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Goddard & Goddard Limited

ANNUAL REPORT

1998



Goodwike Group Limited

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Goodwill Group Limited

BOARD OF DIRECTORS

P.A. Leggatt, M.B.E. - *Chairman*
K.S. David - *Managing Director*
D.K. Mehra - *Wholetime Director*
S.K. Bhasin
P. Majumdar
P.E. Hill
A.K. Mathur

COMPANY SECRETARY

D.P. Chakravarti

MANAGEMENT

K.S. David - *Managing Director*
D.K. Mehra - *Wholetime Director*
J.C. Pande - *Vice President*
A.K. Jain - *General Manager (Marketing)*
B.N. Ghosh - *General Manager (F&A)*
B.B. Bhagat - *Sr. Group Engineer*
S.P. Chaudhari - *Sr. Manager (Operations)*
J. Mitra - *Sr. Manager (Internal Audit)*
R.S. Mukherjee - *Sr. Manager (Finance)*
D.P. Chakravarti - *Company Secretary*

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.
Bank of Baroda
Canara Bank
Deutsche Bank A.G.
Centurion Bank Ltd.

AUDITORS

Lovelock & Lewes

REGISTRARS & SHARE TRANSFER AGENTS

Robson Black & Ghosh (Management Consultants) Pvt. Ltd.
R.C.T.C. Building, 11 Russell Street, Calcutta 700 071

DEPOSITORY REGISTRAR

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

REGISTERED OFFICE

"Camellia House", 14 Gurusaday Road, Calcutta 700 019



Goodricke Group Limited

NOTICE

NOTICE is hereby given that the Twentythird Annual General Meeting of the Members of Goodricke Group Limited will be held at Science City, Main Auditorium, JBS Haldane Avenue, Calcutta - 700 046 on Friday, the 16th April, 1999 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To consider and adopt the Profit & Loss Account of the Company for the year ended 31st December, 1998 and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare a Dividend for the year ended 31st December, 1998.
3. To appoint a Director in place of Mr. P.A. Leggatt who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. A.K. Mathur who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"Resolved that the Company hereby accords its approval under Sections 198, 269, 309 of the Companies Act, 1956 to the appointment of Mr. K.S. David as Managing Director of the Company and payment of remuneration to him as Managing Director for a period of three years with effect from 1st January, 1999 as approved by the Board of Directors at its meeting held on 10th December, 1998 as per terms and conditions of appointment circulated earlier and as laid down in the Explanatory Statement accompanying this Notice."
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
"Resolved that Mr. S.K. Bhasin, appointed as Additional Director on 10th December, 1998 effective 1st January, 1999 and who holds office upto the date of Annual General Meeting and in respect of whom the Company has received notice from a member u/s 257 of the Companies Act 1956 signifying his intention to propose him as candidate for the office of Director, be and is hereby appointed a Director of the Company retiring by rotation."
8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"Resolved that pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:
 - a) In Article 1 for the definition of 'Member' the following be added:
'Member' means the duly registered holder of the shares of the Company from time to time including the subscribers to the Memorandum of Association of the Company and will also include the beneficial owners as defined in Article 13A;
 - b) After Article 13, the following new Article as Article 13A be added under heading 'Dematerialisation of Securities':-
'13A (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.
Definitions:
(2) (i) For the purposes of this Article:-
'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;
'SEBI' means the Securities & Exchange Board of India established under section 3 of the Securities & Exchange Board of India Act, 1992.
'Depository' means a company which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992 and wherein the securities of the Company are dealt with in accordance with the provisions in the Depositories Act, 1996.
'Security' means such security as may be specified by 'SEBI' from time to time.
Dematerialisation of Securities:
(ii) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.



Goodwill Group Limited

Option for Investors:-

- (iii) Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.
If a person opts to hold his Security with a depository, the Company shall intimate such depository the details of allotment of the security.

Securities on depositories to be in fungible form:-

- (iv) All securities of the Company held by a depository shall be dematerialised and be in fungible form.
Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities of the Company held by it on behalf of the beneficial owners.

Rights of depositories and beneficial owners:-

- (v) (a) Notwithstanding anything to the contrary contained in the Act a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security of the Company on behalf of the beneficial owner.
(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents:-

- (vi) Notwithstanding anything contained in the Act to the contrary, where securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities:-

- (vii) Nothing contained in Section 108 of the Act, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities dealt with in a depository:-

- (viii) Notwithstanding anything in the Act, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a depository:-

- (ix) Nothing contained in the Act regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Registers and Index of beneficial owners:-

- (x) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

The Register of Members and Share Transfer of Books of the Company shall remain closed from Tuesday, the 6th April to Friday, the 16th April, 1999, both days inclusive.

By Order of the Board

Calcutta
23rd February, 1999

D.P. Chakravarti
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. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the Meeting.
2. Dividend that may be declared by the Company will be paid on and from 30th April, 1999 to those members whose names appear on the Company's Register of Members on 16th April, 1999 or to their mandatees, subject, however, to the provisions of Section 206A of the Companies Act, 1956.
3. Members are requested to:
 - (i) Quote their Registered Folio Number in all correspondences with the Company or its Registrars, (Physical portion) Robson Black & Ghosh (MC) Pvt Ltd, RCTC Building, 11 Russell Street, Calcutta 700 071. Telephone Nos: 229-9668/8937; Fax No. 245-7532.
 - (ii) Notify the Company or its Registrars immediately of change, if any, in their registered address or of their mandatees. Intimation of change of address must state the Pin Code for proper delivery.
 - (iii) Notify the Company or Registrars if not done earlier, the name of the Banker, Branch and Account Number for the safety of Dividend Warrant in transit. The Company vide its circular dated 18th December, 1998 to all members requested for Bank particulars for Dividend Credit under Electronic Clearing System (ECS). Members who have not applied in the format enclosed therein are requested to do so at the earliest.
4. Those members who have not so far encashed their Dividend Warrants for the Accounting Years ended, 31st December, 1995, 1996 and 1997 may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants.
5. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid Dividends upto the Dividend for the period 31st December, 1994 have been transferred to the General Revenue Account of the Central Government. Any claim for payment of such unpaid/unclaimed Dividend should be made by an application in the prescribed form to the Registrar of Companies, West Bengal, at the address given below:

Nizam Palace
II M.S.O. Building
234/4, Acharya Jagadish Chandra Bose Road
Calcutta 700 020.

6. The Company has registered with National Securities Depository Ltd. (NSDL) at Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 for dematerialisation of its Equity Shares and the Registration No. granted is ISIN INE 300A01016.

The Company has appointed M/s C.B. Management Service Ltd. of P-22, Bondel Road, Calcutta - 700 019 as its Depository Registrar. Tel: (033) 280-2486/6692, Fax: (033) 247-0263. The Company by circular dated 18.12.98 has intimated the members of its participation in Depositories alongwith other particulars.



Goodricke Group Limited

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6

The Board of Directors of the Company ("The Board") at its Meeting held on the 10th December 1998 appointed Mr. Krupakaran Satish David as Managing Director of the Company for a period of three years with effect from 1st January, 1999 in terms of Section 269 of the Companies Act, 1956 read with Schedule XIII thereto. The appointment is in supersession of the existing terms of appointment expiring on 31st March, 1999.

An abstract of terms of Appointment and Memorandum of Interest in given below:

- I. **Period** : 1st January, 1999 to 31st December, 2001.
- II. **Remuneration**
 - (i) Basic Salary : Rs. 65,000/- per month in the scale of Rs. 65,000/—Rs. 5,000/-—Rs. 75,000/- per month.
 - (ii) Commission : As may be approved by the Board of Directors for each year subject to the overall limit of the total managerial remuneration as provided under Sections 198 and 309 of the Companies Act, 1956.
 - (iii) Perquisites :

In addition to the aforesaid salary and commission, Mr. K.S. David shall also be entitled to such perquisites as per Rules of the Company like furnished accommodation, gas, electricity, water, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, benefits of Provident Fund and Superannuation Fund etc. as may be determined by the Board for the purposes of which:

 - a) perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable, and in the absence of any such Rule, perquisites shall be evaluated at actual cost;
 - b) Company's contribution to Provident Fund and Superannuation Fund shall not exceed such maximum limit as statutorily permitted, and
 - c) use of Company car with chauffeur for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be considered as perquisite.
 - (iv) House Rent Allowance : In case accommodation is not provided by the Company, house rent allowance as per Rules of the Company.

PROVIDED THAT :

the aggregate of the total salary, commission and monetary value of the perquisites payable to the Managing Director and the Wholetime Director of the Company taken together shall not exceed 10% of the profits of the Company calculated in accordance with Section 198 and Section 309 of the Companies Act, 1956.

- III. **Minimum Remuneration**—In case of loss or inadequacy of profit in any year during the tenure of Mr. K.S. David as Managing Director he shall be entitled to receive a total remuneration including salary and perquisites etc. not exceeding Rs. 87,500/- per month provided that the following shall not be included in the computation of the above ceiling on remuneration:
 - a. contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - b. gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - c. encashment of leave at the end of the tenure.



Goodrite Group Limited

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- IV. The Board, may in its discretion, revise/modify any of the terms from time to time within limits stipulated above.
 - V. **Duties**—Mr. K.S. David will have overall responsibility as the Chief Executive of the Company and shall exercise the powers of management under the general superintendence, control and direction of the Board of the Company.
 - VI. **Termination of Appointment**—The appointment may be terminated by either party by giving six months prior notice.
 - VII. **Approval of the Company**—The above appointment of Mr. K.S. David and remuneration payable to him are subject to the approval of the members of the Company at the next General Meeting.
 - VIII. **Memorandum of Interest**—None of the Directors except Mr. K.S. David is concerned or interested in this appointment.

The Directors commend acceptance of this resolution.

Item No. 7

Mr. S.K. Bhasin retired as Managing Director of the Company on 31st December, 1998 since assuming office as Wholtime Director in 1978 and Managing Director in 1981. As a mark of recognition of the exceptional leadership provided to the Company, the Board at its Meeting held on 10th December, 1998 appointed Mr. S.K. Bhasin as Additional Director effective 1st January, 1999 to hold office till the Annual General Meeting. The Company has received due notice pursuant to provisions of Section 257 of the Companies Act 1956 proposing his appointment as Director of the Company. None of the Directors except Mr. S.K. Bhasin is concerned or interested in this Resolution. The Directors commend acceptance of this Resolution.

Item No. 8

The Company has enlisted its Equity Shares with the National Securities Depository Limited (NSDL) which would facilitate the holding and trading in securities of the Company in the electronic mode. The Company's shares have already been admitted as an eligible security in the Depsitory System by NSDL and can be dematerialised at the option of the shareholder.

In order to bring the Company's Articles of Association in line with the Depositories Act, 1996 and the amendments made to the Companies Act, 1956, upon introduction of the Depository System, certain changes are required to be made in the Articles of Association of the Company as specified in the proposed Resolution.

The Directors commend acceptance of this Resolution.



Goodricke Garden Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Third Annual Report and Accounts for the year ended 31st December, 1998.

FINANCIAL RESULTS

	For the year ended 31st December	
	1998	1997
	(Rs. in millions)	
Profit before Taxation	353.93	142.05
Less: Provision for Tax	128.00	28.00
PROFIT AFTER TAXATION	225.93	114.05
Add: Profit brought forward from last year	9.29	5.46
AVAILABLE FOR APPROPRIATIONS	235.22	119.51
General Reserve	120.00	60.00
Proposed Dividend	64.80	43.20
Corporate Dividend Tax	6.48	7.02
Balance carried forward	43.94	9.29

TURNOVER

The Turnover in 1998 was Rs. 1,837 million compared to Rs. 1,460 million in the previous year. This substantial increase was due to both better prices and sales volumes.

OPERATIONS

The Company harvested a crop of 19.06 m kgs against 17.58 m kgs in the previous year. This is the highest crop in a season since the formation of the Company and has been achieved despite three gardens being severely affected by hailstorms in the early part of the season. Unprecedented rains during the monsoons resulted in floods and damage to tea bushes and labour housing. Weather conditions improved during the latter part of the year which impacted positively on the crop. The year witnessed a very firm upward movement of prices which levelled off as the season progressed.

Notwithstanding increased production in all parts of North India, prices remained firm for better quality teas. Prices for Darjeeling teas started on a good note but after the monsoon, these declined sharply.

The Company's value added products i.e. packet teas, registered a drop in sales in the year resultant on the imposition of 8% Excise Duty on this product. There was growing consumer resistance to the price increase. Representations by the Industry to the Finance Ministry continues and it is hoped that the Government will take cognizance of the Industry's position. Despite stiff competition from other marks our Packets are well received. The Instant Tea Plant is in production and orders are encouraging.

WELFARE AND ENVIRONMENT

The Company has been in the forefront of effecting welfare measures in all its gardens. These welfare activities include the Garden Hospitals and the Referral Hospital at Aibheel which ensures that the Company's employees and their families are cared for with the best facilities.

As part of the Company's practice, it has continued patronage of sporting activities in Calcutta, as well as in the tea districts with the objective of encouraging young sportsmen and women in various fields.



Goodricke Group Limited

COMMUNITY SERVICE

With the Company's geographical spread ranging over a wide area from Darjeeling through the Dooars to Assam and with a very large personnel strength, community welfare programmes have played an important role during the year. Some of the major welfare programmes and other activities are - The Goodricke School for Special Education situated at Siliguri which provides help to disabled children, support to the social service organisation Interlink which continues to provide educational and other social activities for handicapped children, sponsorship of white water rafting in Darjeeling organised under The Tea Tourism Festival. Contributions to various social service Organisations such as Cheshire Homes, Oxford Mission, The Orphanage run by The International Brotherhood Mission at Dibrugarh, Ramakrishna Mission, Armed Forces Welfare Fund and contributions to the Chief Minister's Relief Funds in Assam and West Bengal.

DIVIDEND

The Board is pleased to recommend a dividend of Rs. 3/- per share, previous year Rs. 2/-, for the year ended 31st December, 1998. The recommended Dividend, on declaration, will be paid to those members registered in the books of the Company as at the close of business of the Company on 16th April, 1999, subject however, to the provisions of Section 206A of the Companies Act, 1956.

PROSPECTS

At the time of writing, prospects for 1999 appear encouraging. Prices should remain firm despite higher production and carry forward quantities. These two factors should be countered by an increase in exports and internal consumption. It is too early to predict the trend of crop for 1999 which will depend on weather conditions in the next few months.

Major policy decisions have been taken to ensure that the Company remains in the forefront with regard to the quality of its product. This will augur well for the future considering the trend during the past year when the market paid well for quality and substantially discounted low quality teas.

AUDIT COMMITTEE

As reported last year, this Committee consisting of Non-Executive Directors, continues to play an important part in Corporate Governance. Its over-view of the key issues and the independent assessments thereof have given significant inputs to the Board on policy matters.

PARTICIPATION IN DEPOSITORIES

As Members are aware, National Securities Depository Ltd (NSDL) has been established under the Depository Act 1996 and over the last year increased its ambit of operation with leading companies participating therein. The Securities and Exchange Board of India (SEBI) had by its Notification dated 30th October 1998 announced that effective 15th February 1999 besides other Corporates, the Equity shares of your Company will come under the purview of Depository and that from the appointed date, all trading by Institutional investors will be compulsorily in the electronic mode. Accordingly, the Company has entered into a Tripartite Agreement with NSDL and C B Management Services Ltd, the Depository Registrar, details of which are given in the Notes accompanying the Notice of the Meeting. The Company by its circular dated 18th December, 1998 informed all members thereof and since signing the agreement, transactions in the electronic mode of the Company's shares has commenced all over India.

NEPAL JOINT VENTURE COMPANY

It had earlier been reported of the investment in Equity Shares of a Joint Venture Tea Company in Nepal now known as Himalaya Goodricke Pvt. Ltd. It is pleasing to report that the Joint Venture Company is performing well. It harvested a record crop in 1997-98 and has declared its first Dividend.

The current year's prospects seem encouraging.