

ASSAMBROOK LIMITED ANNUAL REPORT 1998-99

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ASSAMBROOK

ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

SURENDRA RAMPURIA
Managing Director

SIDDHARTH RAMPURIA
Wholetime Director

GAUTAM RAMPURIA
AMITABHA GHOSH
M. P. WADHAWAN
R. K. KHANNA
G. MOMEN
N. C. SURI

AUDITORS

CLARK, GARDNER, WOLF & CO.

BANKERS

ALLAHABAD BANK
BANK OF INDIA
UNION BANK OF INDIA
THE CATHOLIC SYRIAN BANK LTD.

REGISTERED OFFICE

1, SHAKESPEARE SARANI
CALCUTTA - 700 071

NOTICE

NOTICE is hereby given that the 51st Annual General Meeting of the Company will be held at "KALAKUNJ", 48, Shakespeare Sarani, Calcutta-700 017 on Friday, September 24, 1999 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the audited Profit and Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. To declare dividend.
3. (a) To appoint a Director in place of Shri Gautam Rampuria who retires by rotation and being eligible offers himself for re-appointment.
(b) To appoint a Director in place of Shri Amitabha Ghosh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval is hereby given to the re-appointment of and remuneration payable to Shri Surendra Rampuria as Managing Director of the Company for a further period of 5 years with effect from November 5, 1998 as set out in the Agreement dated November 17, 1998 entered into between the Company and Shri Surendra Rampuria.

Registered Office :
1, Shakespeare Sarani
Calcutta-700 071
Dated July 30, 1999

By Order of the Board of Directors

SIDDHARTH RAMPURIA
Wholtime Director

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
2. Proxy Form is enclosed. The proxies in order to be effective must be deposited with the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, September 10, 1999 to Friday, September 24, 1999 (both days inclusive).
4. The dividend, if declared, will be payable on or after September 25, 1999 to those members whose names will appear on the Register of Members of the Company on September 24, 1999 or to their mandatees.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government.

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1995, or any subsequent financial years are requested to make their claim to the Company.

6. Members desirous of making a nomination in respect of their share holdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5

The Board of Directors of the Company at its meeting held on November 16, 1998, reappointed Shri Surendra Rampuria as Managing Director of the Company, subject to the approval of the Members of the Company, for a period of 5 years with effect from November 5, 1998, on the terms and conditions as contained in the agreement.

- a) **Salary** - Rs. 75,000/- per month in the scale of Rs. 75,000 - 7,500 - 1,05,000
- b) **Commission** - 1% of the net profit of the Company.
- c) **Perquisites** - In addition to the aforesaid Salary and Commission, Shri Surendra Rampuria shall be entitled to perquisites like furnished accommodation or housing allowance, Gas, Electricity, Water, Medical Reimbursement, Leave Travel Concession for self and family, Club Fees, Personal Accident Insurance, etc. in accordance with the rules of the Company, the monetary value of such perquisites being restricted to an amount equal to annual salary or as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is less.

The following shall not be included in the perquisites :

- (a) Use of Office Car for official purpose and Telephones at the residence for local calls and long distance official calls.
- (b) Company's contribution to Provident Fund and Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- (c) Gratuity as per the payment of Gratuity Act, 1972.
- (d) Encashment of leave at the end of the tenure of office.

The aggregate of salary, commission, gratuity, LTA and other perquisites and the contributions to the PF and Superannuation Fund shall not exceed the limit specified in section 198 and 309 of the Companies Act, 1956.

Shri Surendra Rampuria shall not be subject to retirement by rotation during his tenure of office as Managing Director of the Company.

Shri Surendra Rampuria is concerned or interested as it relates to his own reappointment as Managing Director of the Company. Except Shri Siddharth Rampuria and Shri Gautam Rampuria, who are related to Shri Surendra Rampuria, no other Director of the Company is concerned or interested in the above.

The Board commends the Resolution for acceptance by the Members.

By Order of the Board of Directors

1, Shakespeare Sarani
Calcutta-700 071
Dated July 30, 1999

SIDDHARTH RAMPURIA
Wholetime Director

DIRECTORS' REPORT

Your Directors take pleasure in presenting their annual report together with the audited accounts of the Company for the year ended March 31, 1999.

1. FINANCIAL RESULTS

| | 1998-99 Rs. in lacs | 1997-98 Rs. in lacs |
|---|------------------------|------------------------|
| Profit before Depreciation & Taxation | 574.34 | 566.65 |
| Deduct : Depreciation | 88.59 | 79.96 |
| Profit before taxation | 485.75 | 486.69 |
| Deduct : Provision for taxation | 41.48 | 50.00 |
| Profit after taxation | 444.27 | 436.69 |
| Add / (Less) : Adjustment in respect of previous year | (2.65) | (2.21) |
| Add : Transfer from reserves : | | |
| Development Allowance | — | 2.20 |
| Investment Allowance | 0.50 | — |
| Balance brought forward from previous year | 394.72 | 375.05 |
| Amount available for appropriation | 836.84 | 811.73 |
| APPROPRIATIONS | | |
| General Reserve | 300.00 | 250.00 |
| Proposed Dividend | 151.83 | 151.83 |
| Provision for tax on Proposed Dividend | 16.70 | 15.18 |
| Balance carried forward | 368.31 | 394.72 |

2. DIVIDEND

Your directors are recommending a dividend at the rate of Rs. 3.50 per Equity Share.

3. OPERATIONS

As per the expectations indicated in the previous years' report, the performance of the Company for the year 1998-99 was satisfactory. Production was slightly higher than that of the previous year despite prevalent drought conditions towards the year end. Production during March 1999 was negligible owing to adverse weather conditions.

The year 1999 has commenced with a severe drought, particularly in the North Eastern States. The loss of crop during the first flush which produces quality tea will have a severe adverse impact on the current year's operations.

The imposition of Excise Duty at Rs. 2/- per Kg. in the last Union Budget coupled with increase in the procurement prices of food grains, fuel, fertilizers and other commodities, has had a negative impact on the cost of production. Moreover, being a labour intensive industry, the ever increasing wage bill is also an area of concern. The only manner in which these adversities can be mitigated is by better management of land and manpower resources resulting in better and higher productivity. All efforts are being made in this direction.

DIRECTORS' REPORT (Contd.)**4. Y2K COMPLIANCE**

The Company has taken appropriate and effective steps to be Y2K Compliant by September 1999 and does not envisage any problem in this regard.

5. SUBSIDIARY

The name of your Company's Subsidiary Company has been changed from 'Assambrook Exports Limited' to 'ABL International Limited' with effect from December 29, 1998. Copies of Annual Report and Accounts of the subsidiary of your company are annexed to this Report, as required u/s. 212 of the Companies Act, 1956.

6. AUDITORS' NOTES

The auditor's observations have been dealt with in the notes which are self explanatory and do not require further clarification.

7. FIXED DEPOSIT

All fixed deposits that became due for repayment during the year have been paid or renewed except deposits amounting to Rs. 2.99 lacs from depositors which remained unclaimed on 31.03.99. Out of this, deposits amounting to Rs. 1.23 Lacs have since been renewed / repaid.

8. DIRECTORS

Shri Gautam Rampuria and Shri Amitabha Ghosh will retire by rotation and being eligible offer themselves for re-appointment.

Your directors recommend their re-appointment.

9. AUDITORS

M/s. Clark, Gardner, Wolf & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

10. PERSONNEL

The Board records its appreciation of the cordial relationship maintained with all categories of personnel at all the establishments of the Company throughout the year.

11. ANNEXURES

The Statements giving the information in accordance with the provisions of Section 217 (2A) and 217 (1)(e) of the Companies Act, 1956 are annexed hereto and form part of this report.

For and on behalf of the Board

Registered Office:
1, Shakespeare Sarani
Calcutta-700 071
Dated July 30, 1999

SURENDRA RAMPURIA
Managing Director
SIDDHARTH RAMPURIA
Wholetime Director

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors' Rules, 1988) and Forming Part of the Directors' Report for the period ended 31st March, 1999

" FORM A "

| | 1998-99 | 1997-98 |
|--|----------|----------|
| A) POWER AND FUEL CONSUMPTION | | |
| 1. Electricity | | |
| a. Purchased | | |
| Unit (KWH) | 34914.05 | 31645.66 |
| Total Amount (Rs. in lacs) | 114.18 | 94.50 |
| Rate/Unit (Rs.) | 3.27 | 2.99 |
| b. Own Generation | | |
| (i) Through Diesel Generator Units (in KWH) | 8199.00 | 9517.73 |
| Unit per Ltr. of Diesel Oil (KWH) | 2.54 | 2.99 |
| Cost/Unit (Rs.) | 4.50 | 2.91 |
| (ii) Through Steam Turbine/Generator Units | | |
| Unit per Ltr. of Fuel Oil /Gas | | |
| Cost/Unit (Rs.) | | |
| 2. COAL (KHASI/LEDO-ROM/LECO for drying of Tea) | | |
| Qty. (MT) | 1153.91 | 763.66 |
| Total Cost (Rs. in lacs) | 21.64 | 15.02 |
| Average Rate (Rs.) | 1875.21 | 1966.84 |
| 3. Furnace Oil | | |
| Qty. (K.Ltrs.) | 1123.09 | 1135.72 |
| Total Cost (Rs. in lacs) | 81.63 | 84.77 |
| Average Rate (Rs.) | 7268.58 | 7463.99 |
| 4. Others/Internal Generation | | |
| Firewood for drying of Tea Qty. | 4126.00 | 3393.81 |
| Total Cost (Rs. in lacs) | 44.81 | 39.83 |
| Average Rate (Rs.) | 1086.00 | 1173.61 |
| B) CONSUMPTION PER UNIT OF PRODUCTION | | |
| Product (Tea) (Gross in lac Kgs.) | 61.56 | 59.37 |
| Electricity (KWH/Kg.) | 0.70 | 0.69 |
| Furnace Oil (Ltr./Kg.) | 0.18 | 0.19 |
| Coal (Kg./Kg.) | 0.19 | 0.13 |
| Others | 0.67 | 0.57 |

ANNEXURE TO DIRECTORS' REPORT (Contd.)**" FORM B "****TECHNOLOGY ABSORPTION****1. Research & Development (R&D)**

- a. Specific areas in which R&D carried out by the Company
- b. Benefits derived as a result of the above R&D
- c. Future plan of action
- d. Expenditure on R&D
 - i. Capital
 - ii. Recurring
 - iii. Total
 - iv. Total R&D Expenditure as a percentage of total turnover

The Company subscribes to Tea Research Association which is registered under Section 35(i) (ii) of the Income Tax Act, 1961.

2. Technology absorption, adaptation and innovation :

- a. Efforts, in brief, made towards technology absorption, adaptation and innovation
- b. Benefits derived as a result of the above efforts e.g. product improvement cost reduction, product development, import substitution etc.

NOT APPLICABLE

3. Foreign Exchange earnings and outgo :

- a. Activities relating to export initiatives taken to increase exports
- b. Development of new export markets for products and services and export plan
- c. Total foreign exchange
 - Used
 - Earned (gross)

NOT APPLICABLE

Rs. 12.50 Lacs
NIL

**STATEMENT OF PARTICULARS
OF THE EMPLOYEES PURSUANT TO THE PROVISIONS OF SEC.217(2A) OF THE COMPANIES ACT, 1956**

| Name | Age (Years) | Qualification & Experience (Years) | Date of Commencement of Employment | Designation/ Nature of Duties | Remuneration Rs. | Last Employment before joining this Company Name of the Employer Post held | |
|--------------------|----------------|--|--|-------------------------------------|---------------------|---|----------------------|
| Surendra Rampuria | 56 | Under Graduate (33) | 07-05-1984 | Managing Director | 18,91,478 | Sudera Enterprises Pvt. Ltd. | Managing Director |
| Siddharth Rampuria | 33 | General Certificate of Education Examination (London) B.Com. (13) | 10-06-1988 | Wholetime Director | 12,93,227 | First Employment | |

Notes :

1. Remuneration includes salary, taxable value of perquisites and Company's contribution to provident and other funds.
2. The employment is contractual, terminable with appropriate period of notice.
3. The above employees are directors and related to each other.
4. None of the employees by himself or alongwith his spouse and dependent children holds 2% of the equity shares of the Company.

AUDITORS' REPORT

TO THE MEMBERS OF ASSAMBROOK LIMITED

We have audited the attached Balance Sheet of Assambrook Limited as at 31st March, 1999 and also the Profit & Loss Account of the Company for the year ended on that date and report as follows :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Central Government under section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we further report that :
 - (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. As explained to us, these assets have been physically verified by the management during the year in accordance with the phased programme of verification which in our opinion is reasonable having regard to the nature of assets. No material discrepancies have been noticed on such verification.
 - (ii) The Company has not revalued its fixed assets during the year.
 - (iii) The stocks of finished goods, stores, spare parts and raw materials except tea in transit and lying with third parties have been physically verified by the management during the year at reasonable intervals.
 - (iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (v) The discrepancies noticed on physical verification of stocks and reconciled till the year end and compared to book records were not material and have been properly dealt with in the books of account.
 - (vi) In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - (vii) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and/or from the Companies under the same management as defined under sub-section 1(B) of the Section 370 (since omitted) of the Companies Act, 1956.
 - (viii) In our opinion, the rates of interest and terms and conditions of loans and advances in the nature of loans granted by the Company, to a company listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the companies under the same management as defined under Sub-Section 1(B) of Section 370 (since omitted) of the Companies Act 1956 are not prima facie prejudicial to the interest of the Company.
 - (ix) In relation to the loans and advances in the nature of loans made by the Company, are being recovered as per the stipulation wherever such stipulation exists except in cases where these are stated to be repayable on demand. Interest on such loans, where applicable, have generally been received regularly except Rs. 8,25,000/- from a body corporate where steps are being taken for recovery. Interest free loans and advances given to employees are generally being repaid as per the stipulation, wherever applicable.
 - (x) In our opinion and according to information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
 - (xi) There are no transactions of purchase of goods and materials and sale of goods, materials, and services aggregating during the year to Rs.50,000/- or more in respect of each party in pursuance of contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956.
 - (xii) The Company has a procedure for ascertaining unserviceable/damaged stores, raw materials and finished goods and adequate provision to the extent ascertained during the year has been made in the Accounts.