

ANNUAL REPORT 2009



GOODRICKE GROUP LIMITED

GOODRICKE GROUP LTD

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BOARD OF DIRECTORS

P. J. Field – *Chairman*

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

A. K. Mathur

S. Kaul

K. Sinha

P. K. Sen

SR. GENERAL MANAGER & SECRETARY

D. P. Chakravarti

CHIEF ACCOUNTANT & C.F.O.

A. Sengupta

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.

HDFC Bank Ltd.

Axis 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

GOODRICKE GROUP LTD

NOTICE

NOTICE is hereby given that the Thirty-fourth 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 Tuesday, the 13th April, 2010 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 2009 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, 2009.
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 a Director in place of Mr. P.K. Sen 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 Mr. Peter John Field, appointed as an Additional Director effective 1st May, 2009 and who holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice from a member u/s 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company retiring by rotation."

The Register of Members and Share Transfer books of the Company shall remain closed from Monday, the 5th April to Tuesday, the 13th April, 2010, both days inclusive.

By Order of the Board

Kolkata
25th February, 2010

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 19th April, 2010 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 note the following:-
 - (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 Dividend Warrants for the Accounting years ended 31st December 2002, 2004, 2005, 2006, 2007 and 2008 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 2001 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 2002, will fall due for deposit on 9th May, 2010.
 - (iii) The Reserve Bank of India has introduced National Electronic Clearing Service (NECS) in banking system to expedite electronic credit. NECS has wider coverage than ECS and has no limitations of location in India. NECS is operational for banks/bank branches leveraging on Core Banking System (CBS), which provide more than ten digit bank account number to its customers. In this process, bankers have changed the bank account numbers of customers replacing the old account numbers which were not NECS compatible. Further as per RBI instructions, with effect from 1.1.2010, for processing under NECS, CBS based account number is mandatory.
Members to check up with their bankers and ensure submission of correct and current bank details so that electronic credit takes place without any difficulty.
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.

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6. Details of Directors:-

Particulars	Appointment	Directors retiring by rotation and seeking reappointment	
Name	Mr. Peter John Field	Dr. Sudha Kaul	Mr. Prodosh Kumar Sen
Designation	Non-Executive Chairman	Non-Executive Director	Non-Executive Director
Date of Appointment	1st May, 2009	1st September, 2000	7th April, 2005
Date of Birth	25th November, 1950	19th April, 1945	3rd July, 1942
Qualification	—	Ph.D. Awarded 'Padma Shri' by Government of India in 2010.	B.A. (Hons) Economics
Experience	Managing Director, Duncan Lawrie Ltd. based in United Kingdom. Indepth experience in the areas of finance and banking and Director of other Companies in diverse areas of activities ranging from plantations, engineering, warehousing & horticulture.	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 number of books and other publications to her credit.	Retired as Chairman, J.Thomas & Co. (P) Ltd., the world's oldest and largest Tea broking house. Presently he is the Senior Adviser, Confederation of Indian Industry (CII) - Eastern Region.
Directorship of other Companies (Excluding foreign Companies and Private limited Companies).	Stewart Holl (India) Ltd. Amgoorie India Ltd.	Trustee & Vice-Chairperson, Indian Institute of Cerebral Palsy (Formerly Spastics Society of Eastern India).	Nil
Chairman/Member of Committee of the Boards of Companies	Member, Remuneration Committee of Goodricke Group Ltd.	Chairman, Shareholders'/Investors' Grievance Committee and Member, Remuneration Committee of Goodricke Group Ltd.	Member, Audit Committee & Remuneration Committee of Goodricke Group Ltd.
Shareholding in the Company (Nos.)	Nil	Nil	Nil
Inter-se relationship	Not related to any Director on the Board, except fellow Directorship in some Companies.	Not related to any Director on the Board.	Not related to any Director on the Board.

Explanatory Statement

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

Item No. 6

Mr. Peter John Field - Appointment

At the Board Meeting held on 27th April, 2009, Mr. Peter John Field was appointed as an Additional Director to the Board of Directors effective 1st May, 2009 u/s 260 of the Companies Act, 1956. Mr. Field is the Managing Director of Duncan Lawrie Ltd., a private bank based in U.K. and has wide experience in the areas of finance and banking and is the Director of a number of global Companies having wide ranging operations in East Africa, U.K., Bangladesh and U.S.A. Mr. Field briefly worked in India with Grindlays Bank, Merchant Banking Division.

Other particulars are given under Note No. 6 of the Notice.

The Directors commend acceptance of the Resolution.

None of the Directors except Mr. P.J. Field are concerned or interested in this appointment.



DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty-fourth Annual Report and Accounts for the year ended 31st December 2009.

FINANCIAL RESULTS

For the year ended 31st December

	2009	2008
	(Rs. in millions)	
GROSS SALES	3,721.59	2,940.50
PROFIT BEFORE TAXATION	530.67	235.19
Less: Provision for Taxation (Net)	111.24	59.32
PROFIT AFTER TAX	419.43	175.87
Add: Profit brought forward from last year	32.91	32.85
	452.34	208.72
APPROPRIATIONS:		
Dividend	86.40	64.80
Tax on Dividend	14.69	11.01
Transfer to General Reserve	300.00	100.00
Balance carried forward	51.25	32.91

TURNOVER

The gross turnover for the year 2009 has been higher by over 26% at Rs. 3,722 million from Rs.2,941 million in the previous year. The increase in turnover was wholly due to firmer prices prevailing throughout the period under review.

OPERATIONS

The total manufactured crop was lower by 7% at 19.96 million kgs. from 21.52 million kgs. in 2008. The decrease was essentially due to drought like conditions in the early part of the season in both Darjeeling & Dooars. Assam crop was also lower but to a lesser extent. The all India production in 2009 was marginally lower at 979 million kgs. against 981 million kgs. in the previous year resultant of adverse weather conditions in North Bengal.

Tea prices, which started firming up in 2008, continued to strengthen in 2009. This was due to demand/supply mismatch arising from global crop deficit contributed by Kenya and Sri Lanka and also increased domestic consumption. The average price realization from all the three tea growing areas of the Company was higher by Rs.33/- per kg. over previous year as against Industry average of Rs. 27/-.

All India exports did not witness any major quantum growth and were lower than that of the previous year at 192 million kgs. However, the unit realizations were much improved from weaker Rupee and higher global prices. The exports to Iraq only have been significantly higher with no major changes in the other directions of shipments. The Company's exports, except instant teas, have increased and the overall growth is over 10% with higher unit realizations covering Assam CTC & Orthodox and Darjeeling teas.

The Instant Tea Plant, the export oriented unit, ended the year with a positive margin. However, the global demand for Instant tea did not strengthen during the year due to the economic downturn worldwide. The sale to Domestic Tariff area witnessed growth and Iced tea powder was developed in-house for commercial marketing.

The Packet tea operations have also contributed to the overall profitability through its encouraging results. While there was no major increase in the quantum, there has been further strengthening of the market reach with improved distribution system and greater publicity. Some new brands and newly designed packets

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were launched during the year and have been well accepted by the market. Amongst the new launches, Iced tea of various flavours was introduced at select retail outlets.

The Company has been availing of the Tea Board's incentive schemes for quality upgradation and for replanting/rejuvenation of the tea bushes. These schemes are assisting the tea gardens for long term benefit. The electronic auctions at the tea centres in South India are operating successfully and the same are expected to commence at the North Indian auction centres in course of the year. These electronic auctions would ensure transparency and improved price discovery. In the early part of the year, one of the auction brokers failed to honour the prompt dues leading to temporary disruption in trade and non-recovery of receivables. To avoid repetition of such incidents, the payment settlement system at the auction centres has undergone major reforms and is now operational. The active role played by the Tea Board of India towards strengthening the system and procedures is greatly appreciated.

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 (CSR)

The Company is committed towards compliance and adherence to the Statement of Business Principles of Camellia Plc. as well as to the norms followed by global bodies like Rain Forest Alliance (RFA), Fair Trade Practices (FTP) and Ethical Tea Partnership (ETP). The Company has adopted specific policies towards meeting the above requirements under the following groups:-

- | | |
|--------------------|---------------|
| ■ Health & Safety | ■ Social |
| ■ Waste Management | ■ Environment |

Some of the key activities covered under the above framework are:-

- Hospitals at all gardens with a Group Hospital in Dooars.
- Specialized surgery camps for cleft lip/ palate reconstruction and for correction of congenital talipes equinovarus.
- Line tracking of health status of every family at the gardens.
- Tracking of diseases in adjoining villages
- Functioning "Safety Committee" at all gardens.
- Camps for sterilization, eye surgery and child immunization.
- Primary schools at all gardens and transport arrangement to secondary schools.
- Garden level Mothers' Club for spreading awareness on health & hygiene.
- Waste management through segregation of waste, effluent treatment etc.
- Self help centres to teach weaving, tailoring and other vocational activities.
- Afforestation / vegetation on non-tea areas.
- Malaria prevention schemes for Garden and adjoining villages.
- Scholarship scheme for meritorious students at every garden.
- Adoption of School/College in the district.
- As part of the global effort towards limiting environmental pollution and reduce carbon footprint, the Company is installing dual fired boilers at its two factories which will be run on woody biomass replacing fossil fuel. This will cut down harmful emissions and also be eligible for carbon credits. There are plans to extend this for other factories also.
- The Goodricke School for Special Education at Siliguri, North Bengal, has widened its coverage in rendering specialized education to children with special needs. The second phase of the School's building is complete and will be operational within a few weeks time.



DIVIDEND

The Board recommends a higher dividend of Rs. 4.00 per share (40%) [Previous year Rs. 3.00 per share (30%)]. 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 finances of the Company strengthened substantially during the year. This enabled the Company to accelerate the process of upgradation of the Company's tea factories and modernize essential utilities for greater energy efficiency and cost reduction. The strength of the financials is reflected in the nominal borrowings at the year end.

During the year, the tea factories at Kumargram, Leesh River, Chulsa and Sankos were upgraded. These have resulted in lower operating cost and improved quality leading to higher realizations. These, along with capital expenditures on plantations, labour welfare etc., were largely funded from internal resources. In the current year also the capital expenditure plans cover factory modernization and extension planting.

Cost Audit is being conducted by Messrs Shome & Banerjee, Cost Accountants, appointed with the approval of the Ministry of Corporate Affairs.

PROSPECTS

The global mismatch in demand and supply is expected to continue in the current year at least till the arrival of the new crop. There is low carryover stock and the global shortage emanating from Kenya and Sri Lanka continues. The domestic consumption pattern is also showing a steady growth of approximately 2% per annum with greater preference for quality tea. All these are expected to have beneficial impact on the prices and on the tea Industry as a whole. The substantial capital expenditure on upgradation and modernization of the Company's tea factories has progressively reduced manufacturing cost with improved quality. Since your Company is a producer of quality teas only, the premium for such teas will be reflected in the price realizations.

CORPORATE GOVERNANCE & AUDIT COMMITTEE

The Stock Exchange introduced Clause 49 in the Listing Agreement in 2001 with several changes from time to time thereafter. Your Company constituted the Audit Committee of the Board in 1997 well before it became a mandatory requirement. The Committee has carried out the roles as laid out in the terms of reference. The Audit Committee interacted with the statutory auditors, chief internal auditor, internal auditors and key operating personnel whenever required. It reviewed the financial and Corporate Governance Report for Board's consideration. The Code of Conduct of the Directors and senior management are being complied with and Risk Analysis undertaken on a continuous basis. In terms of Clause 49 of the Listing Agreement, disclosures under Corporate Governance are given in Annexure - 'F' of the report.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

With the dematerialization of shares, investor grievances were negligible and were dealt with promptly. The Committee in course of its meetings approved/reviewed regularly the physical transfers, the extent of dematerialization, investor grievances and regulatory disclosures.

REMUNERATION COMMITTEE

The Remuneration Committee met twice during the year. The Committee had considered and recommended to the Board the annual increment and payment of commission to the Managing Director as laid down in the terms of appointment.

PERSONNEL

In course of the year, there were political disturbances from time to time in the tea garden areas of Darjeeling

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and Dooars. However, due to cordial relations with the staff and workers, the garden activities were not affected. A special appreciation is well deserved by all employees at the gardens in such disturbed areas. Your Directors acknowledge the dedication and co-operation extended by all employees at the gardens and at other establishments of the Company.

The Company's commitment on extending several benefits to workers and their families, much more than that provided for under the statutes, has been largely responsible for maintaining uninterrupted workings at the gardens.

PARTICULARS IN TERMS OF SECTION 217 OF THE COMPANIES ACT, 1956

The particulars of Conservation of Energy, Technology absorption and Foreign exchange in terms of Section 217(1)(e) are given in Annexures "A" and "B". The particulars of employees attracting the provisions of Section 217(2A) are given in Annexure "C". Directors' Responsibility Statement, in terms of Section 217(2AA), is given in Annexure 'D'. All the Annexures form part of the Report.

DIRECTORS

Mr. P.A. Leggatt, Chairman of the Board of Directors, suddenly passed away peacefully on 28th November, 2009 at his London residence. Mr. Leggatt joined the Board on 1st April, 1988 and was appointed as Chairman on 25th July, 1990. Apart from discharging very ably the role of Chairman of the Board, he was the inspiration behind a number of activities covering establishment of the Goodricke School for Special Education for physically challenged children, Scholarship for meritorious children of tea garden workers, Charitable trusts and several community welfare schemes. Mr. Leggatt was also the key link between Indian planting fraternity and its counterpart in United Kingdom. The Board places on record its deep sense of acknowledgement to the invaluable services rendered by Mr. P.A. Leggatt in course of his tenure on the Board.

The Board of Directors has since appointed Mr. Peter John Field, a Director of the Company, as its Chairman. Mr. Field is a banker by profession and is the Managing Director of Duncan Lawrie Ltd. based in U.K. His other particulars are given under details of Directors circulated with the notice of the meeting.

Mr. Field was appointed as an additional Director effective 1st May, 2009 and the notice of the meeting contains a resolution for his appointment as a Director by the General Body.

Dr. Sudha Kaul, the Independent Director on the Board and Vice Chairperson of The Indian Institute of Cerebral Palsy, has been awarded "Padma Shri" by the Government of India this year.

Dr. S. Kaul and Mr. P.K. Sen retire by rotation and being eligible offer themselves for reappointment subject to the approval of the General Body. Your Board of Directors commends the reappointments.

AUDITORS

The Auditors, Messrs Lovelock & Lewes, Chartered Accountants, retire and are eligible for reappointment.

On behalf of the Board

A. N. Singh

Managing Director

S. Kaul

K. Sinha

P.K. Sen

Directors

Kolkata
25th February, 2010.