



72nd ANNUAL REPORT 2018-19

BENGAL & ASSAM COMPANY LIMITED

BENGAL & ASSAM COMPANY LIMITED

BOARD OF DIRECTORS	: BHARAT HARI SINGHANIA Chairman A. K. KINRA BAKUL JAIN DR. RAGHUPATI SINGHANIA SANJEEV KUMAR JHUNJHUNWALA SANJAY KUMAR KHAITAN SHAILENDRA SWARUP VINITA SINGHANIA
MANAGER & CHIEF FINANCIAL OFFICER	: U.K. GUPTA
COMPANY SECRETARY	: DILLIP KUMAR SWAIN
REGISTERED OFFICE	: 7, COUNCIL HOUSE STREET, KOLKATA, WEST BENGAL - 700001
ADMINISTRATIVE OFFICE	: PATRIOT HOUSE 3, BAHADUR SHAH ZAFAR MARG, NEW DELHI - 110 002
BANKERS	: CENTRAL BANK OF INDIA CORPORATION BANK INDIAN OVERSEAS BANK
AUDITORS	: LODHA & CO. Chartered Accountants
REGISTRAR & SHARE TRANSFER AGENT	: ALANKIT ASSIGNMENTS LTD. ALANKIT HEIGHTS 3E/7, JHANDEWALAN EXTENSION, NEW DELHI-110 055 (INDIA)
COMPANY WEBSITE	: www.bengalassam.com
CIN	: L67120WB1947PLC221402
E-MAIL	: dswain@jkmail.com

Directors' Report And Management Discussion & Analysis

TO THE MEMBERS

The Directors have pleasure in presenting the 72nd Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2019.

SCHEME OF ARRANGEMENT

The Scheme of Arrangement between Florence Investech Limited ('Florence'), BMF Investments Limited (BMF), J.K. Fenner (India) Limited (FIL) and Bengal & Assam Company Limited ("the Transferee Company") and their respective Shareholders for (a) Amalgamation of Florence and BMF with the Transferee Company and (b) Exchange of shares of FIL for shares of the Transferee Company at the option of shareholders of FIL (other than the Transferee Company itself), sanctioned by the Hon'ble Benches of National Company Law Tribunal, Kolkata and Chennai vide their respective Orders dated 5th November, 2018 and 3rd May, 2019, has become effective on 24th May, 2019 upon filing of the certified copies of the said orders by the said companies with the respective Registrar of Companies on the said date. The Scheme is operative from 1st April, 2017, the Appointed Date of the said Scheme (hereinafter referred to as the "Scheme").

In terms of the Scheme:

- i) Florence and BMF stand amalgamated with the Transferee Company with effect from 1st April, 2017 and all the assets and liabilities and the entire business of Florence and BMF stand transferred to and vested in the Transferee Company and Florence and BMF stand dissolved;
- ii) the Authorised Share Capital of the Transferee Company has increased to ₹ 374.55 Crores from ₹ 369.25 Crores.
- iii) Shares held by Florence in the Transferee Company stand cancelled;
- iv) In consideration of the amalgamation of Florence and BMF with the Transferee Company, the Transferee Company will issue and allot to the Shareholders of Florence and FIL (other than the Transferee Company itself) as on a Record Date to be fixed for the purpose, Equity Shares as under:
 - (a) 89 Equity Shares of ₹ 10/- each in the Transferee Company shall be credited as fully paid up for every 100 Equity Shares of ₹ 10/- each fully paid-up held by the Equity Shareholders of Florence in the capital of Florence; and
 - (b) 101 Equity Shares of ₹ 10/- each in the Transferee Company shall be credited as fully paid up for every 100 Equity Shares of ₹ 10/- each fully paid-up held by the Equity Shareholders of FIL in the capital of FIL.
- v) Further, upon exercise of the exchange option given to the shareholders of FIL (other than the Transferee Company itself), the Transferee Company will issue and allot to such shareholders, additional equity shares in the Transferee Company in the ratio of 51 equity shares of ₹ 10/- each in the Transferee Company, credited as fully paid up in exchange of every 100 equity shares of ₹ 10/- each held by such shareholders of FIL in FIL.
- vi) All profits accruing to the Transferor Companies (including taxes paid thereon) or losses arising or incurred by the Transferor Companies for the period falling on and after the Appointed Date to the Effective date are treated for all purposes as the profits (including taxes paid) or losses, as the case may be of the Transferee Company.

Pursuant to the aforesaid Scheme, the size of the investments of the Company has increased substantially with potential increase in income.

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

The Company achieved a Profit after Tax of ₹ 3,879.08 lacs for the year as against ₹ 2,855.62 lacs in the previous year. The Company (being a core investment company), holds significant investments in group companies which are engaged in diversified industrial segments. With a stable government in place, Indian Economy is expected to grow over 7.75%. This should have positive impact on the working of the investee companies with a buoyancy in the capital market which would lead to better valuations.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 10/- per share (100%) for the financial year ended 31st March, 2019. The total dividend outgo would be ₹ 1,129.62 Crores.

APPROPRIATIONS

The amount available for appropriation, including surplus from previous year is ₹ 17,788.72 lacs. The Directors propose this to be appropriated as under:

Transfer to Reserves (As per RBI guidelines)	₹ 1,005.97 Lacs
Surplus carried to Balance Sheet	₹ <u>16,782.75</u> Lacs
Total	₹ <u>17,788.72</u> Lacs

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March, 2019 in the prescribed form MGT-9 is attached as Annexure-1 to this Report and forms part of it.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company being a Core Investment Company registered with the Reserve Bank of India, Section 186 of the Companies Act, 2013 is not applicable to it. The particulars of loans, guarantees and investments are given in the financial statements.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March, 2019, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arms' length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material in accordance with the policy of the Company on materiality of the Related Party Transactions. In view of the above, disclosure in Form AOC-2 is not applicable.

The Related Party Transactions Policy as approved by the Board is available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Bharat Hari Singhania, Director and Chairman retires by rotation and being eligible offers himself for re-appointment at the ensuing AGM.

Shri Shailendra Swarup, Independent Director, is being re-appointed for the second term of 5 years w.e.f. 2nd September, 2019. Requisite Resolution regarding his re-appointment is included in the Notice of ensuing Annual General Meeting for approval by the Members.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The Audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

A report on the performance and financial position of each of the subsidiaries and associates, included in the Consolidated Financial Statements is presented in a separate section in this Annual Report. Please refer AOC-1 annexed to the Financial Statements in the Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, Consolidated Financial Statements alongwith relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

As is known, J.K. Fenner (India) Ltd., Southern Spinners and Processors Ltd., Modern Cotton Yarn Spinners Ltd., Acorn Engineering Ltd., BMF Investments Ltd., Divyashree Company Pvt. Ltd., Panchmahal Properties Ltd. and LVP Foods Pvt. Ltd. are/were subsidiaries of the Company. Further, pursuant to the Scheme of Arrangement as stated aforesaid, JK Tyre & Industries Ltd., JK Agri Genetics Ltd., Umang Dairies Ltd., Global Strategic Technologies Ltd., J.K. Risk Managers & Insurance Brokers Ltd., CliniRx Research Private Ltd. and Deepti Electronics & Electro-Optics Pvt. Ltd. have also become the subsidiaries of the Company. BMF Investments Ltd., since amalgamated with the Company, ceased to be subsidiary of the Company during the year. In terms of provisions of the Companies Act 2013, JK Lakshmi Cement Ltd., JK Paper Ltd., Pranav Investment (M.P.) Company Ltd., Dwarkesh Energy Ltd. and PSV Energy Pvt. Ltd., continues to be associates of the Company. The Company does not have any Joint Venture.

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 necessary resolution not to accept public deposits during the financial year 2019-20, without prior approval of RBI.

AUDITORS

(a) Statutory Auditors and their Report

As per the provisions of Section 139 of the Companies Act 2013, the term of office of M/s. Lodha & Co., Chartered Accountants, as Statutory Auditors of the Company, will conclude from the close of the forthcoming Annual General Meeting of the Company. The Board of Directors places on record its appreciation for the services rendered by M/s. Lodha & Co., as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s. Singhi & Co., Chartered Accountants as the Statutory Auditors of the Company for a period of 3 years commencing from the conclusion of 72nd Annual General Meeting till the conclusion of 75th Annual General Meeting pursuant to Section 139 of the Companies Act, 2013. Requisite Resolution regarding their appointment is included in the Notice of ensuing Annual General Meeting for approval by the Members.

(b) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed Shri Namo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2018-19. The Report given by him for the said financial year in the prescribed format is annexed to this Report as Annexure 2. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company except sanction of the Scheme of Arrangement by the Hon'ble Benches of National Company Law Tribunal, Kolkata and Chennai, as mentioned in this Report under the Head "Scheme of Arrangement".

CHANGE IN THE NATURE OF BUSINESS

During the financial year under review, there was no change in the nature of business.

PARTICULARS OF REMUNERATION

Disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other requisite details pursuant to section 197 (12) of the Companies Act, 2013 ("Act") read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is annexed to this Report as Annexure-3.

Further, particulars of Employees pursuant to Rule 5(2) & (3) of the above Rules, forms part of this Report. However, as per the provisions of Section 136 of the said Act, the Report and Accounts are being sent to all the Members of the Company and others entitled thereto, excluding the aforesaid information. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company. The said information is available for inspection at the Registered Office of the Company during working hours.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system. Further, the Company has in place adequate internal financial controls commensurate with the size and nature of its operations. The Company also has robust Budgetary Control System and Management Information System (MIS) which is the backbone of the Company for ensuring that your Company's assets and interests are safeguarded.

COST RECORDS

Maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) 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 and loss of the Company for that period;

- (c) proper and sufficient care has been taken for the 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;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE - including details pertaining to Board Meetings, Nomination and Remuneration Policy, Performance Evaluation, Risk Management, Audit Committee and Vigil Mechanism.

Your Company re-affirms its commitment to the highest standards of corporate governance practices. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Report.

The Corporate Governance Report which forms part of this Report, also covers the following:

- (a) Particulars of the five Board Meetings held during the financial year under review.
- (b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, *inter alia*, the criteria for performance evaluation of Directors.
- (c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- (d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- (e) Details regarding Risk Management.

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.

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 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.

SECRETARIAL STANDARDS

During the financial year under review, the Company has complied with the applicable Secretarial Standards for Board and General Meetings.

CONSERVATION OF ENERGY ETC.

As required under Section 134(3)(m) read with the Companies (Accounts) Rules, 2014, the requirement of furnishing particulars of energy conservation, technology absorption, etc. is not applicable to the Company. Further, particulars of Foreign Exchange Earning and Outgo are as under:-

- | | | | |
|-----|-------------------------|---|--------------|
| i) | Foreign Exchange earned | : | NIL |
| ii) | Foreign Exchange Outgo | : | ₹ 20.30 Lacs |

ACKNOWLEDGEMENTS

Your Directors wish to place on record and acknowledge their appreciation for the continued support and co-operation received from the various 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

Bharat Hari Singhania
Chairman
DIN: 00041156

New Delhi
Date: 30th May, 2019

With a view to avoid duplication between the Directors' Report and Management Discussion and Analysis, a Combined Report has been presented.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : L67120WB1947PLC221402
- (ii) Registration Date : 30th January, 1947
- (iii) Name of the Company : Bengal & Assam Company Ltd.
- (iv) Category/Sub-Category of the Company : Public Company/Limited by Shares
- (v) Address of the Registered Office and Contact Details : 7, Council House Street, Kolkata,
West Bengal - 700 001
Ph. No. : 033 - 22486181
Fax No. : 033 - 22481641
Email id : dswain@jkmil.com
Website : www.bengalassam.com
- (vi) Whether Listed Company Yes/ No : Yes
- (vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any : Alankit Assignments Ltd.
CIN: U74210DL1991PLC042569
Alankit Heights, 3E/7,
Jhandewalan Extension,
New Delhi- 110 055
Ph. No. : 011 - 42541234/23541234
Fax No. : 011 - 41543474
Email id : rta@alankit.com
Website : www.alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product/ Service *	% to total turnover of the Company
1.	Investments	642	89.49%
2.	Rent on Properties	681	7.76%

* As per National Industrial Classification (2008)– Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held*	Applicable Section
1	J.K. Fenner (India) Ltd. 3, Madurai Melakkal Road, Madurai- 625 016	U24231TN1992PLC062306	Subsidiary	88.17	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held*	Applicable Section
2	Southern Spinners and Processors Ltd. 3, Madurai Melakkal Road, Madurai- 625 016	U17111TN2005PLC056558	Subsidiary	88.17	2(87)
3	Modern Cotton Yarn Spinners Ltd. 3, Madurai Melakkal Road, Madurai- 625 016	U17111TN2005PLC057274	Subsidiary	88.17	2(87)
4	Acorn Engineering Ltd. Delite Theatre Building, 2nd Floor, Asaf Ali Road, New Delhi- 110 002	U74210DL1978PLC009175	Subsidiary	88.17	2(87)
5	Divyashree Company Pvt. Ltd. Patriot House, 3, Bahadur Shah Zafar Marg, New Delhi- 110 002	U10100DL2008PTC178373	Subsidiary	92.76	2(87)
6	Panchmahal Properties Ltd. Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi- 110 002	U74899DL1995PLC068913	Subsidiary	100	2(87)
7	L V P Foods Pvt. Ltd. Patriot House, 4 th Floor, 3, Bahadur Shah Zafar Marg, New Delhi- 110 002	U45200DL2006PTC156229	Subsidiary	99.99	2(87)
8	JK Agri Genetics Ltd. 7, Council House Street, Kolkata- 700 001	L01400WB2000PLC091286	Subsidiary	63.81	2(87)
9	Umang Dairies Ltd. Gajraula Hasanpur Road, Gajraula, Uttar Pradesh- 244 235	L15111UP1992PLC014942	Subsidiary	55.30	2(87)
10	Global Strategic Technologies Ltd. Nehru House, 3 rd Floor, 4, Bahadur Shah Zafar Marg, New Delhi- 110 002	U74140DL2011PLC216818	Subsidiary	60.96	2(87)
11	J.K. Risk Managers & Insurance Brokers Ltd. Patriot House, 3, Bahadur Shah Zafar Marg, New Delhi- 110 002	U74999DL2002PLC114816	Subsidiary	55.82	2(87)
12	CliniRx Research Private Ltd. 7, Council House Street, Kolkata- 700 001	U85110WB2004PTC098498	Subsidiary	80.72	2(87)
13	Deepti Electronics & Electro-Optics Pvt. Ltd. No. 3 & 4 , I Cross, 7 th Main J. C. Industrial Area Off, Kanakpura Main Road, Bangalore, Karnataka- 560 062	U33203KA2000PTC027238	Subsidiary	65.18	2(87)
14	JK Tyre & Industries Ltd. Jaykaygram, P.O. Tyre Factory, Kankroli, Rajasthan- 313 342	L67120RJ1951PLC045966	Subsidiary	54.00	2(87)
15	J.K. International Ltd. Suite 11, Keynes House, Chester Park, Alfreton Road, Derby, DE214AS	Not Applicable	Subsidiary	54.00	2(87)
16	J.K. Asia Pacific Ltd. Room 908, Dominion Centre, 43-59, Queens Road, East, Hong Kong	Not Applicable	Subsidiary	54.00	2(87)