

Goodricke Group Ltd.

Annual Report 1999

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GOODRICKE GROUP LTD

BOARD OF DIRECTORS

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

COMPANY SECRETARY

D.P.Chakravarti

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



NOTICE

NOTICE is hereby given that the Twenty-fourth 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 Monday, the 3rd April, 2000 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, 1999 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, 1999
3. To appoint a Director in place of Mr P. Majumdar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr P. E. Hill 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. J.C. Pande as Wholetime Director of the Company and payment of remuneration to him as Wholetime Director for a period of one year with effect from 1st May, 1999 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 a Special Resolution:

"Resolved that the Articles of Association of the Company be altered in the following manner i.e. to say –

(i) the following new Article No. 46A, with the marginal note as indicated, be inserted after the existing Article 46:-

'46A NOMINATION: Notwithstanding anything contained in these articles, every holder of shares or debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom these shares or debentures shall vest in the event of his death and the provisions of sections 109A and 109B of the Act shall apply in respect of such nomination'; and

(ii) the existing Article 147 be substituted by the following:-

'The Company shall comply with the requirements of section 205A of the Act as regards any dividend declared by the Company but remaining unpaid or unclaimed'."

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 23rd March to Monday, the 3rd April 2000, both days inclusive.

By Order of the Board

Calcutta
25th February, 2000

D.P. Chakravarti
Company Secretary

GOODRICKE GROUP LTD**NOTES & INFORMATION TO SHAREHOLDERS**

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 18th April 2000 to those members whose names appear on the Company's Register of Members on 3rd April, 2000 or to their mandatees, subject, however, to the provisions of Section 206A of the Companies Act, 1956 (Act).
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. Formats are available with the Registrars on request.

4. Those members who have not so far encashed their Dividend Warrants for the Accounting Years ended 31st December, 1995, 1996, 1997 and 1998, may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants.

Shareholders are hereby informed that pursuant to a recent amendment to the Act, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with section 205B of the Act, no claim shall lie against the Company or the Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.

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 is registered with National Securities Depositories 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.



M/s C.B. Management Services Ltd. of P-22, Bondel Road, Calcutta - 700 019 is the Company's Depository Registrar. Tel: (033) 280-2486/6692, Fax: (033) 247-0263.

Effective 19th January 2000, the Company's Equity Shares have also been enlisted with Central Depository Services (India) Ltd (CDS), for participation into Electronic Depository System operated by them. Particulars of CDS : Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai 400 023. Telephone: 267-3334, Fax: 267-3199/270-2072.

Effective 21st March, 2000, SEBI has included the Company's Equity shares in the Retail list for settlement in demat form by all class of investors.

7. As per the amended provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders, in respect of Equity shares, held by them. Nomination forms (Form 2B) can be obtained from the Registrars of the Company (M/s Robson Black & Ghosh (Management Consultants) Pvt. Ltd.)

8. Listing

The Equity Shares of the Company are listed in the following Stock Exchanges and Annual Listing fee has been paid to each of them.

- i. The Calcutta Stock Exchange Association Limited, 7 Lyons Range, Calcutta 700 001
- ii. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023
- iii. The Guwahati Stock Exchange, Saraf Building Annexe, Guwahati 781 001.

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GOODRICKE GROUP LTD**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 Friday the 16th April, 1999 appointed Mr. Jiwan Chandra Pande as Wholetime Director of the Company for a period of one year with effect from 1st May, 1999 in terms of Section 269 of the Companies Act, 1956 read with Schedule XIII thereto.

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

I. **Period** : 1st May 1999 to 30th April 2000

II. **Remuneration**

i) Basic Salary : Rs. 50,000/- per month.

ii) Commission : As may be approved by the Board 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 J. C. Pande shall also be entitled to such perquisites as per Rules of the Company like furnished accommodation, gas, electricity, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, benefits of Provident Fund, Gratuity and Superannuation Fund etc. as may be determined by the Board for the purposes of which:

- a) perquisites shall be evaluated as per 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 shall not exceed the percentages prescribed under Section 198 and Section 309 of the Companies Act, 1956.

III. **Minimum Remuneration** – In case of loss or inadequacy of profit in the year of Mr J. C. Pande's tenure as Wholetime Director of the Company, Mr J. C. Pande 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.



- IV. The Board, may in its discretion, revise/modify any of the terms from time to time within limits stipulated above.
- V. **Duties** – Mr. J. C. Pande will have overall responsibility for the Tea Garden operations of the Company and shall exercise the powers of management under the general superintendence, control and direction of the Board and Managing Director of the Company.
- VI. **Termination of Appointment** – The appointment may be terminated by either party by giving three months prior notice.
- VII. **Memorandum of Interest** – None of the Directors except Mr. J. C. Pande is concerned or interested in this appointment.

The Directors commend acceptance of this Resolution.

Item No. 7

The Companies (Amendment) Act, 1999 provided for 'nomination' facility to shareholders as an additional Investor protection measure through insertion of section 109A and 109B. Also by the above amendment, Section 205A was modified by incorporating the provision that after the expiry of seven years from the date of transfer to Unpaid Dividend Account, the unclaimed balance shall be transferred to the credit of Investor Education & Protection Fund established by the Central Government. The Company's Articles of Association needs to incorporate the said amendments. Hence, the proposed Resolution. None of the Directors are interested in the Resolution.

The Board commends acceptance of this Resolution.

GOODRICKE GROUP LTD**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Twenty-Fourth Annual Report and Accounts for the year ended 31st December, 1999.

FINANCIAL RESULTS**For the year ended 31st December**

	1999	1998
	(Rs. In millions)	
Profit before Taxation	201.04	353.93
Less: Provision for Tax	75.00	128.00
PROFIT AFTER TAXATION	126.04	225.93
Add: Profit brought forward from last year	43.94	9.29
Transfer from Development Allowance Reserve	0.23	—
AVAILABLE FOR APPROPRIATIONS	170.21	235.22
General Reserve	60.00	120.00
Proposed Dividend	54.00	64.80
Corporate Dividend Tax	6.59	6.48
Balance carried forward	49.62	43.94

TURNOVER

The year 1999 witnessed a lower turnover of Rs. 1,772 million compared to Rs. 1,837 million in the previous year. The decrease in turnover was mainly due to lower production inspite of higher unit value.

OPERATIONS

The year started with an unprecedented drought. Most of the tea areas did not receive any rain between October 1998 to April 1999. Substantial crop shortages occurred in all three regions especially Assam and Darjeeling where high value First and Second flush crop was lost. To add to these very adverse conditions, Dooars production was hampered by a ten day labour strike in the peak season of July, as a result, gardens had to resort to large scale skiffing. Overall, the Company recorded a crop of 15.83 million kgs. as against 19.06 million kgs. in 1998.

It is encouraging that the season closed with a much higher unit price in all regions.

Prices were volatile during 1999 which started off on a low note with Russian buyers only supporting the South Indian market. The crop shortfall due to the drought saw prices improve upto October. Thereafter, inspite of bullish projections and the overall Indian tea crop being lower by 65 million kgs. compared to previous year, generally prices started weakening and dropped upto Rs. 20/- per kg. for most teas. The Goodricke policy of Quality, had ensured that our prices still ruled well over the general market. The average price of our Company's Dooars gardens at Rs. 87/- compared very favourably with the average price at Rs. 75/- which was achieved by the District as a whole.

The Packet Tea performance has shown a marginal improvement over the previous year. There was better acceptability of the Company's various brands with higher prices. The Company has plans to enter the market with a new brand to be positioned in the economy segment. We also envisage that this move will give competition to the loose tea section which occupies a significant part of the market.



The Company has also planned an aggressive promotion of its existing Darjeeling brands and this will be aided by the improvement in quality. The imposition of Excise duty at 8% on packet teas has been removed by the Government but an Excise duty of Rs. 2/- per kg. on Black tea was imposed in the last Union Budget. Although there has been a respite for Packet teas, overall costs will increase inevitably.

Your Company's teas continue to be well received in the Export market. In line with a general decline in exports from India, the export performance this year is down.

The Instant Tea plant has improved its operations and the Company will be exploring the US market very aggressively in the coming year. It is now expected that a better performance would be seen in the ensuing season.

WELFARE AND ENVIRONMENT

Several new welfare schemes have commenced at the gardens. The garden hospitals and the Group Hospital at Aibheel continued to care for the Company's employees and their families. All hospitals have been further upgraded to ensure the very best of facilities.

The Goodricke Chess Academy held its Eleventh year of Grand Masters Chess in Calcutta which was well attended and is now established as a major Asian Championship.

COMMUNITY SERVICE

The Company's commitment to major welfare programmes continues. The Goodricke School for Special Education in Siliguri which has been fully sponsored by the Company including specialised teaching aids for disabled children is in the final planning stage. The Company continued its active support to social service organisations like Interlink, sponsorship of a publication as a tribute to a senior artist, Mr Ganesh Pyne, Cheshire Homes, 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. The Company made special contribution to the cyclone affected victims in Orissa. A scheme to reward talented artists, artisans and musicians within the Group has been launched.

DIVIDEND

The Board is pleased to recommend a Dividend of Rs. 2.50p per share, previous year Rs.3/- per share, for the year ended 31st December 1999. 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 3rd April 2000, subject, however, to the provisions of Section 206A of the Companies Act, 1956.

PROSPECTS

Having regard to the overall crop shortfall in 1999 and low carry forward stock, the prospects for 2000 appear promising. The price trend is expected to become firmer due to this shortfall, until the current year's production comes to the market. The new Government policy to allow import of tea, could affect prices. This, together with lower export offtake may have an adverse impact on prices.

The Company's emphasis on quality production will continue to be the guiding factor for the current year. This should ensure that the premium prices commanded by the Company as compared to other marks will continue. In the future, mounting pressure on costs resulting from Industry Wage Agreements, Government Taxes and Levies and general inflation of inputs will be a predominant factor.

The development of our tea gardens is an on-going process and this is now being accelerated so that investment in the field and factory result in increasing volumes and further improvements in quality. During the last season some 4.5 million plants have been put out as extensions, replanting and infilling, equivalent to 260 hectares of new tea. During the ensuing season it is expected that this figure should increase by another 100 hectares. The process of renovating old tea continues.