



J. L. MORISON (INDIA) LTD.

The Company that cares

ANNUAL REPORT 1998-99

CERTIFIED TRUE COPY
J L MORISON (INDIA) LIMITED

Chakrawal
Company Secretary,



J. L. MORISON (INDIA) LTD.

NIVEA

The Company that cares

BOARD OF DIRECTORS

RAGHU MODY	Chairman
B. M. KHAITAN	
S. K. JALAN	
LAWSON LYON	
P. K. KHAITAN	Alternate to L. Lyon
REGINANLD ABAYAWIRA	
BRIAN MCMULLEN	
LT. GEN.(RETD.) K.S. BRAR	
DR. R. SRINIVASAN	
SAMARESH CHAKRABARTI	Managing Director
CHANDRASEKHAR LAHIRI	Executive Director
DR. ANIL GANDHI	Director - Technical

PRESIDENT CUM SECRETARY

R. K. AGRAWAL

BANKERS

CANARA BANK
BANK OF INDIA
VIJAYA BANK
ICICI BANK

SOLICITORS

KHAITAN & CO.

AUDITORS

S. R. BATLIBOI & COMPANY
Chartered Accountants

REGISTERED 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

FACTORIES

AURANGABAD
MUMBAI
BANGALORE

NOTICE

NOTICE is hereby given that the Sixtyfourth Annual General Meeting of the Members of J L Morison (India) Limited will be held at The Bengal National Chamber of Commerce & Industry, 23 Sir R N Mukherjee Road, Calcutta 700 001 on Monday, the 16th day of August 1999, at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Balance Sheet as at 31st March, 1999 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 Mr. L Lyon, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr. B McMullen, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr. B M Khaitan, 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.

SPECIAL BUSINESS

7. To consider and if deem fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. S Chakrabarti be and is hereby appointed as a Director of the Company, liable to retire by rotation.

8. To consider and if deem fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of sections 198, 269 and 309 and other applicable provisions if any of the Companies Act 1956, read with schedule XIII to the said Act, the Company hereby approves appointment of Mr. S Chakrabarti as Managing Director with effect from 21.1.1999 for a period of 3 years on the terms and conditions including his remuneration as approved by the Board of Directors at its meeting held on 21.1.1999."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."



J. L. MORISON (INDIA) LTD.

The Company that cares.

NIVEA

9. To consider and if deem fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Dr. A N Gandhi be and is hereby appointed as a Director of the Company, liable to retire by rotation.

10. To consider and if deem fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of sections 198, 269 and 309 and other applicable provisions if any of the Companies Act 1956, read with schedule XIII to the said Act, the Company hereby approves appointment of Dr. A N Gandhi as an whole time Director, designated as Executive Director - Technical with effect from 21.1.1999 for a period of 3 years on the terms and conditions including his remuneration as approved by the Board of Directors at its meeting held on 21.1.1999."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

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 Thursday, 12th August 1999 to Monday, 16th August 1999 (both days inclusive).
3. Shareholders are requested to forward all share transfers and communication to the Head Office at Bombay at "Crystal" 79, Dr. A B Road, Worli, Bombay 400018.
4. The dividend, when declared, will be paid to those Members whose name appear in the Company's Register of Members as on 16th August, 1999.
5. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
6. 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.

By Order of the Board

R K AGRAWAL
Company Secretary

Dated: 20th May, 1999

Registered Office
Rasoi Court
20 Sir R N Mukherjee Road
Calcutta 700 001

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956.

Item no.7 & 8

Mr. S Chakrabarti was appointed by the Board as Additional Director in pursuance of section 260 of the Companies Act 1956, at the Board Meeting held on January 21, 1999. Mr. S Chakrabarti continues to hold office as Additional Director till the date of ensuing Annual General Meeting.

Notice has been received from a Shareholder as per section 257 of the Companies Act, 1956 together with a required deposit proposing the appointment of Mr. Chakrabarti as Director.

Mr. Chakrabarti brings with him 35 years of experience in leading FMCG companies like Hindustan Levers, Rickitt & Colman, etc. His expertise have been at both the commercial as well as technical level and have been instrumental in launching a number of renowned consumer products in the Indian market.

The Board of Directors at their meeting held on January 21, 1999, also resolved to appoint Mr. Chakrabarti as a Managing Director of the Company on the following terms and conditions:

1. **PERIOD** : Three years from January 21, 1999

2. **REMUNERATION**

a) Salary : Rs.7.80 lacs per annum

b) Perquisites

- i. He shall be entitled to perquisites like furnished accommodation, gas, electricity, water, uniform allowance, books and periodicals, medical reimbursement, leave travel concession for self and family, club fees, personal accident Insurance etc., in accordance with the Company's rules, the value of such perquisites being restricted to Rs.3.5 lacs per annum, and
- ii. Company's contribution to provident fund and superannuation fund, not exceeding 27% of the remuneration, gratuity payment as per the Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration or perquisites as aforesaid.

With an authority to the Chairman of the Board of Directors to revise upward at his discretion from time to time the remuneration, to bring to the level prescribed by Schedule XIII to the Companies Act 1956 or any amendments thereof.

The appointment of Mr. S Chakrabarti as Managing Director of the Company can be terminated by either party giving to the other one month's notice or upon Mr. Chakrabarti's ceasing to be the Director of the Company.

Mr. S Chakrabarti, is interested in the passing of these resolutions.



J. L. MORISON (INDIA) LTD.

NIVEA

The Company that cares

The Directors are of the opinion that his services on the Company's Board would be very useful, in view of his experience in business.

The Directors commend the resolution for approval.

Item no. 9 & 10

Dr. A N Gandhi was appointed by the Board as Additional Director in pursuance of section 260 of the Companies Act 1956, at the Board Meeting held on January 21, 1999. Dr. A N Gandhi continues to hold office as Additional Director till the date of ensuing Annual General Meeting.

Notice has been received from a Shareholder as per section 257 of the Companies Act, 1956 together with a required deposit proposing the appointment of Dr. Gandhi as Director. Dr. Gandhi has been in the organisation since 19.8.1996 as President Technical.

The Board of Directors at their meeting held on January 21, 1999, also resolved to appoint Dr. A N Gandhi as a wholtime Director designated as Executive Director - Technical on the following terms and conditions:

1. **PERIOD:** Three years from January 21, 1999.

2. REMUNERATION :

	(Rs. per Annum)	
	From 21.1.1999 to 31.3.1999	From 1.4.1999 onwards
a. Salary	2,04,000	276000
b. Conveyance	48,000	48000
c. Driver/Sweepar/ Watchman's Salaries	48,000	60000
d. Entertainment Expenses	20,000	30000
e. Leave Travel Allowance	20,000	25000
f. Domicillary Medical Expenses	10,000	15000
g. Uniform Allowance	15,000	18000
h. Education Allowance	1,200	1200
i. Gas/Electricity and Water	10,800	15000
j. Housing	Company's leased premises, annual rent Rs.1,20,000/-	Company's leased premises, annual rent Rs.1,20,000/-

k. Personal Accident Insurance cover upto Rs. 3.00 lacs

l. Club Membership subscription upto Rs. 5000/-

m. Reimbursement of Telephone rentals and official call charges.

n. Company's contribution to provident fund and superannuation fund, not exceeding 27% of the remuneration. Gratuity payment, leave and encashment of leave as per rules of the Company.

With an authority to the Chairman of the Board of Directors to revise upward at his discretion from time to time the remuneration, to bring to the level prescribed by Schedule XIII to the Companies Act 1956 or any amendments thereof.

The appointment of Dr. Gandhi as Whole-time Director of the Company can be terminated by either party giving to the other one month's notice or upon Dr. Gandhi's ceasing to be the Director of the Company.

Dr. Anil Gandhi, is interested in the passing of these resolutions.

The Directors are of the opinion that his services on the Company's Board would be very useful, in view of his experience in business.

The Directors commend the resolution for approval.

By Order of the Board

R K AGRAWAL
Company Secretary

Dated:20th May, 1999

Registered Office
Rasoi Court
20 Sir R N Mukherjee Road
Calcutta 700 001



J. L. MORISON (INDIA) LTD.

The Company that cares

NIVEA

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the 64th Annual Report and Statement of Accounts of the Company for the financial year ended 31st March 1999.

	1998-99 Rs. (lacs)	1997-98 Rs. (lacs)
Sales & Other Income	3122	3279
Cost of Sales	(3032)	(3156)
Gross Profit	90	123
Interest (Net)	(1)	(38)
Depreciation	(23)	(20)
Profit Before Tax	66	65
Provision for Taxation	12	23
Disposable Profits	54	42
Proposed dividend	16	16
Dividend Tax	2	2
Transfer to General Reserve	36	24

Dividend

Your Directors recommend a dividend of 12% (previous year 12%), i.e. Rs.1.20 per share.

Registered Office

During this year the Registered office of the Company was transferred from Bangalore, the State of Karnataka to Calcutta, the State of West Bengal w.e.f. 14.10.1998.

Personal Care

The Personal Care business of the Company has been progressing satisfactorily. While the first three quarters of the year were not very strong in terms of volume growth, the fourth quarter has shown a healthy growth. During the year your Company launched successfully Nivea for Men - After Shave Lotion to expand its presence in this high growth segment of the men's toiletries category. The Company has relaunched Nivea Fairness Cream with Licorice in the biggest segment of the skin care market. The new product has a unique formula allowing it to make a specific winning claim of "makes you fair in 4 weeks". Nivea Soap with Skin Caring Lipids, which was launched in the fourth quarter of the last financial year has fared extremely well during the year, with several marketing initiatives that have been taken on increasing its value for the consumers.

To facilitate introduction of several new generation of Nivea products as per the specifications of Beiersdorf A.G. the Company's manufacturing plant has been commissioned at Waluj, Aurangabad (Maharashtra) in less than one year which is a landmark achievement for your Company and shows its

commitment for driving its personal care business under the Nivea brand to further heights. Barring unforeseen circumstances, the growth rate in Nivea products would be sustained in the current year.

Healthcare

Sales of Emoform, since its relaunch in 1997 with the Potassium Nitrate (KNO₃) formula, have been also growing steadily during the year, and under this brand name the Company has decided to introduce several new products in agreement with and as per the specifications of Dr. Wild, Switzerland.

Wisdom toothbrushes were relaunched with international product and packaging design. However, this segment of business is getting cluttered with several undifferentiated products and is being driven more by trade push, rather than consumer franchise.

The small constituent of our Morisons Baby range sales is being reviewed in the context of far larger business opportunities available to your Company which are now being converted into commercial agreements to help lead it successfully in the new millennium.

Hair Cosmetics

During the year the Company has entered into a joint venture with the internationally renowned Haircolour cosmetic German company, Wella AG. for distribution of their products in India. The Company has formally signed the Shareholders Agreement with 74% shareholding to Wella and 26% to JLM. A new joint venture company titled European Hair Cosmetics (India) Pvt.Ltd., has been formed and the FIPB approval has already been obtained. The business is likely to take-off by July 1999.

Public Deposits

As on 31st March 1999 the total amount of fixed deposits held by the Company amounts to Rs.58,000/-. Deposits which matured during the year were repaid on due dates.

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 1998.



J. L. MORISON (INDIA) LTD.

NIVEA

The Company that cares

Waluj Factory

The Company has set up a factory at a two hectare green field site at Waluj Industrial Estate MIDC near Aurangabad, Maharashtra for production of Nivea products. The factory fully complies with the Good Manufacturing Practices for manufacture of cosmetics and has a name-plate annual capacity of 1000 Tonnes cosmetic products. A Homogeniser-Mixer has been installed for meeting the Beiersdorf equipment specifications. The factory was commissioned in March '99. The critical equipment for the plant has been imported in consultation with Beiersdorf A.G. Hamburg, Germany.

Technology Centre

The Technology Centre continued to provide support to the Manufacturing operations through development of alternative sources for raw and packaging materials. During the year a programme for standardisation of product and raw material quality was undertaken with support from Beiersdorf. New technology from all Principals was absorbed smoothly and efficiently. In addition efforts were made to absorb technology of hair colouring products for possible business development and diversification.

Foreign exchange earnings and outgo

During the financial year, total foreign exchange used and earned was Rs.124.41 lacs and Rs.nil respectively.

Information Technology, Year 2000 Compliance (Y2K)

Your Company has taken appropriate steps to be Y2K compliant for all its internal operations, by October 1999 and has contingency plan in place to adequately address any disruption due to Y2K problem.

Directors

Mr. M.K. Kumar resigned from the Board w.e.f 29.6.1998. The Board places on record its appreciation of the valuable advice and guidance received from him during his association with the Company as a Director.

Mr. Lawson Lyon, Mr. Brian McMullen and Mr. B.M. Khaitan retire by rotation and being eligible, offer themselves for reappointment.

Mr. Samresh Chakrabarti has been appointed as Managing Director of the Company w.e.f. 21.1.99 for a period of 3 years. The Terms of Mr. Chakrabarti's appointment are placed before the shareholders for approval.

Dr. Anil N. Gandhi was appointed as a whole time Director designated as Executive Director - Technical w.e.f 21.1.99 for a period of 3 years. He joined the Company as a President - Technical on 19.8.96. The terms of Dr. Gandhi's appointment are also placed before the shareholders for approval.

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 Calcutta, Mumbai and Bangalore Stock Exchanges and the Annual Listing Fees for the year 1999/2000 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 and Dr. Wild & Co., for their significantly intensified co-operation and support to your Company.

On Behalf of the Board of Directors

Mumbai
Date: May 20, 1999

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
EMPLOYED FOR PART OF THE FINANCIAL YEAR				
Chakrabarti S, 56 B.Ch.E	Managing Director	21.1.1999 (35)	194,393	Vice President Commercial Reckitt & Colman (I) 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 Members of J.L. Morison (India) Limited

We have audited the attached Balance Sheet of **J.L. MORISON (INDIA) LIMITED** as at March 31, 1999 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) 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. We have relied on the information given by the management on the identification of small scale industrial units, as disclosed in Schedule 8 and in Note No. 5 of Schedule 16 to the accounts.
 - 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 such books.
 - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet and the Profit and Loss Account comply, in all material respects, with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. As stated in Note No. 2(c) of Schedule 16 to the accounts, no provision has been made for an amount of Rs.123.68 lacs on account of possible liability for wages and other benefits of the employees, during the suspended period.
3. Subject to our comments in para 2(e) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, 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, 1999; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For and on behalf of
S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

Mumbai
Dated: May 20, 1999

Hemal Shah
PARTNER