

**63rd  
Annual Report  
2009-2010**

**BENGAL & ASSAM COMPANY LIMITED**

# Remembering A Visionary

The Company is celebrating the birth centenary of its Founder, Lala Lakshmipat Singhanian, one of the key architects of JK Organization. As a true visionary, he laid the foundation for taking the Organization to new heights in the journey of building a self-reliant India. He was a dynamic leader who championed the cause of domestic industry with Indian ownership and management.

The JK Organization became one of the top four private sector Groups in the country during his lifetime. He pioneered the manufacturing of many products, for the first time in India. Through a plant set up in West Bengal in 1944, he started the production of aluminium metal in India from Indian Bauxite for the first time. This metal was further converted into complete range of aluminium products including aluminium foils. The company, Aluminium Corporation of India Limited, was one of the few integrated Aluminium plants in the world. Lala Lakshmipat Singhanian set up many successful companies in different parts of the country, which provided thousands of job opportunities, particularly in the backward areas of rural India. These include, Straw Products Ltd. in Bhopal in 1938 which commenced production of straw boards and later on paper boards. Production of high quality writing and printing paper was started in 1962 in Orissa and the company is now operating under the name of JK Paper Limited, known for its high value added products. He was also instrumental in setting up various other plants for the manufacture of Automobile Tyres (JK Tyre & Industries Ltd.) and Cement (JK Lakshmi Cement Ltd.), amongst many other initiatives of the group.

He was the Chairman of National Insurance Company for several years. The Company covered both life and general insurance activities. He made it grow as the 3rd largest insurance company of the country with largest overseas network. Unfortunately Insurance – Life and General, as well as Aluminium were nationalized in India as a matter of the then policy of the government.

He was the guiding spirit for the JK Group to set up several medical and educational institutions across the country including scores of primary schools in the rural areas.

Lala Lakshmipat Singhanian embodied the rare qualities that transcend time through their single-minded purpose, simplicity, vision and the constant working of an enquiring mind that rejects the status quo. Apart from being a philanthropist entrepreneur he believed in upliftment of the society at large. He has left behind a value system based on Trust, Nationalism and Care which serves as a beacon for the Group Companies to charter their course into future. The core values are:

- Caring for people
- Integrity including intellectual honesty, openness, fairness and trust
- Commitment to Excellence

# *Centenary Year*



**LALA LAKSHMIPAT SINGHANIA**  
**1910 - 1976**

**KEY ARCHITECT OF JK ORGANISATION**

"We seek a society which is proud of its past,  
conscious of the present and full of hope for the future."

# BENGAL & ASSAM COMPANY LIMITED

|   |   |   |
|---|---|---|
| <b>BOARD OF DIRECTORS</b>                         | : | HARI SHANKAR SINGHANIA<br><i>Chairman</i><br>BHARAT HARI SINGHANIA<br>J.R.C. BHANDARI<br>L.R. PURI<br>O.P. KHAITAN<br>DR. RAGHUPATI SINGHANIA<br>SHAIENDRA SWARUP<br>VINITA SINGHANIA                                 |
| <b>BANKERS</b>                                    | : | CENTRAL BANK OF INDIA<br>NEW DELHI<br>STANDARD CHARTERED BANK<br>NEW DELHI  |
| <b>AUDITORS</b>                                   | : | J.S. LODHA & CO.<br><i>Chartered Accountants</i>  |
| <b>COMPANY SECRETARY</b>                          | : | DILLIP SWAIN  |
| <b>REGISTERED &amp;<br/>ADMINISTRATIVE OFFICE</b> | : | LINK HOUSE,<br>3, BAHADUR SHAH ZAFAR MARG,<br>NEW DELHI-110 002   |
| <b>REGISTRAR &amp; SHARE<br/>TRANSFER AGENT</b>   | : | ALANKIT ASSIGNMENTS LTD.<br>ALANKIT HOUSE,<br>2E/21, JHANDEWALAN EXTENSION,<br>NEW DELHI-110055 (INDIA)<br>PH.: 91-11-23541234, 42541234<br>FAX: 91-11-42541967<br>EMAIL: rta@alankit.com<br>WEBSITE: www.alankit.com |
| <b>COMPANY WEBSITE</b>                            | : | www.bengalassam.com   |

## BENGAL & ASSAM COMPANY LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS

The Directors have pleasure in presenting the 63<sup>rd</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2010.

The Company is observing this year as the **Birth Centenary Year** to pay humble respects, to Late Lala Lakshmi Pat Singhania (1910-1976), who had been a great Visionary and a Key Architect of JK Organisation. He believed in the philosophy of inclusive growth encompassing all sections of the Society. The Company's best all round performance in the current year is a befitting tribute to the great Founder.

#### FINANCIAL RESULTS

|                                    |            | Rs. in Lacs |
|------------------------------------|------------|-------------|
|                                    | 31.03.2010 | 31.03.2009  |
| Profit before Depreciation and Tax | 2,661.00   | 1,391.87    |
| Profit after Tax                   | 2,403.75   | 1,288.37    |
| Surplus brought forward            | 1,332.16   | 1,932.26    |
| Amount available for appropriation | 3,735.91   | 3,220.63    |
| Appropriations:                    |            |             |
| Transfer to Reserve                | 480.75     | 257.67      |
| Transfer to General Reserve        | 1,500.00   | 1,500.00    |
| Dividend including Dividend Tax    | 217.09     | 130.80      |
| Surplus carried to Balance Sheet   | 1,538.07   | 1,332.16    |
|                                    | 3,735.91   | 3,220.63    |

There has been a significant improvement in the performance of the Company on account of higher dividends received and profit on sale of investments.

#### DIVIDEND

The Directors are pleased to recommend a dividend of Rs.2.50 per Share (25%) on the Equity Share Capital of Rs. 8.68 Crores (86,83,553 Equity Shares of Rs. 10 each) for the year ended 31<sup>st</sup> March 2010. The dividend outgo would amount to Rs.217.09 lacs.

#### PROSPECTS

The capital market recovered steadily in 2009-10. With the Indian economy poised to achieve 9% growth in GDP, the capital market is expected to remain buoyant in the coming year. This augurs well for the Company.

#### DIRECTORS

Shri Hari Shankar Singhania, Shri Bharat Hari Singhania and Dr. Raghupati Singhania, retire by rotation at the forthcoming Annual General meeting of the Company and being eligible, offer themselves for re-appointment.

#### CONSOLIDATED ACCOUNTS

Pursuant to Accounting Standard (AS-21), consolidated financial statements are being presented by the Company for the period under report. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act 1956, copies of the Balance Sheets, Profit & Loss Accounts, Reports of the Board of Directors and the Auditors, etc. of the subsidiary companies, namely, Fenner (India) Ltd., Southern Spinners & Processors Ltd., Modern Cotton Yarn Spinners Ltd., Acorn Engineering Ltd., BMF Investments Ltd. (w.e.f 19<sup>th</sup> September 2009), Panchmahal Properties Ltd., LVP Foods Pvt. Ltd. and Dwarkesh Energy Ltd. have not been attached to the Balance

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Sheet of the Company. These documents/details have been posted on the website of the Company and will be made available upon request by the members.

## **AUDITORS**

M/s. J.S. Lodha & Co., Chartered Accountants, Auditors of the Company, retire at the present Annual General Meeting (AGM). The said Auditors have expressed their unwillingness for re-appointment at the said AGM.

The Board of Directors of the Company recommends appointment of M/s. Lodha & Co., Chartered Accountants, New Delhi, as Auditors of the Company from the conclusion of this AGM till the next AGM.

The observations of the Auditors in their Report on Accounts have been suitably explained in the relevant notes to the Accounts.

## **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 selected and applied are consistent 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 2010;
- 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.

## **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. There has been no foreign exchange earning or outgo during the year.

## **FIXED DEPOSITS**

The Company is registered with the Reserve Bank of India(RBI) as a Non-Banking Finance Company and does not accept public deposits and as required by the RBI, the Board of Directors have also passed necessary resolution for not accepting public deposits, without prior approval of RBI.

## **ACKNOWLEDGEMENTS**

The Directors wish to acknowledge the continued support and co-operation received from Government agencies, Lending Institutions and the esteemed shareholders of the Company. The Directors also record their appreciation for the total dedication of the employees.

New Delhi  
26<sup>th</sup> July, 2010

On behalf of the Board  
HARI SHANKAR SINGHANIA  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

The Company is engaged in the Investment and finance business and is thus dependent upon economic growth in general and the state of capital markets in particular. After global financial turmoil, the world economy witnessed contraction in 2009-10. In tandem with other economies globally, India too had stepped up fiscal efforts to support growth. The Indian economy responded well to Government measures and was able to maintain a sustained growth during the current year. This tempo of growth is expected to be better during the year with the higher growth in the GDP of the country.

### **PERFORMANCE DURING THE YEAR**

The performance of the Company is directly related to the performance of its investments. During the year, income from investments increased to Rs.2,508.11 lacs including profit on sale of investments of Rs.926.30 lacs, as against Rs.1,514.68 lacs during the previous year.

### **OUTLOOK**

Considering the present economic conditions and the state of capital markets, the Company foresees further improvement in its assets valuations.

### **NBFC**

The Company is a Systemically Important Non Deposit Taking Non Banking Finance Company (NBFC) governed by the Reserve Bank of India Act, 1934 (RBI). The Company has sought exemption from Reserve Bank of India from applicability of certain provisions applicable to Systemically Important Non Deposit Taking Non Banking Finance Company.

The Company does not accept Fixed Deposits and as required by RBI, the Board of Directors have passed necessary resolution not to accept Fixed Deposits without prior approval of RBI.

### **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.

# 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. Four Board Meetings were held during the Financial Year 2009-10 ended 31<sup>st</sup> March 2010 on 28<sup>th</sup> April 2009, 30<sup>th</sup> July 2009, 26<sup>th</sup> October 2009 and 18<sup>th</sup> January 2010. Attendance and other details of the Directors are given below:

| Name of the Director                  | Category | No of Board Meetings Attended | Whether last AGM Attended (22.09.09) | Outside Directorships and Committee Positions |                        |                          |
|---------------------------------------|----------|-------------------------------|--------------------------------------|---|------------------------|--------------------------|
|                                       |          |                               |                                      | Directorships\$                               | Committee Memberships@ | Committee Chairmanships@ |
| Shri Hari Shankar Singhania, Chairman | NED      | 4                             | No                                   | 3   | -                      | -                        |
| Shri Bharat Hari Singhania            | NED      | 4                             | No                                   | 4   | 1                      | -                        |
| Dr. Raghupati Singhania               | NED      | 4                             | No                                   | 7   | 2                      | 1                        |
| Smt. Vinita Singhania                 | NED      | 4                             | No                                   | 3   | -                      | -                        |
| Shri O.P. Khaitan                     | IND      | 4                             | No                                   | 8   | 6                      | 2                        |
| Shri Shailendra Swarup                | IND      | 1                             | No                                   | 4   | 2                      | 1                        |
| Shri L.R.Puri                         | IND      | 3                             | Yes                                  | 9   | -                      | 1                        |
| Shri J.R.C.Bhandari                   | IND      | 4                             | Yes                                  | 3   | 1                      | 2                        |

\$ 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.



## **BENGAL & ASSAM COMPANY LIMITED**

The Committee consists of three Independent Directors. Four meetings of the Audit Committee were held during the year ended 31st March 2010.

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

| Dates of meetings           | Number of members attended |
|-----------------------------|----------------------------|
| 28 <sup>th</sup> April 2009 | 2                          |
| 30th July 2009              | 3                          |
| 26th October 2009           | 3                          |
| 18th January 2010           | 3                          |

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

| Name                 | Status   | No. of Meetings attended |
|----------------------|----------|--------------------------|
| Shri L.R. Puri       | Chairman | 3                        |
| Shri O.P. Khaitan    | Member   | 4                        |
| Shri J.R.C. Bhandari | 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. SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE:**

The Company has Shareholders/Investors' Grievance Committee at the Board level. The Shareholders/Investors' Grievance Committee consisted of Shri J.R.C. Bhandari, (Chairman of the Committee), Shri Bharat Hari Singhania, Dr. Raghupati Singhania and Shri L.R. Puri. During the year, the Committee was reconstituted. The Shareholders/Investors' Grievance Committee now consists of Shri O.P. Khaitan (Chairman), Shri L.R. Puri and Shri J.R.C. Bhandari. The composition of the Committee is in conformity with Clause 49 of the Listing Agreement. Three meetings of the said committee were held during the year ended 31st March 2010.

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

| Dates of meetings | Number of members attended |
|-------------------|----------------------------|
| 30th July 2009    | 4                          |
| 26th October 2009 | 3                          |
| 18th January 2010 | 3                          |

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

| Name                       | Status   | No. of Meetings attended |
|----------------------------|----------|--------------------------|
| Shri O.P. Khaitan          | Chairman | 2                        |
| Shri Bharat Hari Singhania | Member   | 1                        |
| Dr. Raghupati Singhania    | Member   | 1                        |
| Shri L.R. Puri             | Member   | 3                        |
| Shri J.R.C. Bhandari       | Member   | 3                        |

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 declared dividends, etc. During the year 2009-10, the Company received 7 complaints, which were promptly attended / resolved to the satisfaction of the investors. No complaint stood pending as on 31st March 2010.

The Board has delegated the power of share transfer to a Committee of Directors and the share transfer formalities are attended as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares. During the year ended 31st March 2010, 12 Meetings of this Committee were held.

## 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 attended by them. During the financial year 2009-10, the Company paid sitting fees aggregating to Rs. 5,52,000. 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 (shares) held by Non-Executive Directors in the Company: Shri Hari Shankar Singhania - 8,22,684, Shri Bharat Hari Singhania - 1,52,159, Dr. Raghupati Singhania - 8,14,661, Smt. Vinita Singhania - 33,249, 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       |
|---------|--|---------------------|------------|
| 2006-07 | Regd. Office: Link House, 4th Floor,<br>3, Bahadur Shah Zafar Marg,<br>New Delhi-110 002                             | 29th December 2007  | 3.00 P.M.  |
| 2007-08 | Sri Sathya Sai International Centre, Pragati Vihar,<br>Lodi Road Institutional Area,<br>Lodi Road, New Delhi-110 003 | 30th December 2008  | 11.00 A.M. |
| 2008-09 | Sri Sathya Sai International Centre, Pragati Vihar,<br>Lodi Road Institutional Area, Lodi Road,<br>New Delhi-110 003 | 22nd September 2009 | 11.30 A.M. |

No special resolutions were passed in the AGMs held in 2007 and 2008. 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 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 assesment and minimization procedures. A Risk Management Committee comprising an Independent Director, Manager and the Secretary has been constituted during the year 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 "Vir-Arjun"/"Jansatta", having wide circulation and promptly furnished to the Stock