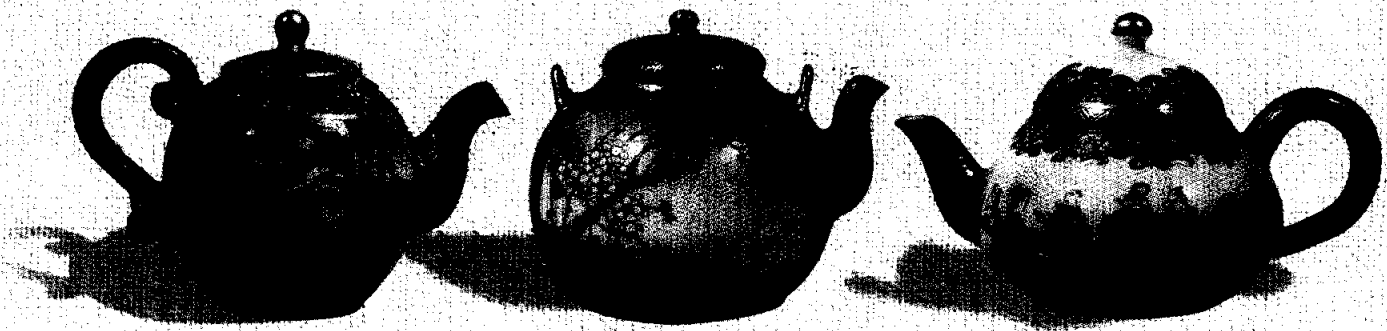




A N N U A L R E P O R T 2 0 0 1



GOODRICKE
GROUP LIMITED



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GOODRICKE GROUP LTD

BOARD OF DIRECTORS

P.A.Leggatt, M.B.E. - *Chairman*
K.S.David - *Managing Director*
A.K.Mathur
Dr. S. Kaul
K. Sinha

COMPANY SECRETARY

D.P.Chakravarti

BANKERS

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

AUDITORS

Lovelock & Lewes

REGISTRARS & SHARE TRANSFER AGENTS

C.B. Management Services Pvt. Ltd.
P-22, Bondel Road, Kolkata 700 019
Robson Black & Ghosh (Management Consultants) Pvt. Ltd.
R.C.T.C. Building, 11, Russell Street, Kolkata 700 071 (till 2nd April 2002)

REGISTERED OFFICE

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



NOTICE

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of the Members of Goodricke Group Limited will be held at Science City, Main Auditorium, JBS Haldane Avenue, Kolkata - 700 046 on Tuesday, the 2nd April, 2002 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, 2001 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, 2001.
3. To appoint a Director in place of Dr. Sudha Kaul who retires by rotation and being eligible offers herself for reappointment.
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 modification, the following Resolution as a Special Resolution:

"Resolved that the Company hereby accords its approval under sections 198, 269, 309 of the Companies Act, 1956 to the reappointment of Mr. Krupakaran Satish 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 2002, as per terms and conditions of appointment circulated earlier and as laid down in the Explanatory Statement accompanying this Notice".

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

"Resolved that pursuant to the provisions of Section 163 of the Companies Act, 1956 (the Act) the Company hereby approves that the Register of Members, the Index of Members, and copies of all the Annual Returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them and other related documents such as original Transfer Deeds, Specimen Signature Cards, Mandates, Powers of Attorney etc, be kept with the Company's newly appointed Share Transfer Agents, C. B. Management Services Pvt. Ltd, P-22 Bondel Road, Kolkata 700 019, instead of being kept at the Registered Office of the Company".

The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, the 26th March to Tuesday, the 2nd April 2002, both days inclusive.

By Order of the Board

Kolkata
22nd February, 2002

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 15th April 2002 to those members whose names appear on the Company's Register of Members on the date of the Annual General Meeting 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.

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.

- (ii) 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. For Dividend Credit under Electronic Clearing System (ECS), members who have not applied 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, 1998, 1999 & 2000 may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants.**

Shareholders are hereby informed that pursuant to an 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 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. Accordingly, the money lying in the Unpaid Dividend Account for the year ended 31st December 1995, will be so deposited in 2003.

5. Pursuant to Section 205A of the Act all unclaimed/unpaid Dividends upto the Dividend for the period ended 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
Kolkata 700 020.

6. As per the amended provisions of the Act, facility for making nominations is available for shareholders, in respect of Equity shares held by them. Nomination forms (Form 2B) can be obtained from the Registrars of the Company



for physical shares. In respect of nomination for dematerialised shares, the concerned Depository Participant of the members should be approached.

7. Particulars of Directors seeking re-election

Mr P Majumdar and Dr Sudha Kaul retire by rotation. However, Mr Majumdar died on 7th February 2002, after a brief illness. Particulars of Dr Sudha Kaul are as follows:

- (a) Date of Birth : 19th April, 1945
- (b) Educational qualification : PhD from Manchester Metropolitan University, U.K.
- (c) Present occupation :
Executive Director, Trustee & Vice Chairperson, Indian Institute of Cerebral Palsy (formerly Spastics Society of Eastern Region).
- (d) Experience:
An eminent administrator and social worker. She has been associated with a number of National and International Institutions in the field of cerebral palsy and has a large number of books and other publications to her credit.

Explanatory Statement

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

ITEM NO. 5

The Board of Directors of the Company ('The Board') at its Meeting held on 29th November, 2001 has re-appointed Mr Krupakaran Satish David as Managing Director of the Company for a period of three years with effect from 1st January 2002 in terms of Section 269 of the Companies Act, 1956 (Act) read with Schedule XIII thereto. The appointment is in accordance with the existing terms of his appointment (except Basic Salary) expiring on 31st December, 2001. Mr. K. S. David will also function as the Managing Director of Stewart Holl (India) Limited, (SHIL) which has its Registered Office at Koombor Tea Warehouse, Jawaharnagar, Guwahati and Administrative Office at "Camellia House", 14 Gurusaday Road, Kolkata 700 019, for a period of three years from 1st January, 2002 and this appointment is accordingly in terms of Section 316 of the Act.

The terms of Appointment and Memorandum of Interest are given below:

- I. **Period** : 1st January 2002 to 31st December 2004.
- II. **Remuneration** :
 - i) **Basic Salary** : Rs. 85,000/- per month in the scale of
Rs. 85,000/- – Rs. 5,000/- – Rs. 95,000/- 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 Act.
 - 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:

GOODRICH GROUP LTD

- (a) Perquisites shall be evaluated as per Income Tax Rules 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 perquisites.
- 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 shall not exceed 5% of the profits of the Company calculated in accordance with Section 198 and Section 309 of the Act.

- 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 of the Company, Mr K S David shall be entitled to receive a total remuneration including salary and perquisites etc, not exceeding Rs. 150,000/- per month or such other modified ceiling in Section II of Part II of Schedule XIII of the Act, 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.

Note: Vide Notification No. GSR 36(E) dated 16th January 2002, from the Department of Company Affairs, Government of India, the ceiling limit has been raised, subject to requisite disclosures which are given later. Accordingly, the revised minimum remuneration ceiling limit based on the effective capital as on 31st December 2001, is Rs. 350,000/- per month. The Board shall at its discretion, determine from time to time the exact quantum and mode of remuneration payable per annum, within the revised ceiling limits stipulated.

- 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 giving six months' prior notice.
- VII. **General** – Pursuant to Section III of Part II of Schedule XIII to the Act, the total remuneration to be drawn by Mr K S David from the Company and SHIL shall not exceed the higher maximum limit admissible from either of the Companies.

The Board commends acceptance of the Resolution. None of the Directors except Mr. K. S. David is interested in the Resolution.



Statement pursuant to Notification No. G.S.R. 36(E) dated 16th January 2002 issued by the Department of Company Affairs, Ministry of Law Justice and Company Affairs, Government of India, in respect of Part II in section II of schedule XIII.

I General Information

1. Nature of Industry

Cultivation and manufacture of Tea.

2. Date or expected date of commencement of commercial production

The Company is an existing unit with 17 Tea Gardens in Darjeeling, Dooars (North Bengal) and Assam.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable - existing Company since 1977

4. Financial performance based on given indicators (Y.E. 31/12/2001)

Debt / Equity ratio	1:2.6
Interest cover	1.5 times
Net worth per share	Rs. 32.98

5. Export performance and net foreign exchange earnings

Year	Value (Rs. million)
2001	350.84
2000	365.72
1999	234.80

6. Foreign investments or collaborators, if any

74% of the Equity Shares are held by two Companies registered in the United Kingdom.

II Information about the appointee

1. Background details

Mr. K S David is a Science Graduate and a senior Planter. He joined Duncan Bros. & Co Ltd. as Tea Garden Assistant in 1969. On re-organisation, he joined Goodricke Group Ltd. on 1st January 1978. Effective 1st July 1984, he was transferred to Head Office and promoted to General Manager on 1st July 1986. The Board appointed Mr. David as Wholtime Director in charge of operations effective 1st August 1994 and thereafter as Managing Director effective 1st January 1999.

2. Past remuneration

During the year 2001, due to inadequate profit, the remuneration paid to Mr. K S David was restricted to the minimum remuneration approved by the General Body in terms of Part II, Section II of Schedule XIII, to the Act.

3. Recognition or awards

He is currently the Additional Vice Chairman of Indian Tea Association, Chairman of Darjeeling Planters' Association and a Committee Member of The Bengal Chamber of Commerce & Industry (BCC & I) and Confederation of Indian Industries (CII) (Eastern Region). He is also Chairman of Agricultural Committee of CII and Chairman of North Bengal Cell of BCC & I.

GOODRICKE GROUP LTD**4. Job profile and his suitability**

As the Chief Executive of the Company since 1st January 1999, Mr. David has been in overall control of the entire operation of the Company, covering the Garden operations, the Factories, Finance, Legal, Marketing and other areas encompassing the entire ambit of authority of the Managing Director. Having regard to his valuable experience in the Gardens as well as his rich administrative and managerial expertise in the Head Office as a Wholtime Director and thereafter as Managing Director, Mr. K S David is eminently suited for reappointment.

5. Remuneration proposed

The proposed remuneration is essentially in terms of the earlier appointment, except the Basic Salary which has been provided at Rs.85,000/- per month as against the last drawn Basic Salary of earlier term of Rs. 75,000/-.

6. Comparative remuneration profile with respect to Industry

Name of the Company	Designation	Remuneration per last published Statement
Tata Tea Limited	Managing Director	<ul style="list-style-type: none"> Within a scale of Rs. 35,000/- to Rs. 200,000/- per month. Perquisites: Overall ceiling of 125% of annual salary. Commission limited to 6 months to 48 months of monthly Salary to be determined by the Board.
George Williamson (Assam) Limited	Managing Director	Basic Salary Rs. 100,000/- per month, Special Allowance Rs. 50,000/- per month, Bonus 6 months Basic Pay.

7. Other pecuniary relationship

Except for the terms of remuneration, as stated above, Mr. K S David has no other pecuniary relationship directly or indirectly with the Company. As stated above, he has also been appointed Managing Director of Stewart Holl (India) Limited in terms of Section 316 of the Companies Act, 1956 and the remuneration ceiling will be guided by the provisions in Part III of Schedule XIII of the Act.

III Other informations**1. Reasons for inadequate profits**

Over the last three years the Tea Industry in general is facing a severe crisis. Tea prices have come down steadily over the years. At the same time substantial increase in Labour wages, Garden operating expenses, statutory liabilities and general inflation have considerably eroded profit margins. Due to the inadequacy of profits, the Company has been unable to pay Commission to the Managing Director. In fact, over the past two years, the Managing Director has been paid only the minimum remuneration in terms of Schedule XIII. Having regard to the present situation of the Industry, no immediate improvement is expected in the medium term. In view of the complexities of the operation, coupled with the increased responsibility and the fact that the full remuneration could not be paid over the past two years, there is a need to enhance the remuneration. Hence the proposed terms are providing for the minimum remuneration.



The profitability over the last 5 years is given below:

Year	Profit After Tax (Rs. in millions)	Dividend percentage (%)
1996	32.8	12.50
1997	114.1	20.00
1998	225.9	30.00
1999	126.0	25.00
2000	6.9	5.00

2. Steps taken or proposed to be taken for improvement

The Company is emphasizing on quality Tea production, so as to get additional premium in the market, but due to over supply, prices continue to be depressed. The Company has been emphasizing on value added Tea by way of Packet Tea, Instant Tea and others. Efforts are continuing to cut down costs and to increase efficiency at all levels. The Tea Industry has launched a generic Promotion Campaign to increase domestic demand and this is expected to improve offtake and stabilise prices and ensure steady improvement.

3. Expected increase in productivity and profits in measurable terms

The Company's production has increased in the year 2001 by over one million Kg. The yield per hectare has also increased over the last 2 years. In the year 2000, the profit before tax was Rs. 12.9 million, whereas the profit before tax in 2001 has been higher at Rs. 15.6 million. Thus efforts on improving the overall activities are bearing fruit and it is expected to improve the bottom line.

IV. Disclosures

1. Information to shareholders on the remuneration package of managerial personnel

An abstract of terms of remuneration has been circulated on 10th December 2001. The terms have also been circulated to the Stock Exchanges where the Company's shares are listed. Further, the Notice of the Annual General Meeting contains details of the remuneration package in the Explanatory Statement.

2. Disclosure under Corporate Governance in the Board of Directors' Report

This has been done under Annexure 'F' to the Directors' Report.

ITEM NO. 6

Under Section 163 of the Companies Act, 1956 certain documents that are normally to be kept at the Registered Office of the Company, may be kept at any other place if such other place has been approved by a Special Resolution passed by the Company in a general meeting. On the basis of Members' approval, such documents were kept with Robson Black & Ghosh (MC) Pvt. Ltd. all these years. The said Registrars have intimated their inability to continue to act as Share Transfer Agents. The Board, after due consideration, has decided to appoint C. B. Management Services Pvt. Ltd, the existing Depository Registrar, to also act as the Share Transfer Registrar.

Approval of the members is sought in terms of Section 163 of the Companies Act, 1956 for shifting of the Company's Register of Members and other Returns, books, certificates and documents pertaining thereto, to the office of C. B. Management Services Pvt. Ltd. Hence this Resolution.

None of the Directors of the Company is concerned or interested in the said Special Resolution. A copy of the proposed Special Resolution is being given in advance to the Registrar of Companies.

The Board commends passing of the Special Resolution.