

ANNUAL REPORT 2010



GOODRICKE GROUP LIMITED

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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

VICE PRESIDENT & 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

Plot No. Y-14, Block EP, Sector V, Salt Lake, Kolkata-700091

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-fifth 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 12th April, 2011 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 2010 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, 2010
3. To appoint a Director in place of Mr. A.K. Mathur who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K. Sinha 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 4th April to Tuesday, the 12th April, 2011, both days inclusive.

By Order of the Board

Kolkata
28th February, 2011

D. P. Chakravarti
Vice President & 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 18th April, 2011 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, 2004, 2005, 2006, 2007, 2008 and 2009 may immediately approach the Registrars for revalidation of unclaimed Dividend Warrants. The Company had skipped dividend for the year ended 31st December, 2003.

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 2002 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 2004, will fall due for deposit only in 7th May, 2012.

- (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	Directors retiring by rotation and seeking reappointment	
	Mr. A.K. Mathur	Mr. K. Sinha
Name	Mr. A.K. Mathur	Mr. K. Sinha
Designation	Non-Executive Director	Non-Executive Director
Date of Appointment	25th July, 1990	1st January, 2001
Date of Birth	2nd November, 1947	7th September, 1947
Qualification	F.C.A. (Fellow, Institute of Chartered Accountants of England & Wales).	M.A.
Experience	Executive Director (Finance), Camellia Plc. U.K. Indepth experience in the field of Finance & Accounts of a wide range of Companies in diverse lines of activities ranging from Tea & other plantations, banking, engineering, warehousing and transport etc.	Retired as Head, Eastern India of Hongkong & Shanghai Banking Corporation Ltd. He has indepth experience in areas of Finance & Banking.
Directorship of other Companies (Excluding foreign Companies and Private limited Companies).	Stewart Holl (India) Ltd. Amgoorie India Ltd.	The Statesman Ltd.
Chairman/ Member of Committee of the Boards of Companies	Member, Audit Committee of Goodricke Group Ltd.	Chairman, Audit Committee; Chairman, Remuneration Committee; Member, Shareholders'/Investors' Grievance Committee of Goodricke Group Ltd.
Shareholding in the Company (Nos.)	Nil	Nil
Inter-se relationship	Not related to any Director on the Board.	Not related to any Director on the Board.



DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty-fifth Annual Report and Accounts for the year ended 31st December 2010.

FINANCIAL RESULTS

For the year ended 31st December

	2010	2009
	(Rs. in millions)	
GROSS SALES	4,004.30	3,721.59
PROFIT BEFORE TAXATION	630.71	530.67
Less: Provision for Taxation (net)	180.75	111.24
PROFIT AFTER TAX	449.96	419.43
Add: Profit brought forward from last year	51.25	32.91
	501.21	452.34
APPROPRIATIONS:		
Dividend	108.00	86.40
Tax on Dividend	17.94	14.69
Transfer to General Reserve	320.00	300.00
Balance carried forward	55.27	51.25

The turnover for the financial year 2010 has increased by 7.6% to Rs. 4,004 million from Rs. 3,722 million in the previous year due to increase in saleable crop, improved quality and firmer prices. The profit before tax (PBT) has increased by 18.9% over last year.

OPERATIONS

The total manufactured crop was higher at 20.58 million kgs. against 19.96 million kgs. in 2009. The increase was essentially due to relatively favourable weather conditions in Dooars and Assam. However, Darjeeling crop suffered from drought like conditions in the early part of the season.

The all India production in 2010 was lower at 966 million kgs. against 979 million kgs. in the previous year, resultant of adverse weather conditions and pest attack in upper Assam gardens. This is the second consecutive year of all India crop shortfall which has left the trade with low carryover stock for the current year.

Tea prices, which started firming up in 2009, saw a firmer trend in 2010. In the initial part of the year, prices were comparable to the previous season but with lower arrivals, market became buoyant although only for better teas. Teas from non quality areas were discounted and attracted lower prices compared to 2009.

Prices for Darjeeling and Assam Orthodox varieties were higher largely in tune with the global price upsurge. CTC prices improved wholly on domestic demand supply mismatch from crop shortfall. However, there was a wide price differential with quality teas attracting premium, while medium and plainer teas obtained much lower prices. Your Company's teas attracted a premium over the auction average. On the global front, there has been an increase in crop mainly due to substantial increase in Kenya and Sri Lanka, after recovery from severe droughts in the previous years.

All India exports suffered a setback with despatches lower than last year at 193 million kgs. The Company's exports of bulk teas also decreased but recorded improved prices especially from Darjeeling teas. The Instant Tea exports, however, did not fare satisfactorily during the year.

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The Instant Tea Plant did not achieve any major improvement in its operations during the year. Higher domestic sales and the growth of instant premixed powder were, however, positive and indicate future growth potential. Packet Tea operations also played an important role in the overall profitability. New brand launches and fresh designs were well received by the market. Additional facilities for warehousing and new packeting set-up have been organized and the current year should witness further increase in quantum.

All the three Darjeeling gardens have been converted to organic with the elimination of chemical inputs. Barnesbeg Tea Garden has achieved full conversion and was certified by the Institute for Marketecology (IMO) with Thurbo and Badamtam tea gardens under process. There has been a distinct improvement in quality in Barnesbeg with discerning European buyers showing preference for such teas.

The two Assam gardens, Orangajuli & Nonaipara, have received certification under Rainforest Alliance (RA) which is part of the Global Sustainable Agriculture Network.

The Company has availed of the Tea Board's quality upgradation scheme for replanting/rejuvenation of the old tea bushes. This has been helpful to ensure sustained growth and should improve productivity in future years. Two newly introduced systems at the auction centres have now stabilized (i) electronic auctions (except Darjeeling) and (ii) payment settlement system. These have brought in a major transformation in price discovery and have also provided a safety-net against payment defaults to producers.

In terms of Corporate Governance disclosure, under 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)

Your Company is a major constituent of Camellia Plc., U.K. one of the largest global producers of tea with interests in other plantation crops, agriculture, engineering and banking. The Statement of Business Principles of the Principal as well as norms followed by global bodies like Rainforest Alliance (RA), Fair Trade Practices (FTP) and Ethical Tea Partnership (ETP) are being complied with for sustainability. 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:-

- Primary Hospitals at all gardens, with a Group Hospital in Dooars.
- Tracking of health status of every family at the gardens.
- Visit by garden Doctors to adjoining villages to review disease status as part of CSR.
- 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.
- Mothers' Club at the gardens for spreading awareness on health & hygiene.
- Waste management through segregation of waste, effluent treatment etc.
- Self help centres for various vocational activities.
- Afforestation / vegetation on non-tea areas.
- Malaria prevention schemes for Garden and adjoining villages.
- Scholarship scheme for meritorious students
- Adoption of School in the vicinity of the estates
- Towards limiting environmental pollution and reduced carbon footprint, the Company has installed dual fired boilers at its two factories in North Bengal to operate on renewable woody biomass replacing fossil fuel. This will cut down harmful emissions and also be eligible for carbon credits.



- Towards extending vocational training, certain brands of Darjeeling tea packets are being packed by physically challenged students of The Indian Institute of Cerebral Palsy (IICP). This is also enabling them to contribute towards their family income.
- The Goodricke School for Special Education at Siliguri, North Bengal, continues to render specialized education to children with special needs. The second phase of the School building with a modern auditorium has become operational.
- Rainforest Alliance (RA) - The norms lay down strict compliance with the environmental and social aspects with emphasis on labour welfare measures.

DIVIDEND

The Board recommends a higher dividend of Rs. 5.00 per share (50%) [Previous year Rs.4.00 per share (40%)]. 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 higher profitability has further strengthened the financial base of the Company. The process of modernization/upgradation of the tea factories is continuing and by end of next year all factories in Dooars and Assam will be covered. Borrowings have also been reduced resulting in lower interest outgoings. In course of the year, the tea factories at Danguajhar Phase II, Lakhipara and Aibheel in Dooars, North Bengal, were upgraded and are producing quality teas at a lower cost. The higher internal accruals have also enabled capital expenditure on supporting utilities, plantations, R&D and labour welfare activities. The cost of production has, however, increased significantly with higher personnel cost together with that of coal, electricity, diesel, chemicals and others.

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

PROSPECTS

The shortfall in the global tea market for the last two years has eased considerably with large increases in crop by Kenya and Sri Lanka. Due to adverse weather conditions and pest attack in upper Assam, there has been a reduced crop in India in 2010 thereby adding to the domestic shortfall of the previous year. Although there is a decrease in exports, the lower carryover, steady domestic demand and lower imports have contributed to larger demand supply mismatch. The price trends at the auctions and private sales have consistently attracted premium prices for quality teas. This is evident from the price differentials between the prices commanded by the Company's teas as compared to the auction averages. The Company stands at a favourable point for enhanced profitability in the coming years with the upgraded factories producing quality teas. However, this should be viewed against the backdrop of steady increase in the cost of inputs and social costs which are to be reckoned with in the coming years.

CORPORATE GOVERNANCE & AUDIT COMMITTEE

Clause 49 of the Listing Agreement on Corporate Governance has undergone revisions in course of the year which have been implemented. Your Company has been one of the pioneers in Corporate Governance with the set-up of the Audit Committee of the Board in 1997 well before it became mandatory. The Audit Committee has played an important role during the year. It has interacted with the Statutory Auditors, Internal Auditors and other key personnel of the Company and has rendered advice in the areas of internal audit, finance and accounts.

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The Code of Conduct for the Directors and Senior management is being complied with and Risk Profile Analysis is being carried out from time to time. 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

The Committee has met regularly in course of the year. With the compulsory dematerialization of the Company's shares and electronic mode of transfers, postal despatches have been eliminated. At the year end there were no unresolved pending investor grievances.

REMUNERATION COMMITTEE

The Remuneration Committee met twice during the year essentially to review and recommend annual increment and payment of commission to Managing Director within the terms of appointment.

PERSONNEL

The majority of the Group's gardens are located in remote areas away from towns and cities. In spite of these isolated locations and disturbed political environment in some areas, high morale was maintained by garden executives and workers. There were no major disruptions of work at the gardens or at any other establishments of the Company during the year.

Garden managerial personnel were nominated for specialized training at the Tea Research Association (TRA), Administrative Staff College (ASC) and others.

Group activities were organized in course of the year like football, golf, tennis, flower show and cultural programmes for greater team work amongst the Company's managerial and other personnel.

Your Directors place on record the co-operation received and sense of duty shown by all employees at its gardens and other establishments of the Company.

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

The particulars of Conservation of Energy and Technology absorption 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

There has been no change in the Board of Directors of the Company during the year under report.

Mr. A.K. Mathur and Mr. K. Sinha, retire by rotation and being eligible offer themselves for re-appointment subject to 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

28th February, 2011