

emami
LIMITED



Report Junction

Beauty and Health in perfect harmony with nature.

ANNUAL REPORT 1999-2000

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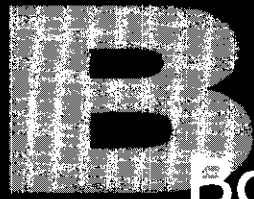
Vision

A company, which with the help of nature, caters to the consumer needs and their inner cravings for dreams of better life in the fields of personal and healthcare, both in India and throughout the world.



Mission

- ☛ To sharpen consumer insights, to understand and meet their needs with value-added differentiated products which are safe, effective and fast.
- ☛ To integrate our dealers, distributors, retailers and suppliers into the Emami family thereby strengthening their ties with the company.
- ☛ To recruit, develop and motivate the best talents in the country and provide them with an environment which is demanding and challenging.
- ☛ To strengthen and foster in the employees, a strong emotive feeling of oneness with the company.
- ☛ To uphold the principles of corporate governance and move towards decentralization to generate long term maximum returns for all stakeholders.
- ☛ To contribute wholeheartedly towards the environment and society and to emerge as a model corporate citizen.
- ☛ To bring down the political boundaries, bridge the seas and emerge as a significant player in the markets, worldwide. To globalise in real terms.



Board of Directors

Chairman

Shri R. S. Agarwal

Managing Director

Shri Sushil Kr. Goenka

Directors

Shri R. S. Goenka

Shri R. K. Goenka

Shri Suresh Kr. Goenka

Shri M.L. Jain

Shri S. N. Bihani

Dr. S.C. Sarkar

Secretary

Shri A. K. Joshi

Auditors

M/s. Saxena & Co.

Chartered Accountants

Bankers

ICICI Bank Ltd.

Canara Bank

Works

Calcutta

Pondicherry

Registered Office

"Stephen House"

6A, R. N. Mukherjee Road

Calcutta 700 001



Shri R. S. Agarwal, Chairman with Shri R. S. Goenka, Director





Chairman's Message

For Emami, 1999-2000 was yet another year of exceptional accomplishments and growth in terms of increasing sales, profits and the launch of new products. Despite a slump in the economy and political instability prevalent in the country, Emami has recorded an impressive turnover of Rs. 147 crores this year, as against Rs. 108 crores last year. Net Profits have also increased to Rs. 17 crores as against Rs. 10 crores last year. It is a tribute to the collective teamwork, commitment and courageous spirit, of all our people. Performance, such as this, in the face of adversity, inspires my faith, that Emami is fully equipped to face the challenges of the new millennium.

PERFORMANCE

All our major products in the Health care and Personal care segments have shown a phenomenal growth. Our products are gaining consumers' acceptance and their market shares are increasing rapidly. During the year some exceptionally good products have been launched. **Emami Glycerine Soap** was launched with three variants, Saffron & Turmeric, Green Almond and Aloe vera. **Himani Royal Bee Honey**, for the first time a honey with special Agmark grade, was introduced. **Himani Sona Chandi Chyawanprash**, again a unique formulation with pure silver and gold, was introduced. **Himani Fast Relief**, an ayurvedic pain relief ointment which acts as the fastest pain extinguisher, is getting marvellous market response. **Emami Spirit of Man**, shaving cream and lotion, with herbs and **Himani Nirog Dant Powder Lal** with neem and babool as the key ingredients, were relaunched with upgradation in the products. Substantial investments have been made in the advertising of our brands. A strong foundation has been built to increase both the market size and market shares of these products. The initial response to these products is very encouraging.

STRENGTHS

The global economic scenario is showing revolutionary and rapid changes. Emami Limited will endeavour in this increasingly competitive and fast-paced global economy, to adapt, learn, and respond quickly to changing conditions with its following strengths.

- Expertise of Ayurveda, Herbal and Natural Science
- Innovative products based on herbal science and modern technology
- Aggressive and innovative marketing
- Excellent Research & Development
- Low cost competitive advantage
- Strong financial ratios and sound liquidity
- Young, committed, qualified and skilled workforce

RESTRUCTURING

Restructuring and consolidation of industry is a way of life in the global economy. Increasing competitive pressures on business have brought about a new sense of urgency to this process. In keeping with these global trends we have demerged our investment undertaking to Pan Emami Cosmed Limited. This demerger will facilitate us to concentrate on the core business of the company. We have also taken over J. B. Marketing & Finance Limited, a marketing company with 51% stake, thereby bringing the marketing and sales network within the fold and control of your company. Besides, we are in the process of reorganizing and restructuring our operations and activities. Additionally, we have recruited some of the best professionals in the industry to head senior positions. This will further help to strengthen our intellectual capital base.

FUTURE

The future may unfold many challenges. We have taken appropriate steps to overcome the challenges and embark upon our aggressive growth plan. We commit to revolutionise FMCG markets, with innovative, and world class products enriched with natural herbs strategically aimed towards the growing Indian consumer market and to keep on enhancing shareholders' worth year after year.

R.S. Agarwal
Chairman

5 Year Highlights

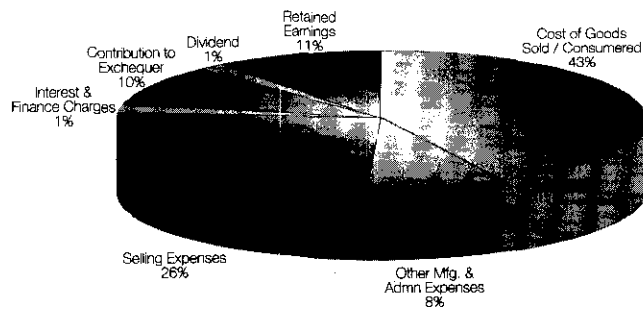
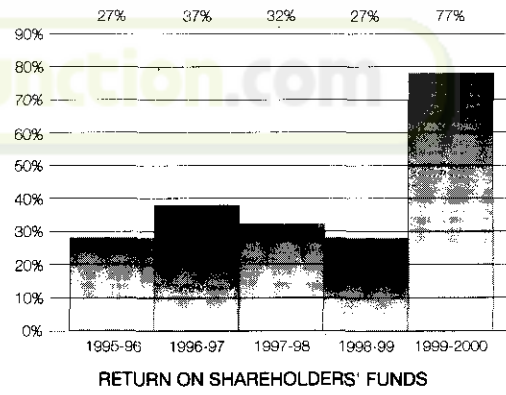
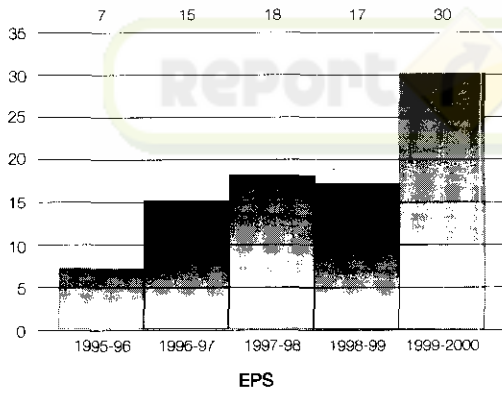
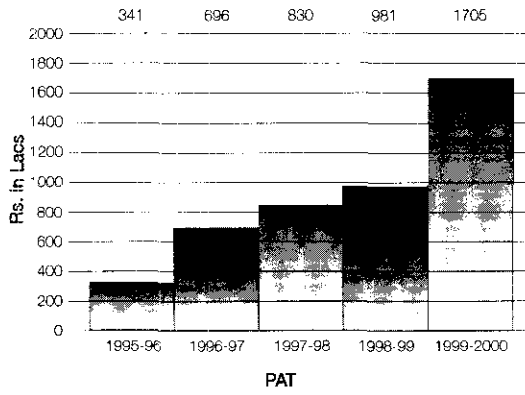
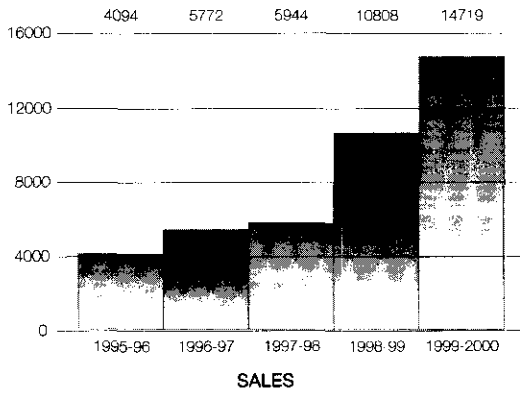
| PARTICULARS | Rs. in lacs | | | | |
|--------------------------------|-------------|---------|---------|---------|---------|
| | 1999-2000 | 1998-99 | 1997-98 | 1996-97 | 1995-96 |
| A. OPERATING RESULTS : | | | | | |
| Sales | 14719 | 10808 | 5944 | 5772 | 4094 |
| Other Income | 122 | 176 | 137 | 134 | 136 |
| TOTAL INCOME | 14841 | 10984 | 6081 | 5906 | 4229 |
| COST OF SALES | 12733 | 9734 | 5035 | 4917 | 3560 |
| PBDIT | 2108 | 1250 | 1046 | 989 | 669 |
| Interest | 217 | 109 | 75 | 163 | 200 |
| Depreciation | 106 | 150 | 132 | 130 | 124 |
| PBT | 1785 | 991 | 840 | 696 | 345 |
| Taxation | 80 | 10 | 10 | — | 4 |
| PAT | 1705 | 981 | 830 | 696 | 341 |
| Dividend | | | | | |
| - Equity | 126 | 98 | 78 | 62 | 47 |
| - Preference | 36 | 36 | 9 | — | — |
| Retained Earnings | 1543 | 852 | 743 | 634 | 294 |
| B. FINANCIAL POSITION : | | | | | |
| Fixed Assets (Net Block)# | 1666 | 1291 | 1128 | 1031 | 1063 |
| Current Assets | 5996 | 3913 | 2149 | 1847 | 1634 |
| Current Liabilities | 682 | 643 | 280 | 352 | 449 |
| Net Current Assets | 5314 | 3271 | 1869 | 1495 | 1185 |
| Others | 214 | 1623 | 1534 | 249 | 208 |
| TOTAL ASSETS | 7194 | 6184 | 4531 | 2775 | 2455 |
| Share Capital | | | | | |
| - Equity | 562 | 562 | 473 | 473 | 473 |
| - Preference | 250 | 250 | 250 | — | — |
| Reserves & Surplus* | 1653 | 3134 | 2162 | 1419 | 784 |
| EQUITY SHAREHOLDERS' FUNDS | 2215 | 3695 | 2635 | 1892 | 1257 |
| LOAN FUNDS | 4729 | 2239 | 1646 | 884 | 1198 |
| CAPITAL EMPLOYED | 7194 | 6184 | 4531 | 2775 | 2455 |
| Return on Turnover | 12% | 9% | 14% | 12% | 8% |
| Return on Shareholders Funds | 77% | 27% | 32% | 37% | 27% |
| Return on Capital Employed | 24% | 16% | 18% | 25% | 14% |
| C. EQUITY SHARE DATA : | | | | | |
| Earnings per Share (Rs) | 30 | 17 | 18 | 15 | 7 |
| Dividend per Share (Rs.) | 2 | 2 | 2 | 1 | 1 |
| No. Of Shares (In Lacs) | 56 | 56 | 47 | 47 | 47 |
| Book Value per Share (Rs.) | 39 | 66 | 56 | 40 | 27 |

Tangible Fixed Assets

* Excluding Revaluation Reserve



26330



HOW THE MONEY WAS SPENT / RETAINED

Eminent Personalities behind Emami's Research & Development

Nature has been the guiding light of Emami. And Ayurveda its trusted platform. Every product developed, traces its origin to nature. The stalwarts of Ayurveda are the visionaries of Emami who have contributed in formulating revolutionary natural products.



Dr. G. L. Sharma
Ex-Director, Indian Systems of Medicines & Homeopathy, Dept. of Health & Family Welfare, Govt of M.P., Bhopal.



Dr. Harishankar Sharma
Ex-Dean of Gujarat Ayurved University, Jamnagar



Dr Hiroe Inamura
Director of Ayurvedic Research Society, Osaka, Japan.



Dr. Pawan Sharma
M.D. (Ayu), Gold Medalist



Vaidya Ramprakash Swamy
Ex-Director, National Institute of Ayurveda, Jaipur



Vaidya Suresh Chaturvedi
Winner of "Padmashree" award from President of India; Ex-principal, Kamladevi Mittal Ayurvedic College; Chief Visiting physician, Bombay Hospital.



Dr. S. K. Mishra
Ex-Commissioner, Indian System of Medicines & Homeopathy, Dept. of Health & Family Welfare, Govt. of India, Delhi

