

ANNUAL REPORT 1998 - 99



Beauty and Nature. In perfect harmony

Emami
LIMITED



It was 2500 years ago when India embarked upon the journey to discover the secret of eternal beauty and perpetual well being. The journey was Ayurveda. India treasured and nurtured this magical potion and the Indians started benefitting from it. Slowly but steadily the whole world woke up to the immense goodness of ayurveda.

And what started in ancient India permeated all boundaries and spread across the length and breadth of the entire globe. Emami, a company dedicated to the nurturing of beauty and health was quick to tap the essence of ayurveda. And her success was phenomenal.



Emami^{*} LIMITED

BOARD OF DIRECTORS

Shri R. S. Agarwal, *Chairman*
Shri R. S. Goenka
Shri R. K. Goenka
Shri Suresh Kr. Goenka
Shri Sushil Kr. Goenka, *Managing Director*
Shri M. L. Jain
Shri S. N. Bihani
Dr. I. K. Newar
Dr. S. C. Sarkar

SECRETARY

Shri A. K. Joshi

AUDITORS

M/s S. K. Agrawal & Co.
Chartered Accountants

BANKERS

United Bank of India
Canara Bank

WORKS

Calcutta
Pondicherry

REGISTERED OFFICE

8, Bentinck Street, 10th Floor,
Calcutta - 700 001

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Plum Gold Turmeric
An ayurvedic medicine to prevent and cure varied skin ailments.

REPORT OF THE DIRECTORS

For the Financial Year ended 31st March, 1999

To the Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 1999.

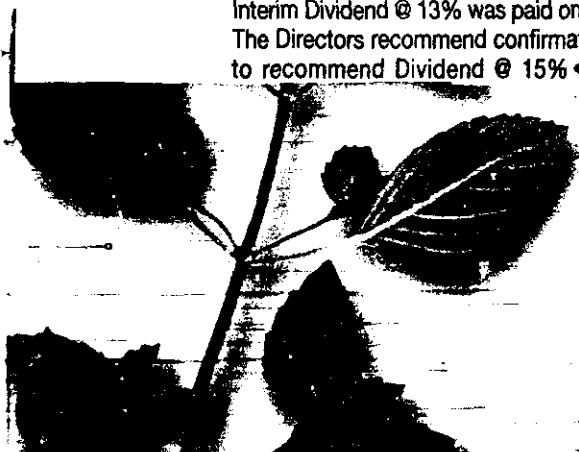
FINANCIAL HIGHLIGHTS

Your Company's performance during the financial year is summarised below :

	(Rs. in lacs)	
	1998-99	1997-98
Operating Income	10,212.95	6,075.91
Profit before Depreciation, Interest & Taxation	1,261.44	1,046.28
Less :		
Depreciation	150.35	131.87
Interest	109.11	74.69
	259.46	206.56
Profit Before Taxation	1,001.98	839.72
Less :		
Provision for Taxation	10.00	9.50
Profit After Taxation	991.98	830.22
Add :		
Excess provision for Taxation of earlier years	—	0.50
Investment Allowance Reserve Written back	—	1.95
Balance Brought forward	2.53	57.30
Profit available for Appropriation	994.51	889.97
APPROPRIATIONS		
General Reserve	792.17	800.00
Dividend		
Preference - Interim	32.50	8.55
Equity - Proposed	84.23	70.94
Corporate Dividend Tax	11.67	7.95
Balance carried forward	73.94	2.53
	994.51	889.97

DIVIDEND

Interim Dividend @ 13% was paid on 31st March, 1999 on 13% Cumulative Redeemable Preference Shares. The Directors recommend confirmation of the payment of dividend on preference shares and are pleased to recommend Dividend @ 15% on equity shares for the financial year ended 31st March, 1999.



*Emami Naturally Fair
A fairness cream with the super
power of 11 herbs. Promises
fairness in four weeks.*



AMALGAMATION OF ERSTWHILE EMAMI LIMITED WITH YOUR COMPANY

As reported in our last year's Report, the sanction of the Hon'ble Calcutta High Court was awaited for the amalgamation of the erstwhile Emami Limited with your Company. We are pleased to inform you that the Hon'ble Calcutta High Court has sanctioned the Scheme of Amalgamation vide their Order of 21st July, 1998. Accordingly, the erstwhile Emami Limited has been amalgamated with your Company with effect from 1st April, 1998. The Board has allotted 8,86,000 Equity Shares of the Company, as Fully Paid Up, to the members of the erstwhile Emami Limited, pursuant to the Scheme of Amalgamation.

The financial results for the year ended 31st March, 1999 are, therefore, the consolidated results of erstwhile Emami Limited and your Company.

The name of your Company has also been changed from "HIMANI LIMITED" to "EMAMI LIMITED" subsequent to amalgamation, on 1st September, 1998.

OPERATIONS AND OUTLOOK

The working results of the Company continued to show improvements. There has been satisfactory increase in the turnover. The amalgamation of erstwhile Emami Limited with your Company made significant contributions towards the efficient operational functions of the Company. As a result, there has been overall improvement in marketing and productivity.

The satisfactory performance of Company's business operations is expected to keep momentum and the Board takes optimistic view about the future of the Company.

SUBSIDIARY COMPANIES

The Audited Accounts and Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies, New Way Constructions Limited and Neelam Lefin Limited, are attached. During the year, Neelam Lefin Limited has become the Wholly Owned Subsidiary of your Company.

DEPOSITS

There were no unclaimed or unpaid deposits at the end of the year.

DIRECTORS

Shri Raj Kumar Goenka, Sri Suresh Kumar Goenka and Shri Mangi Lal Jain were appointed as Additional Directors of the Company during the year as per the provisions of Section 260 of the Companies Act, 1956. They will hold office upto the date of forthcoming Annual General Meeting of the Company.

The Company has received notices from members under Section 257 of the Companies Act, 1956 signifying their intention to propose appointment of Shri Raj Kumar Goenka, Sri Suresh Kumar Goenka and Shri Mangi Lal Jain as Whole Time Directors of the Company at the forthcoming Annual General Meeting.

Shri B. N. Jain and Shri O. P. Saxena resigned as Directors of the Company and the Board of Directors placed on record its appreciation for invaluable services and advices given by them during their tenure as Directors of the Company.

Dr. S. C. Sarkar retires by rotation and being eligible, offers himself for reappointment. Dr. L. K. Newar retires by rotation and has not offered himself for reappointment.



Himant Navaratna Oil
An excellent cool ayurvedic oil for head
and body massage.

AUDITORS' REPORT

The observations made in the Auditors' Report are self explanatory and therefore do not call for any further comments.

AUDITORS

The retiring Auditors, M/s. S. K. Agrawal & Co., Chartered Accountants, have expressed their intention not to seek reappointment. Hence, it is proposed to appoint M/s. Saxena & Co., Chartered Accountants, as Auditors of the Company in place of M/s. S. K. Agrawal & Co. The necessary letter of confirmation pursuant to Section 224(1B) of the Companies Act, 1956 has been obtained from M/s. Saxena & Co.

The Board records its appreciation of the professional services rendered by M/s. S. K. Agrawal & Co. during their association with the Company.

M/s. Om Prakash & Co., Chartered Accountants, have expressed their willingness to continue as Branch Auditors for Pondicherry Units, if so appointed.

YEAR 2000 COMPLIANCE

Your Company has taken adequate measures to ensure that the Hardware and Software used are Year 2000 (Y2K) compliant. There is no significant risk of disruption of any activity or operations including manufacturing activities, goods despatch and distribution etc.

The cost of addressing the Company's Y2K issues is not significant. The Company is, however, developing a contingency plan in case the Hardware/Software proves Y2K non compliant.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information pursuant to section 217 (1) (e) of the Companies Act, 1956 is given in the annexure to the report.

PERSONNEL

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report and the Accounts are being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

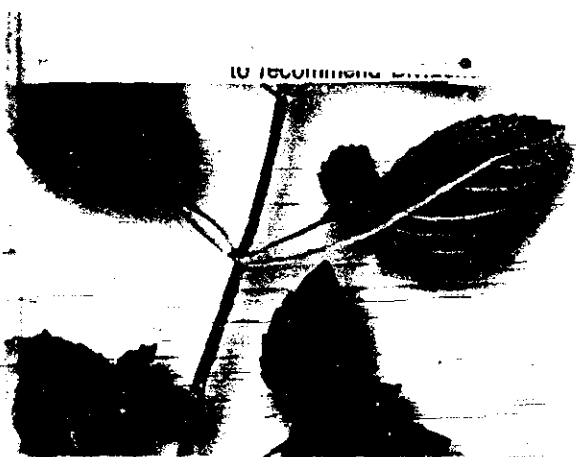
ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance and co-operation received from the financial institutions and banks, during the year.

Your Directors also express their appreciation for the support given and contribution made by the employees at all levels to the successful operations of the Company, during the year.

For and on behalf of the Board

R. S. Anandhi



NOTICE OF ANNUAL GENERAL MEETING**emami LIMITED**

NOTICE is hereby given that the Sixteenth Annual General Meeting of EMAMI LIMITED will be held on Saturday, the 14th August, 1999 at 11.00 a.m. at Somany Conference Hall, Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Calcutta-700 001 to transact the following business :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1999 and the Reports of the Directors and Auditors thereon.
2. To declare/confirm Dividend.
3. To appoint a Director in place of Dr. L. K. Newar, who retires by rotation, and does not offer himself for reappointment.
4. To appoint a Director in place of Dr. S. C. Sarkar, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors and Branch Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass with or without modification, the following resolutions as Special Resolutions :
 - i) "RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s Saxena & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company for the financial year 1999-2000 and that Board of Directors of the Company be and is hereby authorised to fix their remuneration."
 - ii) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s Om Prakash & Co., Chartered Accountants, be and are hereby appointed as Branch Auditors for auditing the Accounts of Pondicherry Units of the Company for financial year 1999-2000 at the remuneration to be fixed by the Board of Directors."

SPECIAL BUSINESS

6. To appoint a Director in place of Shri Suresh Kumar Goenka who was appointed as Additional Director of the Company by the Board of Directors under Article 97 of the Articles of Association of the Company on 31st August, 1998 with effect from 1.9.1998 and who holds office upto the date of forthcoming Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a

Notice in writing proposing his candidature for the office of Director under Section 257 of the Act.

7. To appoint a Director in place of Shri Raj Kumar Goenka who was appointed as Additional Director of the Company by the Board of Directors under Article 97 of the Articles of Association of the Company on 31st August, 1998 with effect from 1.9.1998 and who holds office upto the date of forthcoming Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director under Section 257 of the Act.
8. To appoint a Director in place of Shri M. L. Jain who was appointed as Additional Director of the Company by the Board of Directors under Article 97 of the Articles of Association of the Company on 1.12.1998 and who holds office upto the date of forthcoming Annual General Meeting in accordance with Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director under Section 257 of the Act.
9. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date, the consent of the Company be and is hereby accorded to appointment of Shri Suresh Kumar Goenka as Wholetime Director for a period of five years with effect from 1.9.1998 on the terms and conditions as to the appointment and remuneration mentioned in the Agreement dated 18.9.1998 entered into between the Company and Shri Goenka placed before the meeting."
10. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date, the consent of the Company be and is hereby accorded to appointment of Shri Raj Kumar Goenka as Wholetime Director for a period of five years with effect from 1.9.1998 on the terms and conditions as to the appointment and remuneration mentioned in the Agreement dated 18.9.1998 entered into between the Company and Shri Goenka placed before the meeting."

11. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date, the consent of the Company be and is hereby accorded to appointment of Shri M. L. Jain as Wholtime Director for a period of five years with effect from 1.12.1998 on the terms and conditions as to the appointment and remuneration mentioned in the Agreement dated 1.12.1998 entered into between the Company and Shri Jain placed before the Meeting."

12. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED THAT in supersession of the resolution passed under Section 293(1) (d) of the Companies Act, 1956 in the General Meeting held on 21st November, 1994 and pursuant to the provisions of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time any sum or sums not exceeding the aggregate of Rs. 50 crores (Rupees Fifty crores) on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves."

13. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below :

The following new Articles be inserted as Articles 43A and 43B after Article 43.

"Nomination"

"43A — (1) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.

(2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or

debentures, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his death, during the minority."

"Transmission"

"43B — (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect either —

- (a) to register himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (2) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- (3) A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to

transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with,"

14. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 294, 294AA and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the reappointment of M/s J. B. Marketing & Finance Limited as Sole Selling Agents of the Company whose present term of appointment expires on 20.2.2000, for further period of five years with effect from 21.2.2000 for the whole of the country on the terms and conditions stipulated in the draft agreement placed before the meeting duly initialled by the Chairman for the purpose of identification and that the Board of Directors of the Company be and is hereby authorised to take necessary steps for getting approval from the Central Government and for giving effect to the above resolution."

15. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions :

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions if any, of the Companies Act, 1956 the main Objects Clause No. 3 of Memorandum of Association of the Company be substituted by the following :

3. To carry on business of manufacturing, dealing, purchasing, selling, trading, distributing, indenting, exporting, importing and otherwise dealing either as principal or agents in stationery goods, writing instruments, all types of pen, ball point pen, refills, colour pencils, pencils, erasers, rulers, boards, files, gums, adhesive tapes and all kinds of stationery."

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions if any, of the Companies Act, 1956 the main Objects Clause No. 4 of Memorandum of Association of the Company be substituted by the following :

4. To carry on business of manufacturing, dealing, purchasing, selling, trading, distributing, indenting, exporting, importing and otherwise dealing either as principal or agents in household and consumer goods, insecticides, cleansing compounds, floor cleaners, dish wash, window cleaner, polishing preparations, deodorants, tooth brushes, tooth paste, all kinds of health and personal care products, confectionery, sweets, food provisions, tinned products, other edible products and other merchandise goods."

Registered Office :

8, Bentinck Street
10th Floor
Calcutta - 700 001.
20th April, 1999.

By Order of the Board

A. K. Joshi
Company Secretary

NOTES :

- A member entitled to attend and vote is entitled to appoint proxy to attend and vote instead of himself and a proxy need not be a member.
- The Register of Members and Transfer Books of the Company will be closed from 07.08.99 to 14.08.99, both days inclusive.
- The Dividend on Equity Shares when declared will be paid to those shareholders whose names appear on the Register of Members of the Company as on 14.08.99.
- Pursuant to Section 205A of the Companies Act 1956, all unclaimed/unpaid dividends upto the Financial Year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends for the said period may claim the same with the Registrar of Companies, West Bengal, Nizam Palace, 234/4, A. J. C. Bose Road, Calcutta 700 020.
Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
Members who have not encashed the dividend warrants/cheques so far for the financial year ended 31st March, 1996 or any subsequent dividend payment(s) are requested to make their claim to the Company.
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 15 as set out above is annexed hereto.

ANNEXURE TO THE NOTICE**emami* LIMITED****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the Item Nos. 5 to 14.****ITEM NO. 5**

As Industrial Development Bank of India, a Financial Institution holds more than 25% of the subscribed capital of your Company, appointment of Auditors of the Company is required to be made by special resolution under Section 224A of the Companies Act, 1956.

The Directors recommend the appointment of M/s Saxena & Co., Chartered Accountants in place of M/s S. K. Agrawal & Co., Chartered Accountants (Retiring Auditors who have expressed their intention not to seek reappointment) as Auditors of the Company for the financial year 1999-2000 and M/s Om Prakash & Co., Chartered Accountants, as Branch Auditors for Pondicherry units for financial year 1999-2000. None of the Directors of the Company is in anyway concerned or interested in the Resolutions at Item No. 5.

ITEM NOS. 6 TO 11

Shri Suresh Kumar Goenka, Shri Raj Kumar Goenka and Shri M. L. Jain who were appointed as Additional Directors of the Company as per provisions of Section 260 of the Companies Act, 1956, vacate their office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 have been received from members of the Company signifying the intention to propose the appointment of Shri Suresh Kumar Goenka, Shri Raj Kumar Goenka and Shri M. L. Jain for the office of Directors at the forthcoming Annual General Meeting.

Shri Suresh Kumar Goenka and Shri Raj Kumar Goenka have wide administrative, technical and managerial experience and have been associated with Personal Health Care Product Industry since long. Shri M. L. Jain is a Chartered Accountant having extensive knowledge and experience in many industries. With a view to avail their services to the Company, the Board of Directors, subject to the approval of shareholders of the Company, appointed Shri Suresh Kumar Goenka and Shri Raj Kumar Goenka as Wholetime Directors of the Company with effect from 1.9.1998 for five years and Shri M. L. Jain as Wholetime Director with effect

from 1.12.1998 for five years. The terms and conditions as regards their appointment and remuneration are mentioned in the agreements dated 18.9.1998 entered into between the Company and each of Shri Suresh Kumar Goenka and Shri Raj Kumar Goenka and in the agreement dated 1.12.1998 entered into between the Company and Shri M. L. Jain.

The main terms are as follows :

1. Term of Appointment :

Shri Suresh Kumar Goenka	5 years from 1.9.1998
Shri Raj Kumar Goenka	5 years from 1.9.1998
Shri M. L. Jain	5 years from 1.12.1998

2. Salary :

Shri Suresh Kumar Goenka	Rs. 30,000/- per month in the scale of Rs. 30,000/- to Rs. 50,000/- as may be decided by the Board of Directors from time to time.
Shri Raj Kumar Goenka	Rs. 30,000/- per month in the scale of Rs. 30,000/- to Rs. 50,000/- as may be decided by the Board of Directors from time to time.
Shri M. L. Jain	Rs. 16,000/- per month in the scale of Rs. 16,000/- to Rs. 30,000/- as may be decided by the Board of Directors from time to time.

3. Perquisites & Allowances :

- a) In addition to the salary stated above, each of the above Directors shall be entitled the following perquisites :
 - i) Medical Expenses – Reimbursement of actual medical expenses for self and