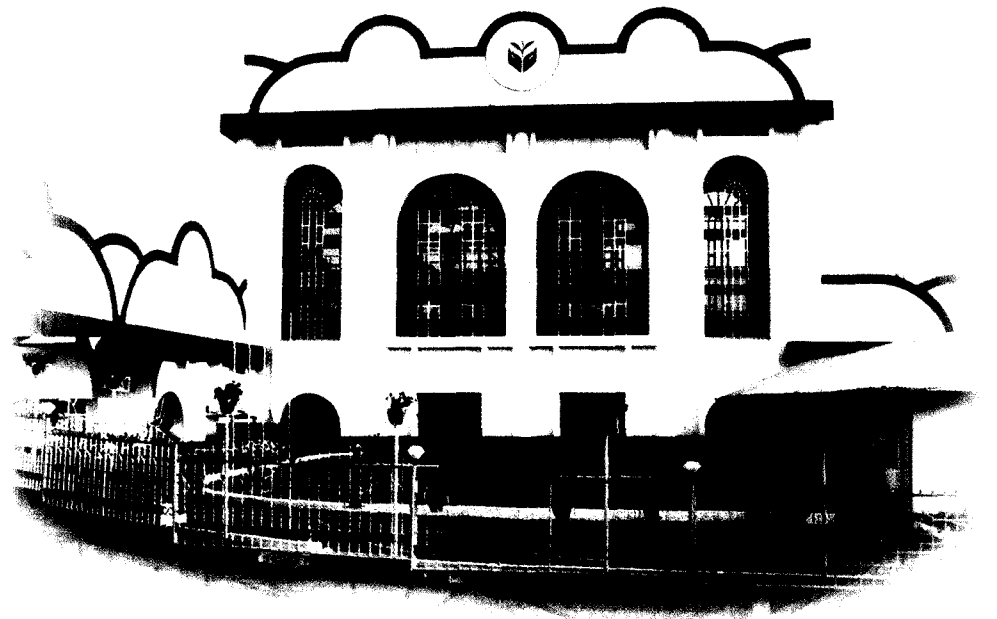


ANNUAL REPORT 2003



GOODRICKE GROUP LIMITED



The Instant Tea Plant at Aibheel garden is the world's first integrated Instant Tea plant, situated in North Bengal. A fully computerised, automated unit with a capacity of 600 tons per annum, marks a major breakthrough in the Indian Tea Industry. Its flexibility in manufacturing capabilities, allows it to connect with customers and consumers through an exquisite range of products not only for the Beverage but also for the Food Industry, globally.



ANNUAL REPORT 2003



GOODRICKE GROUP LIMITED

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BOARD OF DIRECTORS

P.A.Leggatt, M.B.E. – *Chairman*

K.S.David – *Managing Director*

B.N.Ghosh – *Wholetime Director & CFO*

A.K.Mathur

Dr. S. Kaul

K. Sinha

B. Bonnerjee

GENERAL MANAGER & SECRETARY

D.P.Chakravarti

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.

Bank of Baroda

Canara Bank

Centurion Bank Ltd.

HDFC Bank Ltd.

AUDITORS

Lovelock & Lewes

REGISTRARS & SHARE TRANSFER AGENTS

C.B. Management Services Pvt. Ltd.

P-22, Bondel Road, Kolkata 700 019

REGISTERED OFFICE

“Camellia House”, 14 Gurusaday Road, Kolkata 700 019



NOTICE

NOTICE is hereby given that the Twenty-eighth 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 Monday, the 5th April, 2004 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 2003, and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. K. Mathur who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. S. 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 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. Bhaskar Nath Ghosh as the Wholetime Director designated as Wholetime Director & Chief Financial Officer (WD & CFO) of the Company and payment of remuneration to him for a period of three years with effect from 1st January 2004, as per terms and conditions of appointment, circulated earlier and as laid down in the Explanatory Statement accompanying this Notice."

The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, the 30th March to Monday, the 5th April 2004, both days inclusive.

By Order of the Board

Kolkata
23rd February, 2004

D.P. Chakravarti
General Manager & Secretary



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. Members are requested to:

- (i) Quote their Registered Folio number in all correspondence 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) Members who have not so far encashed their Dividend Warrants for the Accounting years ended 1996, 1997, 1998, 1999, 2000, 2001 & 2002 may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants.

Shareholders are hereby informed that pursuant to the provisions of the Companies Act 1956 ("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. Unpaid Dividend for the year ended 31st December 1995 has been deposited accordingly on 9th May 2003. 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 1996, will be so deposited on 18th July 2004.

3. Pursuant to Section 205A of the Act, 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
Kolkata 700 020.

4. As per the 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.

GOODRICKE GROUP LTD

5. Details of Directors

Particulars	Directors retiring by rotation and seeking reappointment		Seeking Appointment as Wholetime Director
	Mr. A. K. Mathur	Dr. S. Kaul	Mr. B. N. Ghosh
Date of Birth	2nd November 1947	19th April 1945	31st January 1946
Date of Appointment	25th July 1990	1st September 2000	1st January 2004
Qualification	Chartered Accountant – Fellow, Institute of Chartered Accountants of England & Wales.	Ph. D. from Manchester Metropolitan University, U.K.	Chartered Accountant Fellow, Institute of Chartered Accountants of India
Experience	Has been a Director of Lawrie Group, U.K. (Since Camellia Plc) and has indepth experience in the field of Finance & Accounts of a wide ranging Companies in diverse lines of activities ranging from Tea & other plantations, banking, engineering, warehousing & transport etc.	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.	Indepth experience in the areas of Finance & Accounts, particularly in the Tea Industry for over 33 years. (Further details included under Explanatory Statement).
Directorship of other Companies (Excluding foreign Companies and Private Limited Companies).	Stewart Holl (India) Ltd. Amgoorie India Ltd.	Executive Director, Trustee & Vice-Chairperson, Indian Institute of Cerebral Palsy (Formerly Spastics Society of Eastern India)	Stewart Holl (India) Ltd. Amgoorie India Ltd. Tiru Tea Ltd. Elgin Investments & Trading Co. Ltd. Borbam Investments Ltd.
Chairman / Member of Committee of the Boards of Companies	Member, Audit Committee of Goodricke Group Limited	Chairman, Investors Grievance and Share Transfer Committee & Member, Remuneration Committee of Goodricke Group Limited	—

Explanatory Statement

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

At the Board Meeting held on 12th December 2003, Mr. Bhaskar Nath Ghosh was appointed as Wholetime Director of the Company effective 1st January 2004, designated as Wholetime Director and Chief Financial Officer (WD & CFO) of the Company.

Mr B N Ghosh, aged 58 years is a Chartered Accountant with wide experience in the areas of Finance, Accounts and General Administration in the Tea Industry. He started his career in Lovelock & Lewes, Chartered Accountants in 1970 and later moved on to Duncan Brothers & Co. Ltd. as Accounts Executive in 1972. On re-organisation, he joined Goodricke Group Ltd. on 10th March 1978. He was earlier the Chief Accountant and later became General Manager (Finance & Accounts) and was serving as Vice-President (Finance & Accounts).



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

I. **Period** – 1st January, 2004 to 31st December, 2006.

II. **Remuneration** –

(i) **Basic Salary**

Rs. 70,000/- (Rupees seventy thousand) only, per month.

Annual increments as may be decided by the Board of Directors and Remuneration Committee of the Board.

(ii) **Commission**

As may be approved by the Board of Directors / Remuneration Committee of the Board 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 B N Ghosh 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 decided by the Board for the purposes of which:

(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 and Wholtime Director & Chief Financial Officer (WD & CFO) shall not exceed 10% of the profits of the Company calculated in accordance with Section 198 and Section 309 of the Act.

III. **Minimum Remuneration** –

In the case of loss or inadequacy of profit in any year during the tenure of Mr B N Ghosh as WD & CFO of the Company, Mr Ghosh shall be entitled to receive a total remuneration including salary and perquisites, etc. as stated above but not exceeding the applicable ceiling in Section II of Part II of Schedule XIII of the Act, or such other modified ceilings as may be prescribed.

IV. The Board, may in its discretion, revise/modify any of the terms from time to time within limits stipulated above.

V. **Duties** –

Mr B N Ghosh will have overall responsibility as the Chief Financial Officer (CFO) of the Company and shall exercise the powers of management of Finance, Accounts and General Administration under the superintendence, control and direction of the Managing Director and the Board of the Company.

VI. **Termination of Appointment** –

The appointment may be terminated by either party giving six months' prior notice.

VII. **Approval of the Company** –

The above appointment of Mr B N Ghosh and remuneration payable to him are subject to the approval of the members of the Company at the next General Meeting.

The Directors commend acceptance of the resolution.

None of the Directors except Mr B N Ghosh are concerned or interested in this appointment.

GOODRICKE GROUP LTD

DIRECTORS' REPORT

The Directors have pleasure in presenting their Twenty-Eighth Annual Report and Accounts for the year ended 31st December, 2003.

FINANCIAL RESULTS

For the year ended 31st December

	2003	2002
	(Rs. in millions)	
PROFIT/(LOSS) before Taxation	(95.35)	10.39
Less: Provision for Current Tax	—	5.60
Deferred Tax	(13.90)	(0.74)
PROFIT/(LOSS) AFTER TAX	(81.45)	5.53
Add: Profit brought forward from last year	35.89	40.06
	(45.56)	45.59
APPROPRIATIONS:		
Proposed Dividend	—	10.80
Corporate Dividend Tax		
— No longer required written back	—	(1.10)
— For earlier year	1.38	—
Transfer to General Reserve	(46.94)	—
Balance carried forward	—	35.89

TURNOVER

The Gross turnover for the year was Rs. 1,839 million, as compared to Rs. 1,801 million in 2002. The Company's manufactured crop was only marginally lower than the previous year in spite of the total emphasis on Quality plucking. The current low prices continued for the fourth year in succession with an adverse impact on profitability.

OPERATIONS

Total manufactured crop was 18.96 million Kgs, as compared to 19.28 million Kgs, in the previous year. Weather conditions in the Tea growing areas were generally favourable, except for early drought conditions in two of the Darjeeling properties. The current depressed prices since 1999 continued throughout the year. However, since mid November there have been some signs of Auction prices firming up for quality Teas only. The average auction price of Rs 80.22 per Kg. for North Indian Teas in 1998, which declined to Rs 62.73 in 2002 ended at Rs 61.11 at the year end. The continuing erosion in prices coupled with the steady increase in Garden operating costs has led to the operating loss.

The Tea Industry in India, particularly in North Bengal, is passing through a serious financial crisis, with a large number of Tea Estates closed for some time. Against this backdrop, the Company has been continuing operations, without any interruption and all Statutory and other welfare benefits to workers being maintained in full.

Looking at the steady decline in prices for medium category Teas, the Company took a decision in August 2003, to give a greater thrust on improving quality. The positive impact of this quality initiative would be felt in the new season. All the Company's Gardens are commanding prices at the top end of the price band.

All India production in 2003 shows an increase of 31 million Kgs over the previous year. The export of Tea from India has further reduced to 165 million Kgs primarily due to the substantial fall in shipments to Iraq. Thus, the increased availability of Tea in the domestic market through higher production and lower exports