



# Assam Company Limited



*Member*  
**Duncan Macneill Group**



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**ANNUAL REPORT AND ACCOUNTS 2007**

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# ASSAM COMPANY LIMITED

Member : Duncan Macneill Group, U.K.

## BOARD OF DIRECTORS

Dr. K. K. Jajodia, *Chairman*

Mr. A. K. Jajodia, *Managing Director & CEO*

Mr. Abhay Chawdhry, *Director Finance & CFO*

Mr. Santosh Bhagat

Mr. Umesh Barasia

Mr. Pintu Kr. Agarwalla

## Company Secretary

Mr. Arup Kumar Roy

## Auditors

Lovelock & Lewes, Kolkata

## Bankers

Allahabad Bank, Kolkata

Bank of Baroda, Kolkata

State Bank of Bikaner & Jaipur, Kolkata

State Bank of Hyderabad, Kolkata

Oriental Bank of Commerce, Kolkata

## Solicitors

M/s. Khaitan & Co., Kolkata

Sharma Kajaria and Company

M/s. K. L. Yadav & Co., Kolkata

## Registrars & Share Transfer Agents

M/s. C. B. Management Services Pvt. Ltd.

P-22, Bondel Road

Kolkata - 700 019

Phone : 2280-6692-93 / 2486

## Registered Office

Greenwood Tea Estate

P.O. Dibrugarh

Assam.

## Head Office

Assam Tea House

52, Chowringhee Road

Kolkata - 700 071

Phone : (033) 2283-8306/09/12

Thirty-First Annual General Meeting of the Company will be held at 11.00 A.M. on Tuesday  
22nd July, 2008 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam





## NOTICE

Notice is hereby given that the Thirty-First Annual General Meeting of the Members of Assam Company Limited will be held at 11.00 A.M. on Tuesday, 22nd July, 2008 at Dibrugarh & District Planters' Club, Lahoal, P.O. Dibrugarh, Assam to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st December, 2007 and the Balance Sheet as at that date and the Report of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st December 2007.
3. To appoint a Director in place of Dr. Krishna Kumar Jajodia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

### Special Business:

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Umesh Barasia be and is hereby appointed as Director of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 and other necessary sanctions, if any, approval of the members be and is hereby accorded to the re-appointment of Mr. Aditya Kumar Jajodia, as Managing Director and Chief Executive Officer of the Company for a further period of 5 (five) years with effect from 1st October 2007 till 30th September 2012.

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized and empowered to execute the necessary agreement with Mr. Aditya Kumar Jajodia and to take such steps and to do all such acts, deeds, things and matters as may be necessary or expedient for the purpose of giving effect to the above resolution."

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

**"RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any,

of the Companies Act, 1956 ("the Act"), the Members hereby approve the remuneration payable to Mr. Aditya Kumar Jajodia, Managing Director and Chief Executive Officer of the Company, with effect from 1st October 2007 till 30th September 2012 (including the remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) as set out in the Explanatory Statement annexed to the Notice convening this meeting, and to such revisions subject to the overall limit as applicable to the Company in terms of Part II of Section II of Schedule XIII."

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to the approval of Central Government, the Company hereby grant its approval under Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), for an amount of Rs. 20,000 per month (Rupees twenty thousand only) in respect of reimbursement towards maintenance & repair cost of rental accommodation to Mr. Abhay Chawdhry, Director Finance and Chief Financial Officer of the Company, with effect from 9th November, 2006 up to 8th November 2009 as set out in the Explanatory Statement annexed to the Notice convening this meeting.

9. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 79A, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), listing agreements entered into by the Company, and in accordance with the provisions of the Articles of Association of the Company and subject to all necessary abidements and / or sanctions of the Government of India, Reserve Bank of India, Financial Institutions, FIPB / SIA, under FEMA 1999 and provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") 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 including ESOS Compensation Committee which the Board may constitute to exercise its powers, including powers conferred by this Resolution), consent of the members of the Company be and is hereby accorded to the Board to create, offer, issue and allot, at any time to or for the benefit of such person(s) who are in the permanent employment of the Company working in or out of India, a director of the Company, an employee as stated aforesaid of a subsidiary in India or out of India and



Holding Company, or to such other persons as may from time to time be allowed under prevailing laws on such terms and conditions as may be decided by the Board under the Scheme titled "Employee Stock Option Scheme(ESOS) /Employee Stock Appreciation Rights (SAR) - 2005" (hereinafter referred to as the "ESOS" or "Scheme" or "Plan"), such number of Equity Shares and/ or equity linked instruments (including options), equity issued through American Depository Receipts ("ADRs") and/or Global Depository Receipts ("GDRs") and/or other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which could give rise to issue of Equity Shares not exceeding in the aggregate 20% of the issued Equity Share Capital of the Company as on 31st January 2006, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of law as may be prevailing at that time."

**"RESOLVED FURTHER THAT** the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the Company to bring into effect the Scheme and make any alterations in the said Scheme as may be specified by any statutory authority and to do all such acts, as it may in its absolute discretion to settle any questions, difficulties, or doubts that may arise in this regard."

10. To consider and if thought fit, to pass with or without modifications, the following Resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 79A, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Articles of Association of the Company and provisions contained in the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such approvals, permissions and sanctions which may be prescribed or imposed 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 including ESOS Compensation Committee which the Board may constitute to exercise its powers, including powers conferred by this Resolution),

consent of the members of the company be and is hereby accorded to the Board to extend the benefits of Employee Stock Option Scheme proposed in the Resolution under Item No. 9 in this notice to the eligible employees/ directors of the holding /subsidiary companies, as and when formed and /or to such other persons, as may from time to time be allowed under the laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized, on behalf of the Company, to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, matters and things as it may be in the absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

11. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to :

- a) make investments by way of subscription, purchase or otherwise in the securities upto Rs.50 Crores in Assam Company Naftogaz Hydrocarbon Projects Limited.
- b) give any guarantee(s) or provide security(ies) upto Rs.100 Crores in connection with loan made by any other person to Assam Company Naftogaz Hydrocarbon Projects Limited.
- c) make loan(s) and / or give any guarantee(s) / provide any security(ies) to any person other than Assam Company Naftogaz Hydrocarbon Projects Limited in connection with loan(s) made to and / or acquire by way of subscription, purchase or otherwise the securities of any body corporate upto a limit not exceeding Rs.100 Crores; notwithstanding that the aggregate of the loans, guarantees or



securities so far given or to be given to and / or securities so far acquired in all bodies corporate may exceed the limits prescribed under the said Section."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also delegate all or any of the above powers to the Committee of Directors or Managing Director or the Principal Officer of the Company and

generally do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

**The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 17th July, 2008 till Tuesday 22nd July, 2008, both days inclusive.**

**Registered Office :**  
**Greenwood Tea Estate**  
**P.O. Dibrugarh, Assam**  
**Place : Kolkata**  
**Dated : 23rd June, 2008**

By Order of the Board

Arup Kumar Roy  
Company Secretary

#### NOTES:

1. **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.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. 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, 1999 and as declared at the Annual General Meeting held on 29th September 2000, have been transferred to the Investor Education and Protection Fund.
4. Members are requested to quote their registered folio No. in all correspondence with the Company or its Registrars.
5. All documents referred in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12 noon upto the date of the forthcoming Annual General Meeting.

#### **DETAILS OF DIRECTORS BEING RE-APPOINTED / APPOINTED (In pursuance of Clause 49 of the Listing Agreement):**

##### **Item No. 3**

Dr. Krishna Kumar Jajodia, Chairman retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. Jajodia aged 75 years is an Honours Graduate in Economics and has wide business experience for nearly 54 years. A renowned Industrialist Dr. Jajodia is associated with several National and International level organizations.

Apart from being the Chairman of Assam Company Limited, Dr. Jajodia holds Directorship in North - East Hydrocarbon Limited, Assam Oil and Gas Limited and Gujarat Hydrocarbons and Power SEZ Limited.

Dr. Krishna Kumar Jajodia and Mr. Aditya Kumar Jajodia being related are deemed to be interested and / concerned in the said Resolution.

No other Director is interested in the Resolution.

The Board recommends the Resolution for approval by the Members.





## **EXPLANATORY STATEMENT**

### **PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

#### **SPECIAL BUSINESS**

##### **Item no. 5**

Mr. Umesh Barasia was appointed as Director in the casual vacancy caused by the demise of Mr. B.P. Kanodia under Section 264 of the Companies Act, 1956, effective from 16th January, 2007.

Mr. Barasia is a member of the Institute of Chartered Accountants of India and has over 23 years of experience in the field of accounts, finance, taxation and capital market.

Apart from being the Director of Assam Company Limited, Mr. Barasia holds Directorship in Millennium Stock Brokers Private Limited, Lexus Shares and Stock Brokers Private Limited and Lexus Technographics Pvt. Ltd.

Notice in writing under Sub-section (1) of Section 257 of the Companies Act, 1956 has been received from a member of the Company alongwith a deposit of Rs.500/- proposing the candidature of Mr. Umesh Barasia as a Director of the Company.

The resolutions set out in item No. 5 of the accompanying notice is intended to obtain the consent of the Members in respect of the appointment of Mr. Umesh Barasia as an Independent and Non-Executive Director of the Company.

Mr. Umesh Barasia may be deemed to be interested and/or concerned in the resolution. No other Director is interested in the resolution.

The Board recommends the Ordinary Resolution for approval by the Members.

##### **Item no. 6 and 7**

At the Annual General Meeting of the Company held on 5th December, 2003, Mr. Aditya Kumar Jajodia was re-appointed as Senior Managing Director (re-designated as Managing Director & Chief Executive Officer), for a period of 5 years w.e.f. 1st October, 2002 upto 30th September 2007.

The Board of Directors of the Company at its meeting held on 1st November, 2007 has approved the re-appointment of Mr. Aditya Kumar Jajodia as Managing Director & Chief Executive Officer for a further period of 5 years w.e.f. 1st October 2007 upto 30th September 2012.

On recommendation of the Remuneration Committee, the Board of Directors at its meeting held on 1st November, 2007 has also approved the remuneration payable to Mr. Aditya Kumar Jajodia to the extent mentioned herein below.

- Salary : Rs.2,80,000/- (Rupees Two Lakhs Eighty Thousand only) per month in the scale of 280000-80000-480000.
- Commission and Performance Bonus upto 50% of the Annual Salary
- Free fully furnished accommodation including furnishings, gas, electricity and water
- Medical re-imbursement for self and family - as per Company Rules
- Club Fees
- Telephone and Car with driver - as per actuals
- Leave Travel Assistance - six months' basic salary for self and family
- Personal Accident Insurance, Medical Insurance and encashment of unavailed leave - as per Company Rules
- Contribution to Provident Fund, Gratuity Fund and Pension Fund.

In view of the eventuality of inadequacy of profits for any Financial Year and in compliance of Schedule XIII and to provide for any revision in the remuneration, it is proposed to make an application to the Central Government for payment of remuneration to Mr. A K Jajodia, subject to the overall limit as applicable to the Company in terms of Part II of Section II of Schedule XIII.

The relevant disclosures pursuant to Schedule XIII are provided below:

#### **I. GENERAL INFORMATION :**

##### **1. Nature of Industry :**

The Company is involved in the cultivation, manufacture and sale of Tea, Oil and Gas exploration.

##### **2. Date of commencement of commercial production :**

Tea – Since 1845 and as Assam Company Limited since 1977;

Oil and Gas – April, 2006

##### **3. In case of new Companies, the expected date of commencement of activities as per project approved by the Financial Institutions appearing in the prospectus**

– Not Applicable.





**4. Financial performance given on indicators. (Rs. Cr.)**

Year	Sales Turnover	PAT
2007	151.91	8.55
2006	149.50	7.45
2005	131.59	6.98

**5. Export performance and net Foreign Exchange earnings (Rs. Cr.)**

2007	-	54.94
2006	-	48.25
2005	-	26.30

**6. Foreign investments or collaborators, if any (31.12.2007) :**

Foreign Investors hold 69.11 % in the Equity Share Capital of the Company.

**II. INFORMATION ABOUT THE APPOINTEE :**

**1. Background details :**

Mr. A K Jajodia has over 23 years of experience in the area of Finance and Business Management. Mr. Jajodia serves as a Member on a number of business forums like the Indian Tea Association and the FICCI. He is presently the Vice Chairman of Indian Tea Association as well as the Chairman of Indian Tea Association Sub-Committees on Finance, Taxation and Insurance, Flood Control and Infrastructure. He has been actively involved in the development of Oil and Gas Division and has played an important role in the structuring of Oil and Gas Division to its present level of operation.

**2. Past Remuneration (Rs. Lacs)**

2007	–	58.83
2006	–	43.10
2005	–	28.25

**3. Job Profile and suitability :**

Mr. Jajodia is the Managing Director and CEO of the Company and has been on the Board of Directors of the Company for the last sixteen years. He is also the Vice-Chairman of The Indian Tea Association.

**4. Comparative Remuneration profile :**

Goodricke Group Ltd. – Rs 70.51 lacs p.a

**5. Pecuniary Relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any.**

Mr. A K Jajodia is the son of Dr. K K Jajodia, who is the Non-Executive Chairman.

**III. Other Information :**

- Reasons for loss of inadequate profits**
- Steps taken or proposed to be taken**
- Expected increase in productivity and profits in measurable term**

These have been dealt with in the Directors' Report and Report on Management Discussion and Analysis.

This may be treated as an abstract under Section 302 of the Companies Act, 1956.

Dr. K. K. Jajodia and Mr. A. K. Jajodia are interested in the Resolution. No other Director is interested in the Resolution.

The Board recommends the Special Resolution for approval by the Members.

**Item No. 8**

Mr. Abhay Chawdhry was appointed as Director Finance and Chief Financial Officer of the Company for a period of 3 (three) years with effect from 9th November, 2006 by the Board of Directors at its Meeting held on 9th November, 2006 with subsequent approval of the Shareholders in its Annual General Meeting held on 30th June 2007 as well as by the Central Government.

At the Board Meeting held on 9th November 2006 and on the recommendation of the Remuneration Committee, an amount of Rs. 20,000 per month (Rupees twenty thousand only) for reimbursement towards maintenance & repair cost of rental accommodation was included in the remuneration package of Mr. Chawdhry. This was however inadvertently omitted in the shareholders resolution passed at the Annual General Meeting held on 30th June 2007 which is now being placed for ratification.

The resolutions set out in item No. 8 of the accompanying notice is intended to obtain the consent of the Members in this regard.

Mr. Abhay Chawdhry may be deemed to be interested and/or concerned in the resolution.

No other Director is interested in the resolution.

The Board recommends the Special Resolution for approval by the Members.

**Item no. 9**

The Company is desirous of finding means to allow its personnel in the Group to participate in its growth, through appropriate mechanism.

Stock Options have long been recognized internationally, as an effective instrument, to align the interest of employees with those of the Company and its shareholders, provide an opportunity to employees to share in the growth of the Company and create long term wealth in the hands of the employees in the Group.

Stock Options create a common sense of ownership between the Company and its employees in the Group paving way for a unified approach to the common objective of enhancing overall shareholder value.

Stock Options provide for tax-efficient, performance linked rewards to employees and serve as an important means to attract, retain and motivate the best available talent for the Companies in the Group.

From the Company's perspective, Stock Options also provide an opportunity to optimize personnel costs by allowing for an additional market-driven mechanism to attract, retain, compensate and reward employees.

The Securities and Exchange Board of India (SEBI), has introduced a comprehensive and internationally comparable set of regulations known as the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

The Company proposes to introduce the following two Stock Option Schemes for the benefit of permanent employees of the Company, its Directors and such other persons/entities as may be prescribed by SEBI from time to time and in accordance with the provisions of prevailing regulations. The Stock Option Schemes will also cover any issuance of ADRs/ GDRs/ other securities by the Company, as may be allowed from time to time under prevailing regulations.

**SCHEME A**

Stock Options: Under this Scheme, employees of the Group will be given an option to acquire a certain number of shares of the face value of Re.1/- each, at the price as mentioned hereinafter.

**SCHEME B**

Stock Appreciation Rights (SAR) is a means for cashless exercise of options. SAR entitles the employees to receive the difference between the price computed for the purpose of grant and the price computed for the purpose of exercise, in the form of shares of the Company. The number of shares received by the employee is arrived at by dividing the total appreciation in

value, as calculated above, by the market price of the shares on the date of exercise.

**APPLICABLE TO BOTH THE SCHEMES**

The Company shall constitute an ESOS Compensation Committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent Directors, for administration and superintendence of ESOS.

The Committee will formulate the detailed terms and conditions of the ESOS.

The Committee will specify, inter alia, the following:

- quantum of options to be granted to any employee and in aggregate.
- conditions under which options vested in employees may lapse.
- time period within which an employee may exercise vested options in the event of termination or resignation.
- rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period.
- procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions or otherwise.
- lock-in period for the shares issued pursuant to exercise of the options.
- any other related or incidental matters.

The following is the Explanatory Statement which sets out the various disclosures as required by Clause 6 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "ESOS Guidelines").

The salient features of the ESOS are as under:-

**(a) Total number of options to be granted**

The total number of Options/SARS that may, in the aggregate, be issued, under both the Schemes:

Upto 20% of the issued Equity Share Capital of the Company as at January 31, 2006 and the Equity Shares that may be issued in the discharge of subsisting obligations.

**(b) Identification of classes of employees in the Group entitled to participate in the ESOS**

Permanent employee of the Company working in or out of India, director of the Company or an employee as defined