

## ANNUAL REPORT 2007



**GOODRICKE GROUP LIMITED**



# Range of packet teas from Goodricke

*Exclusive  
Darjeeling Teas*



*Premium  
CTC Teas*



## **ANNUAL REPORT 2007**



# **GOODRICKE GROUP LIMITED**



**GOODRICKE GROUP LTD****CONTENTS**

Notice of Annual General Meeting	4
Directors' Report	7
Auditors' Report	30
Balance Sheet	34
Profit & Loss Account	35
Schedules to the Accounts	36
Cash flow	57
Financial, Production and other Statistics	58





## **BOARD OF DIRECTORS**

P. A. Leggatt, M.B.E. – *Chairman*

M. C. Perkins

A. N. Singh – *Managing Director (Operations) & C.E.O.*

B. N. Ghosh – *Managing Director (Finance & Corporate Affairs) & C.F.O.*

A. K. Mathur

S. Kaul

K. Sinha

P. K. Sen

## **SR. GENERAL MANAGER & SECRETARY**

D. P. Chakravarti

## **BANKERS**

The Hongkong & Shanghai Banking Corporation Ltd.

HDFC Bank Ltd.

Axis Bank Ltd.

Centurion Bank of Punjab Ltd.

Canara Bank

## **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



**GOODRICKE GROUP LTD**

## NOTICE

NOTICE is hereby given that the Thirty-second Annual General Meeting of the Members of Goodricke Group Limited will be held at Science City, Mini Auditorium, JBS Haldane Avenue, Kolkata 700 046 on Saturday, the 5th April, 2008 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 2007 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, 2007.
3. To appoint a Director in place of Mr. P.K. Sen who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M.C. Perkins 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.

The Register of Members and Share Transfer books of the Company shall remain closed from Monday, the 31st March to Saturday, the 5th April, 2008, both days inclusive.

By Order of the Board

Kolkata  
29th February, 2008

D. P. Chakravarti  
*Sr. 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. Dividend that may be declared by the Company will be paid on and from 10th April, 2008 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 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. Members holding shares in dematerialised form to advise respective Depository Participants about change of address. Intimation of change of address must state the Pin Code for proper delivery.
  - (ii) **Members who have not so far encashed their Divided Warrants for the Accounting years ended 31st December 2000, 2001, 2002, 2004, 2005 and 2006 may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants.**  
 Members are hereby informed that pursuant to the provisions of 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. Unpaid Dividend for the year ended 31st December 1999 has been deposited accordingly. 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 2000, will fall due for deposit on 18th May, 2008.
4. Pursuant to Section 205A of the Act, all unclaimed/unpaid Dividends upto the Dividend for the period 31st December, 1995 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.
5. 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**

6. **Details of Directors seeking re-election:**

<b>Particulars</b>	<b>Directors retiring by rotation and seeking re-appointment</b>	
<b>Name</b>	<b>Prodosh Kumar Sen</b>	<b>Malcolm Courtney Perkins</b>
<b>Date of Birth</b>	3rd July, 1942	28th February, 1945
<b>Date of Appointment</b>	7th April, 2005	31st July, 2006
<b>Qualification / Recognition</b>	B.A. (Hons) Economics, St. Stephen's College, Delhi	Chartered Accountant - Fellow, Institute of Chartered Accountants of England & Wales.
<b>Experience</b>	Retired as Chairman, J. Thomas & Co. (P) Ltd., the world's oldest and largest Tea broking house. Presently he is the Senior Advisor, Confederation of Indian Industry (CII) - Eastern Region.	Chairman, Camellia Plc., U.K., Director of large number of Companies which operate globally in the areas of plantations, horticulture, banking, pharma and others.
<b>Directorship of other Companies (Excluding foreign Companies and Private Limited Companies)</b>	NIL	Stewart Holl (India) Ltd. Amgoorie India Ltd.
<b>Chairman / Member of Committee of the Boards of Companies</b>	Member, Audit Committee & Remuneration Committee of Goodricke Group Ltd.	Member, Remuneration Committee of Goodricke Group Ltd.
<b>Shareholding in the Company (Nos.)</b>	NIL	NIL





## DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty-second Annual Report and Accounts for the year ended 31st December 2007.

### FINANCIAL RESULTS

For the year ended 31st December

	2007	2006
	(Rs. in millions)	
GROSS SALES	<b>2,374.33</b>	2,213.82
PROFIT BEFORE TAXATION	<b>104.71</b>	76.43
Less: Provision for Taxation (Net)	<b>27.34</b>	21.45
PROFIT AFTER TAX	<b>77.37</b>	54.98
Add: Profit brought forward from last year	<b>29.18</b>	24.99
	<b>106.55</b>	79.97
APPROPRIATIONS:		
Dividend	<b>32.40</b>	27.00
Tax on Dividend	<b>6.30</b>	3.79
Transfer to General Reserve	<b>35.00</b>	20.00
Balance carried forward	<b>32.85</b>	29.18

### TURNOVER

Gross turnover for the year 2007 was higher at Rs. 2,374 million, as compared to Rs. 2,214 million in the previous year. While Dooars, Darjeeling and Assam Orthodox prices improved, that of Assam CTCs decreased marginally. The improved turnover was the result of higher saleable crop.

### OPERATIONS

Total manufactured crop increased by about 10% to 21.2 million kgs. compared to 19.3 million kgs. in 2006. The higher quantity was the result of an increase in own crop as well as from outsourced leaf. Weather conditions were generally favourable except for excessive rainfall in July and September and early onset of winter in some of the tea districts. All India tea production in 2007 decreased to 945 million kgs. This reduction was due to lower crop both in north and south India and has broken the rising trend seen over the last three consecutive years.

Tea prices were generally steady but improved particularly at the close of the season impacted by lower crop and higher domestic consumption. The price increase was essentially for quality teas manufactured consistently by all the Company gardens and is relevant both for private sale as well as for auction. There was major disruption in despatches in the months of August and September due to flooding and damage to the main arterial roads and bridges in North Bengal. Hence, the last quarter witnessed larger volume of sales.

All India exports were lower compared to the previous year. This was essentially due to normalisation of Kenyan production, strengthening of Indian Rupee, payment problems in Iraq and lower off-take by Iran. The Company's exports also suffered accordingly. The Instant tea plant did not see any major breakthrough but has been steadily regaining lost ground and is in the process of tying up with some global customers for specialized products. This is expected to ensure better utilization of its capacity in the coming years.

The packet tea operation continues to show a successful operating performance. While the quantum of sales



**GOODRICKE GROUP LTD**

was not higher, improved profitability and greater market spread were the highlights of the year's operation.

In compliance with the Corporate Governance disclosure, stipulated in Clause 49 of the Stock Exchange Listing Agreement, the Management Discussion and Analysis Report is given in Annexure - 'E' forming part of the report.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company has been consistent in following the principles laid down under the Statement of Business principles of its U.K. Principal. These specifically cover areas of health, safety and welfare of the workers. The facilities at each of the gardens, comprising of hospitals, primary school, crèches and community halls form the nucleus through which the social responsibilities are executed. While global warming and pollution are major environmental and social concerns, your Company has been addressing these with emphasis on afforestation, control on emissions and effluents. All these have ensured commercial operations without adversely affecting the environment. The following activities at the gardens sum up the continuing emphasis on CSRs:-

- Hospitals with doctors and trained personnel, isolation wards, operation theatres, outdoor clinics.
- Maintenance of workers' family folder to track health status.
- Camps for sterilization, eye surgery, pulse polio & other child immunization programmes.
- Education facilities by way of primary schools.
- Mothers' Club which organizes line meetings for spreading awareness on health & hygiene.
- Self help centres to make locally produced useful items.
- Malaria prevention schemes
- Afforestation through planting trees for shade, fruit and for fuel.

The assistance given by District level health and other officials for some of the programmes are duly acknowledged.

The Goodricke School for Special Education at Siliguri, North Bengal, continues to play an important role in ensuring education to children with special needs. The School has grown to a level which is a fine example of a contribution by a corporate citizen to the society. The second phase of the School's expansion is being finalized.

The social cost of running tea gardens is high but it has been accepted as an onerous responsibility till the Government finalises the cost sharing demands of the Industry. The gardens also provide subsidized foodgrains, housing, electricity, clean water and undertake various community welfare schemes which help a large part of socially under privileged sections of the society.

**DIVIDEND**

The Board recommends a dividend of 15% (Previous year 12.5%). Such dividend, on declaration, will be paid to those members recorded in the Registers of the Company at the close of business on the date of Annual General Meeting, subject, however to the provision of Section 206A of the Companies Act, 1956.

**FINANCE AND ACCOUNTS**

The quarterly financial results, covered by limited review by the Auditors, were published and made available on the Company website. Capital expenditure plans were implemented in the areas of factory