

100.00
58.10

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓



The Assam Company Limited



Member
Duncan Macneill Group

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ANNUAL REPORT AND ACCOUNTS 1997

NOTICE

Notice is hereby given that the Twenty-first Annual General Meeting of The Assam Company Limited will be held at 11.00 A.M. on 27th June, 1998 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business :

1. To receive and consider the audited Profit & Loss Account for the year ended 31st December 1997 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. M.N. Mehta, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. N. Srinivasan, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :

“That the Company do hereby approve the reappointment of Mr. Shiv Narain Srivastava (Mr. S.N. Srivastava) as Jt. Managing Director in the wholtime employment of the Company with the designation as Jt. Managing Director, Diversification for a period of one year with effect from 11th March 1998 on the same terms and conditions including remuneration not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto as may be notified by the Central Government and that the Board of Directors be and is hereby authorised to execute on behalf of the Company the aforesaid agreement and amendments thereto.”

Registered Office :
Greenwood Tea Estate
P.O. Dibrugarh, Assam
8th May, 1998

By Order of the Board
H.N. BANERJEE
Company Secretary

Notes :

1. Notice is also hereby given that the Register of Members of the Company will remain closed from 19th June to 27th June 1998, both days inclusive.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. The dividend, if approved at the meeting, will be paid on or before 8th August 1998 to those members whose names shall appear in the Register of Members of the Company on 27th June 1998 or to their mandatees, subject, however, to the provisions of Section 206A of the Companies Act, 1956.
4. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and upto the Company's financial year ended 31st December 1994 have been transferred to the General Revenue Account of the Central Government.

Members who have not encashed the Dividend Warrants for the said period are advised to claim the amount from the Registrar of Companies, Assam, Morello Building, Shillong, Meghalaya.

5. All correspondence relating to transfer of shares, transmission, sub-division and issue of duplicate Share Certificates should be sent to Company's Head Office at 52, Chowringhee Road, Calcutta - 700 071 for prompt action.

EXPLANATORY STATEMENT - PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS ITEM NO. 6

Mr. S.N. Srivastava was reappointed as the Director in the wholetime employment of the Company with the designation of Jt. Managing Director - Diversification for a period of one year with effect from 11.3.97 at the last Annual General Meeting. This tenure of appointment of Mr. Srivastava having expired on 10.3.98 it is now proposed to be extended for a further period of one year with effect from 11.3.98 as Jt. Managing Director - Diversification. The terms and conditions of his reappointment will be the same as approved at the last Annual General Meeting.

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Twenty-first Report for the year ended 31st December 1997 together with the Audited Accounts for the said year.

FINANCIAL RESULTS

	1997 <u>Rs.</u>	1996 <u>Rs.</u>
Profit before Taxation & Depreciation	15,38,24,076	8,17,46,690
Less : Depreciation	(-) 5,16,79,717	(-) 6,06,49,850
	-----	-----
	10,21,44,359	2,10,96,840
Less : Taxation	(-) 56,50,000	(-) 32,33,000
	-----	-----
Profit after Depreciation and Taxation	9,64,94,359	1,78,63,840
Add Transfer from : Development Allowance Reserve	2,74,500	2,07,000
Investment Allowance Reserve	10,34,000	3,04,500
Less : Provision for Contingency	(-) 3,00,00,000	----
Prior year's adjustments	(-) 5,44,97,967	(-) 1,73,34,333
Add : Surplus brought forward	12,79,71,962	15,49,63,954
	-----	-----
	14,12,76,854	15,60,04,961
Your Directors propose the following appropriations :		
Transfer to Debenture Redemption Reserve	1,57,15,000	1,57,15,000
Dividend on Equity Shares of 10%(Re.1.00 per share)	2,23,96,362	1,11,98,818
Corporate Dividend Tax @ 10%	22,39,636	11,19,818
Balance Carried Forward	10,09,25,856	12,79,71,962

DIVIDEND

Your Directors have recommended to the members for their approval an equity dividend of 10%. Such dividend, when approved by the shareholders, will be paid to those members whose names appear in the Register of Members as on 27th June 1998.

PERFORMANCE

After some considerable period of stagnating prices and reduced margins, your Company received a shot in the arm through substantial gains on the price front during the year under review. Improvement in the productivity at the Estates, continuing efforts to increase the crop and reduction in the interest costs, have resulted in a substantial improvement in the profitability of the Company.

The other favourable contributing factors have been a marked drop on the creditors front and an overall reduction in costs which have been reflected in better liquidity of the Company with considerable impact in the bottom line.

The Management continued to focus its attention primarily in one direction which is manufacture of quality tea and efforts thereon to capitalise on the strength in its traditional business. Your Company obtained the benefits of uprooting, replanting and rejuvenation at the Estates which is reflected in the current improved performance.

PROSPECTS

The efforts to consolidate Company's modernisation and developmental activities would be continued with a view to augment yield and quality of your Company's teas. The beginning of the current season is reflected in better crop yields than the last year and given favourable weather conditions one can expect to produce higher crop during the current year.

Despite depressed price levels during the beginning of the current season teas, the prospect for higher price realisation for quality teas appears good.

The Company's commitment for quality manufacture should result in good price realisations during the current season as well.

Your Company expects further reduction in overhead cost including interest through better liquidity which should improve its bottom line helping it to give better return to the shareholders in future.

All efforts are now directed towards quality manufacture which will help better price realisation.

EXPORTS

There had been shortage in the global production which instantly raised India's export demand. With increased demand from Russia and CIS Countries and improved demand for your Company's teas in the European, American and Far-Eastern Countries, export earnings registered an appreciable increase during 1997 from that of 1996. The Company would strive to maintain its concentrated focus on Exports in 1998.

RESEARCH & DEVELOPMENT

As pioneers in tea industry, your Company has continued the Research & Development activities in two full fledged laboratories at Calcutta and Greenwood (Assam). These laboratories have been given recognition by the Ministry of Science and Technology of Government of India. The Company has successfully developed a unique botanical pesticide with growth promoter which has given some excellent results. A sophisticated plant is being proposed to be set up for the production of this pesticide on a large scale to meet our requirement.

The Research & Development Unit has also developed methods to improve the quality parameters substantially which has reflected in its high price realisation.

As a part of our commitment to eco-friendly efforts, the Company has converted Rembeng and Sukimbari Divisions into Organic cultivation and the product from Rembeng occupies top rung in the world market.

The Company is also beginning to diversify into cultivation of high value spices like, Vanilla and Black Pepper and an ambitious tree planting programme has been undertaken in all the Estates. To supplement natural fertiliser to the soil and to improve the tilth of fertility, Vermiculture Project has been implemented.

DIVERSIFICATION

Your Company having reviewed the earlier programmes on diversification are in the process of negotiating a settlement with the Government of Andhra Pradesh for its proposed project undertaken earlier. Once the issue is resolved, the Management would be able to refocus its attention to its main core area-tea.

SUBSIDIARY COMPANIES

Necessary statements u/s. 212 of the Companies Act, 1956, the Reports and Accounts relating to the Company's Subsidiaries have been annexed to the Accounts.

SOCIAL OBLIGATIONS

Despite the changing socio-economic and cultural environment in Assam, the Company has continued to fulfil its social obligation in various areas of medical, educational and employment opportunities with emphasis on resource conservation, pollution control and related afforestation programmes.

AUDITORS' REPORT

Auditors' Remarks referred to in the relevant financial notes are self-explanatory which have been appropriately covered in the 'Notes on Accounts'

DIRECTORATE

Mr. S. N. Srivastava, Jt. Managing Director - Diversification has been re-appointed as such for a further period of one year with effect from 10.3.98 on the same terms and conditions as approved by the shareholders last year.

In terms of Article 100 of the Company's Articles of Association read with Section 255 of the Companies Act, 1956, Mr. M. N. Mehta and Mr. N. Srinivasan will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

PERSONNEL

Your Directors wish to place on record their appreciation and the commendable efforts and contributions made by the workers, staff and management at all levels during the year.

Particulars of Employees as required u/s. 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'B' forming part of this Report.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In accordance with the requirement of the above Rules, the particulars in respect of conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo have been given in Annexure 'A' forming part of this Report.

AUDITORS

Messrs, Lovelock & Lewes, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the help and support received from the financial Institutions, Banks, shareholders, depositors, creditors and suppliers and look forward to their continued support in future.

On behalf of the Board of Directors

N. Srinivasan
A. K. Jajodia
S. N. Srivastava
Dr. K. K. G. Menon

Place : Mumbai
Date : 8th May, 1998

ANNEXURE**To Directors' Report****FORM "A"****CONSERVATION OF ENERGY**

	<u>Current Year</u> <u>ended 31.12.97</u>	<u>Previous Year</u> <u>ended 31.12.96</u>
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased units [KWH]	11029626	11001780
Total amount [Rs]	39665083	39807796
Rate per unit [Rs]	3.60	3.62
b. Own Generation		
Through diesel generator Units [KWH]	2572430	2570267
Units per Ltr. of Diesel oil	2.83	2.33
Cost/Unit [Rs]	3.04	2.84
2. Coal		
Quantity [Tonnes]	0	14
Total Cost [Rs]	0	17159
Average Rate [Rs/Tonne]	0	1230
3. Furnace Oil		
Quantity in K. Ltrs	3329	3084
Total Cost [Rs]	24499241	21744006
Average Rate [Rs/KL]	7359	7051
4. Gas		
Quantity [Scum]	5278270	7259131
Total Cost [Rs]	10607693	9943964
Rate [Rs/Scum]	2.01	1.48
B. Consumption Per Unit of Production		
Production of Tea-Kgs	15005386	15350752
Electricity [KWH]	0.73	0.72
Furnace Oil [Ltrs]	0.22	0.20
Coal [Kgs]	0.00	0.001
Gas [Scum]	0.50	0.49

ANNEXURE**To Director's Report****FORM "B"****RESEARCH & DEVELOPMENT [R & D]**

- | | |
|--|--|
| 1. Specific areas in which R & D carried out by the Company | Tea Productivity and quality improvement.
Exploitation of natural products from tea.
Production of Bio-Pesticides & Development of high yielding tea clonal materials. |
| 2. Benefits derived as a result of the above R&D | Improvement in quality of tea & Reduction of risk due to pest and deases. |
| 3. Further plan of action | Exploitation of natural ingredients in Tea. |
| 4. Expenditure on R & D | |
| a) Capital | Nil |
| b) Others | Rs 24.61 Lacs |
| c) Recurring | Rs 8.44 Lacs |
| d) Total | Rs 33.05 Lacs |
| e) Total R & D Expenditure as a percentage of total turnover | 0.28% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|---|--|
| 1. Efforts in brief, made towards technology absorption, adaptation and inovation | Project work in Tea Research Institute & Tea Research Association Laboratory at Tocklai. |
| 2. Benefits derived as a result of above efforts e.g Product improvement, cost reduction, product development, import substitution etc. | Product improvement and Tea Quality improvement. |
| 3. In case of imported technology [imported during the last five years reckoned from the begining of the financial year], following information may be furnished. | |
| a) Technology import | |
| b) Years of import | |
| c) Has technology been fully absorbed. | NOT APPLICABLE. |
| d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action. | |

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period, foreign exchange outgo was to the extent of Rs 339.30 Lakhs. The Foreign Exchange earnings during the period was Rs 3027.19 Lakhs. Details of foreign exchange outgo and earnings have been given in items 12,13,14 and 15 of the Notes to Accounts.

ANNEXURE TO DIRECTORS' REPORT : B

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST DECEMBER, 1997.

Name	Designation	Remuneration (Rs.)	Qualification and Experience	(Years)	Date of Commencement of Employment	Age	Particulars of last Employment Name of Employer	Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
BAPOJI D. J.	Vice President Commercial	6,26,722	M.Com.(Business Law) LLB. Dip.in P.M.I.R	(33)	1.1.1985	52	Worthington Pumps (India) Ltd.	Credit Manager
BEHL Y. K.	General Manager	3,50,129	B.Com. A.C.A	(35)	1.1.1978	54	M & M Ltd.	Tea Estate Assistant
BHAGAT KR.	General Manager	3,77,137	I. SC.	(35)	1.1.1978	53	M & M Ltd.	Tea Estate Assistant
**CHAKROBORTY LN.	Clerk	6,79,343	B.Com.	(4)	1.1.1978	59	M & M Ltd.	Clerk
GHOSH P. K.	General Manager- Packet Tea Sales	3,57,750	M. Sc.	(33)	15.4.1992	59	Brooke Bond India Limited	Deputy Sales Manager
JAJODIA A. K.	Managing Director	10,38,553	B. Com.	(13)	1.10.1992	35	Worldlink Finance Ltd.	Wholtime Director
JAJODIA ASHOK	Sr. Vice President - Commercial	6,75,514	B.Sc., Mech. Engg.	(34)	15.10.1992	60	Sharda Plywood Industries Ltd.	Vice President
KAUL A. K.	Sr. Vice President	4,80,592	B. Sc.	(31)	1.1.1978	51	M & M Ltd.	Tea Estate Assistant
KHAEMKA A. K.	General Manager- Co-ordination	4,27,609	B.Com.	(24)	1.2.1996	48	William Jacks & Co.	Senior Manager
MAMIK B. S.	Sr. Manager- Plantation	4,92,903	B. Sc(Electrical)	(18)	12.7.1994	42	Harriscn Malaylam Ltd	Manager-Sri Lanka Cell
MAND H.S.	Sr. Manager	3,09,722	B.A.(Hons)	(24)	1.10.95	45	General Fibre Ltd	-----
MENON K.K.G.	Director-Technical	7,76,608	Ph.D(Toronto)FABc. FNAsc. FNA.	(49)	01.12.1996	70	National Dairy Development Board	Principal Scientific Advisor
MEHRA R.	Sr. Vice President Manufacture	4,31,038	B.SC. Engg.	(30)	1.1.1978	52	M & M Ltd.	Tea Estate Assistant
MOHAN S. D.	General Manager Agro Project	4,65,250	B.Sc(Agri)	(30)	8.8.1992	51	Andaman Plantation & Development Corp. Ltd.	Chief Executive
MUKHERJEE P.K.	Vice President HR	3,37,357	B.A.(Hons), MBA	(35)	8.5.1995	58	ICI India Ltd.	General Manager Personel
NOWROJEE K.N.	General Manager	3,13,455	M. A.(Eng)	(24)	10.1.1975	47	Shri Amba Dyes & Chemicals	Sales Manager
PHUKAN T.(CAPT)	General Manager- Co-ordination (Guwahati)	3,05,617	B.Sc.(Hons)	(19)	1.4.1988	41	-----	-----
SRIVASTAVA S. N.	Joint Managing Director- Diversification	6,05,591	B.A(Econ), MBA	(38)	17.12.1991	60	Dunlop India Limited	Managing Director
THAPAR D.L.	Director -Tea	6,83,67	B.Sc.(Hons)	(33)	1.1.1978	52	M & M Ltd.	Tea Estate Assistant
TIBREWALA V.B.	General Manager-	4,71,078	B.Com.	(31)	1.1.1992	50	Business	-----
THAKUR S.K.	Typist	7,32,597	LA	(35)	1.1.1978	58	M & M Ltd.	Stanographar

- NOTES : 1. Remuneration shown above includes Salary and Allowances, Commission, Bonus, Contribution to Provident and Superannuation Funds, Leave Travel Assistance, Medical Expenses, actual House Rent and other perquisites valued in accordance with Income Tax Rules, 1962.
2. All appointments are/were contractual.
3. Mr. K. K. Jajodia and Mr. A. K. Jajodia are related to each other. No other employee above named of any Director of the Company.
4. M & M Ltd. denotes Macneill & Magor Limited.
5. * * Indicates employed for the part of the year.

Place : Mumbai
Date : 8th May, 1998

H. N. BANERJEE
COMPANY SECRETARY

N. SRINIVASAN
A. K. JAJODIA
S. N. SRIVASTAVA
DR. K. K. G. MENON
DIRECTORS