

60th

Annual Report

and Accounts

2006-2007

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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

BANKERS : CENTRAL BANK OF INDIA
NEW DELHI

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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 **61st 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 Saturday, the 29th December, 2007 at 3.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the Financial Year ended on 31st March, 2007 and the Reports of the Directors' and the Auditors' thereon.
2. To declare dividends.
3. To appoint a Director in place of Shri A. C. Choraria, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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By Order of the Board
BENGAL & ASSAM COMPANY LIMITED

New Delhi
The 30th day of November, 2007

(A. S. MEHTA)
Director

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. The Registrar of Companies NCT Delhi & Haryana has granted the Company extension of time upto 29th December, 2007 for holding Annual General Meeting of the Company.

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

Your Directors have the pleasure to present their **60th Annual Report** and the Audited Statement of Accounts of the Company for the year ended on 31st March, 2007.

SCHEMES OF ARRANGEMENT AND DEMERGER:

- (i) Pursuant to the Scheme of Arrangement and Demerger (the Scheme) between Juggilal Kamlapat Udyog Ltd., Nav Bharat Vanijya Ltd., J.K. Credit & Finance Ltd., Pranav Investment (M.P.) Company Ltd., Param Shubham Vanijya Ltd., Bengal & Assam Company Ltd. and their respective Shareholders & Creditors; sanctioned by the Hon'ble High Court of Delhi at New Delhi in terms of Section 391-394 of the Companies Act, 1956, investments as specified in the Scheme stood transferred to and vested in Bengal & Assam Company Ltd. The Scheme operative from 1st April, 2006 has become effective on 17th August, 2007.
- (ii) Post sanction of the above Scheme and pursuant to another Scheme of Arrangement & Demerger between Bengal & Assam Company Limited and Accurate Finman Services Private Ltd.; sanctioned by the Hon'ble High Court of Delhi at New Delhi, investments as specified in the Scheme stood transferred from Bengal & Assam Company Limited to Accurate Finman Services Private Ltd.

Impacts of the Schemes have been incorporated in the Audited Accounts for the year under review.

FINANCIAL RESULTS :

	<u>2006-07</u>	<u>(Rupees)</u> <u>2005-06</u>
The working results after meeting all the expenses and providing for depreciation show a profit of	9,05,80,645	24,55,29,112
Add : Profit brought forward from previous year	13,89,86,245	—
	<u>22,95,66,890</u>	<u>24,55,29,112</u>
Less : Provision for Income Tax	—	4,36,889
Transfer to Reserve (as per RBI Guidelines)	1,81,16,129	4,90,18,445
Capital Redemption Reserve	5,00,000	5,00,000
Dividend including Dividend Tax	7,12,84,439	3,20,78,311
Transfer to General Reserve	90,58,065	2,45,09,222
Balance carried to Balance Sheet :	<u>13,06,08,257</u>	<u>13,89,86,245</u>

DIVIDEND :

The Company during the year, under review, paid an interim dividend of Rs.10/- per Equity Share on the Equity Share Capital of Rs.6,20,16,000/- (before the Scheme of Arrangement & Demerger) and Rs.100.10 on non-cumulative participating Preference Share Capital of Rs.5,00,000/-, which is recommended to be treated as final dividend for the year.

DIRECTORS :

Shri A.C. Choraria retires by rotation and being eligible offer himself for re-appointment.

SUBSIDIARY COMPANIES :

The particulars required under the provisions of Section 212 of the Companies Act, 1956 in respect of the subsidiary Companies are appended.

BENGAL & ASSAM COMPANY LIMITED**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING 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.

PARTICULARS OF EMPLOYEES :

The Company had no employee during the year for whom information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) is required to be given.

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 and Shri P.K.Rustagi, 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:-

- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) the annual accounts for the financial year have been prepared on a going concern basis.

AUDITORS :

M/s. Kothari & Company, 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 30th day of November, 2007

A. S. MEHTA
P. K. RUSTAGI
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, 2007 and the Profit and 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 auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). 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.

Based on above, we report that

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. Proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
3. The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts and comply with the accounting standards which are applicable to it as referred to in sub section 3(c) of section 211 of the Companies Act, 1956.
4. On the basis of written representations received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors of the Company are Prima Facie disqualified from being appointed as director of the company u/s 274(l)(g) of the Companies Act.
5. (i) Claims of Rs. 70,08,435 made on the company as per note no 11 in notes on account in Schedule 'K' have not been provided for by the company. Due to this, profit for the year and reserves & surplus of the company are overstated by Rs. 70,08,435 and liabilities are understated by Rs. 70,08,435.
- (ii) Rs. 51,31,218 Under Portfolio management Scheme with prudential ICICI Asset Management Company Ltd. has been classified under advances instead of investment.

Subject to points mentioned above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Accounting Policies and observations made in Paragraph 6 and its sub paragraphs 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, 2007 and
- b. in the case of the profit and loss account, of the profit of the company for the year ended on that date.
6. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and

BENGAL & ASSAM COMPANY LIMITED

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 under which are applicable to the Company :-

1. The company is maintaining records showing particulars including quantitative details and situation of its fixed assets. These fixed assets were physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification. None of the fixed assets have been revalued during the year. The Company has not disposed off major part of its fixed assets during the year.
2. The Company has no inventory hence clause 4 (ii) of Companies (Auditor's Report) Order, 2003 is not applicable.
3. As per information and explanations given to us , the company has not granted or taken any loans, secured or unsecured , to or from companies, firms other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of fixed assets and sale of goods. During the course of our audit , we have not observed any continuing failure to correct major weaknesses in internal controls.
5. According to information and explanations given to us, there has been no transaction that needs to be entered in the register in pursuance of section 301 of the Companies Act 1956 during the year.
6. As per the information and explanations given to us, the company has not accepted any deposits from public. The Company has been granted a certificate of Registration by the Reserve Bank of India.
7. According to explanations and information 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 of the Companies Act, 1956.
8. In our opinion and according to explanations and information given to us the provision regarding maintenance of cost records is not applicable to the company.
9. Statutory dues :
 - According to the records of the company, the company is generally regular in depositing undisputed statutory dues. Provident Fund is applicable on staff on deputation from another company and his PF dues have been regularly deposited as certified by the management of that company.
 - According to the information and explanations given to us, there were no undisputed amounts payable in respect of statutory dues which have remained outstanding as on end of this year for a period exceeding six months from the date they became payable.
 - Income tax dues not deposited on account of dispute are as follows :

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

10. In our opinion, clause 4(x) of Companies (Auditor's Report) Order , 2003 is not applicable.
11. The Computer has not defaulted in repayment of dues to a financial institution or bank or debenture holder.

BENGAL & ASSAM COMPANY LIMITED

12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or similar securities.
13. Provision of any special statute applicable to chit funds is not applicable to the company.
14. Proper records have been maintained by the company of the transactions and contracts in relation to the dealings of the company in shares and investments. Based on our checks and according to information given to us, we are of the opinion that timely entries regarding these transactions have been made in the records of the company. Investment in shares is being held in name of company except to the extent of exemption u/s 49 of the Companies Act, 1956.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company does not have any term loans.
17. Funds raised for short term have not been applied for long term investments.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained u/s 301.
19. Provision regarding creation of security in respect of debenture is not applicable to the company.
20. There was no public issue made by the company during the year.
21. As per information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of Audit.

As required by Non - Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998, we further state that :

1. The company has obtained a certificate of registration from the Reserve Bank of India as provided in Section 451A of the Reserve Bank of India Act, 1934 (2 of 1934).
2. The Board of Directors has passed a resolution for the non - acceptance of any public deposits at its meeting held on 24.04.2006.
3. The Company has not accepted any public deposits during the relevant year.
4. The Company has complied with all the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.

For KOTHARI & COMPANY
Chartered Accountants

GAUTAM BANERJEE
Partner
M. No. 15289

Place : KOLKATA
The 30th day of November, 2007

BENGAL & ASSAM COMPANY LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2007**

	<u>Schedule</u>	<u>As at 31.3.2007 Rs.</u>	<u>As at 31.3.2006 Rs.</u>
<u>SOURCES OF FUNDS</u>			
Share Capital	A	5,20,42,650	6,30,16,000
Reserves & Surplus	B	48,80,70,850	43,03,56,232
Unsecured Loans	C	22,15,00,000	16,00,00,000
TOTAL		<u>76,16,13,500</u>	<u>65,33,72,232</u>
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>			
Gross Block		57,59,880	57,59,880
Less : Depreciation		<u>4,49,518</u>	<u>1,69,667</u>
Net Block	D	53,10,362	55,90,213
Investments	E	72,50,67,359	55,46,82,911
<u>Current Assets, Loans & Advances</u>			
Cash & Bank Balances		1,21,49,638	11,00,85,893
Loan & Advance		<u>3,51,66,762</u>	<u>1,63,44,116</u>
		4,73,16,400	12,64,30,009
Less : Current Liabilities & Provisions	G	<u>1,60,80,621</u>	<u>3,33,30,901</u>
Net Current Assets		3,12,35,779	9,30,99,108
TOTAL		<u>76,16,13,500</u>	<u>65,33,72,232</u>

Notes to Accounts **K**Particulars as per NBFC Directions **L**

The Schedule A to G and K & L form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

For KOTHARI & COMPANY
Chartered AccountantsGAUTAM BANERJEE
Partner
M. No. 15289
71, Ganesh Chandra Avenue
KOLKATA - 700 0 13

The 30th day of November, 2007

P. S. SHARMA
ManagerA. S. MEHTA
P. K. RUSTAGI
Directors

BENGAL & ASSAM COMPANY LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	<u>Schedule</u>	<u>2006-2007</u> Rs.	<u>2005-2006</u> Rs.
<u>INCOME</u>			
Income from Operations	H	10,97,35,285	24,92,25,130
		<u>10,97,35,285</u>	<u>24,92,25,130</u>
<u>EXPENDITURE</u>			
Interest & Bank Charges	I	1,44,61,481	18,14,059
Administrative Expenses	J	44,13,308	17,38,093
		<u>1,88,74,789</u>	<u>35,52,152</u>
Profit before Depreciation		9,08,60,496	24,56,72,978
Depreciation		2,79,851	1,43,866
Profit before Tax		9,05,80,645	24,55,29,112
Provision for Income Tax		—	4,53,000
Income Tax Paid/Adjustments		—	(16,111)
Profit after Tax		9,05,80,645	24,50,92,223
Profit brought forward from previous year		13,89,86,245	—
Profit/(Loss) available for appropriations		<u>22,95,66,890</u>	<u>24,50,92,223</u>
<u>APPROPRIATIONS</u>			
Transfer to Reserve (as per RBI guidelines)		1,81,16,129	4,90,18,445
Capital Redemption Reserve		5,00,000	5,00,000
Dividend — Equity		6,20,16,000	2,79,07,200
— Preference		5,00,500	2,25,500
Corporate Dividend Tax		87,67,939	39,45,611
Transfer to General Reserve		90,58,065	2,45,09,222
Balance Carried to Balance Sheet		13,06,08,257	13,89,86,245
		<u>22,95,66,890</u>	<u>24,50,92,223</u>
Notes to Accounts	K		

The Schedule H to J and K form an integral part of the Profit & Loss Account

This is the Profit & Loss Account referred to in our report of even date.

For KOTHARI & COMPANY
Chartered Accountants

GAUTAM BANERJEE
Partner
M. No. 15289
71, Ganesh Chandra Avenue
KOLKATA - 700 0 13

The 30th day of November, 2007

P. S. SHARMA
Manager

A. S. MEHTA
P. K. RUSTAGI
Directors