and the number of Members attended are:

Dates of meetings	Number of members attended
29 th May 2013	3
24 th July 2013	2
28 th October 2013	3
11 th February 2014	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	3
Shri O.P. Khaitan	Member	4

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. STAKEHOLDERS RELATIONSHIP COMMITTEE:

As at 31st March 2014, the Company had a Shareholders/Investors Grievance Committee consisting of three Non-executive Independent Directors. The composition of the Committee was in conformity with Clause 49 of the Listing Agreement.

The Board of Directors at its meeting held on 27th May, 2014 has renamed the Committee as 'Stakeholders Relationship Committee' and the 'Terms of Reference' of the Committee have also been revised in accordance with the provisions of Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the revised Listing Agreement.

Dates of the meetings and the number of Members attended are:

Dates of meetings	Number of members attended
29 th May 2013	3
24 th July 2013	2
28 th October 2013	3
11 th February 2014	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	4
Shri L.R. Puri	Member	3
Shri J.R.C. Bhandari	Member	4

Shri Dillip Swain, Company Secretary, is the Compliance Officer. During the financial year ended 31st March 2014, the Company received four complaints from the investors and the same have since been resolved. Also, there are no complaints pending in respect of previous period.

The Board has delegated the power of share transfer to Share Transfer Committee of Directors which approves registration of transfer and transmission of shares in Physical Mode on fortnightly basis. During the financial year ended 31st March 2014, 23 Meetings of the Share Transfer Committee were held. All valid requests for transfer of shares were processed in time and there were no pending transfers of shares.

5. NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors at its meeting held on 27th May, 2014 constituted the 'Nomination and Remuneration Committee' comprising Shri O. P. Khaitan (Chairman), Shri Bharat Hari Singhania and Shri J. R. C. Bhandari and approved the 'Terms of Reference' of the Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement with the Stock Exchange applicable from 1st October, 2014. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the Listing Agreement.

6. SITTING FEE:

The Company has paid sitting fees aggregating to ₹ 6.77 Lacs to all Non-executive Directors for attending the meetings of the Board and/or Committees thereof. Non-executive Directors did not have any other material pecuniary relationship or transaction vis-à-vis the Company during the year.

The number of Equity Shares of ₹ 10/- each (i.e. shares) held by the Non-Executive Directors as on 31st March 2014 are: Shri Bharat Hari Singhania - 3,41,841 (includes 1,53,791 shares on A/c of M/s Bharat Hari Singhania HUF and 997 Shares on account of M/s Yashodhan Enterprises formerly Habras International), Dr. Raghupati Singhania - 8,74,063 (includes 5,846 shares on A/c of M/s Raghupati Singhania HUF) Smt. Vinita Singhania- 67,168, Shri A.K. Kinra - 2,09,589 as Trustee of J.K. Fenner (India) Limited, Shri O. P. Khaitan- 236. Shri Shailendra Swarup- Nil Shares, Shri J.R.C. Bhandari- Nil Shares and Shri L.R. Puri- Nil Shares. The Company does not have any outstanding convertible instruments.

7. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2010-11	Sri Sathya Sai International Centre, Pragati Vihar, Lodi Road Institutional Area, Lodi Road, New Delhi-110 003	04 th August 2011	11.30 A.M.
2011-12	Same as above	24 th August 2012	11.00 A.M.
2012-13	Same as above	23 rd August 2013	11.00 A.M.

Details of the Special Resolution (SR) passed: Special Resolution regarding insertion of Article 140A for appointment of an individual as Chairman as well as Managing Director or Whole-time Director or Chief Executive Officer of the Company at the AGM held in the year 2013. No special resolution was passed in the AGM held in the year 2011 and 2012.

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

8. 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.

- (c) 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.

9. 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.

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

10. GENERAL SHAREHOLDERS' INFORMATION:

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

(ii) Annual General Meeting (AGM)

- (a) Date & Time : 2nd September 2014 at 11.30 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"> for the quarter ending 30.06.2014 for the half-year ending 30.09.2014 for the quarter ending 31.12.2014 | } | Within 45 days of the end of the quarter |
| <ul style="list-style-type: none"> for the year ending 31.03.2015 (Audited) Annual General Meeting for the Financial Year ending 2014-15 | | Within 60 days of the end of the financial year
Between July and September 2015 |

(iv) **Date of Book Closure:** 28th August 2014 to 2nd September 2014

(v) **Dividend Payment Date:** Before 30th September 2014

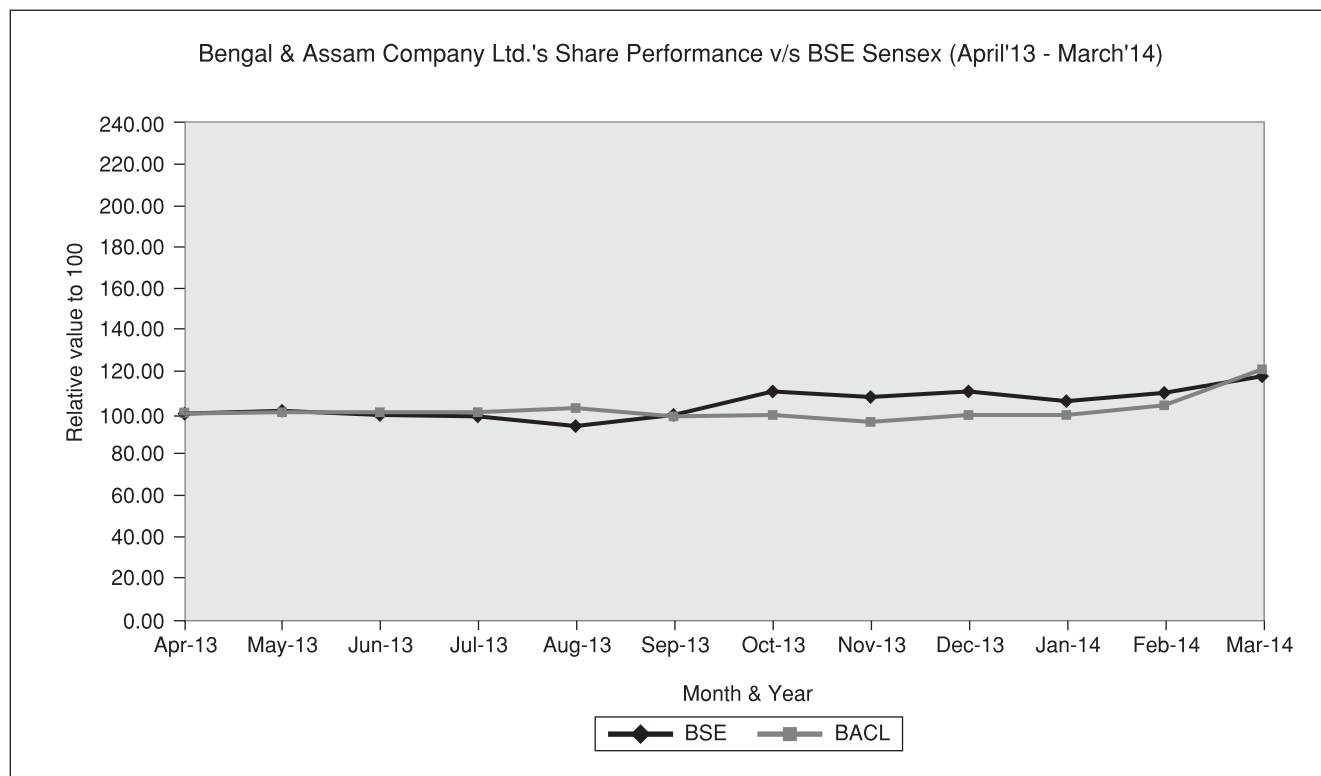
(vi) **Listing on Stock Exchange:** The Equity Shares of the Company are listed on BSE Ltd. Annual Listing Fee for the Financial Year 2014-15 has been paid to BSE Ltd.

(vii) **Security Code for Company's Equity Shares on BSE Ltd. and ISIN :**
 BSE - 533095, ISIN INE083K01017.

(viii) Stock Market Price Data

Months (2013-2014)	BSE Limited		(in ₹)
	HIGH	LOW	
April 2013	301.50	266.35	
May 2013	298.95	287.00	
June 2013	291.00	289.90	
July 2013	312.00	245.00	
August 2013	299.90	277.00	
September 2013	293.90	281.00	
October 2013	293.00	274.00	
November 2013	291.85	261.50	
December 2013	297.90	271.00	
January 2014	299.40	283.00	
February 2014	315.20	282.50	
March 2014	355.00	291.00	

(ix) Bengal & Assam Company Limited's Share Performance v/s BSE (April' 13-March'14)



(x) Distribution of Shareholding as on 31st March 2014

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	3,59,057	4.13	34,082	99.33
501-1000	61,675	0.71	84	0.24
1001-5000	1,76,876	2.04	86	0.25
5001-10000	1,09,044	1.26	14	0.04
10001 and above	79,76,901	91.86	48	0.14
TOTAL	86,83,553	100.00	34,314	100.00

(xi) Share Transfer System

All valid requests for transfer/transmission of Equity shares held in physical form are processed within a period of 15 days from the date of receipt thereof and the Share Certificates duly transferred are immediately returned to the transferee/ lodger. Transaction in the dematerialised 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.