



The Assam Company Limited



Member
Duncan Macneill Group

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ANNUAL REPORT AND ACCOUNTS 1999



THE ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U. K.

Board of Directors

Mr. M. N. Mehta, Chairman
Mr. K. K. Jajodia, Group Chairman
Lord Inchcape
Mr. A. K. Jajodia, Sr. Managing Director – Corporate Affairs
Mr. S. N. Srivastava, Managing Director & CEO – Tea
Mr. D. L. Thapar, Director – Marketing

Company Secretary

Amit Halder

Auditors

Lovelock & Lewes, Calcutta

Bankers

Allahabad Bank, Calcutta
Bank of Baroda, Calcutta
State Bank of Bikaner & Jaipur, Calcutta
State Bank of Hyderabad, Calcutta
Oriental Bank of Commerce, Calcutta

Solicitors

Khaitan & Co., Calcutta
Fox & Mandal, Calcutta

Registrars & Share Transfer Agents

M/s. C.B. Management Services Ltd.
P-22, Bondel Road
Calcutta-700 019

Registered Office

Greenwood Tea Estate
P.O. Dibrugarh
Assam

Head Office

ASSAM TEA HOUSE
52, Chowringhee Road
Calcutta-700 071



THE ASSAM COMPANY LIMITED

Notice

Notice is hereby given that the Twenty-third Annual General Meeting of The Assam Company Limited will be held at 11.00 A.M. on Friday, the 29th September, 2000 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business :

Ordinary Business

1. To receive and adopt the audited Profit & Loss Account for the year ended 31st December, 1999 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. K.K. Jajodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Lord Inchcape (Kenneth Peter Lyle Mackay), who retires by rotation and being eligible, offers himself for re-appointment.
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 Special Resolution

"RESOLVED that in accordance with the provisions of Section 17(2) and the other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and as may be enacted from time to time, the existing object clauses of the Memorandum of Association of the Company be extended in the following manner."

By inserting the following new sub-clauses (40) to (43) after the existing sub-clause (39) of clause IIIC of the Memorandum of Association of the Company :

40. To develop, create, design, license, make, buy, sell software packages, to undertake the designing and development of systems and

application software and to undertake electronic portal services, electronic commerce, payment gateways, electronic communications, mail messaging, electronic mail, electronic data interchange, internet, intranet and extranet services, web browsing, data warehousing, data mining and electronic storefronts, set up and run Bulletin Board Services and Web Information Server, provide web housing services, public domain software services, rent or buy information to be hosted on the server, publish information on internet, CD-ROMs, paper or any other medium, create and service virtual market networks and any other web services and value added services, set up or lease Gateway Internet Access Services and act as system analyst, programmer and data processor.

41. To provide services for access of internet through cables, telephone lines and produce, manufacture, sell, transmit, convey, distribute, convert, store, exchange, undertake contract for erection and commissioning or dealing in any manner in recording, reproduction, communication and transmission and undertake the business of communication, transmission and distribution of pictures, pixels, sounds, data or any other tangible or intangible property by wire, wireless, satellite and provide all kinds of services, private telephone services, data transmission equipments, fax, fax-store and forward services, cable-television services, cable and wireless communication systems, virtual private networks, electronic mail, cellular, mobile radio telephone services, basic telephone services, data transmission equipments, radio paging services, trunked radio services, tele-newspapers, videotext, speech facsimile telephone-conferencing, video-conferencing, video telephone, mobile videofax, VSAT based services, very small apparatus terminal based



services, radio receiving and transmitting stations, trans-receivers, walkie-talkie, radio relay equipment, equipment, single channel, multi channel, fixed frequency, variable frequency, static, mobile airborne and shipborne equipments in HF, VHF, UHF and microwave frequency spectrum, TV systems, receivers, transmitters, pattern generators and associated equipments, amplifiers, oscillators, synthesizers, waveform, generating, measuring and associated equipments, sonic, ultrasonic and radio frequency ranging and depth finding solar and telemetry coding data transmission equipments and data acquisition, processing and logging equipments, calculators, computers, mini-computers and micro-computers, printers, readers display terminals, facsimile transmitting and receiving equipments and systems, voice mail services and any other systems for communications whether consisting of sounds, visual images, electrical impulses or otherwise.

42. To carry on, in India or abroad, the business of manufacturing, developing, designing, assembling, fabricating, buying, selling, exporting, importing, processing, distributing, trading, hiring and dealing in all types of computers and micro processor based systems, power supply and signalling control equipments including computer hardware, software peripherals, parts, components and accessories and related systems circuit boards, mother boards, disc drives, computerised magnet tapes, magnet drums, magnetic discs, magnetic cards, magnetic core metallic tools, data communicated equipments/products, electronic photo composing machines and other incidental equipments, develop, create, lay, install, acquire, buy, sell or lease cable, wireless, cellular, basic telephone network and any other wide area of communication network or local area network and deal in any other manner in all kinds of computers, computer equipments and computer

related products, software, information technology, books, periodicals, journals and other items and render all other services in connection therewith.

43. To act as consultants/advisors on all matters with respect to buying, installation, maintenance, running and management of computer hardware and software, computer applications, peripherals, consumables, accessories and media and any office machine as required by persons, firms, companies, associations, trusts, society or organisations whatsoever in India or abroad or commonly dealt in by persons engaged in such business or which may be conveniently dealt with in connection therewith, maintain training centers and to provide management consultancy, techno economic feasibility studies of projects, design and development of Management Information System, Call centers, Teleservices, Remote services and all kinds of IT enabled services, set up and run electronic data processing centers and to carry on the business of data processing, word processing and warehousing data conversion, data verification, data search, maintain accounts, statements, documents, files or make and deliver programmes on behalf of clients or for own use, provide pay roll services, maintain legal database and undertake various designing, publishing and printing job orders.

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

"RESOLVED THAT pursuant to the provision of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any of the business specified in sub-clauses (40) to (43) along with the business specified in sub-clauses (1) to (39) of Clause IIIC of the Memorandum of Association of the Company, upon the said sub-clauses becoming



THE ASSAM COMPANY LIMITED

effective, as and when deemed fit by the Board of Directors of the Company."

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

"RESOLVED that the Company hereby approves the payment of Rs. 2,46,280/- on account of medical treatment to Mr. S. N. Srivastava, Managing Director & CEO-Tea in excess of his entitled perquisite benefits."

9. To consider and if thought fit, to pass with or without modification the following resolutions as Special Resolutions :

"RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and of the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approvals, consents and permissions of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Financial Institutions (FIs) and all other concerned authorities, if any, and to the extent necessary and subject to the consents, approval, permissions and sanctions of such other appropriate authorities, institutions or bodies, as may be necessary, and subject to such conditions, modifications and alterations as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its power including the powers conferred by the Resolution), the consent and approval of the Company be and is hereby

accorded to the Board to issue/offer equity shares and/or convertible debentures (fully or partly), with or without detachable or non-detachable warrants and/or warrants of any nature and/or secured premium notes and/or floating rate notes/bonds and/or any other financial instruments (hereinafter for the sake of brevity collectively referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide which Securities when issued or allotted would ultimately result in an increase in the paid up equity share capital of the Company, by an amount not exceeding 10% of the Authorised Share Capital of the Company as standing on the date of such issue or allotment to the Members, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Companies, other entities or authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of Securities, conversion of loan or otherwise and for general corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamation, acquisitions, reconstructions or re-arrangements or any other reorganisations as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in tranche or tranches, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the then prevailing laws, at such price or prices, or in such manner as the Board may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on conversion/redemption/extinguishment of debts, exercise of rights attached with warrants and/or any other financial instrument, period of conversion, fixing of record date or book closure and other related or incidental matters."



"RESOLVED FURTHER that such of these Securities to be issued, as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide."

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the Securities and further to do all such acts, deeds, matters and things and to finalize and execute all such deeds, documents, and writings as may be necessary, desirable or expedient."

10. To consider and if thought fit, to pass with or without modification the following resolutions as Special Resolutions :

"RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and of the enabling provisions of the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approvals, consents and permissions of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Financial Institutions (FIs) and all other concerned authorities, if any, and to the extent necessary and subject also to the consents, approvals, permissions and sanctions of such other appropriate authorities, institutions or bodies, as may be necessary, and subject to such

conditions, modifications and alterations as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), the consent and approval of the Company be and is hereby accorded to the Board to issue/offer Preference Shares of the face value of Rs. 100/- each of an aggregate amount not exceeding Rs. 20 crores with or without detachable or non-detachable warrants or any other financial instruments (hereinafter for the sake of brevity collectively referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide, to the Members, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Companies, other entities or authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of Securities, conversion of loan or otherwise and for general corporate purpose including capital expenditure, working capital requirements, strategic investments, any merger, amalgamation, acquisitions, reconstructions or re-arrangements or any other re-organisations as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in tranche or tranches, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the then prevailing laws, at such price or prices, or in such manner as the Board may in its absolute discretion think fit in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on conversion/redemption/extinguishment of debts, exercise of rights attached with warrants any/or any other financial



THE ASSAM COMPANY LIMITED

instrument, period of conversion, fixing of record date or book closure and other related or incidental matters."

"RESOLVED FURTHER that such of these Securities be issued, as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide."

"RESOLVED FURTHER that for the purpose of giving

effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the Securities and further to do all such acts, deeds, matters and things and to finalize and execute all such deeds, documents, and writings as may be necessary, desirable or expedient."

Registered Office :
Greenwood Tea Estate
P. O. Dibrugarh, Assam
4th September, 2000.

By Order of the Board

Amit Halder
Company Secretary

NOTES :

1. The Register of Members of the Company will remain closed from 22nd September to 29th September, 2000, 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. Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956 in respect of the items of special business is annexed hereto.
4. The dividend, if approved at the meeting, will be paid within the period prescribed under the Companies Act, 1956 to those members whose names shall appear in the Register of Members of the Company on 29th September, 2000 or to their mandatees, subject, however, to the provisions of Section 206A of the Companies Act, 1956.
5. 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.

6. All correspondence relating to transfer of shares, transmission, sub-division, issue of duplicate Share Certificate, dividend and any change in the address alongwith PIN code, Bank mandate and residential status should be addressed to the Company's Registrars and Share Transfer Agents M/s. CB Management Services Ltd., P-22, Bondel Road, Calcutta-700 019.
7. Members who have multiple accounts in identical names or joint accounts in the same order, are requested to intimate the Company, the ledger folios of such accounts, in order to consolidate all such shareholdings into one account.
8. Trading in Equity Shares of the Company is permitted only in Dematerialised Form w.e.f. 24th July, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).



THE ASSAM COMPANY LIMITED

EXPLANATORY STATEMENT – PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS :

Item No. 6

The main objects of the Company now being pursued is to plant, grow, blend and in any way deal in Tea. With the advent and spurt in Information technology area, the Board of Directors of the Company proposes to branch out its operation in e-Commerce field as part of its diversification of activities, which they feel has tremendous scope and opportunity.

As per requirement of Section 17 of the Companies Act, 1956, any alteration of the Memorandum of Association of the Company have to be approved by the shareholders in a General Meeting by way of a Special Resolution. Accordingly, the resolution set out in Item No. 6 of the convening notice is being recommended by the Board.

None of the Directors are concerned or interested in the said resolution.

Item No. 7

As per the provisions of Section 149 (2A) of the Companies Act, 1956, approval of the Members in the General Meeting is required for commencement of any business set out in the Other Objects of the Memorandum of Association of the Company.

As a matter of expediency, the resolution stated in Item No. 7 is proposed to accord authority to the Board of Directors for commencing and undertaking, at any time they would consider appropriate and expedient and in the interest of the Company, all or any of the business activities stated in newly inserted sub-clauses (40) to (43) along with the business specified in sub-clauses (1) to (39) of Clause IIIC of the Memorandum of Association of the Company.

The Board recommend the adoption of the said Resolution.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

Item No. 8

During the year an additional sum of Rs. 2,46,280/- was paid to Mr. S.N. Srivastava, Managing Director & CEO-Tea

for the purpose of his medical treatment which was in excess of his entitlement.

It is necessary to obtain consent of the shareholders to such additional expenses. Mr. Srivastava deemed to be interested or concerned in the resolution under Item no. 8 of the convening notice. No other Director of the Company is interested in this resolution. This may also be treated as an abstract of the terms and conditions of appointment of Mr. S. N. Srivastava, Managing Director & CEO-Tea of the Company pursuant to Section 302 of the Companies Act, 1956.

Item Nos. 9 & 10

Due to globalisation and liberalisation of the country's economic environment, the industries have tremendous prospect through expansion/and diversification etc. The expansion and diversification includes development of existing business activities, plantation of tea bushes, acquisition of new tea estates, technology upgradation, water & soil management, R&D activities etc. involving additional capital requirements.

The Company is also considering to start new venture in e-Commerce area which requires substantial capital outlays.

Consent of the shareholders is accordingly being sought pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 by the Special Resolution as set out in Item Nos. 9 and 10 of the Notice to authorise the Board of Directors for issuing at appropriate time(s) various Securities as stated in the Resolution in accordance with the terms and nature of the Securities.

The Board recommend the Resolutions for the approval of the shareholders.

None of the Directors of the Company is concerned or interested in the Resolution.

Registered Office :
Greenwood Tea Estate
P.O. Dibrugarh, Assam
4th September, 2000.

By Order of the Board

Amit Halder
Company Secretary

**THE ASSAM COMPANY LIMITED****Directors' Report**

Your Directors have pleasure in submitting their Twenty-third Report for the year ended 31st December, 1999 together with the Audited Accounts for the said year.

Financial Results

	1999 Rs.	1998 Rs.
Profit before Taxation & Depreciation	12,60,59,050	17,41,85,976
Less : Depreciation	4,13,01,434	4,46,49,285
	8,47,57,616	12,95,36,691
Less : Taxation	79,09,235	1,46,10,000
Profit after Depreciation and Taxation	7,68,48,381	11,49,26,691
Add Transfer from : Development Allowance Reserve	2,70,000	3,60,000
Investment Allowance Reserve	—	12,87,000
Contingency Reserve	5,00,00,000	—
Less : Prior-year's adjustments	1,15,83,392	—
Provision for diminution in the value of certain investments	87,68,226	3,75,15,000
Add : Surplus brought forward	6,83,59,908	10,09,25,856
	17,51,26,671	17,99,84,547
Your Directors propose the following appropriations :		
Transfer to General Reserve	—	86,19,502
Transfer to Debenture Redemption Reserve	1,57,15,000	1,57,15,000
Transfer to Contingency Reserve	—	5,00,00,000
Dividend on Equity Shares of 10% (Re. 1.00 per share)	2,23,96,502	3,35,94,718
Corporate Dividend Tax	49,27,230	36,95,419
Balance Carried Forward	13,20,87,939	6,83,59,908

Dividend

Your Directors have recommended an equity dividend of 10% for the year ended 31st December, 1999. Such dividend, when approved by the shareholders, will be paid to those members whose names appear in the Register of Members as on 29th September, 2000.

Performance

Tea production during the year registered a sharp decline because of severe drought in the beginning of the season. This was an unprecedented drought of the kind not experienced

during the last three decades. Initially, crop prospects looked bleak and your Company was not exception with a heavy shortfall of over 25% in the first six months compared to the corresponding period in the previous year. However, continued efforts towards better field management and improved weather conditions showed a marked improvement in the second half of the year and your Company closed the year with the total production of 151.7 lacs kg. – 5.47% behind 1998. This is against the industry drop of over 10% in Assam tea districts.

Quality continued to be the main focus for the Company and



the year witnessed an improved price realisation of Rs. 93.44 per kg. All these resulted in an improved income level of Rs. 147.81 crores.

Exports

Tea export, almost throughout the world, witnessed a decline during the year. The position was made worse through the sluggish demand in the CIS countries. These resulted in fall in tea prices in the international markets leading to a somewhat difficult environment in the export arenas. However, persistent efforts to explore markets in non-traditional countries have yielded some encouraging possibilities for the Company's export business in the future years.

Prospects

The tea market, at the beginning of the current season, opened on a depressed note. Tea price levels in India have been fundamentally weak. The only significant feature of the market is that quality teas are fetching relatively better prices whereas demand for medium and low-medium continues to be sluggish and subdued. The general consensus is that the market for quality teas both in the domestic as well as international markets should hold on. This indicates that your Company will have to continue its efforts to produce better teas for improved price realisation in the coming year.

There have been severe cost escalations in most areas including the sharp increase in wages and input costs in terms of agro-chemicals and fertilizers. The cost of food rations to the workers at heavily subsidised rates has also gone up substantially together with heavy escalation in the costs of fuel, electricity and gas and the continuance of the excise duty. These, we fear, will impact adversely on the profitability of your Company during the current year.

Research & Development

The Company has an R&D Unit which is dedicated to scientific Research & Development programmes functioning in Assam, recognised by the Ministry of Science and Technology, Govt. of India.

Productivity, production, quality improvement, reduction in pest and disease infestation, soil improvement etc. are the major thrust. Towards improving eco-system, the Company has launched massive re-afforestation programme. The Company has also ventured into large scale organic tea cultivation which has gained international acclamation.

Subsidiary Companies

Notwithstanding the fact that a Memorandum of Settlement with the Government of Andhra Pradesh and Andhra Pradesh Industrial Infrastructure Corporation were signed with the Subsidiary Companies on 24th June, 1998 and a sum of Rs. 30,87,01,890/- was received, the Board of Directors of the subsidiaries, had decided to institute legal proceedings against Government of Andhra Pradesh for recovery of the expenses incurred on development of the projects, damages including loss of profit/opportunity cost arising out of the breach of contract. Necessary statement 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

Your Directors are fully conscious of the social obligations and leaving no stone unturned to discharge the duties towards this direction in the tea estates. Actions have been launched to bring about improvement in the areas, viz., housing, hospitals, medical, education and employment opportunities. Drives were also focused on resource conservation, pollution control and related afforestation programmes in line with the national policies.

Auditors' Report

The observations of the Auditors made in paragraph 3(i) & 3(ii) of their Report have been fully explained in the Notes on Accounts and hence, are not being separately dealt with here.

Regarding compliance of Section 211 (3C) of the Companies Act, 1956, it is stated that :

Recoverability of certain investment is dependent upon the outcome of further claim lodged in this regard. Therefore, no