

MD		BKC	
CS		DPY	
RO		DIV	
TRA		AC	
AGM		SHI	
YE			



Report  Junction.com

CERTIFIED TRUE COPY  
J.L. MORISON (INDIA) LIMITED

  
Company Secretary.

**J. L. MORISON (INDIA) LTD.**

*The Company that cares*

**ANNUAL REPORT 1997-98**

Report  junction.com



# J. L. MORISON (INDIA) LTD.

NIVEA

*The Company that cares*

## BOARD OF DIRECTORS

RAGHU MODY	Chairman
S. K. JALAN	
B. M. KHAITAN	
M. K. KUMAR	
L. LYON	
P. K. KHAITAN	Alternate to L. Lyon
R. ABYAWIRA	
BRIAN MCMULLEN	
LT.GEN.(RETD.) K. S. BRAR	
DR. R. SRINIVASAN	
C. LAHIRI	Executive Director

## SECRETARY

R. K. AGRAWAL

## BANKERS

CANARA BANK  
BANK OF INDIA  
VIJAYA BANK

## SOLICITORS

KHAITAN & CO.

## AUDITORS

S. R. BATLIBOI & COMPANY  
Chartered Accountants

## REGISTERED OFFICE

9TH MILE, TUMKUR ROAD,  
BANGALORE 560 073

## CORPORATE OFFICE

RASOI COURT  
20 SIR R. N. MUKHERJEE ROAD  
CALCUTTA 700 001

## HEAD OFFICE

"CRYSTAL"  
79 DR. A. B. ROAD  
WORLI, MUMBAI 400 018

## BRANCHES

MUMBAI  
CALCUTTA  
DELHI  
CHENNAI

## NOTICE

NOTICE is hereby given that the Sixtythird Annual General Meeting of the Members of J L Morison (India) Limited will be held at Hotel Woodlands, 5 Raja Rammohan Roy Road, Bangalore, on Tuesday the 29th day of September 1998, at 11.00 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Dr. R Srinivasan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Lt. Gen. (Retd.) K S Brar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr. S K Jalan, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The Proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
2. The Register of Members of the company will remain closed from 28th September 1998 to 30th September 1998 (both days inclusive).
3. Shareholders are requested to forward all share transfers and communication to the Head Office at Mumbai at "Crystal" 79, Dr. A B Road, Worli, Mumbai-400 018.
4. The dividend, when declared, will be paid to those Members whose name appear in the Company's Register of Members as on 30th September 1998.
5. As required by Section 205 A of the Companies Act, 1956, unclaimed dividend upto the year 1993-94 has been transferred to the General Revenue Account of the Central Government.
6. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
7. The Shareholders, holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding on one folio.

Registered Office  
9th Mile,  
Tumkur Road  
Bangalore 560 073  
Dated : 23rd July, 1998

By Order of the Board

**R K AGRAWAL**  
Company Secretary



# J. L. MORISON (INDIA) LTD.



*The Company that cares*

## DIRECTORS REPORT

To

The Members

Your Directors have pleasure in presenting the 63rd Annual Report and Statement of Accounts of the Company for the financial year ended 31st March, 1998.

	1997-98 Rs.lacs	1996-97 Rs.lacs
Sales & Other Income	3279	4297
Cost of Sales	(3156)	(4060)
Gross Profit	123	237
Interest (Net)	(38)	(102)
Depreciation	(20)	(19)
Profit Before Tax	65	116
Provision for Taxation	23	59
Provision for Taxation relating to previous years	NIL	14
Disposable Profits	42	43
Proposed dividend	16	31
Dividend Tax	2	3
Transfer to General Reserve	24	9

### Dividend

Your Directors recommend a dividend of 12% (previous year 22.5%), i.e. Rs.1.20 per share, despite the major impact that the restructuring of the Company's business has inevitably had on its results. The divestment of the Smith+Nephew medical business enhanced percentage infrastructural costs in the short term, which was unavoidable, in order to gain the focus necessary for growth in the area of the Company's core competence- Personal Care. As the divested turnover is fully recovered during the year ahead, infrastructural costs will return to their original levels, thus regaining, and indeed exceeding, the Company's profitability pattern of the previous year.

### Personal Care

The Personal Care business of the Company went through an eventful year, which saw many new initiatives in the areas of sales, marketing, systems, logistics, etc. The first three quarters witnessed a sharp growth in the overall business, unfortunately, the last quarter of the financial year saw the entire personal care industry go through a period of severe recession. While several leading brands were badly hurt and a few have even withdrawn from the country, NIVEA was able to hold on to its volumes. This performance was buttressed by the launch of 2 new products under the NIVEA umbrella which were well received by the market - Nivea Visage Moisturizing Daily Care Lotion and Nivea Soap. With all sub-brands doing well, a good growth curve can be expected in the years ahead, and the Company plans to further strengthen its position with the launch of some new products during the year.

This sustained and quick introduction of new Nivea products could not have been possible without the close interaction, support and regular visits of Mr. Herbert Wietelmann, Mr. Rolf Pickenpack and Mr. Muller Kortke of BDF.

In keeping with our deep commitment to Nivea we have taken the decision to put up the first in-house Nivea manufacturing facility in Waluj, Aurangabad (Maharashtra), which will produce the Nivea Personal Care range using the latest German technology, under GMP standards, with the critical equipments being imported.

In view of our commitment to the Nivea range, Beiersdorf, Germany, have confirmed the extension of our licensing arrangement beyond the year 2000. We are grateful for the confidence reposed in our Company by Beiersdorf.

### Healthcare

**EMOFORM** turned in a strong performance during the year, having fully regained its original volumes at a higher value, since converting from a formalin base to a technologically superior Potassium Nitrate (KNO<sub>3</sub>) base. It also marked the first year of advertising for the brand, attempting to address a significantly wider audience. During the year sustained strong performances can be expected from this brand, and other variants due to be launched under this umbrella, during the year ahead.

**WISDOM** Toothbrushes business was prepared for a relaunch, and stocks of the old range were depleted in a phased manner. The year ahead is expected to see an aggressive relaunch of this brand. Finally, an experiment was begun with a cosmetic mass-market toothpaste, called Effermint. This is primarily an effort to widen the Company's distribution base into mass-market segments.

JLM has received very active support from Dr.Rolf Wild, Mr. Sven Wild and Mr. Peter Betsche without which the successful range extensions would not be possible.

It was also a good year for our MORISONS Baby Feeders business, which achieved healthy growth. This business is receiving focussed attention and is also expected to grow strongly in the years ahead.

### Medical Division

Your Company has transferred its Medical distribution to Smith & Nephew Medical Limited w.e.f. 31st July 1997, and has divested its entire shareholding in SNM to Smith & Nephew plc. This decision was taken to gain the necessary focus for quantum growth in the Personal Care business.

JLM's Medical division had been distributing Smith & Nephew's healthcare products for many years, including Gypsona, Elastoplast, Dynacast Pro, the Opsite range, Primapore and Alupore.



# J. L. MORISON (INDIA) LTD.



*The Company that cares*

## Kandivli Factory

In view of the cancellation of manufacturing licence by T J Smith & Nephew Plc., U.K. for the products manufactured at Company's Kandivli factory, there was no alternative left to the management but to close down the manufacturing operations at its Kandivli factory with effect from 10th March 1998.

48 out of 76 workmen have taken their dues as per the settlement arrived with them. The negotiations with rest of the workmen are in progress.

## Bangalore Factory

Operations at Bangalore factory continue to remain suspended w.e.f. December 2, 1995. During the year the Company paid Rs.5 lacs as an interim relief to the workmen as per directive given by the Karnataka High Court. The issues relating to suspension of operations are pending at Karnataka High Court, Bangalore.

## Public Deposits

As on 31st March 1998 the total amount of fixed deposits held by the Company amounts to Rs.7,91,000/-. Deposits which matured during the year were either renewed or repaid on due dates with the exception of 35 deposits amounting to Rs.1,78,500/- remaining unclaimed due to lack of instructions from depositors.

## Auditors' Report

The observations made by the Auditors in their Report are self explanatory and have also been further clarified in the Notes to the Accounts.

## Cash Flow Statement

In accordance with the requirement of Clause 32 of the Listing Agreement to the Stock Exchanges, a cash flow statement duly verified by your Auditors together with their certificate is annexed hereto.

## Cost Audit

Pursuant to the provisions of Section 233-B of the Companies Act, 1956 the Central Government had directed your Company to conduct audit of the Cost Accounts relating to its formulation products. We have been exempted from conducting the Cost Audit by the Central Government, for the year ended 31st March 1997 and application for exemption for the year ended 31st March 1998 is being made to Central Government due to continued suspension of manufacturing activities in both the plants.

## Conservation of Energy

Due to continuing suspension of operations at both the factories

the energy consumption has been negligible during the year.

## Technology Absorption

The Technology Centre has been operational from December '96. Under the able guidance of Dr. Anil N Gandhi - Ph.D. Chemical Engineer from the University of Maryland USA, we have been able to customise and adapt all new products to the full satisfaction of Beiersdorf, Dr. Wild and Wisdom. The Purchase procedures were streamlined, and a proactive Production Planning process was implemented during the year. Packaging Development activities were reinforced.

## Foreign exchange earnings and outgo

During the financial year, total foreign exchange used and earned was Rs.65.64 lacs and Rs.nil respectively.

## Directors

Lt. Gen. (Retd.) K S Brar, Dr. R Srinivasan and Mr. S K Jalan retire by rotation and being eligible, offer themselves for reappointment.

## Auditors

The Auditors, M/s S.R. Batliboi & Company, retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

## Stock Exchanges

The Company is listed at Bangalore, Calcutta and Mumbai Stock Exchanges and the Annual Listing Fee for the year 1997/98 has been paid.

## Acknowledgement

Your Directors take this opportunity to express their gratitude to the Company's Bankers, and trade for the continued support and faith in the Company.

They would also like to place on record their appreciation and gratitude to Beiersdorf AG, Dr. Wild & Co., and Wisdom Toothbrushes, for their significantly intensified co-operation and support to your Company. Finally, the Board would like to exhort all members of the JLM family to put in a special effort, to carry your Company strongly through these turbulent and troubled times.

On Behalf of the Board of Directors

Mumbai

Date: June 29, 1998

**RAGHU MODY**

Chairman



# J. L. MORISON (INDIA) LTD.

*The Company that cares*



## PARTICULARS OF EMPLOYEES UNDER SECTION -217 (2A) OF THE COMPANIES ACT, 1956

Name, age and qualification	Designation	Date of Commencement of employment (experience in years)	Remuneration (Rupees)	Designation and Last employment
1	2	3	4	5
<b>EMPLOYED FOR PART OF THE FINANCIAL YEAR</b>				
1. Lahiri C.S., 43 M.A.	Executive Director	5.12.1996 (21)	526,605	General Manager Apollo International Ltd.

### Notes:

1. The nature of employment of the aforesaid employee was contractual and terminable by notice on either side.
2. The Remuneration as shown above includes salary, contribution to provident and other funds and perquisites evaluated as per Income tax Rules.
3. Above employee is not related to any Director of the Company.

## AUDITORS' REPORT

### To the Shareholders of J. L. Morison (India) Limited

We have audited the attached Balance Sheet of J. L. MORISON (INDIA) LIMITED as at March 31, 1998 and the Profit and Loss Account of the Company annexed thereto for the year ended on that date.

- A. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks 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 said Order.
- B. Further to our comments in the Annexure referred to in paragraph A above :
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by the Companies Act 1956 have been kept by the Company so far as it appears from our examination of the books;
  - c. The attached Balance Sheet and the Profit & Loss Account are in agreement with the books of accounts;
  - d. As referred to in note 4 of Schedule 16, no provision has been made for liability for wages and other benefits of the employees, during the suspended period.
  - e. Long Term Capital Gains received on sale of investments and sum received for entering into non compete agreement during the year have been credited to Capital Reserve.
  - f. In our opinion and to the best of our information and according to the explanations given to us, subject to our comments in para B (d) & (e) above, the said statement of accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 1998; and
    - ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

**S. R. BATLIBOI & CO.**  
Chartered Accountants

Mumbai  
Dated: 29th June, 1998

**E. K. IRANI**  
Partner



# J. L. MORISON (INDIA) LTD.



*The Company that cares*

## ANNEXURE TO THE AUDITORS' REPORT

(Annexure to our report of even date to the Shareholders of J. L. Morison (India) Ltd.)

(referred to in paragraph 1 thereof)

In our opinion, based on the information and explanations given to us and the books and records examined by us in the normal course of our audit, and to the best of our knowledge and belief, we report that:-

1. The Company has maintained proper records to show full particulars, including quantitative details and the situation of fixed assets. The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies have been noticed on such verification during the year;
2. None of the fixed assets have been revalued during the year;
3. Physical verification has been conducted by the Management at reasonable intervals in respect of stock-in-trade; the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business. We were informed that there were no material discrepancies as compared to book records. The valuation of these inventories is fair and proper and in accordance with the normally accepted accounting principles, and is on the same basis as in the previous year.
4. The Company has not taken any loan from a Company listed in the Register maintained under section 301 of the Companies Act, 1956. There are no Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
5. The Company has granted an unsecured loan to a Company listed in the Register maintained under section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan are not considered to be prima facie prejudicial to the interests of the Company. There are no Companies under the same Management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
6. Loans given to employees are recovered with interest, wherever chargeable, through payroll on a regular basis. The terms of such loans are, prima facie, not prejudicial to the interests of the Company.
7. The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of goods, components, plant and machinery and other assets, and for sale of goods.
8. There have not been any transactions of purchase of goods and materials and for sale of goods, materials and services, in pursuance of contracts or arrangements which would be required to be entered in the Register maintained under section 301 of the Companies Act, 1956.
9. Deposits accepted by the Company from the public are in compliance with the provisions of section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975, as well as the relevant directives of the Reserve Bank of India.
10. The Company has an Internal Audit system commensurate with the size of its operations and the nature of its business;
11. The Company is regular in depositing Provident Fund and Employees State Insurance Scheme dues with appropriate authorities.
12. There are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at March 31, 1998 for a period exceeding six months from the date they became payable;
13. The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices, having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgment and to the best of our knowledge and belief, could be regarded as personal expenses.
14. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. In case of trading goods, damaged goods have been determined and reasonable provision has been made in the accounts for any unserviceable or damaged goods; if value of such goods is significant.

**S. R. BATLIBOI & CO.**  
Chartered Accountants

Mumbai :  
Dated : 29th June, 1998

**E. K. IRANI**  
Partner