

ANNUAL REPORT 2011



GOODRICKE GROUP LIMITED



GOODRICKE TEA

anytime, anywhere

Exclusive Darjeeling Teas

Premium CTC Teas



www.goodricke.com

ANNUAL REPORT 2011



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

REGISTRARS & SHARE TRANSFER AGENTS

C.B. Management Services Pvt. Ltd.

P-22, Bondel Road, Kolkata 700 019.

Tele. No. (033) 2280-6692/93/94/4011-6700 Fax No. (033) 2287-0263/4011-6739

Email : rta@cbmsl.com, Website : www.cbmsl.com

REGISTERED OFFICE

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

Website : www.goodricke.com

NOTICE

NOTICE is hereby given that the Thirty-sixth 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 Wednesday, the 18th April, 2012 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 2011 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, 2011.
3. To appoint a Director in place of Mr. Peter John Field who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. Sudha Kaul who retires by rotation and being eligible, offers herself 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 a Special Resolution:

"Resolved that the Company hereby accords its approval under Sections 198, 269, 309 of the Companies Act, 1956 to the appointment of Mr. Arun Narain Singh as Managing Director & Chief Executive Officer of the Company and payment of remuneration to him effective from 1st January, 2012 till 31st December, 2014 as per terms and conditions of appointment, circulated earlier on 1st December, 2011 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 10th April to Wednesday, the 18th April, 2012, both days inclusive.

By Order of the Board

Kolkata
27th February, 2012

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 23rd April, 2012 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 Dividend Warrants for the Accounting years ended 31st December, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 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 2002 has been deposited accordingly. There was NIL Dividend for the year 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 2004, will fall due for deposit on 7th May, 2012.

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 member should be approached.
6. In terms of Clause 5A of the Listing agreement, the Company's Registrars & Share Transfer Agent has sent three reminders to those shareholders whose physical share certificates are lying with them after being returned as undelivered. There has been fairly good response leading to reduction in such unclaimed physical certificates.

7. DETAILS OF DIRECTORS

Particulars	Appointment		
	Directors retiring by rotation and seeking reappointment		
Name	Mr. Arun Narain Singh	Mr. Peter John Field	Dr. Sudha Kaul
Designation	Managing Director & Chief Executive Officer (MD & CEO)	Non-Executive Director	Non-Executive Director (Independent)
Date of Appointment	1st January, 2012	1st May, 2009	1st September, 2000
Date of Birth	1st July, 1953	25th November, 1950	19th April, 1945
Qualification	M.Sc.	Banker	Ph.D. Awarded 'Padma Shri' by Government of India in 2010.
Experience	Joined the Company as Tea Garden Assistant at its inception. In early 2002, was transferred to Head Office and promoted later to Vice President (Operations). He was Managing Director (operations) from 1st August, 2006 to 31st December, 2008. The Board appointed Mr. Singh as Managing Director of the Company effective 1st January, 2009 to 31st December, 2011.	Joint Managing Director, Camellia Plc. U.K. Indepth experience in the field of Banking & Finance of a wide range of Companies in diverse lines of activities ranging from Tea & other plantations, banking & engineering, warehousing and 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 number of books and other publications to her credit.
Directorship of other Companies (Excluding foreign Companies and Private limited Companies).	Stewart Holl (India) Ltd. Amgoorie India Ltd. Elgin Investments & Trading Co. Ltd. Goodricke Technical & Management Services Ltd.	Stewart Holl (India) Ltd. Amgoorie India Ltd. Elgin Investment & Trading Co. Ltd. Goodricke Technical & Management Services Ltd.	Vice Chairperson, Indian Institute of Cerebral Palsy (Formerly Spastics Society of Eastern India).
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.
Shareholding in the Company (Nos.)	180	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, except fellow Directorship in some Companies.	Not related to any Director on the Board.

Explanatory Statement

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

Item No. 6

Mr. Arun Narain Singh - Appointment

The Board of Directors of the Company, at its meeting held on Friday the 18th November, 2011, has appointed Mr. Arun Narain Singh as Managing Director & Chief Executive Officer (MD & C.E.O) of the Company effective 1st January, 2012 in terms of Section 269 of the Companies Act, 1956 (Act) read with Schedule XIII thereto.

An abstract of the terms of appointment and memorandum of interest is given below:-

I. Particulars of Mr. A.N. Singh

Mr. A.N. Singh, aged 58 years, is a Post Graduate in Science and a senior Planter. He joined Duncan Bros. & Co. Ltd. as Tea Garden Assistant in 1975. On re-organisation, he joined Goodricke Group Ltd. at the Gardens. In early 2002, he was transferred to Head Office and promoted later to Vice President (Operations). The Board appointed Mr. Singh as Managing Director (Operations) effective 1st August, 2006 till 31st December, 2008 and thereafter as Managing Director & CEO effective 1st January 2009 to 31st December, 2011.

II. Period of appointment - 1st January, 2012 to 31st December, 2014

III. Duties - Mr. A.N. Singh, as the Managing Director & Chief Executive Officer (MD & CEO), will have overall responsibility of the Company and shall exercise such powers under the general superintendence, control and direction of the Board of the Company.

IV. a) Remuneration

Basic Salary : Rs. 400,000/- per month.

Revision of basic salary shall be decided by the Board of Directors annually on the recommendation of the Remuneration Committee in the salary range of Rs.400,000/- to Rs.700,000/- per month.

b) Other Terms

i) Commission

As may be approved by the Board of Directors each year subject to the overall limit of the total managerial remuneration as provided under Sections 198 and 309 of the Act on recommendation of the Remuneration Committee.

ii) Special Allowance: Rs. 150,000/- per month.

iii) Perquisites

a) Rent free accommodation/ House Rent allowance: Free use of furnished residential accommodation owned/leased by the Company. In case accommodation is not provided by the Company, House Rent Allowance not exceeding 60% of the salary.

b) Leave: 35 days for every completed year of service with full pay including perquisites and allowances. Leave accumulated shall be encashed at the end of the tenure as per Company rules.

c) Gas, electricity, water, medical reimbursement including premium for medical insurance, leave travel concession for self and family once in a year, payment of fees/subscriptions to Clubs, payment of premium on personal accident insurance, provision of car with chauffeur, telephone at residence etc. as per applicable rules of the Company.

iv) Retirement benefits: Company's contribution to Provident Fund, Pension Fund & Gratuity fund as per rules and regulations of the said funds. Post Retirement Benefits shall be as per rules of the Company.

NOTE:-

i) OVERALL LIMIT:-

The aggregate of the total salary, commission and monetary value of the perquisites payable to the Managing Director of the Company shall not exceed 5% of the profits of the Company calculated in accordance with Sections 198 and 309 of the Act.

ii) 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;

iii) 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.

V. Minimum Remuneration: In case of loss or inadequacy of profit in any year during the tenure of Managing Director, he shall be entitled to receive a total remuneration including salary and perquisites etc. not exceeding the applicable ceiling in Section II of Part II of Schedule XIII of the Act or such other modified ceiling as may be notified.

VI. Memorandum of Interest: None of the Directors except Mr. A.N. Singh is concerned or interested in this appointment.

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

VIII. Termination of Appointment: The appointment may be terminated by either party giving six month's prior notice.

General

Approval of the Company: The above appointment of Mr. A.N. Singh and remuneration payable to him are subject to the approval of the members of the Company at the next General Meeting.

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 Section II (I.B) of Schedule XIII in respect of item No. 6.

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 operational Company with 17 tea estates in Darjeeling, Dooars in 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. 31.12.2011)

Debt / Equity ratio	:	0.12:1
Interest cover	:	19 times
Net worth per share	:	Rs. 79/-

5. Export performance and net foreign exchange earnings (Rs. Million)

Year	Exports Net earnings
2009	286.18
2010	295.95
2011	703.05

6. Foreign investments or collaborators, if any.

74% of the Equity Shares are held by two Companies registered in the United Kingdom. The Company has no investment in any foreign Company.

II. Information about the appointee

1. Background details

Mr. A.N. Singh is a Post Graduate in Science and a senior planter. He has been with the Company since its inception. He has in-depth knowledge of garden operations and general management. Mr. Singh was appointed as Managing Director (Operations) & Chief Executive Officer (CEO) effective 1st August, 2006 till 31st December, 2008 and thereafter Managing Director for 3 years effective 1st January, 2009.

2. Past remuneration

During the last three years the remuneration paid to the Managing Director was restricted to the maximum of twelve months salary and special allowance and within the remuneration terms approved by the General Body as per Part II, Section II of Schedule XIII, to the Act.

3. Recognition or awards

Mr. Singh presently holds the following positions:-

Vice Chairman, Tea Research Association

Vice Chairman, National Committee of Indian Tea Association

Non-executive Director of two other leading tea Companies and two other public limited Companies

4. Job profile and suitability

Mr. Singh is an experienced planter and has been in the forefront of development work at the gardens both in the field and factories. He has attended specialised courses in Agricultural management in India and U.K. His experience at the garden level from Junior Assistant to Managing Director makes him suitable to handle overall operations.

5. Remuneration proposed

Details are given under item Nos. 6 of the Explanatory Statement to the Notice.

6. Comparative remuneration profile with respect to Industry

Name of the Company	Designation	Basic Salary per last published Statement 2010-2011
McLeod Russel (I) Ltd.	Wholetime Director	Rs.400,000/- per month

Note :- there are four Wholetime Directors in McLeod Russel (I) Ltd. - one Managing Director and three Wholetime Directors.

7. Other pecuniary relationship

Except for the terms of remuneration, as stated above, Mr. A.N. Singh has no other pecuniary relationship directly or indirectly with the Company.

III. Other informations

1. Reasons for inadequate profits

Tea Industry is cyclic in nature and is dependent on the vagaries of weather for crop and auction for prices. Since 2000 till 2007, the tea Industry faced severe price recession. Tea prices had come down steadily over the years and have been stagnating with only occasional temporary spurts in prices particularly for Dooars and Darjeeling gardens. At the same time, substantial increase in labour wages, Garden operating expenses, statutory liabilities and general inflation have considerably eroded profit margins. There are positive signs of revival of the Industry with prices improving since 2009. However, maintaining adequate and steady profitability on a regular basis may take a little longer e.g. The North India average auction price in 2011 was Rs.116.29 which is lower than 2010 of Rs. 119.51. In view of the complexities of the operation, coupled with the increased responsibility and uncertain nature of Industry, there is a need to pay adequate remuneration. Hence, the proposed terms are providing for the minimum remuneration, if the need arises.

The profitability over the last 5 years is given below:

Year	Profit after Tax (Rs. in millions)	Dividend Percentage (%)
2007	77.37	15.0
2008	175.87	30.0
2009	419.43	40.0
2010	449.96	50.0
2011	374.25	40.0

2. Steps taken or proposed to be taken for improvement

The Company is focusing on quality and this has attracted additional premium in the market. The Company has been emphasizing on value addition through Packet tea, Instant tea and others. Efforts are continuing to cut down costs and to increase yield at the Gardens. There has been substantial capital expenditure in the field and factories to increase yield and efficiency. These have resulted in improved profitability in 2010 but with substantial wage increase, the profit for 2011 has reduced.

3. Expected increase in productivity and profits in measurable terms

All the Company's Gardens are producing top quality teas. The Company's Gardens are included amongst the top Gardens attracting the highest prices at the auctions. The yields have been steadily improving. The Company's value added operations in the areas of Packet teas and Instant teas have good potentials.

IV. Disclosures

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

An abstract of terms of remuneration has been circulated on 1st December, 2011, for Mr.Singh. Further, the Notice of the Annual General Meeting contains details of the remuneration package/revision 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.



DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty-sixth Annual Report and Accounts for the year ended 31st December 2011.

FINANCIAL RESULTS

For the year ended 31st December

	2011	2010
	(Rs. in millions)	
GROSS SALES	4,581.29	4,004.30
PROFIT BEFORE TAXATION	503.35	630.71
LESS: PROVISION FOR TAXATION (NET)	129.10	180.75
PROFIT AFTER TAX	374.25	449.96
Add: Profit brought forward from last year	55.27	51.25
	429.52	501.21
APPROPRIATIONS:		
Dividend	86.40	108.00
Tax on Dividend	14.02	17.94
Transfer to General Reserve	280.00	320.00
Balance carried forward	49.10	55.27

The turnover for the year 2011 has increased by over 14% to Rs. 4,581 million from Rs.4,004 million in the previous year due to increased saleable crop and firmer prices. The profit before tax (PBT) has decreased by 20% from last year due to substantial increase in wages for the Darjeeling & Dooars gardens from the new Industry wage agreements effective 1st April 2011.

OPERATIONS

The total manufactured crop was marginally higher at 20.66 million kgs. against 20.58 million kgs. in 2010. Dooars own crop, as well as bought leaf, suffered due to labour and political unrest in North Bengal in the earlier part of the season. Assam gardens lost crop from drought like conditions in October and November. The three Darjeeling gardens maintained crop at previous year's level.

The all India production in 2011 could not achieve the 1,000 million kg. level. It was higher at 988 million kgs. against 966 million kgs. in the previous year, the shortfall resultant of the lower crop in Dooars and South India. The rising domestic demand, with no significant increase in crop, has led to low carry-over stock for the current year. The new year has commenced well with prices firming up particularly for select varieties.

Tea prices (CTC) in general which started hardening in 2009, maintained firm trend till June 2011 and weakened thereafter. At the initial part of the year, prices were comparable to the previous season but with lower arrivals, market became selectively buoyant for better teas. Teas from non quality areas continued to be discounted as there was a strong preference for quality only. Your Company's teas attracted a premium over the auction averages. Orthodox prices ruled steady till July & thereafter suffered from external factors arising from payment difficulties faced by Iran on account of U.S. trade sanctions. Prices for Darjeeling varieties were firmer largely due to a higher export demand. On the global front, there has been a decrease in crop mainly due to substantial reduction in Kenya, Malawi and Sri Lanka.

All India net exports was lower than last year's level at 187 million kgs. This was despite the largest ever purchases by Pakistan during this year. However, the Company's exports of bulk teas increased and recorded improved prices especially for its Darjeeling and Assam CTC teas. In spite of lower offtake from Iran resulting from U.S. trade sanctions, the Company's export of Orthodox to other destinations were substantially higher. The Instant Tea exports performed satisfactorily during the year.

The domestic sales were positive and indicate future growth potential. Packet Tea operations saw increased volume. Fresh brand positioning, strengthening of own depot operations and higher Institutional sales

contributed to the increase. The operational logistics have been strengthened with additional facilities for warehousing, streamlining of own packing units and a new packeting tie-up with Balmer Lawrie & Co. Ltd. The current year is expected to witness further increase in the quantum. Some notable bulk orders, covering supplies to Tirupati temple in Andhra Pradesh and to Government of Rajasthan, were major milestones for the Company. A marketing tie-up has been finalized for retail sales of Pre-mix instant teas of several flavours both in Hot & Cold water categories.

The Darjeeling gardens have been largely converted to organic with the elimination of chemical inputs. Barnesbeg Tea Garden has achieved full conversion and has been certified by the Institute for Marketecology (IMO). Barnesbeg achieved substantial increase in exports and price recoveries were very encouraging. Badamtam and half of Thurbo tea gardens are under organic conversion process. Badamtam & Barnesbeg are now also certified under Fair Trade and Rainforest Alliance (RA) Certification while Thurbo is covered under RA.

The two Assam gardens, Orangajuli & Nonaipara, have received certification under Rainforest Alliance (RA) which is part of the Global Sustainable Agriculture Network. These global certifications confirm that the gardens maintain labour & environmental standards of International quality.

The Company has availed of the Tea Board's Plantation Development Scheme (PDS) for replanting/rejuvenation of the old tea bushes and for irrigation, transport & drainage. It is also receiving subsidy under Quality Upgradation & Product Diversification Scheme (QUPDS) for modernization of factory machineries and buildings. Two newly introduced systems at the auction centres have now stabilized (i) electronic auctions (except Darjeeling) and (ii) payment settlement system. These have enhanced price discovery on a transparent basis. The settlement system has removed the risk from payment defaults by buyers. The active role played by Tea Board of India on these two systems is greatly appreciated.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Ministry of Corporate Affairs, Government of India has laid down National Voluntary Guidelines on Social, Environmental and Economic responsibilities of business, 2011.

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. It is committed to CSR in its global operations. The Statement of Business Principles of the U. K. 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 major activities covered under the above groups are:-

- Primary Hospitals at all gardens, with a Group Hospital in Dooars.
- Tracking of family health status at the gardens.
- Functioning "Safety Committee" at garden factories.
- Camps for sterilization, reconstruction surgery by overseas Doctors under the aegis of Group hospital, eye surgery and child immunization.
- Primary schools at all gardens and transport arrangement for school children.
- Mothers' Club at the gardens for spreading awareness on health & hygiene.
- Commencement of Waste management through segregation of wastes and its safe disposal and effluent treatment.
- Self help centres for vocational activities.
- Afforestation / vegetation on non-tea areas.
- Malaria prevention schemes for Garden and adjoining villages.
- Scholarship scheme for meritorious students
- Towards limiting environmental pollution and reduced carbon footprint, the Company has installed dual



fired boilers at two of its factories in North Bengal to operate on renewable woody biomass replacing fossil fuel. These have reduced harmful emissions.

- Certain brands of Darjeeling tea packets are being packed by physically challenged students at The Indian Institute of Cerebral Palsy (IICP). This serves as a vocational training and is also enabling them to contribute towards their family income.
- The Goodricke School for Special Education at Siliguri, North Bengal, continues to render relevant education to children with special needs. The third phase of the School building, to provide additional classroom and therapy facilities, has commenced. A modern auditorium had become operational earlier.
- Rainforest Alliance (RA) certification has been granted to the Assam & Darjeeling gardens - it lays down strict compliance with the environmental norms with emphasis on labour safety and their wellbeing.

The above activities do cover to a large extent the objectives enumerated by the Voluntary guidelines of the Government.

DIVIDEND

The Board recommends a dividend of Rs. 4/- per share (40%) [Previous year Rs.5.00 per share (50%)]. 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

There has been a major financial impact from the new three year Industry wage agreements for Darjeeling and Dooars gardens. The overall increase have been substantial, effective 1st April, 2011 and has affected profitability. This is in addition to the inflationary effect from other operational inputs like coal, power, chemicals and others. The price realizations have not been commensurate.

The process of modernization/upgradation of the tea factories is continuing with Orangajuli T.E. in Assam now in the process of upgradation. Borrowings have been higher due to increased requirement of working capital for packet tea and export business. The internal accruals have been utilized for capital expenditure on basic infrastructure, plantations and labour welfare.

Cost Audit u/s 233 of the Companies Act 1956 is being carried out by Messrs Shome & Banerjee, Cost Accountants, appointed with the approval of the Ministry of Corporate Affairs, Government of India.

PROSPECTS

The shortfall in the global tea market for the last two years is expected to continue into 2012 particularly with the lower crop in Kenya, Indonesia and Sri Lanka. Due to lower crop in Dooars / Terai and South India, there has been only a marginal increase in the Indian crop in 2011 thereby adding to the domestic shortfall of the previous year. The exports, lower carryover, steady domestic demand and lower imports have all contributed to a demand supply mismatch. The weakening of Assam orthodox prices, may ease if a suitable payment settlement system can be put in place between Iran and India. The two Governments are negotiating the same and some positive outcome is looked forward to by the Industry. The price trends at the auctions and private sales have been attracting 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. Barring unforeseen adverse weather conditions, the Company is expected to strengthen its profitability in the coming years with the upgraded factories producing quality teas. The Packet tea and Instant tea operations are poised for contributing to a higher profitability. However, this should be viewed against the backdrop of substantial increase in the cost structure.

CORPORATE GOVERNANCE & AUDIT COMMITTEE

Clause 49 of the Listing Agreement on Corporate Governance has undergone some revisions for greater disclosures in course of the year. Your Company has been one of the pioneers in effecting Corporate Governance. The Audit Committee of the Board was set up in 1997 well before it became mandatory. The Committee has played an important role in course of the year. It co-ordinated with the Statutory Auditors, Internal Auditors and other key personnel of the Company and has rendered guidance in the areas

of Corporate Governance, internal audit, finance and accounts.

The Code of Conduct for the Directors and Senior management personnel 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 which led to usual complaints, have been eliminated. At the year end there were no unresolved pending investor grievances.

REMUNERATION COMMITTEE

The Remuneration Committee met twice during the year to review and recommend annual increment and payment of commission to Managing Director within the terms of appointment. The Committee also recommended the re-appointment of Mr. A.N. Singh as Managing Director for a further period of three years effective 1st January 2012.

PERSONNEL

The majority of the Group's gardens are located in remote areas in North Bengal & Assam. In spite of these isolated locations, the morale of the managerial and other personnel were high throughout the year. We are happy to report that in course of the year, there were no major work disruptions at the gardens or at any other establishments of the Company.

Garden managerial personnel were nominated for various courses organized by the Business Chambers, Tea Research Association (TRA), Administrative Staff College (ASC) and other professional bodies.

Group activities like football, golf, tennis, flower show and cultural programmes were carried out to instill fellowship and team building at upcountry and at Kolkata.

Your Directors place on record the co-operation received and dedication of all employees at the 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

The earlier term of office of Mr. A. N. Singh, Managing Director terminated on 31st December 2011. On the recommendation of the Remuneration Committee, the Board, at its meeting held on 18th November 2011, re-appointed Mr. A. N. Singh for a further period of three years effective 1st January 2012 subject to approval by the General body.

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

Mr. P.J. Field and Dr. S. Kaul, 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

27th February, 2012



ANNEXURE TO THE DIRECTORS' REPORT – ANNEXURE 'A'

Particulars of Conservation of Energy and Technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 forming part of Directors' Report for the year ended 31st December, 2011.

CONSERVATION OF ENERGY

I. Energy conservation measures undertaken:

- a) Installation of capacitor banks on main panel boards of grid supply for improved Power Factor. Most gardens achieving power factor of 0.95 and above.
- b) Installation of capacitors on all motors (above 3 HP) in the factory processing areas and in irrigation pumps & water supply motors in the fields to improve motor efficiency and lowering current consumption (amps).
- c) Replacement of old electrical motors by new energy efficient motors in a phased manner. These energy efficient motors consume much less current compared to conventional motors.
- d) Regular monitoring of installed capacitors and replacing damaged capacitors wherever found.
- e) Complete replacement of incandescent lamps, halogen and sodium vapour lamps by energy saving lamps like CFLs and LEDs.
- f) Optimization of factory running hours and machinery usage to achieve a load factor greater than 45% to avail minimum tariff rates.
- g) Increase in throughput in the factories to reduce energy consumption. This is being done by replacing old machinery with new generation modern machinery and improved efficiency.
- h) Steps initiated for phase-wise replacement of Genset operated irrigation sets and water supply units with electrically powered units to cut down on energy cost.
- i) Conversion of HSD powered DG sets to Gas powered DG sets in Assam gardens.
- j) Replacement of coal fired heaters by woody biomass based boilers to reduce carbon emission.
- k) Replacement of old inefficient tea driers and furnaces with more efficient high throughput equipment like VFBDs to reduce coal consumption and also to reduce factory running hours.
- l) Phased replacement of old Gensets.

II. Additional investments and proposals:

- a) Replacement of damaged/ malfunctioning capacitors.
- b) Replacement of all boiler water heating systems in bungalows by geysers / solar heating panels.
- c) Replacement of old model Air Conditioners with new power efficient and star rated Air Conditioners.
- d) Replacement of old transport utilities with new fuel efficient vehicles.
- e) Provision of new generation D.G. sets to enhance captive power generation capacity and improve fuel conservation.
- f) Replacement of over/underrated transformers with optimum rated transformers for better power utilization.

III. Impact of measures undertaken:

In spite of steep increases in grid tariff and diesel rates, the Group's power cost has stayed within permissible limits. This has been achieved by regular monitoring of power related components.

FORM 'A'

Form for disclosure of particulars with respect to Conservation of energy.

A. Power and Fuel Consumption

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Units (Kwh)	22,756,883	21,183,821
Total Amount (Rs.'000)	136,725	135,540
Rate/Unit (Rs.)	6.01	6.40

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'A' (Contd.)

Particulars of Conservation of Energy and Technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 forming part of Directors' Report for the year ended 31st December, 2011.

		Current Year	Previous Year
(b) Own Generation			
i) Through Diesel Generator Unit/(Kwh)		3,541,638	3,180,844
Unit Per ltr. of Diesel Oil		2.98	2.85
Cost/Unit (Rs.)		13.44	13.12
(ii) Through Steam Turbine/Generator		—	—
2. Coal*			
Quantity (Tonnes)		17,701	18,180
Total Cost (Rs.'000)		108,172	89,976
Average Rate (Rs.)		6,111	4,949
3. Furnace Oil*			
Quantity (Ltrs.)		7,380	7,510
Total Amount (Rs.'000)		215	219
Average Rate (Rs.)		29.18	29.21
4. Others/Internal Generation		—	—
B. Consumption per unit of production	Standards (If any)	Current Year	Previous Year
Product - Tea	—	—	—
Units - Qtls.	—	—	—
Electricity	—	126.20	117.23
Furnace Oil	—	0.04	0.04
Coal	—	84.95	87.48
Others	—	—	—

*Note : 1. The coal consumption has shown a reduction due to introduction of better, fuel efficient driers (replacing the old conventional machines) and use of woody biomass in two of our gardens in dual fired boilers. Steam coal is used for the driers.

2. Furnace oil usage is being gradually reduced as it is unviable.

FORM 'B'

Form for Disclosure of particulars with respect to absorption:

RESEARCH AND DEVELOPMENT (R & D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

- 1) Use of microbial strain in controlling pest attack.
- 2) Isolation of beneficial microbes from the natural habitat to produce bio-pesticide and bio-fertilizer.
- 3) Study of the active principle of the potent microbial isolate.
- 4) Optimization of the various culture parameters like media components, agitation, aeration, pH etc.
- 5) Creation of a separate vermicompost unit for the large scale production of the vermicompost.
- 6) Production of bio-pesticide using different herbal concoction along with cow urine sourced from dairy.
- 7) Studies being conducted to ascertain the role of phosphate solubilizing and nitrogen fixing micro-organisms.
- 8) Use of SSF (Solid State Fermentation) using cheap source material like wheat, broken rice etc. tried out for mass production of beneficial micro-organisms.
- 9) Experimentation is on with different methods of young tea upbringing.
- 10) Effect of varying dosage of Nitrogen (N), Phosphorous (P), Potassium (K) and Sulphur (S) on yield and quality of tea.



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'A' (Contd.)

Particulars of Conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31st December, 2011.

- 11) Experimentation is on to increase the nutrient content of the natural compost by using different beneficial microbes.
- 12) Apart from a full time R&D Manager, a member of a leading University faculty has been appointed as a consultant for the microbiology laboratory.
- 13) Experimentation is on to prepare the natural compost at a much faster rate.
- 14) Creation of eco-friendly plantation area development.
- 15) Process for tea concentrates using enzymes.
- 16) Process for Hot Water Soluble (HWS) and Cold Water Soluble (CWS) Instant teas.
- 17) Process for extraction and processing of green leaf solids.
- 18) Method for recovery of tea aroma.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

- Use of in- house patented fungal bio-pesticide "Metabass" as a part of IPM (Integrated Pest Management) is proving beneficial.
- New bacterial isolate is showing tremendous potential in controlling lepidopteron pest attack.
- Cow urine concoction trial showing encouraging results which can lower the pest control cost.
- Trichoderma viride found to be very useful in post pruning application.
- Application of vermicompost and natural compost in large scale is helping in soil reclamation and thus increasing the fertility level of the soil.
- Based on the soil test report from the in- house soil laboratory, a sectional data base has been created for future reference.
- Uses of certain in- house R&D products like Metabass, Bio-N, Bio-P, Trichoderma, Bio-inoculants have now become an integral part of agricultural practice.
- With the introduction of the dairy project, large quantity of raw materials are now available for the production of high quality vermicompost and different bio-pesticides using cow urine.
- Commercial application for readily soluble Instant tea in hot and cold water for convenience of end users/consumers.
- Patent obtained for HWS and CWS processes.
- Encouraging results obtained from vermi compost and vermi wash processing.

3. FUTURE PLAN OF ACTION

- a) Mass production of the bacterial isolate to control the lepidopteron pest attack.
- b) Enhancement of bio pesticide application and study of integration of biocide with chemical pesticides which exhibit synergistic effect.
- c) Feasibility study of mechanical devices in different plantation activities.
- d) Use of SSF for mass production of different beneficial microbes.
- e) Soil health improvement and enhancement of fertilizer efficiency.
- f) To liaise with Tea Research Association and different universities for the production of bio-pesticide and bio-fertilizer.
- g) Increasing production of the natural and vermicompost which will reduce dependency on external sources for inorganic manure for plantation.
- h) Cost effective processes for Instant teas retaining the distinctive flavours/colours of Black teas.
- i) Different funding agencies have been approached with new research project.

4. EXPENDITURE ON R&D (Rs. in million)

a) Capital	-	3.16
b) Recurring	-	12.39
c) Total	-	15.55
d) Total R&D expenditure as percentage of total turnover	-	0.34 %

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'A' (Contd.)

Particulars of Conservation of Energy and Technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 forming part of Directors' Report for the year ended 31st December, 2011.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

Mass production of biofertilizers / biocides / bio-inoculants together with value addition in terms of soil health, reclamation, nutrient mobilization based on reduced chemical use.
Independent process development and application capability.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

Lowering of chemical input into the soil as well as on the environment and thereby minimising pollution and rejuvenation of atmosphere for healthy produce. Retention of flavour and other characteristics of black teas of separate regions.

Application of bio-pesticide and bio-fertilizer is helping to preserve and conserve the natural enemies of the pest.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:

No technology was imported during the last 5 years.

On behalf of the Board

A. N. Singh

Managing Director

S. Kaul

K. Sinha

P.K. Sen

Directors

Kolkata

27th February, 2012

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'B'

Particulars of Foreign Exchange earnings and outgo in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31st December 2011.

The Company has established Export Agents in Europe. The Export Agents are engaged in promotion of the Company's teas in the foreign markets, both for teas in bulk and value added forms. With greater emphasis on marketing value added products like packet tea and Instant tea, joint efforts are required and the export Agents perform an important role in this regard.

During the year, the foreign exchange outgo on expenses was to the extent of Rs. 26.69 million which includes capital goods import of Rs. 6.02 million and spare parts of Rs. Nil. Dividend remittance in foreign exchange was Rs 79.92 million. The foreign exchange earned was Rs. 703 million.

On behalf of the Board

A. N. Singh

Managing Director

S. Kaul

K. Sinha

P.K. Sen

Directors

Kolkata

27th February, 2012



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'C'

Particulars of Employees in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, forming part of Directors' Report for the year ended 31st December 2011.

Name	Age	Designation and Nature of Duties	Remuneration (Rs.'000)	Qualification and Experience (Years)	Date of Commencement of Employment	Last Employment held	Designation
Singh, A.N.	58	Managing Director & C.E.O	14,210	M.Sc (37)	1.01.78	Duncan Brothers & Co. Ltd.	Tea Garden Assistant.

Notes: The above remuneration includes salary, allowance, contribution to Provident Fund, Superannuation & Gratuity Funds and perquisites.

On behalf of the Board

A. N. Singh
Managing Director
S. Kaul
K. Sinha
P.K. Sen
Directors

Kolkata
27th February, 2012

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'D'

DIRECTORS' RESPONSIBILITY STATEMENT (DRS)
(As per section 217 (2AA) of the Companies Act, 1956)

The Directors hereby confirm :-

- That in the preparation of the Annual Accounts for the year ended 31st December 2011, the applicable Accounting Standards have been followed and there are no material departures;
- That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st December 2011 and the Profit of the Company for the financial year;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That they have prepared the Annual Accounts for the year ended 31st December 2011, on a going concern basis.

On behalf of the Board

A. N. Singh
Managing Director
S. Kaul
K. Sinha
P.K. Sen
Directors

Kolkata
27th February, 2012

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'E'

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The year 2011 was a challenging year for the tea Industry. In terms of crop, it was only 2% higher than the previous year, exports were lower and rainfall pattern erratic. Overall, due to lower crop in South India and Dooars, coupled with dry conditions in Assam at year end, the Industry target of 1 billion kgs could not be achieved. The Industrywide wage agreements, effective 1st April 2011 for Darjeeling & Dooars gardens, have brought in sharp escalation in garden cost, the full impact of which will be felt in 2012. The redeeming feature was Quality teas attracting premium prices with price differentials between medium and quality teas becoming more pronounced with the market's increasing preference for quality. There was perceptible drop in Assam Orthodox prices resultant of settlement difficulties faced by Iran after the U.S. trade sanctions.

Crop

The Company's manufactured crop was marginally higher at 20.66 million kgs. as compared to 20.58 million kgs. in the previous year. The higher crop was wholly contributed by the Dooars gardens while Darjeeling crop was at last year's level and Assam lower by 8%. In Dooars, the outsourced leaf intake was lower due to non availability and high prices alongwith disruption in supply due to wage related problems. The upgradation of Orangajuli tea factory in Assam has commenced and will be operational in early April 2012 and enable production of quality teas at a lower cost. All India crop in 2011 was higher by approx 22 million kgs. at 988 million kgs, this being a recovery from two consecutive years of lower crop. On the global front, 2011 recorded crop at previous year's level.

Amongst the major producers only India recorded increase while Kenya, Malawi, Sri Lanka & Indonesia had decline in Crop.

Due to deforestation and other environmental reasons, rainfall in some of the tea areas have become sparse with long spells of dryness. This has led to the need for more irrigation which adds to the cost of cultivation e.g. between early October and December 2011 there was negligible precipitation in Assam.

Market Scenario

The Company has tea estates in Darjeeling, Dooars (North Bengal) and Assam. This geographical spread offers a wide range of teas for blending or also the choice of specialized single estates whether for domestic or export market. The all India average tea price, which peaked in July, weakened at year end for Assam and Dooars. Darjeeling prices were firmer and were encouraging after some years of low recoveries. The orthodox prices collapsed due to the U.S. sanction against Iran and consequent settlement problems. The year 2011 started with a low carry over stock and with no significant increase in crop, the carryover for the current year is expected to be nominal.

The North Indian average price in 2011 was lower at Rs. 116.25 per kg. as compared to Rs. 119.51 per kg. in 2010. The lower average price was largely due to substantial reduction in the prices of Assam Orthodox by over Rs. 20/- and lower realizations for Assam CTC / Dust by about Rs.5/- The weakening in average auction prices, in spite of the larger liabilities on wage revisions, may impact overall profitability and cash flow for the Industry. Apart from wage increase, this higher input cost of coal and chemicals will also impact future profitability. The Government has not acceded to the Industry's demand to share some social costs. However, some Central / State Government Schemes are being extended to tea gardens like for water supplies, roads and hospitals but only these cover a very small portion of the expenses. However, various quality segments performed well with good and best categories having strong domestic demand. There was wide price concertina between liquoring teas and others. The Company's teas being in this category commanded premium.

The movement of average auction prices over the last four years as follows :-

(Rs/Kg)

Auction Centres	2011	2010	2009	2008
Kolkata	129.44	132.97	124.63	105.12
Guwahati	108.49	112.93	110.42	91.71
Siliguri	103.46	104.44	104.65	85.27



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'E' (Contd.)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Darjeeling tea gardens traditionally have lower yields which results in higher cost of production and hence, the improved prices have compensated the lower yield to some extent.

The average prices at the global auction centres have shown a positive trend as follows:-

(US\$/Kg)

Country	Average Auction Price	
	2011	2010
India (Kolkata)	2.78	2.91
Kenya (Mombasa)	2.98	2.76
Sri Lanka (Colombo)	3.26	3.28
Malawi (Limbe)	1.61	1.58
Bangladesh (Chittagong)	2.14	2.61

A comparative chart is given below which shows how the Company's teas command premium in the market:-

(Average prices - Rs./Kg.)

Tea Areas	Company's Teas	Other Quality Tea Companies	Consolidated Auction
Darjeeling	363.34	325.87	315.11
Dooars	147.09	126.94	115.06
Assam	166.54	135.72	126.81

Note: Company's teas exclude sale of teas produced from bought leaf.

Exports

The all India exports in 2011 was 187 million kgs and fell well short of the 2008 level of 203 million/kgs and lower than 2010 quantity of 193 million kgs. The average price realization were higher at Rs. 147.81 against Rs. 134.26 last year. The Industry's Orthodox tea export were much reduced and this affected the volume leading to this being third consecutive year of reduction. The Company's exports more than doubled to Rs. 703 million, resultant of volume growth as well as improved unit price realizations. All the categories of Company's exports covering Assam CTC and Orthodox and Darjeeling contributed to the encouraging growth.

Export orders and trade enquiries are encouraging for the current year. The Certification of the Gardens under Fair Trade and Rainforest Alliance have been well received by discerning European and Japanese buyers.

Packet Tea

Packet tea witnessed a higher volume of 7.19 million kgs. with greater market spread. As per trade practice and to meet competition, the Company launched consumer schemes which have been beneficial. The Company is establishing a chain of own depots in key market areas. Apart from its own depots at Madhya Pradesh and Rajasthan, the Company is in the process of having similar set up in the states of Chattisgarh and Maharashtra. The streamlining of its own two packing units upcountry and packeting tie-up with Balmer Lawrie & Co. Ltd. are expected to strengthen the logistic base for future growth. Retail tea counters have been set up or are in process at Jaipur, Bhopal, Darjeeling, Kolkata and in Noida, near Delhi.

Instant Tea

There has been an increase in the total volume of production at the plant and exports were higher. The in-house R&D at the Instant Tea Plant continues to play an important role and has further diversified the range of premix powders from instant tea. An independent premix plant has been set up for retail packs of pre-mix covering a range of popular flavours like lemon, peach and ginger. The Pre-mix powder, in convenient pouches, is all set to have a commercial launch before summer in collaboration with a marketing Company.

Corporate Governance & Internal Control System

The Company is complying with the norms laid down in Clause 49 of the Stock Exchange Listing agreement on Corporate Governance. Some of the key mandatory compliances in place are:-

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'E' (Contd.)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

- The Audit Committee consists of only non-executive Directors, 2/3rd of whom are independent Directors, the Chairman being one. The Chairman has the requisite financial expertise. The other members are well versed in financial aspects of tea garden operation.
 - The Board of Directors meets the 1/3rd minimum criterion for independent non-Executive Directors. In fact it is now 50%.
 - A Code of Conduct has been adopted by the Board. This has been accepted by all Directors and Senior Executives and posted on the Company's website. Declaration of compliance thereof from the C.E.O. has been incorporated in the Annual Report.
 - The Audit Committee had met formally as well as separately with the Chief internal auditor, statutory auditors and external Auditors. It reviewed the quarterly and annual financial statements, analyzed internal control systems and other activities as per the terms of reference.
- In respect of non-mandatory clauses, the Company has a Remuneration Committee since 2001. No formal whistle blower policy is in place, yet every employee is given opportunity to highlight issues in the interest of the Company. No employee is victimized for raising such issues.

Risk Analysis

- The Risk Analysis Report was reviewed from time to time. The analysis covers the gardens operations, hail/rainfall, marketing, financial, regulatory, locational risk and others. Based on this analysis, necessary corrective actions were suggested by the Audit Committee. Risk Management procedures have also been laid down therein. These are being evaluated to ensure that all identified risks are provided for adequately and unidentified risks guarded against to the extent feasible.
- Risk on realization of auction proceeds has been largely eliminated due to the new settlement system which is in effective operation.
- The Company is in compliance with the Risk Management framework of Camellia Plc. for its global operation with country-wise risk analysis.

Human Resource Development

Tea garden operations are labour intensive and hence the human relationship is critical. The Company employs about 25,000 persons and in course of the year the garden operations did not suffer any major disruptions. The laid down policies on Health & Safety, Waste Management, Environment and Social continues to be implemented. Corporate Social Responsibility (CSR) activities in the areas of social and environment have been summarised in the Directors Report. Community welfare including afforestation through active labour participation is an ongoing process. Vocational training courses were organized to improve skill levels for career advancement of potential employees.

Financials

The internal fund availability has suffered a setback at the year end with additional outflow for wages. Bank borrowings have increased with higher interest outflow. This is on account of the sharp escalation in wages, arising from the Industrywise settlements for Darjeeling and Dooars gardens, general cost inflation and the need for higher inventories to augment supplies for packet tea operations during off-season period. However, the capital expenses on plantation and factories have been funded through internal accruals. The favourable impact on quality and cost of production from the recently upgraded factories have resulted in premium prices for the Company's teas.

General

The steady investments in the irrigation, plantations, utilities, machineries and factory buildings over the years have laid down an excellent infrastructure. All these are contributing to greater efficiency and are expected to sustain quality manufacture and better realization.

On behalf of the Board
 A. N. Singh
Managing Director
 S. Kaul
 K. Sinha
 P.K. Sen
Directors

Kolkata
 27th February, 2012



ANNEXURE TO THE DIRECTORS' REPORT – ANNEXURE 'F'

REPORT ON CORPORATE GOVERNANCE

The Stock Exchange Listing Agreement in clause 49 has laid down a Code of Corporate Governance which the Company has complied with as follows:

1. Company's Philosophy on Code of Governance:

The Company's core business is the cultivation and production of tea and it is among the top three producers in India.

The Company strives to produce teas of premium quality, which are acceptable to the discerning world market. This particularly applies to production from the Darjeeling, Dooars and Assam gardens.

Likewise, the Company endeavours to care for all its employees by providing medical, educational and welfare facilities way beyond the basic requirements.

The Company's overall philosophy is excellence in all spheres of its operations.

2. Board of Directors - Composition:

The Board is headed by the Non-Executive Chairman, Mr. P.J. Field and comprises of persons with considerable professional experience in their respective fields. The Board consists of five Non-Executive Directors, three of whom are Independent Directors. Thus, 50% of the Board consists of Non-Executive Independent Directors. Particulars as at 31st December 2011, are given below:

Director*	Category	OTHER COMPANIES*		
		Member of Board	Board Committees	
			Chairman	Member
Mr. P.J. Field	Chairman - Non-Executive	4	—	—
Mr. A.N.Singh	Managing Director & CEO	4	—	—
Mr. A.K.Mathur	Non-Executive	2	—	—
Dr. Sudha Kaul	Non-Executive - Independent	—	—	—
Mr. K.Sinha	Non-Executive - Independent	1	—	—
Mr. P.K.Sen	Non-Executive -Independent	1	—	—

* Excludes Directorships in Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956.

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

Board Meetings & Annual General Meeting (AGM):

During the year under review, eight Board Meetings were held, the dates being 28th February, 12th April, 6th May, 29th July, 20th September, 14th November, 18th November, and 23rd December, 2011.

The last AGM was held on 12th April 2011.

Details of attendance:

Director	No. of Board Meetings Attended	Whether attended last AGM
Mr. A.N.Singh	8	Yes
Mr. P.J. Field	4	Yes
Mr. A.K.Mathur	3	No
Dr. S.Kaul	6	Yes
Mr. K.Sinha	7	Yes
Mr. P.K.Sen	6	Yes

3. Audit Committee:

The Audit committee comprises of three non-executive Directors of whom the Chairman and one member are independent Directors. The Committee was first constituted in April 1997. The committee has been meeting at regular intervals. The Chairman of the Audit committee has in-depth knowledge in the areas of Finance and Accounts.

A brief description of the terms of reference of the Audit committee, which covers the areas mentioned under clause 49 of the Listing agreement and Section 292A of the Companies Act 1956, is as follows:

- To review with the management, statutory Auditors and internal Auditors on the adequacy of the internal control systems.
- To review the adequacy of the internal audit function, including the nature and scope of internal audit and approve the internal audit plan for the year.
- To review the internal audit reports, to discuss with the internal auditors and management about their findings and suggest corrective action wherever necessary.
- To recommend appointment and removal of statutory Auditors, fixation of audit fees and approval for payment for any other services.
- To consider the nature and scope of statutory audit and review significant audit observations, if any.
- To review the financial reporting process and disclosure of financial information.
- To review the quarterly, half yearly and annual financials before submission to the Board.
- To review the Company's financial and risk management policies.
- To analyse substantial defaults in respect of payments to stakeholders, if any.
- To investigate into any other matters covered by Section 292A of the Companies Act, 1956.

During the year under review, five meetings of the Audit committee were held, the dates being 28th February, 5th May, 29th July, 14th November, and 18th November 2011.



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

The composition and attendance at the Audit committee meetings are as follows:

Name	No. of Audit Committee Meetings Attended
Mr. K. Sinha, Chairman	5
Mr. A.K. Mathur, Member	2
Mr. P.K. Sen, Member	5

The Vice President & Company Secretary acts as the Secretary to the Committee. The Managing Director and Statutory Auditors are invited for the meetings. The Head of internal Audit also attends the meetings.

4. Remuneration Committee:

The Committee is responsible for recommending to the Board the remuneration package of Managing Director including annual increment and commission, if any, after reviewing performance. The committee consists of:-

Mr. K.Sinha	Chairman
Mr. P.J. Field	Member
Dr. S.Kaul	Member
Mr. P.K.Sen	Member

The Committee had met twice on 22nd February and 18th November, 2011. At both the meetings all members, except Mr. Field on 22nd February, were present.

The remuneration policy takes into account the Company's performance and that of the Managing Director.

Remuneration paid to Directors during the year 2011:

Rs. in '000

a.	Name	Salary	Commission	Value of Perquisites	Retiral Benefits	Total
	Mr. A.N.Singh	4,230	5,000	2,973	2,007	14,210

Service contract : 1st January 2009 to 31st December 2011.

Re-appointment w.e.f. 1st January 2012 to 31st December 2014 as Managing Director & CEO.

Notice period : Six (6) months.

Severance Fees : Not applicable.

Rs. in '000

b.	Non-Executive Directors	Board Fees	Committee Fees	Total
	Dr. S.Kaul	72	26	98
	Mr. K.Sinha	84	76	160
	Mr. P.K.Sen	72	50	122

There are no stock option plans of the Company.

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

5. Shareholders'/Investors' Grievance Committee:

The Committee comprises of the following Directors:-

Dr. Sudha Kaul	Chairperson (Non-Executive)
Mr. K. Sinha	Member (Non-Executive)
Mr. A.N. Singh	Member (Managing Director)

The Committee, which generally meets once a month, met thirteen times during the year.

a)	No. of complaints received from Stock Exchange/SEBI/ Shareholders	Five
b)	No. of complaints not resolved/no action taken	NIL
c)	No. of pending complaints	NIL

Name and designation of Compliance Officer:

Mr. D.P. Chakravarti, Vice President & Company Secretary.

6. General Body Meetings:

Location and time where last three AGMs were held:

Date	Location	Time
7th April, 2009	Science City Auditorium, JBS Haldane Avenue, Kolkata - 700 046	10.00 AM
13th April, 2010	-do-	10.00 AM
12th April, 2011	-do-	10.00 AM

One special resolution was passed at the AGM held in 2009. No special Resolution was passed at the Annual General Meeting in 2010 and none in 2011. The resolutions did not come under the purview of postal ballot in terms of Section 192A of the Companies Act 1956.

One special resolution is proposed to be passed at the forthcoming Annual General Meeting. No resolution proposed through postal ballot.

No other General meetings were held in course of the last three years.

7. Other Disclosures:

A. Related party transactions:

Disclosures on materially significant related party transactions:

Details of related party transactions as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts.

The Company has not entered into any transactions of material nature with any of its related parties that may have potential conflict with the interest of the Company.



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

- B. No penalties/strictures have been imposed on the Company by Stock Exchange, SEBI or any regulatory authority for non-compliance of any laws on any matter related to capital markets, during the last three years.
- C. The revised Clause 49 of the Listing agreement consists of mandatory and non-mandatory requirements. The Company is compliant with the mandatory clauses.

In respect of the non-mandatory provisions, the Remuneration Committee has been in operation since 29th November, 2001. There is no audit qualification pertaining to the financial statements of the Company. The Board and the Audit Committee review adoption of other non-mandatory requirements and will have the same in place at an appropriate time. There is no formal whistle blower policy but no employee is denied access to the Audit Committee or to make any reference.

8. Means of Communication:

- a) No half-yearly report is sent to the shareholders directly.
- b) Quarterly results and the Half-yearly results are published in newspapers such as Business Standard/Economic Times and Aajkal (Bengali). Such financials are covered by limited review by the statutory Auditors. The annual audited results are also published within two months of the close of the financial year.
- c) Financial results are posted on the Company's website: www.goodricke.com. Also results are sent to the Stock exchange for incorporation in their Website.

Company's e-mail address: goodricke@goodricke.com

In terms of clause 51 of the Listing Agreement, the Company is also making electronic filing of shareholding pattern, quarterly and annual financial results under corporate filing system of Bombay Stock Exchange.

- d) Management Discussion and Analysis Report forms part of the Directors' Report.
- e) No formal presentation has been made to Institutional investors or analysts during the year.

9. Shareholder Information:

(a) AGM date, time and venue:

Wednesday, the 18th April 2012, at 10.00 AM.

Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046.

ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

(b) Financial calendar & Publication of Results:

The financial year of the Company is January to December.

Publications of Results will be as follows:

Period	Approval by the Board of Directors
1st quarter ending March 31, 2012	Within 15th May 2012
2nd quarter and 1st half ending June 30, 2012	Last week of July 2012
3rd quarter ending September 30, 2012	Within 15th November 2012
Final Audited results of December 31, 2012 including 4th quarter	February 2013
AGM for the year ending December 31, 2012	April 2013

(c) Book closure and Dividend payment date:

Tuesday the 10th April 2012 to Wednesday, the 18th April 2012, both days inclusive.

Dividend payment date : On & from 23rd April 2012

(d) Listing on Stock Exchanges:

The Company's securities are listed at:

The Bombay Stock Exchange Ltd (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.

Note : 1) Listing fees, as prescribed, have been paid to the aforesaid Stock Exchange upto 31st March, 2012.

2) The securities of the Company have been de-listed from The Calcutta Stock Exchange Association Ltd. with effect from 10th August, 2007.

Stock Code:

Stock Exchange	Stock Code
The Bombay Stock Exchange Ltd.	500166



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

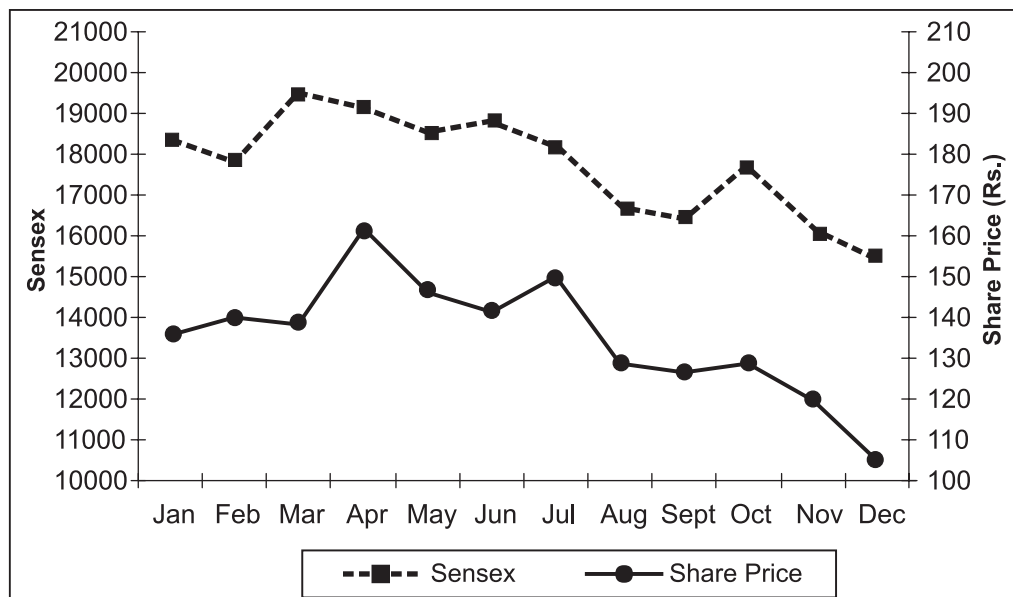
**(e) Stock Price Data:
Year 2011**

(Rs.)

Month	The Bombay Stock Exchange Ltd. (BSE)	
	High	Low
January	154.50	133.90
February	147.00	129.30
March	151.80	134.05
April	175.00	138.00
May	165.00	142.00
June	151.00	135.25
July	158.00	138.15
August	164.90	121.00
September	135.50	124.00
October	132.30	121.00
November	130.50	109.10
December	122.95	103.00

(f) Stock Performance:

Company's Share Price in relation to BSE Sensex:
(January to December 2011)



ANNEXURE TO THE DIRECTORS' REPORT - ANNEXURE 'F' (Contd.)

REPORT ON CORPORATE GOVERNANCE

(g) Share Transfer System:

The Company's shares are compulsorily traded in the demat form with effect from 21st March 2000 for all categories of shareholders. All transfers are debited/credited through the respective Accounts maintained with the Depository Participants (DPs) of the Investor.

SEBI vide its circular dated 16th December 2010 has amended clause 5A of the Listing agreement by laying down a uniform procedure for dealing with unclaimed shares in physical mode and getting the same dematerialized after completing the said procedure. The Company's Registrar & Share Transfer Agent has sent reminders to all such shareholders and there has been fair number of responses thereby reducing the number of unclaimed shares.

Code No. allotted by NSDL/CDSL:

(ISIN) INE 300A01016.

(h) In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992, as amended, the Company has formulated an Internal Code in terms of the above regulations.

(i) Dematerialisation of Shares:

As on 31st December 2011, 23.58% of total holdings has been dematerialised.

(j) (i) Distribution of shareholding as on 31st December 2011

Group of Shares	No. of Shareholders	%	No. of Shares held	% to Total Shares
1 to 500	12,775	93.33	1,468,792	6.80
501 to 1000	457	3.34	347,535	1.61
1001 to 2000	218	1.59	327,675	1.52
2001 to 3000	80	0.58	206,922	0.96
3001 to 4000	42	0.31	150,592	0.70
4001 to 5000	31	0.23	146,700	0.68
5001 to 10000	46	0.34	336,070	1.55
10001 & higher	39	0.28	18,615,714	86.18
Total	13,688	100.00	21,600,000	100.00

(ii) Shareholding pattern as at 31st December 2011

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Foreign Companies	2	15,984,000	74.00
Non-Resident Individuals & Companies	68	33,263	0.16
Foreign Institutional Investors/ Foreign Banks	—	—	—
Banks & Insurance Companies	—	—	—
Mutual Funds	11	502,264	2.33
Resident individuals	13,265	3,616,201	16.74
Nationalised Banks	4	299	Insignificant
Other Bodies Corporate & Trusts	308	1,451,380	6.72
Clearing Members	22	11,653	0.05
Other Bank	7	890	Insignificant
Foreign Bank	1	50	Insignificant
Total	13,688	21,600,000	100.00



(k) Outstanding GDR/Warrants and Convertible Bonds, Conversion dates and likely impact on Equity:

Not Applicable.

(l) Plant Locations:

The Company owns seventeen Tea Gardens each having its own processing factory, one Instant Tea Plant and a Tea Blending Unit.

DOOARS (NORTH BENGAL) - IN JALPAIGURI DISTRICT

Aibheel
Chalouni
Chulsa
Danguajhar
Gandrapara
Hope
Jiti
Kumargram
Lakhipara
Leesh River
Meenglas
Sankos

ASSAM – IN DARRANG DISTRICT

Nonaipara
Orangajuli

DARJEELING DISTRICT

Badamtam
Barnesbeg
Thurbo

Note: Particulars of area under Tea, Crop & others given later in the Report.

INSTANT TEA PLANT - IN JALPAIGURI DISTRICT

At Aibheel, Dooars

DIAMONDPORE TEA BLENDING UNIT - IN JALPAIGURI DISTRICT

At Aibheel, Dooars

(m) Address for correspondence:

(Registrars & Share Transfer Agents & Depository Registrar)

C.B.Management Services Pvt. Ltd.
P-22, Bondel Road, Kolkata - 700 019
Tel: 4011 6700/715/724/729
E-Mail: rta@cbmsl.com

Note: In case of continuing difficulty, the Compliance Officer at the Registered Office to be intimated at e-mail: investor@goodricke.com

On behalf of the Board
A. N. Singh
Managing Director
S. Kaul
K. Sinha
P.K. Sen
Directors

Kolkata
27th February, 2012

CEO AND CFO CERTIFICATION

We, A.N. Singh, Managing Director & C.E.O. and A. Sengupta, Chief Accountant & C.F.O. certify that:-

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st December, 2011 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st December, 2011 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Kolkata
27th February, 2012

A.N. Singh
Managing Director & CEO

A. Sengupta
Chief Accountant & CFO

Declaration regarding compliance with the Company's Code of Conduct.

The Board of Directors of Goodricke Group Limited has adopted two separate Code of Conducts; one to be followed by all members of the Board and the other for Senior Management personnel of the Company in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges. Both these Codes are available on the Company's website www.goodricke.com.

This is to confirm that the Company has received from each member of the Board and Senior Management personnel a Declaration of Compliance with the Code of Conduct as applicable.

Kolkata
27th February, 2012

A. N. Singh
Managing Director & CEO



AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

**The Members of
Goodricke Group Limited
"Camellia House"
14, Gurusaday Road
Kolkata - 700 019**

We have examined the compliance of conditions of Corporate Governance by Goodricke Group Limited (the Company) for the year ended on 31st December 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Kolkata
27th February, 2012

For LOVELOCK & LEWES
Firm Registration No. 301056E
Chartered Accountants
Prabal Kr Sarkar
Partner
Membership No. 052340

AUDITORS' REPORT TO THE MEMBERS OF GOODRICKE GROUP LIMITED

1. We have audited the attached Balance Sheet of Goodricke Group Limited (the "Company") as at 31st December, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st December, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st December, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
27th February, 2012

For LOVELOCK & LEWES
Firm Registration No. 301056E
Chartered Accountants
Prabal Kr Sarkar
Partner
Membership No. 052340



ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Goodricke Group Limited on the financial statements for the year ended 31st December, 2011.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with certain third parties) has been physically verified by the Management during the year. Inventory lying at third party warehouses and with consignee agents have been substantially confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory, as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has taken unsecured loans, from three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 10 crores and Rs. Nil respectively.
(c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
(d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system. The Company does not sell services.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie,

the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities except delay in certain cases for income tax, VAT and electricity duty. There is no amount outstanding as at 31st December, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax and sales-taxes at 31st December, 2011 which have not been deposited on account of any dispute are given in Appendix 1. There are no dues of wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of a dispute.
10. The Company has no accumulated losses as at 31st December, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank. There are no dues to any financial institution or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debenture and hence no securities have been created.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
22. The other clauses, (iii)(b) to (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For LOVELOCK & LEWES
Firm Registration No. 301056E
 Chartered Accountants
 Prabal Kr Sarkar
 Partner
 Membership No. 052340

Kolkata
 27th February, 2012



Appendix – 1

Statement Of Disputed Dues as at 31st December 2011

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Central Income Tax	1,051,656	1996-97	The Commissioner of Income Tax (Appeals), Kolkata
	Central Income Tax	4,318,753	2001-02	The Commissioner of Income Tax (Appeals), Kolkata
	Central Income Tax	3,162,478	2002-03	The Commissioner of Income Tax (Appeals), Kolkata
	Central Income Tax	2,995,905	2006-07	The Commissioner of Income Tax (Appeals), Kolkata
	Central Income Tax	26,234,173	2008-09	The Commissioner of Income Tax (Appeals), Kolkata
The Bengal Agricultural Income Tax Act, 1944	Bengal Agricultural Income Tax	5,533,624	1984-85	The West Bengal Commercial Taxes Appellate and Revisional Board
	Bengal Agricultural Income Tax	10,874,512	1989-90	The West Bengal Commercial Taxes Appellate and Revisional Board
	Bengal Agricultural Income Tax	13,333,356	1990-91	The West Bengal Commercial Taxes Appellate and Revisional Board
	Bengal Agricultural Income Tax	5,202,053	2001-02	Agricultural Income Tax Officer- West Bengal
	Bengal Agricultural Income Tax	4,265,589	2002-03	Agricultural Income Tax Officer-West Bengal
W.B.VAT Act, 2003	Sales Tax Authorities	318,851	2008-09	Dy.Commissioner, Commercial Tax
CST Act, 1956	Sales Tax Authorities	1,183,654	2008-09	Dy.Commissioner, Commercial Tax

BALANCE SHEET as at 31st December 2011

	Schedule	2011 Rs.('000)	2010 Rs.('000)
1. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Capital	1	216,000	216,000
(b) Reserves & Surplus	2	<u>1,490,870</u>	<u>1,217,041</u>
		1,706,870	1,433,041
(2) Loan Funds			
Secured Loans	3	210,794	—
(3) Deferred Taxation Liability (net)	4	<u>10,433</u>	14,099
Total		<u>1,928,097</u>	<u>1,447,140</u>
2. APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	5	2,017,482	1,889,020
(b) Less: Depreciation		<u>1,140,139</u>	1,096,468
(c) Less: Impairment		<u>15,537</u>	15,537
(d) Net Block		<u>861,806</u>	777,015
(e) Capital Work in Progress		<u>81,574</u>	35,745
		943,380	812,760
(2) Investments	6	18	18
(3) Current Assets, Loans & Advances			
(a) Inventories	7	1,131,961	870,781
(b) Sundry Debtors	8	804,836	403,461
(c) Cash and Bank Balances	9	63,193	199,364
(d) Interest accrued on Deposits		4,158	4,025
(e) Loans and Advances	10	<u>246,243</u>	<u>202,746</u>
		2,250,391	1,680,377
Less: Current Liabilities & Provisions			
(a) Liabilities	11	1,165,276	920,077
(b) Provisions	12	<u>100,416</u>	<u>125,938</u>
		1,265,692	1,046,015
Net Current Assets		<u>984,699</u>	<u>634,362</u>
Total		<u>1,928,097</u>	<u>1,447,140</u>
Notes on Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred to in our report of even date

On behalf of the Board

Prabal Kr. Sarkar
Partner

Plot No. Y-14, Block EP
Sector V, Salt Lake
Kolkata - 700 091
27th February, 2012

Membership No. 52340
LOVELOCK & LEWES
Firm Registration No. 301056E
Chartered Accountants

A. N. Singh
Managing Director

S. Kaul
K. Sinha
P. K. Sen
Directors

D.P. Chakravarti
Vice President & Secretary

PROFIT & LOSS ACCOUNT for the year ended 31st December 2011



	Schedule	2011 Rs.('000)	2010 Rs.('000)
INCOME			
Sales		4,581,298	4,004,302
Less: Excise Duty		<u>5,820</u>	<u>11,182</u>
		4,575,478	3,993,120
Other Income	13	<u>99,948</u>	<u>85,183</u>
		<u>4,675,426</u>	<u>4,078,303</u>
EXPENDITURE			
(Accretion) / Decretion to Stock	14	(233,031)	(220,224)
Tea Purchase		1,161,672	864,831
Raw Material Consumed	15	284,331	280,651
Expenses	16	2,824,515	2,396,504
Depreciation		106,683	94,854
Interest		27,906	15,436
(On fixed loan Rs.Nil; 2010: Rs. 4,683)			
		<u>4,172,076</u>	<u>3,432,052</u>
PROFIT BEFORE IMPAIRMENT LOSS & TAXATION		503,350	646,251
Impairment Loss		—	15,537
PROFIT BEFORE TAXATION		503,350	630,714
Provision for Taxation	17	<u>129,105</u>	<u>180,747</u>
PROFIT AFTER TAXATION		374,245	449,967
Add : Profit brought forward from Last Account		<u>55,276</u>	<u>51,247</u>
		<u>429,521</u>	<u>501,214</u>
APPROPRIATIONS			
Proposed Dividend		86,400	108,000
Tax on Dividend (for current year)		14,016	17,938
Transfer to General Reserve		<u>280,000</u>	<u>320,000</u>
Balance Carried Forward		<u>49,105</u>	<u>55,276</u>
Earnings Per Share (Basic & Diluted)		17.32	20.83
Notes on Accounts	18		

The schedules referred to above form an integral part of the Profit & Loss Account
This is the Profit & Loss Account referred to in our report of even date

On behalf of the Board

Prabal Kr. Sarkar
Partner
Membership No. 52340
LOVELOCK & LEWES
Firm Registration No. 301056E
Chartered Accountants

D.P. Chakravarti
Vice President & Secretary

A. N. Singh
Managing Director
S. Kaul
K. Sinha
P. K. Sen
Directors

**Schedules forming part of the Balance Sheet
as at 31st December 2011**

	2011 Rs.('000)	2010 Rs.('000)
(1) SHARE CAPITAL		
Authorised:		
22,000,000 Equity Shares of Rs. 10/- each	<u>220,000</u>	<u>220,000</u>
Issued & Subscribed:		
21,600,000 Equity Shares of Rs. 10/- each, fully paid	<u>216,000</u>	<u>216,000</u>
Of the above:		
1. 2,220,000 Equity Shares of Rs.10/- each fully paid were issued for consideration other than in cash, pursuant to a scheme of Arrangement for Amalgamation.		
2. 18,600,000 Equity Shares of Rs.10/- each were issued as fully paid Bonus Shares by way of Capitalisation of General Reserve.		
3. 5,594,400 and 10,389,600 Equity Shares of Rs.10/- each are held by Western Dooars Investment Limited and Assam Dooars Investment Limited respectively, the subsidiaries of Camellia Plc, the ultimate holding company.		
(2) RESERVES & SURPLUS		
Capital Reserves:		
As per last Account (including Rs.3,884/- representing pre-acquisition profit)	13,558	13,558
Other Reserves:		
Transferred from pre-merger Reserves		
Development Rebate Reserve	992	992
Development Allowance Reserve	979	979
Investment Allowance (Utilised) Reserve	<u>896</u>	<u>896</u>
	2,867	2,867
General Reserve:		
As per Last Account	1,145,340	825,340
Add : Transfer from Profit and Loss Account	<u>280,000</u>	<u>320,000</u>
	1,425,340	1,145,340
Profit and Loss Account	<u>49,105</u>	<u>55,276</u>
	1,490,870	<u>1,217,041</u>

**Schedules forming part of the Balance Sheet
as at 31st December 2011 (Contd.)**



	2011	2010
	Rs.('000)	Rs.('000)
(3) SECURED LOANS		
From Banks		
Working Capital	210,000	—
(Secured by equitable mortgage by deposit of title deeds of the Company's Tea Estates and immovable properties thereon and hypothecation of tea crop of Tea Estates, book debts, other receivables, stores, equipment and movable plant and machineries both present and future)		
Interest Accrued & Due	794	—
	210,794	—
 (4) DEFERRED TAXATION		
Deferred Tax Liabilities	30,389	34,633
Deferred Tax Assets	(19,956)	(20,534)
	10,433	14,099

Schedules forming part of the Balance Sheet as at 31st December 2011 (Contd.)

(5) Fixed Assets

Rs. ('000)

Fixed Assets	TANGIBLE											INTANGIBLE	
	Estate & Development	Bridges & Roads	Buildings	Plant & Machinery	Water Supply & Tubewell	Furniture & Fixture	Equipment	Motor Vehicles	Livestock	Computer Software	Total as at 31.12.2011	Total as at 31.12.2010	
Gross Block as at 1.1.2011	68,252	11,204	695,383	867,942	38,078	48,456	32,594	107,338	2,515	17,258	1,889,020	1,651,721	
Additions	647	622	70,566	95,984	—	1,834	1,161	26,082	965	129	197,990	244,124	
Disposals/Adjustments	—	—	—	56,137	—	78	748	12,423	142	—	69,528	6825	
Refer Note (iii)													
Gross Block as at 31.12.2011 (A)	68,899	11,826	765,949	907,789	38,078	50,212	33,007	120,997	3338	17387	2,017,482	1,889,020	
Accumulated Depreciation as at 1.1.2011	—	5,156	317,660	605,108	27,189	36,036	28,291	67,387	30	9,611	1,096,468	1,007,751	
Depreciation for the Year	—	304	31,430	51,971	895	2,101	1,795	14,541	184	3,462	106,683	94,854	
Depreciation on Disposals/Adjustments	—	—	—	51,081	—	43	746	11,131	11	—	63,012	6137	
Accumulated Depreciation as at 31.12.2011 (B)	—	5,460	349,090	605,998	28,084	38,094	29,340	70,797	203	13,073	1,140,139	1,096,468	
Impaired Assets as at 1.1.2011	—	—	—	15,537	—	—	—	—	—	—	15,537	—	
Impairment during the year	—	—	—	—	—	—	—	—	—	—	—	15,537	
Impairment reversed during the year	—	—	—	—	—	—	—	—	—	—	—	—	
Impairment as at 31.12.2011 (C)	—	—	—	15,537	—	—	—	—	—	—	15,537	15,537	
Net Block as at 31.12.2011 (A-B-C)	68,899	6,366	416,859	286,254	9,994	12,118	3,667	50,200	3,135	4,314	861,806	777,015	
Net Block as at 31.12.2010	68,252	6,048	377,723	247,297	10,889	12,420	4,303	39,951	2,485	7,647	777,015	777,015	

NOTE : (i) Buildings include land which cannot be segregated

(ii) Estate & Development includes certain leasehold lands value of which are not ascertainable. Renewal of lease agreements of certain estates are pending.

(iii) Additions to Plant & Machinery during the year is net of Capital Subsidy of Rs. 4,304 (2010- Rs. Nil)

(iv) Intangible Assets mentioned above are other than self generated.

**Schedules forming part of the Balance Sheet
as at 31st December 2011 (Contd.)**



	2011 Rs. ('000)	2010 Rs. ('000)
(6) INVESTMENTS (Long Term)		
Trade - Fully paid		
(A) Quoted		
1,107 Equity Shares of Rs. 10/- each in Duncan Industries Limited	665	665
(B) Unquoted		
20,000 Equity Shares of Rs. 10/- each in ABC Tea Workers' Welfare Services	200	200
Less: Provision	865	865
	847	847
Total	18	18
Quoted Investments		
Book Value	7	7
Market Value	10	24
Unquoted Investments		
Book value	10	10
Current Investments acquired and sold during the year:		
HDFC Cash Management Fund- Treasury Advantage Plan- Retail Growth	6,663,751.976 Units	
SBI Ultra Short Term Fund - Retail Plan Growth	1,595,901.724 Units	
HDFC Liquid Fund- Growth	1,565,150.947 Units	
SBI Magnum Insta Cash Fund- Cash Option	8,879,849.192 Units	
SBI Premier Liquid Fund	14,872,639.51 Units	
(7) INVENTORIES		
Stores and Spare Parts	151,832	118,813
Raw Materials	5,735	10,605
Finished Goods - Tea (including Goods in Transit)	974,394	741,363
	1,131,961	870,781
(8) SUNDRY DEBTORS - Unsecured		
Debts outstanding for a period exceeding six months		
Considered Good	9,518	3,060
Considered Doubtful	8,584	8,584
	18,102	11,644
Other Debts -		
Considered Good	795,318	400,401
Considered Doubtful	—	—
	795,318	400,401
Less: Provision for Doubtful debts	8,584	8,584
	804,836	403,461

**Schedules forming part of the Balance Sheet
as at 31st December 2011 (Contd.)**

	2011	
	Rs.('000)	2010 Rs.('000)
(9) CASH AND BANK BALANCES		
Cash, Cheques in hand (including cheques in hand Rs.4,295/-; 2010: Rs.13,113/-)	8,883	18,205
With Scheduled Banks on		
Current Account	32,269	83,247
Deposit Account	19,205	95,917
Dividend Account	2,836	1,995
	<u>63,193</u>	<u>199,364</u>
(10) LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received*	142,174	138,663
Considered Doubtful	7,420	7,420
Less: Provision	<u>7,420</u>	<u>7,420</u>
Deposit With		
NABARD	61,167	24,041
Others	<u>18,605</u>	<u>14,682</u>
Balance with Customs and Excise Authorities	1,123	1,018
Advance payment of Taxes net of Provision of RRs.1,426,659; (2010: Rs. 1,293,888)	23,174	24,342
	<u>246,243</u>	<u>202,746</u>
* Note: i) Maximum amount due at any time during the year by the Directors of the company including Rs. Nil (2010:Rs130) made before appointment as Director.	—	130
(11) LIABILITIES		
Sundry Creditors (Refer Note 15 in Schedule 18)	545,532	441,143
Unclaimed Dividend *	2,836	1,995
Other Liabilities	616,364	476,939
Interest Accrued but not due on Loans	544	—
	<u>1,165,276</u>	<u>920,077</u>
** There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st December, 2011.		
(12) PROVISIONS		
Proposed Dividend	86,400	108,000
Tax on Dividend	14,016	17,938
	<u>100,416</u>	<u>125,938</u>

**Schedules forming part of the Profit & Loss Account
for the year ended 31st December 2011 (Contd.)**



	2011 Rs.('000)	2010 Rs.('000)
(13) OTHER INCOME		
Interest on Nabard & Other Deposits (Gross) (Tax Deducted at Source Rs.606; 2010: Rs.304)	6,005	5,612
Interest on Overdue Bills (Gross) (Tax Deducted at Source Rs.98; 2010: Rs.344)	395	5,487
Replanting & Other Subsidies	21,857	17,856
Profit on Sale/Discard of Fixed Assets (Net)	3,598	1,358
Liabilities no longer required written back	15,491	11,091
Profit on Sale of Investments	880	—
Miscellaneous Receipts	50,067	41,413
Gain in Foreign Exchange	1,655	2,366
	<u>99,948</u>	<u>85,183</u>
(14) (ACCRETION) / DECRETION TO STOCK		
Opening Stock of Tea	741,363	521,139
Less : Closing Stock of Tea	974,394	741,363
	<u>(233,031)</u>	<u>(220,224)</u>
(15) RAW MATERIAL CONSUMED		
Opening Stock	10,605	2,549
Add : Purchase	279,461	288,707
	<u>290,066</u>	<u>291,256</u>
Less : Closing Stock	5,735	10,605
	<u>284,331</u>	<u>280,651</u>

**Schedules forming part of the Profit & Loss Account
for the year ended 31st December 2011 (Contd.)**

	2011 Rs.('000)	2010 Rs.('000)
(16) EXPENSES		
Salaries, Wages, Bonus etc.	1,144,772	971,321
Contribution to Provident, Gratuity and other funds	125,205	108,777
Directors' Fees	380	270
Workmen and Staff Welfare Expenses	183,055	167,354
Consumption of Stores and Spare Parts	341,550	291,700
Power and Fuel	329,325	296,449
Excise Duty and Cess	10,820	6,377
Insurance	8,540	7,435
Rent	12,676	9,602
Rates and Taxes	21,186	8,753
Repairs to Buildings	27,030	29,589
Repairs to Machinery	35,825	35,055
Advertisement	22,234	6,465
Selling Expenses (Refer Note 16 in schedule 18)	363,963	287,107
Miscellaneous Expenses	194,524	165,181
Debts / Loans and advances Written Off	3,430	—
Provision for Doubtful Debts & Advances	—	5,069
	2,824,515	2,396,504
 (17) PROVISION FOR TAXATION		
Current Tax	132,771	175,000
Deferred Tax	(3,666)	5,747
	129,105	180,747

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011**



(All currency values are in '000)

1. SIGNIFICANT ACCOUNTING POLICIES

a) CONVENTION

The financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards, notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently, are set out below. Financial Statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

b) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention.

c) FIXED ASSETS

I) TANGIBLE

- i) Fixed assets are stated at cost of acquisition together with any incidental expenses of acquisition.
- ii) Depreciation on fixed assets other than Livestock and Estate & Development has been provided on Written Down value method in accordance with Schedule XIV of the Companies Act, 1956. Estate & Development is not depreciated. Livestock is expensed over its useful life.
- iii) All expenditure incurred for extension of new areas of cultivation are capitalised. However, cost of upkeep and maintenance and cost of replanting in existing areas are charged to revenue.
- iv) Subsidies from Government in respect of fixed assets are deducted from the cost of respective assets.
- v) Profit or Loss on disposal of Fixed Assets is recognised in the Profit and Loss Account.

II) INTANGIBLE

- i) Cost of software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and cost of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. Expenses incurred on upgradation / enhancements is charged off as revenue expenditure unless they bring similar significant additional benefits.
- ii) Capitalised software costs is amortised on a straight line basis over a period of five years.

III) IMPAIRMENT OF FIXED ASSETS

An impairment loss is recognised where applicable, when the carrying value of the fixed assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

d) INVESTMENTS

Long Term Investments are stated at cost and where applicable, provision is made in case of permanent diminution in value of investments. Current investments are stated at lower of cost or fair value.

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**

e) INVENTORIES

Inventories are valued at lower of cost and net realisable value. Cost is determined on weighted average basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their location and condition and includes appropriate overheads. Provision is made for obsolete and slow moving stocks where necessary.

f) RESEARCH AND DEVELOPMENT

Research and Development Expenditure of revenue nature is charged to the Profit and Loss Account and capital expenditure is treated as fixed assets.

g) RETIREMENT BENEFITS

(i) The Company operates defined contribution schemes like Provident Fund and defined Contribution Pension Schemes.

The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in Profit & Loss Account on an accrual basis. The Company operates a non contributory defined contribution pension scheme for certain employees. The Company contributes 15% of the employees' current salary to the above contribution fund which is recognised in the Profit & Loss Account.

The Company also operates defined benefit Provident Fund Schemes for certain employees which are fully funded and administered by trustees and are independent of the Company's finance. The Company makes regular contributions to the fund and shortfall if any, arising out of annual actuarial valuation, is recognized in the Profit and Loss Account.

(ii) Defined Benefit Gratuity Plan is maintained by the company for all its eligible employees. The Company also operates a Non Contributory Defined Benefit Pension Scheme for certain employees. The Company contributes to such funds on the basis of actuarial valuation at the end of each year after setting off any net asset in respect of either fund. Both the Pension Fund and gratuity fund are administered by the Trustees and is independent of the Company's finance.

(iii) For Schemes where recognized funds have been set up annual contributions determined as payable in the actuarial valuation report are contributed. Actuarial gains & losses are recognized in the Profit & Loss Account. The Company recognizes in the Profit & Loss Account gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

(iv) Post retirement medical benefits are provided by the Company for certain category of employees. Liability is determined through independent year end actuarial valuation and is recognized in the Profit & Loss Account.

(v) Provision is made for retirement leave encashment benefit payable to employees on the basis of independent actuarial valuation, at the end of each year and charge is recognized in the Profit and Loss Account.

h) SALES

Sales represent the invoiced value of goods supplied less Sales Tax / Value Added Tax.

i) INCOME FROM INVESTMENTS

Income from investments is included together with the related tax credit in the Profit and Loss Account.

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**



j) REPLANTING AND OTHER SUBSIDIES

Replanting and other subsidies of revenue nature are recognised as income in the Profit and Loss Account.

k) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded in rupees by applying the exchange rate prevailing on the date of transaction. Transactions remaining unsettled are translated at the rate of exchange ruling at the end of the year. Exchange gain or loss arising on settlement/translation is recognised in the Profit and Loss Account.

Premium or discount on forward contracts are amortised as expense or income over the life of the contract. Foreign exchange forward contracts are revalued at the Balance Sheet date and the exchange difference is recognised as gain/loss in the Profit & Loss Account. Profit or Loss on cancellations/renewals of forward contracts is recognised in the Profit and Loss Account.

l) TAXES ON INCOME

Current tax represents the amount computed as per prevailing taxation laws under the Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets have been recognized where there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

m) BORROWING COSTS

Borrowing cost attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged to Profit and Loss Account.

n) LEASES

Lease payments under the Operating Lease are recognised as an expense in the Profit & Loss Account, on a straight line basis over the lease term.

2. Contingent liabilities not provided for in respect of:

	2011	2010
	Rs.('000)	Rs.('000)
a) Income Tax matters under appeal (without considering concomitant liability in respect of Agricultural Income Tax)	98,435	64,727
b) Disputed Claims	2,516	2,556
c) Sales Tax Matters	1,502	1,502

Future cash outflow if any, in respect of above cannot be determined at this stage.

3. Estimated amount of contracts to be executed on Capital Account and not provided for Rs.53,496 (2010 - Rs.22,379)..

4. Consequent upon the vesting of the Indian undertakings on 1st January, 1978 of the eight Sterling Companies under the scheme of amalgamation, the title in respect of certain tea estates, acquired under such scheme, are to be transferred in the name of the company . The company has been legally advised that the notification issued by the Government of West Bengal in 1994 for payment of salami does not apply to the Company.

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**

5. Provision for taxation has been made as per the Income Tax Act, 1961 and the rules framed thereunder with reference to the profit for the year ended 31st December, 2011 which extends over two assessment years, Assessment Year 2011-2012 and Assessment Year 2012-2013. The ultimate tax liability for the Assessment Year 2012-2013 will be determined on the total income for the period from 1st April, 2011 to 31st March, 2012.
6. Research & Development expenses charged to revenue Rs.12,394 (2010 - Rs. 6,079).
7. The Company has taken various premises under operating lease having tenure of 11 months/3 years. There is no specific obligation for renewal of these agreements. Lease rent for the year amounts to Rs.9,583 (2010 - Rs.2,799) This includes lease arrangements with escalation clauses of 5% to 10% at the end of each year.
8. An inspection u/s 209A of the Companies Act, 1956 (Act) was carried out by the office of the Regional Director (E.R.), Ministry of Corporate Affairs in the year 2009 and 2010, pursuant to which show cause notices were issued alleging violation of various provisions of the Act. The Directors of the Company filed a petition u/s 633(2) of the Act being CP No.556 of 2010 before the High Court at Kolkata. It was interalia alleged in the notices that the Company has violated the provisions of section 269 and section 309 of the Act.

The Hon'ble Court, vide its order dated 19th December 2011, dropped the aforesaid charge levelled against the Company and directed the RoC not to launch any proceedings in this regard on the Company agreeing before the Hon'ble Court to disclose in the next Annual Accounts the information that in 2004 and 2006 the wife of the former Managing Director of the Company accompanied him in course of foreign visits which were necessary for the purpose of promoting the Company's business overseas.

All the other charges against the Company by the aforesaid show cause notices were also dropped by the Hon'ble Court and the Registrar of Companies was directed not to institute any proceedings in respect of any of the matters covered in the aforesaid show cause notices.

Pursuant to the said order dated 19th December 2011, members are hereby informed that the wife of Mr.K.S.David, the erstwhile Managing Director of the Company, travelled together to UK and USA for promoting the Company's business overseas and for such purposes the Company had incurred for both expenses of Rs.1.15 Million in 2004 and Rs.1.19 Million in 2006.

A copy of the order passed by Hon'ble Judge dated 19th December 2011 is available for inspection at the Registered Office of the Company.

9. Auditors' Remuneration (Included in Miscellaneous expenses)

	2011	2010
	Rs.('000)	Rs.('000)
Audit Fees	920	920
Tax Audit Fees	230	230
Other	1,515	1,415
Reimbursement of Expenses	373	264
	3,038	2,829

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**



10. Directors' Remuneration

	2011	2010
	Rs.('000)	Rs.('000)
Salaries	4,230	3,600
Commission	5,000	4,800
Gratuity, Pensions etc.	635	540
Other benefits	4,345	4,213
Directors' Fees	380	270
	<u>14,590</u>	<u>13,423</u>

Computation of Profit in accordance with Section 198/349 of the Companies Act, 1956 :-

	2011	2010
	Rs.('000)	Rs.('000)
Profit before taxation as per Profit & Loss Account	503,350	630,714
Add:		
Directors Remuneration	14,590	13,423
Provision for Bad Debt	—	5,069
Depreciation	106,683	94,854
Wealth Tax	500	500
	<u>625,123</u>	<u>744,560</u>
Less:		
Capital Profit on sale of Fixed Assets	1,472	422
Depreciation under Section 350 of the Companies Act, 1956	103,221	91,982
Amortisation of Intangibles	3,462	2,872
Profit for the purpose of Director's Commission	516,968	649,284
Commission to Managing Director restricted to	5,000	4,800
	<u>516,968</u>	<u>649,284</u>

11. Deferred Taxation

The major components of the Deferred Tax Assets/ Liabilities based on the tax effect of the timing differences, as at 31st December, 2011 are as under :-

	2011	2010
	Rs.('000)	Rs.('000)
Deferred Tax Liability		
Depreciation	30,389	34,633
	<u>30,389</u>	<u>34,633</u>
Deferred Tax Assets		
Expenditure u/s 43B of the Income Tax Act, 1961	4,383	4,032
Employee Benefits	15,573	14,915
Others	—	1,587
	<u>19,956</u>	<u>20,534</u>
Deferred Tax Liability (Net)	<u>10,433</u>	<u>14,099</u>

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**

12. a) Licensed and installed capacity and actual production:

	Licensed capacity	Installed capacity	Actual production 2011 Kgs.	2010 Kgs.
i) Tea	Not applicable	Not ascertainable	20,662,541	20,581,208*
ii) Instant tea	6 Lacs Kgs. p.a.	6 Lacs Kgs. p.a.	270,841	180,280

* Represents saleable production i.e. excluding trade samples, statutory free issue to the workers, etc. - 402,743 Kgs. (2010 – 351,192 Kgs.) and Nil Kgs. (2010 – 22,823 Kgs.) of made tea valued at Rs.Nil (2010 - Rs. 7,576) used as raw material for the production of Instant Tea.

	2011		2010	
	Kg.	Rs.(‘000)	Kg.	Rs.(‘000)
b) Raw Materials Consumed				
i) Green Leaf Plucked**	75,904,917	Not Ascertainable	75,793,346	Not Ascertainable
ii) Green Leaf Purchased	17,180,783	251,804	18,086,124	260,805
iii) Tea including Tea Waste	1,286,410	32,527	700,192	19,846

** Being raw materials harvested in the Company's own estates as agricultural produce involving integrated activities of nursery, cultivation, growth etc. and utilised in the manufacture of tea and their values at the intermediate stage could not be ascertained.

Green Leaf used as raw materials for the production of Instant Tea – 294,690 Kgs. (2010 – 366,077 Kgs.)

c) Purchases and Sales of Tea:

	2011		2010	
	Kg.	Rs.(‘000)	Kg.	Rs.(‘000)
i) Purchases				
Tea	9,245,617	1,161,673	6,717,271	864,831
ii) Sales				
Tea including Packet Tea***	27,747,873	4,462,164	26,058,838	3,930,967
Instant Tea	268,768	119,134	165,651	73,335

*** Including samples, etc. but does not include blend gain, write-off, free tea on account sales promotion, etc.86,455 Kgs. (2010 – 109,731 Kgs.)

d) Opening and closing stock in trade:

	2011		2010	
	Kg.	Rs.(‘000)	Kg.	Rs.(‘000)
i) Tea including Packet Tea				
Opening Stock	6,211,426	714,996	5,081,228	505,002
Closing Stock	8,285,256	953,761	6,211,426	714,996
ii) Instant Tea				
Opening Stock	53,513	26,367	39,172	16,137
Closing Stock	55,586	20,633	53,513	26,367

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**



	2011	2010
	Rs.('000)	Rs.('000)
13. (a) C.I.F. Value of Imports		
Raw Materials	15,803	11,085
Capital Goods	6,017	—
(b) Expenditure in Foreign Currency		
Pension	370	380
Commission	1,623	1,795
Bank Charges	472	187
Consultancy	—	797
Others	2,407	3,464
(c) Earnings in Foreign Currency		
F.O.B. Value of Export Sale	703,048	295,953
(d) Dividend remitted to non-resident shareholders in Foreign Currency		
No. of non-resident shareholders	2	2
No. of equity shares held by them on which dividend was due	15,984,000	15,984,000
Year to which dividend relates	31.12.10	31.12.09
Amount remitted	79,920	63,936

14. (a) Total Stores & spares consumed included in the Profit & Loss Account under various heads including the amount shown in Schedule 16 is Rs. 607,428 (2010 – Rs. 538,922)

	2011		2010	
	Value	%	Value	%
	Rs.('000)		Rs.('000)	
Imported	283	0.05	117	0.02
Indigenous	607,145	99.95	538,805	99.98
	607,428	100	538,922	100

(c) Value of Raw Materials Consumed:

	2011		2010	
	Value	%	Value	%
	Rs.('000)		Rs.('000)	
Imported	15,803	5.56	9,805	3.39
Indigenous	268,528	94.44	270,846	96.61
	284,331	100	280,651	100

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**

15. There are no Micro, Small and Medium Enterprises, as required to be disclosed under “The Micro, Small and Medium Enterprises Development Act, 2006” identified by the company on the basis of information available with the company.
16. Selling Expenses in schedule 16 include Brokerage Rs. 54,512 (2010 - Rs.43,918), Commission Rs. 5,919 (2010 - Rs. 15,641), Insurance Rs. 8,699 (2010 - Rs.3,430), Shipping and Other Charges Rs. 34,083 (2010 - Rs. 23,895), Sales Promotion Rs.170,251 (2010 - Rs. 134,341) and Freight Rs.90,499 (2010 - Rs. 65,882).
17. Earning Per Equity Share (Basic and Diluted)
The calculation of earning per share is based on the Profit after taxation of Rs. 374,245/- (2010 - Rs.449,967) and Equity Shares outstanding (Nominal value Rs. 10/- each) during the year aggregating to 21,600,000 (2010 - 21,600,000).

18. Segment Information :-

(Rs.'000)

	Export		Domestic		Total	
	2011	2010	2011	2010	2011	2010
Total Segment Revenue from sales	747,629	341,031	4,031,939	3,808,184	4,779,568	4,149,215
Less: Inter Segment Revenue from sales	25,634	37,045	172,636	107,868	198,270	144,913
	721,995	303,986	3,859,303	3,700,316	4,581,298	4,004,303
Less Excise Duty	—	—	5,820	11,182	5,820	11,182
Total Revenue from Sales to External Customers	721,995	303,986	3,853,483	3,689,134	4,575,478	3,993,120
Segment Result	60,076	4,770	585,937	784,499	646,013	789,269
Less: Unallocable expense net of income					114,757	143,120
Less : Interest					27,906	15,436
Profit Before Taxation					503,350	630,713
Provision for Taxation					129,105	180,747
Profit After Taxation					374,245	449,966
Segment Assets	361,652	173,038	2,597,381	1,964,967	2,959,033	2,138,005
Unallocated Corporate Assets					247,526	363,693
Total Assets					3,206,559	2,501,699
Segment Liabilities	206,063	61,695	896,341	869,112	1,102,404	930,807
Unallocated Corporate Liabilities					186,491	137,851
Total Liabilities					1,288,895	1,068,658
Capital Expenditure	5,443	2,649	177,745	223,358		
Depreciation	3,733	7,998	89,369	74,607		
Impairment	—	15,537	—	—		
Non Cash – Expenditure			8,691	5,069		

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**



Notes :

- i) The Company is engaged in the business of cultivation, manufacture and sale of Tea. The products and their applications are homogeneous in nature. The segments are classified as Exports and Domestic.
 - ii) The Segment wise Revenue, results, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. Unallocable income / expenditure relate to the Company as a whole and are earned / incurred at the corporate level.
 - iii) Pricing of inter segment transfers is based on benchmark market price.
19. As at 31st December, 2011 the company had net outstanding foreign currency exposures of Rs.289,691 (USD equivalent 5,445) (2010 – Rs. 54,316 ; USD equivalent 1,205) of which Rs.74,395 (USD equivalent 1,398 (2010 – Rs.44,729 USD equivalent 992) has been covered by forward contracts.
20. Related Party Disclosures :—
- a) Shareholders of the Company :—
Western Dooars Investment Ltd. and Assam Dooars Investment Ltd. together hold 74% of the Equity Share Capital of the Company. Camellia Plc is the ultimate holding company which is indirectly holding Western Dooars Investment Ltd. and Assam Dooars Investment Ltd.
 - b) Other related parties with whom transactions have taken place during the year :—
Fellow Subsidiary Companies:—
Stewart Holl (India) Limited, Amgoorie India Limited, Koomber Properties & Leasing Company Private Limited, Goodricke Technical & Management Services Limited, Borbam Investments Limited, Koomber Tea Company Private Limited, Lebong Investments Private Limited, Eastern Produce Malawi Ltd, Linton Park Plc.
 - c) Key Management Personnel :—
A. N. Singh — Managing Director & CEO

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**

Related Party Disclosures (Contd.)

Particulars of transactions during the year ended 31st December, 2011

Rs. in ('000)

Nature of Transactions	Shareholders	Fellow Subsidiary Companies	Key Management Personnel	Total
Sale of Goods :	—	853	—	853
To two fellow Subsidiaries :				
Rs.210 (Rs.75), Rs 643 (Rs 502)	—	(577)	—	(577)
Sale of Fixed Assets :				
To two Fellow Subsidiaries	—	25	—	25
Rs.24(Nil), Rs.1(Nil),	—	(2)	—	(2)
Purchase of Fixed Assets	—	1,725	—	1,725
From a Fellow Subsidiary Rs.1,725(Nil)	—	—	—	—
Purchase of Goods & Services :	—	420,625	—	420,625
From four fellow Subsidiaries : Rs. 205,977 (Rs.135,007), Rs.192,685 (Rs.95,922),Rs21,963 (Rs. 22,898) Rs.Nil (Rs.289)	—	(253,416)	—	(253,416)
Remuneration Paid :	—	—	14,210	14,210
To Managing Director	—	—	(13,153)	(13,153)
Dividends Paid :	79,920	6,100	—	86,020
To Two Shareholders : Rs.51,948 (Rs.41,558), Rs.27,972 (Rs.22,378)	(63,936)	(5,280)	—	(69,216)
To four fellow Subsidiaries : Rs.3,622 (Rs.3,176), Rs. 1,040 (Rs.954),Rs.1,055 (Rs.844),Rs.383 (Rs.307)				
Interest paid to three Fellow Subsidiary	—	2,064	—	2,064
Rs.321(Rs. 115),Rs.76(Rs.Nil),Rs.1667(Rs.638)	—	(753)	—	(753)
Reimbursement of Expenses (Net)	—	-722	—	-722
From four Fellow Subsidiary: Rs743(Rs 3653), Rs3 (Rs 878), Rs Nil (Rs 797), Rs.867 (Rs.Nil)	—	(2,943)	—	(2,943)
To a Fellow Subsidiary : Rs. Nil (Rs.2385), Rs.2,335 (Rs.Nil)				
Rent paid to fellow subsidiary	—	5,520	—	5,520
	—	(5,052)	—	(5,052)
Loan taken:	—	110,000	—	110,000
From three Fellow Subsidiary : Rs 40,000 (Rs.10,000) Rs.60,000(Rs. 22,500),Rs.10,000 (Rs.Nil)	—	(32,500)	—	(32,500)
Repayment of loan:	—	110,000	—	110,000
To three Fellow Subsidiary : Rs 40,000 (Rs.10,000) Rs.60,000(Rs. 22,500),Rs.10,000 (Rs.Nil)	—	(32,500)	—	(32,500)
Outstanding as at year end :				
Debit	—	560	—	560
	—	(149)	—	(149)
Credit	—	167,542	5,000	172,542
	—	(69,247)	(4,800)	(74,047)

Note: Previous year's figures are in brackets.

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**



21. Post Retirement Employee Benefits:

The Company operates defined contribution schemes like provident fund and defined contribution pension schemes. For these schemes, contributions are made by the Company, based on current salaries, to recognized funds maintained by the Company and for certain employees contributions are made to State Plans. In case of Provident fund schemes, contributions are also made by the employees. An amount of Rs.105,582 (2010 - Rs.103,328) has been charged to the Profit & Loss Account on account of defined contribution schemes.

The Company also operates defined benefit gratuity scheme, leave encashment, defined benefit pension scheme, defined benefit provident fund scheme and post retirement medical scheme. The pension benefits, medical benefits and leave encashment benefits are restricted to certain categories of employees. These schemes offer specified benefits to the employees on retirement. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (revised 2005) on Employee Benefits. Wherever recognized funds have been set up, annual contributions are made by the Company, as required. Employees are not required to make any contribution.

Net Asset/Liability as per Actuarial Valuation at year end :

Rs.(‘000)

	Provident Fund		Pension			Gratuity			Medical			Leave Encashment					
	2011	2011	2010	2009	2008	2011	2010	2009	2008	2011	2010	2009	2008	2011	2010	2009	2008
Present value of funded obligation	211,198	217,470	206,291	165,642	154,811	614,252	602,761	420,714	448,531	—	—	—	—	—	—	—	—
Fair Value of Plan Assets	208,351	216,957	181,573	148,468	138,878	613,721	629,030	613,321	603,413	—	—	—	—	—	—	—	—
	2,847	513	24,718	17,174	15,933	531	(26,269)	(192,607)	(154,882)	—	—	—	—	—	—	—	—
Present Value of Unfunded Obligation			—	—	—		—	—	—	66,381	59,160	55,532	57,428	14,146	12,887	7,801	7,696
Unrecognized past service cost			—	—	—		—	—	—	—	—	—	—	—	—	—	—
Net Liability/(Asset)	2,847*	513	24,718	17,174	15,933	531	(26,269)	(192,607)	(154,882)	66,381	59,160	55,532	57,428	14,146	12,887	7,801	7,696

* Net of Surplus in Executive Staff Provident Fund of Rs.60 not recognized in the Balance Sheet.

Amounts recognized in "Contribution to Provident, Gratuity and other funds", "Salaries, Wages, Bonus etc" and "Workmen and Staff Welfare Expenses" under Schedule 16 are follows:

Rs.(‘000)

	Provident Fund		Pension		Gratuity		Medical		Leave Encashment	
	2011	2011	2010	2011	2010	2011	2010	2011	2010	
Current Service Cost	15,730	28,118	29,287	21,545	71,896	7,059	4,905	1,101	4,175	
Interest cost	18,928	17,098	13,320	47,208	110,795	4,971	4,450	1,066	624	
Expected Return on plan assets	(14,506)	(14,526)	(11,877)	(49,457)	(182,472)					
Past Service Cost	—	—	—	—	11,297	—	—	—	—	
"Net actuarial loss/(gain) recognized during the year"	(12,475)	(24,558)	(392)	(17,215)	(37,785)	(3,459)	(4,545)	(226)	471	
Total	7,677	6,132	30,338	2,081	(26,269)	8,571	4,810	1,941	5,270	

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**

Reconciliation of opening and closing balances of the present value of the obligations:

Rs.('000)

	Funded					Unfunded				
	Provident Fund		Pension		Gratuity		Medical		Leave Encashment	
	2011	2011	2010	2011	2010	2011	2010	2011	2010	
Opening defined benefit obligation	196,044	206,291	165,642	602,761	420,714	59,161	55,531	12,887	7,801	
Current service cost	15,730	28,118	29,287	21,545	30,721	7,059	4,905	1,101	4,175	
Interest Cost	18,928	17,098	13,320	47,208	32,274	4,971	4,450	1,066	624	
Actuarial loss/(gain)	(10,172)	(23,755)	435	(17,359)	153,630	(3,458)	(4,545)	(226)	471	
Benefit Paid	(9,332)	(10,282)	(2,393)	(39,903)	(34,578)	(1,352)	(1,181)	(682)	(184)	
Closing Defined Benefit Obligation	211,198	217,470	206,291	614,252	602,761	66,381	59,160	14,146	12,887	

Reconciliation of opening and closing balances of the fair value of plan assets:

Rs.('000)

	Provident Fund		Pension		Gratuity	
	2011	2011	2010	2011	2010	
Opening fair value of plan Assets	185,144	181,573	148,468	629,031	613,321	
Expected Return on Plan Assets	14,506	14,525	11,877	49,457	46,358	
Actuarial gain/(loss)	2,303	803	827	(144)	3,928	
Contribution by employer	15,730	5,619	22,794			
Transfer from/to Other Funds	—	24,719		(24,719)		
Benefits Paid	(9,332)	(10,282)	(2,393)	(39,904)	(34,577)	
Closing Fair value of Plan Assets	208,351	216,957	181,573	613,721	629,030	
Actual Return on Plan Assets	16,809	15,328	12,704	49,313	50,286	

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

	2011	2010
Equities	2.14%	2.43%
Fixed Income Debt /Securities/Bonds	86.81%	88.06%
Other Assets	11.05%	9.51%
Total	100.00%	100.00%

Experience Gain/(Loss) adjustments on plan assets related to Gratuity Scheme for 2011 and the preceeding three years are Rs.(144); Rs.3,928; Rs.(1,013) and Rs.1,824 respectively

Experience Gain/(Loss) adjustments on plan liabilities related to Gratuity Scheme for 2011 and the preceeding three years are Rs.(78,761); Rs14,726;Rs.(17,011) and Rs.39,940 respectively

**(18) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2011 (Contd.)**



Effect of increase/ decrease of one percentage point in the assumed medical cost trend rates:

As per Actuary, the cost trend in rates in case of medical benefits have no effect on the amount recognised since the benefit is in the form of a fixed amount.

Principal Actuarial assumptions used:

	2011	2010	2009	2008
Discount rates	8.50%	8.10%	8.00%	6.50%
Expected rate of return on plan assets	7.9%,8%,& 7.96%	8.12% & 8%	8% & 7.79%	8% & 8.09%
Expected Salary Increase Rates	5% to 7%	5% to 9.5%	5%	5%
Mortality rates	LIC(1994-96) mortality tables	LIC(1994-96) mortality tables	LIC(1994-96) mortality tables	LIC(1994-96) mortality tables

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

The contribution expected to be made by the Company for the year ended 31st December 2012 has not been ascertained.

22. Previous year's figures have been regrouped and / or rearranged whenever necessary.

Kolkata
27th February, 2012

D. P. Chakravarti
Vice President & Secretary

On behalf of the Board
A. N. Singh
Managing Director
S. Kaul
K. Sinha
P. K. Sen
Directors

Prabal Kr Sarkar
Partner
Membership No. 052340
For LOVELOCK & LEWES
Firm Registration No. 301056E
Chartered Accountants
Plot No. Y-14, Block EP
Sector V, Salt Lake
Kolkata-700091

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

IN TERMS OF SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956.

I. Registration Details

CIN

L	0	1	1	3	2	W	B	1	9	7	7	P	L	C	0	3	1	0	5	4
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Balance Sheet Date

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Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

<p style="text-align: center;">Total Liabilities</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>1</td><td>9</td><td>3</td><td>7</td><td>8</td><td>9</td></tr></table> <p>Sources of Funds</p> <p style="text-align: center;">Paid-Up Capital</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>1</td><td>6</td><td>0</td><td>0</td><td>0</td></tr></table> <p style="text-align: center;">Secured Loan</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>1</td><td>0</td><td>7</td><td>9</td><td>4</td></tr></table> <p style="text-align: center;">Deferred Taxation</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>4</td><td>3</td><td>3</td></tr></table> <p>Application of Funds</p> <p style="text-align: center;">Net Fixed Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>4</td><td>3</td><td>3</td><td>8</td><td>0</td></tr></table> <p style="text-align: center;">Current Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>2</td><td>5</td><td>0</td><td>3</td><td>9</td><td>1</td></tr></table>			3	1	9	3	7	8	9			2	1	6	0	0	0			2	1	0	7	9	4					1	0	4	3	3					9	4	3	3	8	0					2	2	5	0	3	9	1	<p style="text-align: center;">Total Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>1</td><td>9</td><td>3</td><td>7</td><td>8</td><td>9</td></tr></table> <p style="text-align: center;">Reserves & Surplus</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>9</td><td>0</td><td>8</td><td>7</td><td>0</td></tr></table> <p style="text-align: center;">Unsecured Loan</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <p style="text-align: center;">Current Liabilities</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>6</td><td>5</td><td>6</td><td>9</td><td>2</td></tr></table> <p style="text-align: center;">Investments</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>8</td></tr></table> <p style="text-align: center;">Misc. Expenditure</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>			3	1	9	3	7	8	9			1	4	9	0	8	7	0								N	I	L					1	2	6	5	6	9	2											1	8											N	I	L
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IV. Performance of the Company (Amount in Rs. Thousands)

<p style="text-align: center;">Turnover & Other Income</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>6</td><td>7</td><td>5</td><td>4</td><td>2</td><td>6</td></tr></table> <p style="text-align: center;">Profit/Loss Before Tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>3</td><td>3</td><td>5</td><td>0</td></tr></table> <p style="text-align: center;">Earning Per Share in Rs.</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>7</td><td>.</td><td>3</td><td>2</td></tr></table>			4	6	7	5	4	2	6					5	0	3	3	5	0					1	7	.	3	2	<p style="text-align: center;">Total Expenditure</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>1</td><td>7</td><td>2</td><td>0</td><td>7</td><td>6</td></tr></table> <p style="text-align: center;">Profit/Loss After Tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>7</td><td>4</td><td>2</td><td>4</td><td>5</td></tr></table> <p style="text-align: center;">Dividend rate %</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>0</td></tr></table>			4	1	7	2	0	7	6					3	7	4	2	4	5							4	0
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V. Generic Names of Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC)

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Product Description

I	N	D	I	A	N	B	L	A	C	K	T	E	A					
I	N	S	T	A	N	T	T	E	A	P	O	W	D	E	R			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011



	Year ended 31.12.2011 (Rs. in '000)	Year ended 31.12.2010 (Rs. in '000)
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation	503,350	630,714
Adjustments for:		
Depreciation	106,683	94,854
Impairment	—	15,537
Interest expense	27,906	15,436
Interest Income	(6,400)	(11,099)
Loss on sale/Discard of Fixed Assets(net)	1,663	(1,358)
Liabilities no longer required written back	(15,491)	(11,091)
Debts , Loans & Advances Written off	3,430	—
Provision for doubtful debts,Loans & advances.	—	5,069
Investment Income	(880)	—
Unrealised (gain)/loss on exchange	1,193	861
	118,104	108,209
Operating Profit before Working capital changes	621,454	738,923
Adjustment for :		
Trade and other receivables	(442,047)	11,496
Inventories	(261,181)	(240,991)
Trade payables	250,689	174,976
	(452,539)	(54,519)
Cash generated from operations	168,915	684,404
Direct Taxes Paid	(131,602)	(160,267)
Net cash from operating activities	37,313	524,137
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(243,818)	(237,696)
Sale of Fixed Assets	4,852	2,047
Purchase of Investments	(610,025)	—
Sale of Investments	610,905	—
Interest received	6,266	8,110
Net Cash used in Investing Activities	(231,820)	(227,539)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease)/Increase in Working capital facilities from Bank	210,795	—
Repayment of long term borrowings	—	(92,109)
Dividend paid	(107,159)	(85,783)
Income Tax on dividend paid	(17,938)	(14,684)
Interest paid	(27,362)	(16,200)
Net Cash used in Financing Activities	58,336	(208,776)
Net increase in Cash and Cash equivalents	(136,171)	87,822
(D) CASH AND CASH EQUIVALENTS		
Opening Balance	199,364	111,542
Closing Balance	63,193	199,364

- Note: 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
 2. Cash and Cash equivalents represent cash and bank balances only.
 3. Previous year's figures have been rearranged / regrouped wherever necessary.

On behalf of the Board

A. N. Singh
Managing Director
 S. Kaul
 K. Sinha
 P.K. Sen
Directors

Kolkata
 27th February, 2012

D. P. Chakravarti
Vice President & Secretary

This is the Cash Flow statement referred to in our Report of even date.

Prabal Kr. Sarkar
Partner

Membership No. 052340
 For LOVELOCK & LEWES
Chartered Accountants

Kolkata
 27th February, 2012

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

Financial, Production and Other Statistics

(Rs. in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Fixed Assets (at cost less depreciation)	451.84	494.58	556.16	686.14	812.76	943.38
Investments	0.47	0.08	0.02	0.02	0.02	0.02
Current Assets (Less current liabilities)	599.87	567.96	562.10	523.76	634.36	984.70
Deferred Tax Assets/ (Liabilities)	(40.25)	(30.59)	(29.51)	(8.35)	(14.10)	(10.43)
TOTAL ASSETS EMPLOYED	1,011.93	1,032.03	1,088.77	1,201.57	1,433.04	1,917.67
Equity shares	216.00	216.00	216.00	216.00	216.00	216.00
Reserves and Surplus	478.35	474.61	574.67	893.01	1,217.04	1,490.87
SHAREHOLDERS' FUND (NET WORTH)	694.35	690.61	790.67	1,109.01	1,433.04	1,706.87
Secured and Unsecured loans	317.58	341.42	298.10	92.56	—	210.80
TOTAL FUNDS	1,011.93	1,032.03	1,088.77	1,201.57	1,433.04	1,917.67
Sales	2,213.82	2,374.33	2,940.50	3,721.59	4,004.30	4,851.30
Profit before tax	76.43	104.71	235.19	530.67	630.71	503.35
Provision for tax	21.45	27.34	59.32	111.24	180.75	129.11
Profit after tax	54.98	77.37	175.87	419.43	449.96	374.24
Earning per share (Rs.)	2.55	3.58	8.14	19.42	20.83	17.32
Net worth per Equity Share (Rs.)	32.15	31.97	36.61	51.34	66.34	79.02
DIVIDEND						
Percentage	12.50	15.00	30.00	40.00	50.00	40.00
Amount	27.00	32.40	64.80	86.40	108.00	86.40
TOTAL NO. OF SHAREHOLDERS	14,379	13,581	13,497	13,057	14,315	13,688
PLANTED AREA & PRODUCTION:						
Area under Mature Tea (hectares)	8,865.61	8,772.45	8,662.49	8,615.93	8,582.11	8,533.82
Area under Young Tea (hectares)	775.79	885.13	996.73	1,053.56	1,127.84	1,273.88
Total planted area (hectares)	9,641.40	9,657.58	9,659.22	9,669.49	9,709.95	9,807.70
Production-Kgs. (millions) (own crop)	17.50	18.88	18.44	16.16	17.00	17.21
NUMBER OF EMPLOYEES	25,112	25,093	25,205	25,357	24,931	24,571

STATISTICS—Area and Crop (2011)



GARDENS	Mature Tea Area (in Hectares)	Young Tea Area (in Hectares)	Total Planted Area (in Hectares)	Own Crop (Gross) (Kgs)	Yield per Hectare (Kgs)
DOOARS					
Danguajhar	596.34	102.40	698.74	1,361,569	2,283
Leesh River	555.35	55.34	610.69	1,185,275	2,134
Meenglas	543.02	76.00	619.02	1,289,418	2,375
Aibheel	737.27	127.02	864.29	1,791,399	2,430
Chulsa	359.41	68.88	428.29	773,248	2,151
Chalouni	441.68	94.46	536.14	667,200	1,511
Hope	364.08	51.34	415.42	771,345	2,119
Jiti	459.22	106.35	565.57	963,483	2,098
Gandrapara	714.29	111.26	825.55	1,722,146	2,411
Lakhipara	539.76	72.75	612.51	1,530,111	2,835
Kumargram	514.15	119.85	634.00	1,090,928	2,122
Sankos	580.15	98.39	678.54	1,236,955	2,132
Total	6,404.72	1,084.04	7,488.76	14,383,077	2,246
Previous year	6,443.13	943.98	7,387.11	14,032,523	2,178
ASSAM					
Orangajuli	643.49	64.50	707.99	1,198,952	1,863
Nonaipara	593.29	74.92	668.21	1,199,569	2,022
Total	1,236.78	139.42	1,376.20	2,398,521	1,939
Previous year	1,252.16	125.19	1,377.35	2,533,725	2,023
DARJEELING					
Thurbo	474.88	13.56	488.44	207,840	438
Badamtam	291.44	30.86	322.30	152,930	525
Barnesbeg	126.00	6.00	132.00	69,732	553
Total	892.32	50.42	942.74	430,502	482
Previous year	886.82	58.67	945.49	431,459	487
GRAND TOTAL	8,533.82	1,273.88	9,807.70	17,212,100	2,017
Previous year	8,582.11	1,127.84	9,709.95	16,997,707	1,981

Notes



Upgradation of the Group Tea Factories - a typical sequence of activities





**GOODRICKE
GROUP LIMITED**

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