



66th Annual Report 2012-2013

BENGAL & ASSAM COMPANY LIMITED

*Our respectful homage to an extraordinary
human being, an inspiring leader, remarkable industrialist
and phenomenal business pioneer.*



SHRI HARI SHANKAR SINGHANIA
20th June 1933 - 22nd February 2013
PRESIDENT, J.K. ORGANISATION



A GREAT LEADER & AN ICONIC INDUSTRIALIST

Leading industrialist, philanthropist and President of J.K. Organisation, Shri Hari Shankar Singhania, passed away on 22nd February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, in spite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankarji, who learnt the ropes of business under his illustrious father Late Lala Lakshmi Patji Singhania, was actively involved in J.K. Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankarji was involved in establishing and overseeing the Group's diverse businesses such as aluminium, paper, steel, insurance, jute, paints, office equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive products & Power Transmission systems, Agri Genetics, Dairy products, Sugar, Drugs & Pharmaceuticals, Textiles and more. Today, thanks to his leadership, many of these have emerged as leaders in their respective fields, manufacturing and marketing world class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His un-relenting focus on quality and customer satisfaction, and his belief *"When it is good enough, improve it"*, built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the Country. These include the Pushpawati Singhania Research Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK Lakshmi Pat University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic

development of India, the President of India had conferred him with the prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankarji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankarji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 94. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He also held with distinction, and was the first Indian to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad – Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing we have lost not just a leader but an extraordinary human being. His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.

Shri Hari Shankarji had long association with the Company since its incorporation and joined the Board of Directors of the Company as Chairman in the year 2009. His strategic guidance towards the operations of the Company has helped the Company to grow immensely.

THE PHILANTHROPIST

"People are not pulled from the front or pushed from behind...they are driven from within."

Shri Hari Shankarji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centres and Institutes across the country, including Education at Ekal Vidyalayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organized regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment.

BENGAL & ASSAM COMPANY LIMITED

BOARD OF DIRECTORS	: BHARAT HARI SINGHANIA Chairman A.K. KINRA J.R.C. BHANDARI L.R. PURI O.P. KHAITAN DR. RAGHUPATI SINGHANIA SHAILENDRA SWARUP VINITA SINGHANIA
MANAGER	: 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 HOUSE, 2E/21, JHANDEWALAN EXTENSION, NEW DELHI-110055 PH.: 91-11-23541234, 42541234 FAX: 91-11-23552001 EMAIL: rta@alankit.com WEBSITE: www.alankit.com
COMPANY WEBSITE	: www.bengalassam.com

Directors' Report and Management Discussion and Analysis

TO THE MEMBERS

The Directors have pleasure in presenting the 66th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2013.

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 ₹ 29.52 crore and the profit after tax at ₹ 12.58 crore. 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 easing of the inflationary pressure and concern for industrial and economic growth in particular, the coming days may see softening of the monetary policy. 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 ₹ 4 per Share (40%) for the year ended 31st March 2013. The dividend outgo would amount to ₹ 347.34 lacs.

DIRECTORS

Your Directors express their profound grief and sorrow on the sad demise of Shri Hari Shankarji Singhania, on 22nd February 2013. He was associated with the Company for long time during its initial year and joined the Board of Directors of the Company as Chairman in the year 2009. Shri Hari Shankarji who joined JK Organisation at the Young age of 18 years learned the ropes of business under his illustrious father late Lala Lakshmipatji. He held several positions, before assuming the Chairmanship of various J.K.Group of Companies and JK Organisation. Shri Singhania contributed immensely not only in the growth of your Company but also in the growth of industrialization and economic development of India for which he received numerous prestigious Indian & International awards and recognitions. Your Directors pay their respectful homage and tribute to this extraordinary human being, a great leader, an iconic industrialist and a leading statesman.

The Board of Directors at its meeting held on 29th May 2013 appointed Shri Bharat Hari Singhania as Chairman of the Board of Directors of the Company. He shall now be the Chairman of the Company.

The Board has appointed Shri Ashok Kumar Kinra as Additional Director of the Company w.e.f. 13th June 2013. He shall hold office upto the date of the ensuing Annual General Meeting (AGM). The Company has received requisite Notice from a Member under Section 257 of the Companies Act, 1956 proposing the name of Shri Ashok Kumar Kinra for appointment as Director liable to retire by rotation at the AGM. The Board of Directors commends his appointment as aforesaid.

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.

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. 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 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 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.

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
13th June, 2013

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 Seven Non-executive Directors (NED) of which four are Independent (IND). Four Board Meetings were held during the Financial Year 2012-13 ended 31st March 2013, on 19th May 2012, 01st August 2012, 05th November 2012 and 12th February 2013. Attendance and other details of the Directors are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (24.08.12)	Outside Directorships and Committee positions		
				Directorships ^{\$}	Committee Membership [@]	Committee Chairmanship [@]
Shri Hari Shankar Singhania*	NED	2	No	N.A.	N.A.	N.A.
Shri Bharat Hari Singhania, Chairman	NED	4	No	3	1	-
Smt. Vinita Singhania	NED	4	No	3	-	-
Dr. Raghubati Singhania	NED	4	No	7	2	1
Shri O.P. Khaitan	IND	4	No	7	5	3
Shri L.R. Puri	IND	4	Yes	8	-	1
Shri Shailendra Swarup	IND	3	No	3	1	-
Shri J.R.C. Bhandari	IND	4	Yes	3	1	2

* Shri Hari Shankar Singhania, Chairman of the Board of Directors, passed away on 22nd February 2013. The Board of Directors at its Meeting held on 29th May 2013, appointed Shri Bharat Hari Singhania as Chairman of the Board of Directors of the Company.

\$ 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. 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 2013.

Dates of the meetings and the number of Members attended:

Dates of meetings	Number of members attended
19 th May 2012	3
1 st August 2012	3
5 th November 2012	3
12 th February 2013	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	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. It consists of three Independent Directors. Four meetings of the said committee were held during the year ended 31st March 2013. 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
19 th May 2012	3
1 st August 2012	3
5 th November 2012	3
12 th February 2013	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	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 2012-13, only 2 complaints were received which stand resolved and no complaint is pending as on 31st March 2013.

The Company also has a Share Transfer Committee of Directors which approves registration of transfer and transmission of shares in Physical Mode on fortnightly basis. During the year ended 31st March 2013, 24 Meetings of 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. REMUNERATION COMMITTEE (non-mandatory):

Remuneration Committee was not required to be constituted.

6. 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 2012-13, the Company paid sitting fees aggregating to ₹ 5,03,000/-. 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: Late Shri Hari Shankar Singhania- 26,95,500 (includes 18,57,619 shares on account of M/s Yashodhan Enterprises formerly Habras International) Shri Bharat Hari Singhania – 3,41,841 (includes 1,53,791 shares on account of M/s Bharat Hari Singhania HUF and 997 Shares on account of M/s Yashodhan Enterprises formerly Habras International), Dr. Raghupati Singhania - 8,68,217 (includes 5,846 shares on account of M/s Raghupati Singhania HUF) Smt. Vinita Singhania– 67,168, 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.

7. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2009-10	Sri Sathya Sai International Centre, Pragati Vihar, Lodi Road Institutional Area, Lodi Road, New Delhi-110 003	23 rd September 2010	11.00 A.M.
2010-11	Same as above	04 th August 2011	11.30 A.M.
2011-12	Same as above	24 th August 2012	11.00 A.M.

No special resolutions were passed in the AGM held in 2010, 2011 and 2012.

No special resolutions were required to be put through postal ballot 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.*
- 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.