

59th

Annual Report

and Accounts

2005-2006

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BENGAL & ASSAM COMPANY LIMITED

BENGAL & ASSAM COMPANY LIMITED

BOARD OF DIRECTORS : SHRI A. S. MEHTA
SHRI P. K. RUSTAGI
SHRI A. C. CHORARIA
SHRI R. N. SARAF

BANKERS : CENTRAL BANK OF INDIA
NEW DELHI

AUDITORS : KOTHARI & COMPANY
Chartered Accountants

**REGISTERED &
ADMINISTRATIVE OFFICE** : LINK HOUSE
3, BAHADUR SHAH ZAFAR MARG
NEW DELHI-110002

BENGAL & ASSAM COMPANY LIMITED**NOTICE**

Notice is hereby given that the **60th Annual General Meeting** of the Members of **BENGAL & ASSAM COMPANY LIMITED**, will be held at the Registered Office of the Company at 'LINK HOUSE', 3, Bahadur Shah Zafar Marg, New Delhi-110 002 on Wednesday, the 29th November, 2006 at 3.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended on 31st March, 2006, the Balance Sheet as at that date, together with the Reports of the Directors' and the Auditors' thereon.
2. To declare dividends.
3. To appoint a Director in place of Shri A. S. Mehta, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.K. Rustogi, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :**5. Re-Appointment of Manager**

To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution :

"RESOLVED THAT pursuant to and subject to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, the re-appointment of Shri Prem Shankar Sharma as Manager of the Company with effect from 1st August, 2006 for a further tenure of 5 years, be and is hereby approved.

"RESOLVED FURTHER THAT Shri Prem Shankar Sharma shall not be entitled to receive any remuneration as Manager of the Company except that he shall be entitled to reimbursement from the Company of expenses actually incurred by him in connection with his duties as Manager of the Company.

By Order of the Board
BENGAL & ASSAM COMPANY LIMITED

New Delhi
The 3rd day of November, 2006

(ASOK CHAND CHORARIA)
Director

BENGAL & ASSAM COMPANY LIMITED

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a Member of the Company. The instrument appointing a proxy, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the Meeting.
2. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is enclosed.
3. The Registrar of Companies NCT Delhi & Haryana has granted the Company extension of time upto 30.11.2006 for holding its next Annual General Meeting under section 166(1) of the Companies Act, 1956.

Explanatory Statement**Item No. 5**

Shri Prem Shankar Sharma had been appointed as Manager of the Company w.e.f. 01-08-2001 for a tenure of 5 years with the due approval of the Share holders. His present tenure would expire on 31st July, 2006.

As the paid-up capital of the Company is more than Rs. 5 crores, the appointment of a WTD/MD/Manager is compulsory under Section 269 of the Companies Act, 1956. The Board, therefore, considered his re-appointment for a further tenure of 5 years w.e.f. 01-08-2006 subject to approval of the Shareholders at its forthcoming 60th Annual General Meeting.

Shri Sharma is also Vice President (Taxation) of J.K. Lakshmi Cement Ltd. (JKLC) and has been drawing his full salary from JKLC. In term of Clause (d) of Part-I of Schedule XIII of the Companies Act, 1956, as amended to date, Shri Sharma has opted to continue to draw his whole remuneration from JKLC.

Accordingly, Shri Sharma shall not be eligible to draw any remuneration from Bengal & Assam Company Ltd., so long as he draws the same as Vice President (Taxation) of JKLC.

Brief profile of Shri Prem Shankar Sharma

Shri Sharma is a Bachelor of Commerce, and has rich varied experience of more than 45 years in the field of corporate taxation, finance and accounts which would benefit the Company. Shri Sharma is also Director of Pranav Investment (M.P.) Co. Ltd., Hansdeep Investment Ltd. and Crossbow Investment Pvt. Ltd.

None of the Directors of the Company are interested in this Resolution.

The Board recommends this Resolution for your approval.

By Order of the Board
BENGAL & ASSAM COMPANY LIMITED

New Delhi
The 3rd day of November, 2006

(ASOK CHAND CHORARIA)
Director

BENGAL & ASSAM COMPANY LIMITED**DIRECTORS' REPORT :****TO THE SHAREHOLDERS**

Your Directors have the pleasure to present their **59th Annual Report** and the Audited Statement of Accounts of the Company for the year ended on 31st March, 2006.

	Amount (Rs.)
The working results after meeting all the expenses and providing for depreciation show a profit of	24,55,29,112
Less : Provision for Income Tax including tax paid for earlier years	4,36,889
Satutory Reserve (as per RBI Guidelines)	4,90,18,445
Capital Redemption Reserve	5,00,000
Provision for dividend including Dividend Tax	3,20,78,311
Transfer to General Reserve	<u>2,45,09,222</u>
	<u>10,65,42,867</u>
Balance carried to Balance Sheet	<u>13,89,86,245</u>

DIVIDEND :

Your Directors are pleased to recommend a dividend of 45% (Rs. 4.50 per Equity Share) on the Equity Share Capital of Rs. 6,20,16,000/- and 45.10% on the Preference Share Capital of Rs. 5,00,000/- The dividend outgo will be Rs. 3,20,78,311/- (inclusive of dividend tax of Rs. 39,45,611/- as against Rs. Nil in the previous year. The dividend in the hands of the shareholders is tax-free.

DIRECTORS :

Shri A.S. Mehta and Shri P.K. Rustogi retire by rotation and being eligible offer themselves for re-appointment.

SUBSIDIARY COMPANIES :

With a view to strengthen the operations, the Company acquired during the year, majority Share holding in Fenner (India) Ltd., Juggilal Kamlapat Udyog Ltd., JK Credit & Finance Ltd., Param Shubham Vanijya Ltd. and JK Drugs & Pharmaceuticals Ltd.

Fenner (India) Ltd.

Fenner (India) Ltd. (FIL) is the leading manufacturer of V-Belts, Oil Seals and Power Transmission system with three modern manufacturing plants in Southern India and is the market leader in these product categories. As part of its business operations, the Company has 27 Wind Power Turbines of the aggregate capacity 6.625 MW. FIL has also diversified into Textile business and has two spinning mills at Karur and Salem. It produces high quality Yarn-both cotton and blends for various applications. FIL has declared dividend on its equity capital @200% for the financial year ended 31st March, 2006.

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

The nature of business of the Company has no relation with conservation of Energy and Technology absorption. There has been no Foreign Exchange income or outgo during the year.

BENGAL & ASSAM COMPANY LIMITED.

MANAGER :

Pursuant to Section 269 of the Act, the Companies Act, 1956, Shri Prem Shankar Sharma has been re-appointed as Manager of the Company for a further tenure of 5 years w.e.f. 01-08-2006 subject to approval of the Shareholders at its forthcoming 60th Annual General Meeting.

PARTICULARS OF EMPLOYEES :

The Company had no employee drawing remuneration of Rs.24,00,000/- or more during the year and as such no particulars as required under Section 217 (2A) of the Companies Act, 1956 are furnished.

AUDIT COMMITTEE :

Pursuant to the provisions of Section 292A of the Act, the Company has an Audit Committee consisting of Shri A.C. Choraria, Shri A.S. Mehta, Shri P. K. Rustagi & Shri R. N. Saraf, all the Directors as its Members. All the Directors of the Company are Non-Executive Directors. The terms of reference and the authority and power of the Audit Committee have been specified by the Board and are in conformity with the requirements of the Companies Act, 1956.

DEPOSITS :

The Company is a registered Non-Banking Finance Company and does not accept Public Deposits, and as required by the Reserve Bank of India (RBI), the Board of Directors have also passed the resolution that the Company will not accept Public Deposits without the prior approval of RBI.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures in the financial statement;
- b) the accounting policies have been selected and applied consistently and judgements and estimates have been reasonably and prudently made when required so as to give a true and fair view of the state of affairs of the Company at the end of financial year and the Profit or loss of the Company for that period;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) the annual accounts for the financial year have been prepared on a going concern basis.

AUDITORS :

M/s. Kothari & Co., Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting. The retiring Auditors have signified their willingness to be re-appointed as Auditors and have confirmed that their appointment, if made, will be in accordance with the limits prescribed in Section 224 (1B) of the Act.

The observations made by the Auditors in their Report on Accounts read with the relevant notes thereon are self-explanatory.

NEW DELHI
The 3rd day of November 2006

A. S. MEHTA
A. C. CHORARIA
Directors

BENGAL & ASSAM COMPANY LIMITED**AUDITORS' REPORT**

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of '**BENGAL & ASSAM COMPANY LIMITED**' as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date. 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.

- 1) We conducted our audit in accordance with the 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
3. In our opinion, proper books of account as required by law have been kept by this Company so far as appears from our examination of those books.
4. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and comply with the accounting standards which are applicable to it as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors of the Company, are prima facie, as at 31st March, 2006, disqualified from being appointed as directors of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts *Subject to Note Number '8' regarding non-provision of claims made on the company of Rs. 70,08,435/- which has resulted in over statement of Profit for the year by Rs. 70,08,435/-, overstatement of Reserves & Surplus by Rs. 70,08,435/-, and under statement of liabilities by Rs. 70,08,435, to which attention is invited and subject to and read with the Accounting Policies and observations made in Paragraph '7' and its sub-paragraphs hereinafter give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-*
 - a) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2006 and
 - b) in the case of Profit & Loss Account, of the Profit for the year ended on that date.
- 7) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books & records of the Company as we considered appropriate and the information & explanations given to us during the course of our audit by the Management on which we have relied, we further state the following on the requirements of the said order which are applicable to the Company :-

BENGAL & ASSAM COMPANY LIMITED

- i. (a) The Company has maintained records showing particulars including quantitative details and situation of fixed assets.
- (b) There is a regular programme of verification of assets, which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off major part of its fixed assets during the year.
- ii. The company has no inventory and hence clause 4 (ii) of Companies (Auditor's Report) Order, 2003 is not applicable.
- iii. According to the information and explanation given to us, the company has not taken from/given to any loan from companies covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company for purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. According to the information and explanation given to us, there has been no transaction that needs to be entered in the register maintained under section 301 of the Companies Act 1956 during the year.
- vi. As per the information & explanation given to us the company has not accepted any public deposits. The Company has been granted a Certificate of Registration by the Reserve Bank of India.
- vii. According to the information and explanation given to us, the *Company has no system of Internal Audit*. The company has however, an audit committee of the Board of Directors as required by section 292A.
- viii. The provisions of clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of cost records are not applicable to the company.
- ix. (a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including income tax and other material statutory dues applicable to it.
- (b) According to the information & explanations given to us, no undisputed amounts payable in respect of Income tax and other statutory dues were in arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (c) According to the information & explanations given to us, the Income tax dues not deposited on account of dispute are as follows.

<u>Forum</u>	<u>Rupees (in Lacs)</u>
ITAT, Kolkata	3.95

- x. In our opinion, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xi. In our opinion and according to the information and explanations given to us, the company has *not defaulted in repayment of dues to a financial institution, bank or debenture holders*.
- xii. In our opinion, the provisions of clause 4(xii) of the Companies (Auditors Report) Order 2003 are not applicable to the company.