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J. L. MORISON (INDIA) LTD.

The Company that cares

ANNUAL REPORT 1999-2000

J. L. MORISON (INDIA) LTD.



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
BRIAN MCMULLEN	
LT. GEN. (RETD.) K.S. BRAR	
DR. R. SRINIVASAN	
VIMAL BHANDARI	
SAMARESH CHAKRABARTI	Managing Director
CHANDRASHEKHAR 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

WORKS

AURANGABAD



J. L. MORISON (INDIA) LTD.

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NOTICE

NOTICE is hereby given that the Sixtyfifth 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 Friday, the 11th day of August 2000, at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000 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 appoint a Director in the place of Shri R N Mody, who retires by rotation and being eligible offers himself for re-appointment.
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 Mr.S K Jalan, who retires by rotation and being eligible offers himself for re-appointment.
5. 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

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

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

7. 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 section 198, 269 and 309 of the Companies Act read with schedule XIII to the said Act the Company hereby approves reappointment of Mr. C Lahiri as a whole-time Director, designated as Executive Director w.e.f. 3.3.2000 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 25.3.2000.

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."

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

"RESOLVED that pursuant to section 293(i)(a) of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell or lease out or otherwise dispose off the undertaking of the Company including Land located at its Kandivli, Mumbai factory in the state of Maharashtra as a whole or in part on such terms and conditions and in such manner as the Board of Directors of the Company may deem fit and proper."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of financial institutions and further subject to such other consents,

sanctions, approvals or permissions, as may be necessary, to the creation by the Board of Directors of the Company of such mortgages and charges in addition to the existing mortgages and charges created by the Company as the Board may direct, on such of the assets of the Company, both present and future, in such a manner as the Board may direct, to or in favour of all or any of the financial institutions / banks / any other investing agencies to secure rupee/ foreign currency loans of an equivalent aggregate value not exceeding Rs.25 crores together with interest thereon at the respective agreed rates under the Agreements entered into/to be entered into by the Company in respect of the said loans.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purposes of giving 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 10th August 2000 to 11th August 2000 (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. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
5. 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 : 2nd May, 2000

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.6

Mr. Vimal Bhandari was appointed by the Board as Additional Director in pursuance of section 260 of the Companies Act 1956, at the Board Meeting held on March 25,2000. Mr. Vimal Bhandari 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

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Companies Act, 1956 together with a required deposit proposing the appointment of Mr. Bhandari as Director.

Mr. Bhandari, F.C.A. comes with a vast experience as a Functional Head of Financial services at Infrastructure Leasing & Financial Services Limited, Mumbai, encompassing both fund and non fund based activities.

Item no.7

The Board of Directors at their Meeting held on 25.3.2000, re-appointed Mr. C Lahiri as Executive Director for a period of 3 years w.e.f. 3.3.2000 on the following terms and conditions.

1. PERIOD 3 YEARS w.e.f. 3.3.2000

2. REMUNERATION

- a) Salary : Rs.3.60 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 assistance for self and family, club fees, etc., in accordance with the Company's rules, the value of such perquisites being restricted to Rs.3.50 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. C Lahiri as Whole-time Director of the Company can be terminated by either party giving to the other one month's notice or upon Mr. C Lahiri's ceasing to be the Director of the Company.

Mr. C Lahiri, is interested in the passing of the above resolution.

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.8

The Shareholders of the Company are aware that the Company had suspended manufacturing operations at its factory located at Kandivli, Mumbai and subsequently closure of the factory was declared w.e.f. 10.3.1998. The Company has paid the legal dues to all the workmen as directed by the Court.

It would therefore be in the interest of the Company that this Unit be sold or leased out or otherwise disposed off either in whole or in part.

The proposed resolution seeks to obtain the approval of the Members to authorise the Board of Directors to negotiate and finalise the terms and conditions with any person/persons for sale/lease or otherwise dispose off the undertaking on such terms and conditions and in such manner as the Board may think fit.

The sale/lease will be subject to the necessary permissions under all applicable Acts as may be required to be obtained as well as the consent of financial institution/banks.

None of the Directors is interested in the above resolution except to the extent of his shareholding in the Company.

Item no.9

To meet the capital expenditure requirements and also the increased working capital needs, the Company proposes to obtain in the coming years financial assistance upto an aggregate limit of Rs.25 crores in place of the existing aggregate limit of Rs.12.4 crores from financial institutions/banks/other investing agencies by way of loans (including foreign currency loans), as set out in the resolution. To secure such borrowings, the Company may be required to mortgage and charge the assets and properties of the Company, both present and future as may be required by the lenders. For the reason that creation of mortgage tantamounts to disposal of the assets of the Company and further as the documents to be executed between the Company and the lenders, it is necessary for the members to pass a Resolution under section 293(1)(a) of the Act, before the creation of the mortgages and charges.

None of the Directors is interested or concerned in the resolution.

By Order of the Board

R K AGRAWAL

Company Secretary

Dated : 2nd May, 2000

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



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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 65th Annual Report and Statement of Accounts of the Company for the financial year ended 31st March 2000.

	1999/2000 Rs. (lacs)	1998/99 Rs. (lacs)
Sales & Other Income	4121	3122
Cost of Sales	3843	(3032)
Gross Profit	278	90
Interest (Net)	(35)	(1)
Depreciation	(37)	(23)
Profit Before Tax	206	66
Provision for Taxation	66	12
Disposable Profits	140	54
Dividend	27	16
Dividend Tax	3	2
Transfer to General Reserve	110	36

Dividend

An Interim Dividend of 20% (Previous year final dividend 12%) for the year 1999/2000, was declared by the Board of Directors on 29th March 2000.

Personal Care

It has been a good year for our Personal Care business, which has bounced back strongly after the recessionary trends experienced in the market last year. Performance of Nivea Cream during the winter months of 1999-2000 has been very encouraging. During the year, your Company made a steady progress in the premium soap market with an aggressive "Buy 2 Get 1 Free" promotion, as well as a 30 gm extra free promotion on Shaving Cream, both of which have yielded very good results. The introduction of Nivea Fair faced severe competition from established brands. The Nivea Body range also performed well.

Healthcare

Sales of Emofarm were steady and reliable. The brand has responded reasonably well to its first-ever consumer promotion and is planned to be pushed more aggressively in markets outside its traditionally strong markets. Work has also been initiated in developing brand extensions of the mother product.

Our Morisons baby feeders business continued to contribute its usual small but steady revenues, with no major new developments either in the marketplace or in our products.

Hair Cosmetics

During the year, your Company successfully launched the Wella range of products, both in the Professional as well as the Retail segments. The flagship Koleston Perfect range of colours, alongwith Activators, Salon Shampoo, and Conditioner were launched for the beauty parlours, with the support of a new team of Salon Service Managers. This team is now being supplemented with a group of Technicians to provide expert back-up, in each region. In the retail sector, the state-of-the-art Wellaton kits,

in a range of attractive colours, were rolled out across your Company's distribution network nationally.

Public Deposits

As of 31st March 2000 there are no Public Deposits which are due.

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 made an application for exemption from conducting the Cost Audit for the year ended 31.3.1999. Decision awaited.

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.

As regards Auditors observation on Goodwill is concerned, the Board of Directors are of the opinion that the Company need not amortise the goodwill as it has been following the accounting policy of "not to amortise goodwill" consistently.

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.

Year 2000 Compliance

Intensive efforts undertaken by the company for the past one year enabled us to comfortably switch over to the new millennium. At present Corporate Office, Head Office, Branch Offices, C&FA's and Factories are connected via Internet. Several initiatives to improve the operations in logistics, distribution and communication were rolled out.

Technology Centre

The Nivea factory at Waluj MIDC near Aurangabad was formally inaugurated in the presence of Dr. W Henne, Corporate Vice President Central Operations Management Cosmed and Mr. R Pickenpack, Business Development, Cosmed, Marketing Manager, West Asia, Beiersdorf.

Our Principals Beiersdorf have taken a policy decision to use uniformly identical formulations for Nivea products all over the world. We have already made laboratory samples using all the raw materials from sources approved by Beiersdorf.

We have introduced Nivea Talc in the market with a novel container with shrink sleeve and twist-off-cap. Perfumes for Nivea Talc were also strengthened. Bottles for After Shave Moisturiser, Nivea Visage, and After Shave Lotion were improved by rectification of moulds used by our suppliers. Presentation of the Nivea soap improved considerably through use of laminated cartons.

Foreign Exchange earnings and outgo

During the financial year, total foreign exchange used and earned was Rs.197.26 lacs and Rs. Nil respectively.

Particulars of Conservation of Energy, Technology Absorption

Report required to be made pursuant to clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies

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(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report is Annexed to this Report.

Particulars of Employees

Statement pursuant to Sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report for the financial year ended March 31, 2000 is Annexed to this Report.

Directors

Mr. Vimal Bhandari has been appointed as Additional Director of the Company w.e.f. 25.3.2000. Mr. Bhandari's appointment is placed before the Board for approval.

Shri R N Mody, Dr. R. Srinivasan and Mr. S K Jalan retire by rotation and being eligible, offer themselves for reappointment.

Mr. C Lahiri was re-appointed as wholetime Director designated as Executive Director w.e.f. 3.3.2000.

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 2000/2001 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, Wella AG and Dr. Wild & Co., for their co-operation and support to your Company.

On behalf of the Board of Directors

Mumbai
Date: May 2, 2000

RAGHU MODY
CHAIRMAN

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

CONSERVATION OF ENERGY

Data on energy consumption during the year was compiled. Alternative schemes for energy conservation are being evaluated at present.

POWER AND FUEL CONSUMPTION		Current Year 1999/2000	Previous Year 1998/1999
1.	Electricity		
a.	Purchased Units (Lakh)	0.76	Not Applicable
	Total Amount (Rs. Lakh)	3.92	
	Rate/ Unit (Rs.)	5.16	
b.	Own Generation		
	i) Through Diesel Generator		
	Units		
	Unit / per ltr. Of Diesel Oil		
	Cost/Unit (Rs.)		
	ii) Through Steam Turbine / Generator		
2.	Coal		
3.	Furnace Oil		
	Quantity (K Ltrs.)	21	
	Total amount (Rs. Lakh)	2.74	
	Average Rate / (Ltr.) Rs.	13.05	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company maintains continuous interaction with Principals abroad for the above.



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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
Chakrabarti S, 57 B.Ch.E	Managing Director	21.1.1999 (35)	10,20,235	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, 2000 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 No. 8 and in Note No. 6 of Schedule No. 16.
 - 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. (i) Attention is drawn to Note No. 5 of Schedule No. 16 to the Accounts regarding provision for an amount of Rs.2 million on account of Inter Corporate Deposit given to a party.
 - (ii) As stated in Note No. 2(c) of Schedule No. 16 to the Accounts, no provision has been made for an amount of Rs.9.87 million on account of possible liability for wages and other benefits of the employees, during the suspended period.
 - (iii) As stated in Note No. 1(c) of Schedule No. 16 to the Accounts, the Company has carried forward Goodwill amounting to Rs.1.84 million in the books, which was acquired at the time of merger with Smith and Nephew (India) Ltd. (SNIL). However, in view of the discontinuance of association with SNIL, goodwill should be written off.

As a cumulative effect of the above, the profit for the current year is overstated by Rs. 13.71 million and correspondingly, the fixed assets of the company are overstated by Rs. 1.84 million, Loans and Advances are overstated by Rs.2 million and current liabilities are understated by Rs.9.87 million.
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, 2000; 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 2, 2000

per Hemal Shah
a PARTNER